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**Ansys Announces Q2 Financial Results  
With Q2 Record Revenue, ACV and Operating Cash Flow**

**Company Initiates Q3 2020 Outlook**

**Increases Guidance to Reflect Currency Changes, Improved Cash Flow and Q2 EPS Overachievement**

Details related to our financial guidance, including assumptions and economic impacts of COVID-19, are detailed in our prepared remarks document.

**Key Highlights - Q2 2020**

- **GAAP revenue of \$385.7 million and non-GAAP revenue of \$389.7 million**
- **GAAP diluted earnings per share of \$1.11 and non-GAAP diluted earnings per share of \$1.55**
- **GAAP operating profit margin of 29.3% and non-GAAP operating profit margin of 42.9%**
- **Operating cash flows of \$131.6 million**
- **Deferred revenue and backlog of \$846.5 million at June 30, 2020**

**PITTSBURGH, PA, August 5, 2020/Globe Newswire/** -- ANSYS, Inc. (NASDAQ: ANSS), today reported second quarter 2020 GAAP and non-GAAP revenue growth of 5% in reported currency, or 5% and 6%, respectively, in constant currency. For the second quarter of 2020, the Company reported earnings per share of \$1.11 and \$1.55 on a GAAP and non-GAAP basis, respectively, compared to \$1.28 and \$1.61 on a GAAP and non-GAAP basis, respectively, for the second quarter of 2019.

“Q2 was a very strong quarter for Ansys, with revenue, operating margins and earnings exceeding the high end of our financial guidance. I’m excited that during the quarter we closed both the largest deal in our 50-year history as well as our largest sales agreement for new business. These results demonstrate the strength and resilience of our business and give us confidence for the future,” said Ajei Gopal, Ansys president and CEO.

Gopal further stated, “Our recent launch of Ansys 2020 Release 2 delivers enhanced functionality across the simulation portfolio to help customers generate larger, more complex designs easier and faster than ever. And we recently hosted Simulation World, the largest virtual simulation event ever held, to build excitement for those world-class products.”

“Our continued focus and ability to adjust our execution against the real-time operating realities of the current business environment yielded strong financial results. These reflect the resiliency of both our business model and our team. Our stronger than expected revenue performance drove operating margins and earnings that were also above the high end of our guidance. Our financial results included growth in both ACV and operating cash flows, while 83% of ACV was from recurring sources in the second quarter. We also reported a record second quarter balance of deferred revenue and backlog of \$846 million, an increase of 18% over the second quarter of 2019. While we continue to plan for a challenging market environment in the near term, we remain confident that Ansys is very well positioned with a combination of a strong balance sheet, cash flow from operations and ample liquidity for

our ongoing operations and to support future growth aspirations. As we look ahead into the second half of the year, we will continue to balance fiscal discipline with the need to continue to invest in our business to maintain our leadership and to pursue our strategy of making simulation pervasive," stated Maria Shields, chief financial officer of Ansys.

## Financial Results

Ansys' second quarter and YTD 2020 and 2019 financial results are presented below. The 2020 and 2019 non-GAAP results exclude the income statement effects of the acquisition accounting adjustments to deferred revenue, stock-based compensation, amortization of acquired intangible assets, transaction expenses related to business combinations, and adjustments related to the transition tax associated with the Tax Cuts and Jobs Act.

GAAP and non-GAAP results are as follows:

<i>(in millions, except percentages and per share data)</i>	GAAP			Non-GAAP		
	Q2 QTD 2020	Q2 QTD 2019	% Change	Q2 QTD 2020	Q2 QTD 2019	% Change
Revenue	\$ 385.7	\$ 368.6	5 %	\$ 389.7	\$ 370.5	5 %
Net income	\$ 96.6	\$ 109.8	(12)%	\$ 134.3	\$ 137.9	(3)%
Diluted earnings per share	\$ 1.11	\$ 1.28	(13)%	\$ 1.55	\$ 1.61	(4)%
Operating profit margin	29.3 %	34.9 %		42.9 %	45.6 %	

<i>(in millions, except percentages and per share data)</i>	GAAP			Non-GAAP		
	Q2 YTD 2020	Q2 YTD 2019	% Change	Q2 YTD 2020	Q2 YTD 2019	% Change
Revenue	\$ 690.6	\$ 685.8	1 %	\$ 698.6	\$ 690.4	1 %
Net income	\$ 142.6	\$ 196.0	(27)%	\$ 206.6	\$ 248.6	(17)%
Diluted earnings per share	\$ 1.64	\$ 2.29	(28)%	\$ 2.37	\$ 2.91	(19)%
Operating profit margin	21.3 %	32.7 %		36.9 %	44.3 %	

The non-GAAP financial results highlighted above, and the non-GAAP financial outlook for 2020 discussed below, represent non-GAAP financial measures. Reconciliations of these measures to the appropriate GAAP measures, for the three and six months ended June 30, 2020 and 2019, and for the 2020 financial outlook, can be found in the condensed financial information included in this release.

## Other Financial Metrics

<i>(in millions, except percentages)</i>	Q2 QTD 2020	Q2 QTD 2019	% Change	% Change in Constant Currency
Annual Contract Value (ACV)	\$ 344.4	\$ 326.1	6 %	6 %
Operating cash flows	\$ 131.6	\$ 88.5	49 %	

<i>(in millions, except percentages)</i>	Q2 YTD 2020	Q2 YTD 2019	% Change	% Change in Constant Currency
ACV	\$ 645.5	\$ 629.6	3 %	3 %
Operating cash flows	\$ 279.0	\$ 240.1	16 %	

ACV is a metric the Company uses to better understand the business. There is no GAAP measure comparable to ACV. ACV is composed of the following:

- the annualized value of maintenance and lease contracts with start dates or anniversary dates during the period, plus
- the value of perpetual license contracts with start dates during the period, plus
- the annualized value of fixed-term services contracts with start dates or anniversary dates during the period, plus
- the value of work performed during the period on fixed-deliverable services contracts.

### Management's 2020 Financial Outlook

The Company's third quarter and fiscal year 2020 revenue and diluted earnings per share guidance is provided below. The Company is also providing its fiscal year 2020 guidance for ACV and operating cash flows. The revenue and diluted earnings per share guidance is provided on both a GAAP and non-GAAP basis. Non-GAAP financial measures exclude the income statement effects of acquisition adjustments to deferred revenue, stock-based compensation, amortization of acquired intangible assets and acquisition-related transaction expenses.

The financial guidance below reflects the Company's current estimates of the adverse impacts of the global pandemic. This guidance is based on certain assumptions made by the Company and the Company's evaluation of factual information it has determined to be relevant. Additional details related to the Company's financial guidance, including assumptions and economic impacts of COVID-19, are detailed in its prepared remarks document.

### Third Quarter 2020 Guidance

The Company currently expects the following for the quarter ending September 30, 2020:

<i>(in millions, except per share data)</i>	<u>GAAP</u>	<u>Non-GAAP</u>
Revenue	\$344.9 - \$374.9	\$347.0 - \$377.0
Diluted earnings per share	\$0.61 - \$0.90	\$1.10 - \$1.34

### Fiscal Year 2020 Guidance

The Company currently expects the following for the fiscal year ending December 31, 2020:

<i>(in millions, except per share data)</i>	<u>GAAP</u>	<u>Non-GAAP</u>
Revenue	\$1,558.7 - \$1,633.7	\$1,570.0 - \$1,645.0
Diluted earnings per share	\$4.01 - \$4.70	\$5.75 - \$6.35

In the third quarter and fiscal year 2020 guidance reflected above, the expected impacts of non-GAAP adjustments associated with the acquisition accounting for deferred revenue are \$2.1 million and \$11.3 million, respectively.

<i>(in millions)</i>	<u>Other Financial Metrics</u>
ACV	\$1,520.0 - \$1,585.0
Operating cash flows	\$435.0 - \$475.0

### Conference Call Information

Ansys will hold a conference call at **8:30 a.m. Eastern Time** on August 6, 2020 to discuss second quarter results. The Company will provide its prepared remarks on the Company's investor relations homepage and as an exhibit in its Form 8-K in advance of the call to provide stockholders and analysts with additional time and detail for analyzing its results in preparation for the conference call. The prepared remarks will not be read on the call, and only brief remarks will be made prior to the Q&A session. The Company will also post a complementary investor presentation titled "Q2 2020 Investor Presentation" that can be accessed by clicking Events & Presentations, then Presentations at <https://investors.ansys.com>.

To participate in the live conference call, dial 855-239-2942 (US) or 412-542-4124 (Canada & Int'l). The call will be recorded and a replay will be available within two hours after the call. The replay will be available by dialing (877) 344-7529 (US), (855) 669-9658 (Canada) or (412) 317-0088 (Int'l) and entering the passcode 10146121. The

archived webcast can be accessed, along with other financial information, on Ansys' website at <https://investors.ansys.com/events-and-presentations/events-calendar>.

**ANSYS, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**

<i>(in thousands)</i>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
<b>ASSETS:</b>		
Cash & short-term investments	\$ 744,979	\$ 872,382
Accounts receivable, net	343,247	433,479
Goodwill	2,474,299	2,413,280
Other intangibles, net	481,694	476,711
Other assets	627,647	643,035
Total assets	\$ 4,671,866	\$ 4,838,887
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY:</b>		
Current deferred revenue	\$ 325,098	\$ 351,353
Long-term debt	423,683	423,531
Other liabilities	485,037	610,624
Stockholders' equity	3,438,048	3,453,379
Total liabilities & stockholders' equity	\$ 4,671,866	\$ 4,838,887

**ANSYS, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Income**  
**(Unaudited)**

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
<i>(in thousands, except per share data)</i>				
Revenue:				
Software licenses	\$ 169,341	\$ 170,499	\$ 257,171	\$ 293,543
Maintenance and service	216,320	198,136	433,475	392,222
Total revenue	<u>385,661</u>	<u>368,635</u>	<u>690,646</u>	<u>685,765</u>
Cost of sales:				
Software licenses	8,511	6,204	13,437	10,912
Amortization	9,764	4,755	19,316	9,302
Maintenance and service	35,585	29,538	71,223	55,098
Total cost of sales	<u>53,860</u>	<u>40,497</u>	<u>103,976</u>	<u>75,312</u>
Gross profit	<u>331,801</u>	<u>328,138</u>	<u>586,670</u>	<u>610,453</u>
Operating expenses:				
Selling, general and administrative	128,698	120,412	259,220	232,581
Research and development	86,133	75,302	172,245	146,040
Amortization	4,163	3,796	8,325	7,555
Total operating expenses	<u>218,994</u>	<u>199,510</u>	<u>439,790</u>	<u>386,176</u>
Operating income	<u>112,807</u>	<u>128,628</u>	<u>146,880</u>	<u>224,277</u>
Interest income	934	2,980	3,709	6,422
Interest expense	(3,040)	(231)	(6,691)	(322)
Other income (expense), net	1,884	(1,436)	2,011	(1,770)
Income before income tax provision	<u>112,585</u>	<u>129,941</u>	<u>145,909</u>	<u>228,607</u>
Income tax provision	16,021	20,191	3,281	32,627
Net income	<u>\$ 96,564</u>	<u>\$ 109,750</u>	<u>\$ 142,628</u>	<u>\$ 195,980</u>
Earnings per share – basic:				
Earnings per share	<u>\$ 1.13</u>	<u>\$ 1.31</u>	<u>\$ 1.66</u>	<u>\$ 2.34</u>
Weighted average shares	<u>85,651</u>	<u>83,978</u>	<u>85,724</u>	<u>83,871</u>
Earnings per share – diluted:				
Earnings per share	<u>\$ 1.11</u>	<u>\$ 1.28</u>	<u>\$ 1.64</u>	<u>\$ 2.29</u>
Weighted average shares	<u>86,934</u>	<u>85,483</u>	<u>87,152</u>	<u>85,488</u>

**ANSYS, INC. AND SUBSIDIARIES**  
**Reconciliation of Non-GAAP Measures**  
**(Unaudited)**

Three Months Ended  
June 30, 2020

<i>(in thousands, except percentages and per share data)</i>	Revenue	Gross Profit	%	Operating Income	%	Net Income	EPS - Diluted <sup>1</sup>
Total GAAP	\$ 385,661	\$ 331,801	86.0 %	\$ 112,807	29.3 %	\$ 96,564	\$ 1.11
Acquisition accounting for deferred revenue	4,040	4,040	0.2 %	4,040	0.7 %	4,040	0.05
Stock-based compensation expense	—	3,464	0.8 %	34,130	8.9 %	34,130	0.40
Excess payroll taxes related to stock-based awards	—	166	0.1 %	1,876	0.4 %	1,876	0.02
Amortization of intangible assets from acquisitions	—	9,764	2.5 %	13,927	3.6 %	13,927	0.16
Transaction expenses related to business combinations	—	—	— %	309	— %	309	—
Rabbi trust (income) / expense	—	—	— %	—	— %	(1)	—
Adjustment for income tax effect	—	—	— %	—	— %	(16,518)	(0.19)
Total non-GAAP	<u>\$ 389,701</u>	<u>\$ 349,235</u>	<u>89.6 %</u>	<u>\$ 167,089</u>	<u>42.9 %</u>	<u>\$ 134,327</u>	<u>\$ 1.55</u>

<sup>1</sup> Diluted weighted average shares were 86,934.

Three Months Ended  
June 30, 2019

<i>(in thousands, except percentages and per share data)</i>	Revenue	Gross Profit	%	Operating Income	%	Net Income	EPS - Diluted <sup>1</sup>
Total GAAP	\$ 368,635	\$ 328,138	89.0 %	\$ 128,628	34.9 %	\$ 109,750	\$ 1.28
Acquisition accounting for deferred revenue	1,873	1,873	0.1 %	1,873	0.3 %	1,873	0.02
Stock-based compensation expense	—	2,374	0.7 %	29,122	7.9 %	29,122	0.35
Excess payroll taxes related to stock-based awards	—	11	— %	389	0.1 %	389	—
Amortization of intangible assets from acquisitions	—	4,755	1.2 %	8,551	2.3 %	8,551	0.10
Transaction expenses related to business combinations	—	—	— %	450	0.1 %	450	0.01
Rabbi trust (income) / expense	—	—	— %	—	— %	(58)	—
Adjustment related to the Tax Cuts and Jobs Act	—	—	— %	—	— %	(498)	(0.01)
Adjustment for income tax effect	—	—	— %	—	— %	(11,673)	(0.14)
Total non-GAAP	<u>\$ 370,508</u>	<u>\$ 337,151</u>	<u>91.0 %</u>	<u>\$ 169,013</u>	<u>45.6 %</u>	<u>\$ 137,906</u>	<u>\$ 1.61</u>

<sup>1</sup> Diluted weighted average shares were 85,483.

**ANSYS, INC. AND SUBSIDIARIES**  
**Reconciliation of Non-GAAP Measures**  
**(Unaudited)**

**Six Months Ended**  
**June 30, 2020**

<i>(in thousands, except percentages and per share data)</i>	<b>Revenue</b>	<b>Gross Profit</b>	<b>%</b>	<b>Operating Income</b>	<b>%</b>	<b>Net Income</b>	<b>EPS - Diluted<sup>1</sup></b>
Total GAAP	\$ 690,646	\$ 586,670	84.9 %	\$ 146,880	21.3 %	\$ 142,628	\$ 1.64
Acquisition accounting for deferred revenue	7,952	7,952	0.2 %	7,952	0.9 %	7,952	0.09
Stock-based compensation expense	—	6,330	1.0 %	65,071	9.4 %	65,071	0.75
Excess payroll taxes related to stock-based awards	—	689	0.1 %	8,859	1.2 %	8,859	0.10
Amortization of intangible assets from acquisitions	—	19,316	2.7 %	27,641	4.0 %	27,641	0.32
Transaction expenses related to business combinations	—	—	— %	1,259	0.1 %	1,259	0.01
Rabbi trust (income) / expense	—	—	— %	—	— %	(5)	—
Adjustment for income tax effect	—	—	— %	—	— %	(46,773)	(0.54)
Total non-GAAP	<u>\$ 698,598</u>	<u>\$ 620,957</u>	<u>88.9 %</u>	<u>\$ 257,662</u>	<u>36.9 %</u>	<u>\$ 206,632</u>	<u>\$ 2.37</u>

<sup>1</sup> Diluted weighted average shares were 87,152.

**Six Months Ended**  
**June 30, 2019**

<i>(in thousands, except percentages and per share data)</i>	<b>Revenue</b>	<b>Gross Profit</b>	<b>%</b>	<b>Operating Income</b>	<b>%</b>	<b>Net Income</b>	<b>EPS - Diluted<sup>1</sup></b>
Total GAAP	\$ 685,765	\$ 610,453	89.0 %	\$ 224,277	32.7 %	\$ 195,980	\$ 2.29
Acquisition accounting for deferred revenue	4,653	4,653	0.1 %	4,653	0.5 %	4,653	0.05
Stock-based compensation expense	—	3,602	0.5 %	52,922	7.5 %	52,922	0.62
Excess payroll taxes related to stock-based awards	—	476	0.1 %	4,379	0.6 %	4,379	0.05
Amortization of intangible assets from acquisitions	—	9,302	1.3 %	16,857	2.5 %	16,857	0.20
Transaction expenses related to business combinations	—	—	— %	3,111	0.5 %	3,111	0.04
Rabbi trust (income) / expense	—	—	— %	—	— %	(223)	—
Adjustment related to the Tax Cuts and Jobs Act	—	—	— %	—	— %	(1,834)	(0.02)
Adjustment for income tax effect	—	—	— %	—	— %	(27,269)	(0.32)
Total non-GAAP	<u>\$ 690,418</u>	<u>\$ 628,486</u>	<u>91.0 %</u>	<u>\$ 306,199</u>	<u>44.3 %</u>	<u>\$ 248,576</u>	<u>\$ 2.91</u>

<sup>1</sup> Diluted weighted average shares were 85,488.

**ANSYS, INC. AND SUBSIDIARIES**  
**Reconciliation of Forward-Looking Guidance**  
**Quarter Ending September 30, 2020**

	<b>Earnings Per Share - Diluted</b>
U.S. GAAP expectation	\$0.61 - \$0.90
Exclusions before tax:	
Acquisition adjustments to deferred revenue	\$0.02
Acquisition-related amortization	\$0.15 - \$0.17
Stock-based compensation and related excess payroll tax	\$0.38 - \$0.43
Adjustment for income tax effect	(\$0.11) - (\$0.13)
Non-GAAP expectation	\$1.10 - \$1.34

**ANSYS, INC. AND SUBSIDIARIES**  
**Reconciliation of Forward-Looking Guidance**  
**Year Ending December 31, 2020**

	<b>Earnings Per Share - Diluted</b>
U.S. GAAP expectation	\$4.01 - \$4.70
Exclusions before tax:	
Acquisition adjustments to deferred revenue	\$0.13
Acquisition-related amortization	\$0.62 - \$0.65
Stock-based compensation and related excess payroll tax	\$1.61 - \$1.72
Transaction expenses related to business combinations	\$0.01
Adjustment for income tax effect	(\$0.72) - (\$0.77)
Non-GAAP expectation	\$5.75 - \$6.35

**Use of Non-GAAP Measures**

We provide non-GAAP revenue, non-GAAP operating income, non-GAAP operating profit margin, non-GAAP net income and non-GAAP diluted earnings per share as supplemental measures to GAAP regarding our operational performance. These financial measures exclude the impact of certain items and, therefore, have not been calculated in accordance with GAAP. A detailed explanation of each of the adjustments to such financial measures is described below. This press release also contains a reconciliation of each of these non-GAAP financial measures to its most comparable GAAP financial measure.

We use non-GAAP financial measures (a) to evaluate our historical and prospective financial performance as well as our performance relative to our competitors, (b) to set internal sales targets and spending budgets, (c) to allocate resources, (d) to measure operational profitability and the accuracy of forecasting, (e) to assess financial discipline over operational expenditures and (f) as an important factor in determining variable compensation for management and employees. In addition, many financial analysts that follow us focus on and publish both historical results and future projections based on non-GAAP financial measures. We believe that it is in the best interest of our investors to provide this information to analysts so that they accurately report the non-GAAP financial information. Moreover, investors have historically requested, and we have historically reported, these non-GAAP financial measures as a means of providing consistent and comparable information with past reports of financial results.

While we believe that these non-GAAP financial measures provide useful supplemental information to investors, there are limitations associated with the use of these non-GAAP financial measures. These non-GAAP financial measures are not prepared in accordance with GAAP, are not reported by all our competitors and may not be

directly comparable to similarly titled measures of our competitors due to potential differences in the exact method of calculation. We compensate for these limitations by using these non-GAAP financial measures as supplements to GAAP financial measures and by reviewing the reconciliations of the non-GAAP financial measures to their most comparable GAAP financial measures.

The adjustments to these non-GAAP financial measures, and the basis for such adjustments, are outlined below:

**Acquisition accounting for deferred revenue.** Historically, we have consummated acquisitions in order to support our strategic and other business objectives. In accordance with the fair value provisions applicable to the accounting for business combinations, acquired deferred revenue is often recorded on the opening balance sheet at an amount that is lower than the historical carrying value. Although this acquisition accounting requirement has no impact on our business or cash flow, it adversely impacts our reported GAAP revenue in the reporting periods following an acquisition. In order to provide investors with financial information that facilitates comparison of both historical and future results, we provide non-GAAP financial measures which exclude the impact of the acquisition accounting adjustment. We believe that this non-GAAP financial adjustment is useful to investors because it allows investors to (a) evaluate the effectiveness of the methodology and information used by us in our financial and operational decision-making, and (b) compare our past and future reports of financial results as the revenue reduction related to acquired deferred revenue will not recur when related annual lease licenses and software maintenance contracts are renewed in future periods.

**Amortization of intangible assets from acquisitions.** We incur amortization of intangible assets, included in our GAAP presentation of amortization expense, related to various acquisitions we have made. We exclude these expenses for the purpose of calculating non-GAAP operating income, non-GAAP operating profit margin, non-GAAP net income and non-GAAP diluted earnings per share when we evaluate our continuing operational performance because these costs are fixed at the time of an acquisition, are then amortized over a period of several years after the acquisition and generally cannot be changed or influenced by us after the acquisition. Accordingly, we do not consider these expenses for purposes of evaluating our performance during the applicable time period after the acquisition, and we exclude such expenses when making decisions to allocate resources. We believe that these non-GAAP financial measures are useful to investors because they allow investors to (a) evaluate the effectiveness of the methodology and information used by us in our financial and operational decision-making, and (b) compare our past reports of financial results as we have historically reported these non-GAAP financial measures.

**Stock-based compensation expense.** We incur expense related to stock-based compensation included in our GAAP presentation of cost of maintenance and service; research and development expense; and selling, general and administrative expense. This non-GAAP adjustment also includes excess payroll tax expense related to stock-based compensation. Stock-based compensation expense (benefit) incurred in connection with our deferred compensation plan held in a rabbi trust includes an offsetting benefit (charge) recorded in other income (expense). Although stock-based compensation is an expense and viewed as a form of compensation, we exclude these expenses for the purpose of calculating non-GAAP operating income, non-GAAP operating profit margin, non-GAAP net income and non-GAAP diluted earnings per share when we evaluate our continuing operational performance. We similarly exclude income (expense) related to assets held in a rabbi trust in connection with our deferred compensation plan. Specifically, we exclude stock-based compensation and income (expense) related to assets held in the deferred compensation plan rabbi trust during our annual budgeting process and our quarterly and annual assessments of our performance. The annual budgeting process is the primary mechanism whereby we allocate resources to various initiatives and operational requirements. Additionally, the annual review by our board of directors during which it compares our historical business model and profitability to the planned business model and profitability for the forthcoming year excludes the impact of stock-based compensation. In evaluating the performance of our senior management and department managers, charges related to stock-based compensation are excluded from expenditure and profitability results. In fact, we record stock-based compensation expense into a stand-alone cost center for which no single operational manager is responsible or accountable. In this way, we can review, on a period-to-period basis, each manager's performance and assess financial discipline over operational expenditures without the effect of stock-based compensation. We believe that these non-GAAP financial measures are useful to investors because they allow investors to (a) evaluate our operating results and the effectiveness of the methodology used by us to review our operating results, and (b) review historical comparability in our financial reporting as well as comparability with competitors' operating results.

**Transaction expenses related to business combinations.** We incur expenses for professional services rendered in connection with business combinations, which are included in our GAAP presentation of selling, general and administrative expense. These expenses are generally not tax-deductible. We exclude these acquisition-related transaction expenses, derived from announced acquisitions, for the purpose of calculating non-GAAP operating

income, non-GAAP operating profit margin, non-GAAP net income and non-GAAP diluted earnings per share when we evaluate our continuing operational performance, as we generally would not have otherwise incurred these expenses in the periods presented as a part of our operations. We believe that these non-GAAP financial measures are useful to investors because they allow investors to (a) evaluate our operating results and the effectiveness of the methodology used by us to review our operating results, and (b) review historical comparability in our financial reporting as well as comparability with competitors' operating results.

**Tax Cuts and Jobs Act.** We recorded impacts to our income tax provision related to the enactment of the Tax Cuts and Jobs Act of 2017, specifically for the transition tax related to unrepatriated cash and the impacts of the tax rate change on net deferred tax assets. We exclude these impacts for the purpose of calculating non-GAAP net income and non-GAAP diluted earnings per share when we evaluate our continuing operational performance, as (i) the charges are not expected to recur as part of our normal operations and (ii) the charges resulted from the extremely infrequent event of major U.S. tax reform, the last such reform having occurred in 1986. We believe that these non-GAAP financial measures are useful to investors because they allow investors to (a) evaluate our operating results and the effectiveness of the methodology used by us to review our operating results, and (b) review historical comparability in our financial reporting.

**Non-GAAP tax provision.** We utilize a normalized non-GAAP annual effective tax rate (AETR) to calculate non-GAAP measures. This methodology provides better consistency across interim reporting periods by eliminating the effects of non-recurring items and aligning the non-GAAP tax rate with our expected geographic earnings mix. To project this rate, we analyzed our historic and projected non-GAAP earnings mix by geography along with other factors such as our current tax structure, recurring tax credits and incentives, and expected tax positions. On an annual basis we will re-evaluate this rate for significant items that may materially affect our projections.

Non-GAAP financial measures are not in accordance with, or an alternative for, GAAP. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP financial measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP.

We have provided a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures as listed below:

**GAAP Reporting Measure**

Revenue  
Operating Income  
Operating Profit Margin  
Net Income  
Diluted Earnings Per Share

**Non-GAAP Reporting Measure**

Non-GAAP Revenue  
Non-GAAP Operating Income  
Non-GAAP Operating Profit Margin  
Non-GAAP Net Income  
Non-GAAP Diluted Earnings Per Share

**About Ansys**

If you've ever seen a rocket launch, flown on an airplane, driven a car, used a computer, touched a mobile device, crossed a bridge or put on wearable technology, chances are you've used a product where Ansys software played a critical role in its creation. Ansys is the global leader in engineering simulation. Through our strategy of Pervasive Engineering Simulation, we help the world's most innovative companies deliver radically better products to their customers. By offering the best and broadest portfolio of engineering simulation software, we help them solve the most complex design challenges and create products limited only by imagination. Founded in 1970, Ansys is headquartered south of Pittsburgh, Pennsylvania, U.S.A. Visit <https://www.ansys.com> for more information.

**Forward-Looking Information**

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that provide current expectations or forecasts of future events based on certain assumptions. Forward-looking statements are subject to risks, uncertainties, and factors relating to our business which could cause our actual results to differ materially from the expectations expressed in or implied by such forward-looking statements. Many of these risks, uncertainties, and factors are currently amplified by, and may continue to be amplified by, the COVID-19 pandemic. Forward-looking statements use words such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "intend," "likely," "may," "outlook," "plan," "predict," "project," "should," "target," or other words of similar meaning. Forward-looking statements include those about market opportunity, including our total addressable market. Risks, uncertainties, and factors that could cause actual results to differ materially from those implied by these forward-looking statements include: current and

potential future impacts of the COVID-19 pandemic on the global economy and our business, financial position, results of operations and cash flows; adverse changes in global economic and/or political conditions; declines in our customers' businesses resulting in adverse changes in customer procurement patterns; disruptions in accounts receivable and cash flow due to customers' liquidity challenges and commercial deterioration; uncertainties regarding demand for our products and services in the future and our customers' acceptance of new products, including those arising from the need of customers to utilize our products from remote locations; plans for future capital spending; delays or declines in anticipated sales due to reduced or altered sales and marketing interactions with customers; disruptions in the global economy and financial markets that may limit or delay availability of credit under existing or new credit facilities, or that may limit our ability to obtain credit or financing on acceptable terms or at all; investments in complementary companies, products, services and technologies; our ability to complete and successfully integrate our acquisitions and realize the financial and business benefits of the transactions; political, economic, regulatory and public health and safety risks and uncertainties in the countries and regions in which we operate; impacts from tariffs, trade sanctions, export license requirements or other trade barriers; the effect of changes in currency exchange rates and changes in interest rates; potential variations in our sales forecasts compared to actual sales; the volatility of our stock price; failures or errors in our products and services; our industry's rapidly changing technology; the quality of our products, including the strength of features, functionality and integrated multi-physics capabilities; lease license volatility; higher than anticipated costs for research and development or slowdown in our research and development activities; increased pricing pressure as a result of the competitive environment in which we operate; our ability to recruit and retain key personnel including any delays in recruitment caused by restrictions on travel and in person interactions and the absence of key personnel or teams due to illness or recuperation; our ability to protect our proprietary technology; cybersecurity threats or other security breaches, including in relation to an increased level of our activity that is occurring from remote global off-site locations; disclosure and misuse of employee or customer data whether as a result of a cybersecurity incident or otherwise; implementation of our new IT systems; investments in global sales and marketing organizations and global business infrastructure; dependence on our channel partners for the distribution of our products; increased volatility in our revenue due to the timing, duration and value of multi-year lease contracts; our reliance on high renewal rates for annual lease and maintenance contracts; operational disruptions generally or specifically in connection with transitions to and from remote work environments, or the failure of our technological infrastructure; the outcome of contingencies, including legal proceedings and government or regulatory investigations and service tax audit cases; uncertainty regarding income tax estimates in the jurisdictions in which we operate; changes in accounting principles or standards; the effect of changes in tax laws and regulations in the jurisdictions in which we operate; the uncertainty of estimates relating to the impact on reported revenue related to the acquisition accounting treatment of deferred revenue; and other risks and uncertainties described in our reports filed from time to time with the Securities and Exchange Commission. We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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