



Contact:
Investors: Kelsey DeBriyn
724.820.3927
kelsey.debriyn@ansys.com
Media: Mary Kate Joyce
724.820.4368
marykate.joyce@ansys.com

Ansys Announces Q3 2021 Financial Results With Record Q3 ACV, Revenue and Cash Flow

Initiates Q4 2021 Outlook and
Increases FY 2021 Outlook on ACV, Revenue, EPS and Cash Flow

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

/ Key Highlights - Q3 2021

- GAAP revenue of \$441.2 million and non-GAAP revenue of \$445.4 million
- GAAP diluted earnings per share of \$0.97 and non-GAAP diluted earnings per share of \$1.59
- GAAP operating profit margin of 24.4% and non-GAAP operating profit margin of 39.7%
- Operating cash flows of \$157.8 million
- Annual contract value (ACV) of \$365.4 million
- Deferred revenue and backlog of \$899.5 million on September 30, 2021

PITTSBURGH, PA, November 3, 2021/Globe Newswire/ -- ANSYS, Inc. (NASDAQ: ANSS), today reported third quarter 2021 GAAP and non-GAAP revenue growth of 20% and 21% in reported currency, respectively, or 20% in constant currency, when compared to the third quarter of 2020. For the third quarter of 2021, the Company reported diluted earnings per share of \$0.97 and \$1.59 on a GAAP and non-GAAP basis, respectively, compared to \$0.87 and \$1.36 on a GAAP and non-GAAP basis, respectively, for the third quarter of 2020.

"Ansys recorded excellent third quarter results, in which we exceeded our financial guidance across all key metrics. Our double-digit growth thus far in 2021 is further evidence of our multiphysics product leadership and strong customer relationships, which are furthering our strategy of making simulation pervasive across the product lifecycle. In October, we added to our market-leading portfolio with the acquisition of Zemax, expanding the scope of Ansys' solution offering. With the addition of Zemax technologies, the industry-leading Ansys product portfolio will offer customers comprehensive, end-to-end solutions for simulating next-generation optical and photonics products," said Ajei Gopal, Ansys president and CEO.

Nicole Anasenes, Ansys CFO, stated, "Our strong Q3 performance reflects the strength of our core business and continued momentum across our enterprise and small- and medium-sized customers. During Q3, Ansys recorded ACV growth of 20% and revenue growth of 20% and 21% on a GAAP and non-GAAP basis, respectively. The Q3



results further contributed to the strong year-to-date performance, reflecting ACV growth of 17% and revenue growth of 18% and 19% on a GAAP and non-GAAP basis, respectively."

Anasenes further stated, "Our year-to-date results indicate we are tracking to our business model of double-digit growth with industry-leading margins. Looking towards the end of the year, we continue to see a robust deal pipeline and momentum in the business, bolstering our confidence to raise full-year financial guidance above and beyond the impact of our strong Q3 top-line performance."

/ Financial Results

Ansys' third quarter and year-to-date (YTD) 2021 and 2020 financial results are presented below. The 2021 and 2020 non-GAAP results exclude the income statement effects of the acquisition accounting adjustments to deferred revenue, stock-based compensation, amortization of acquired intangible assets, and transaction expenses related to business combinations.

GAAP and non-GAAP results are as follows:

<i>(in millions, except percentages and per share data)</i>	GAAP			Non-GAAP		
	Q3 QTD 2021	Q3 QTD 2020	% Change	Q3 QTD 2021	Q3 QTD 2020	% Change
Revenue	\$ 441.2	\$ 367.0	20 %	\$ 445.4	\$ 369.1	21 %
Net income	\$ 85.3	\$ 75.6	13 %	\$ 140.3	\$ 118.3	19 %
Diluted earnings per share	\$ 0.97	\$ 0.87	11 %	\$ 1.59	\$ 1.36	17 %
Operating profit margin	24.4 %	24.5 %		39.7 %	39.8 %	

<i>(in millions, except percentages and per share data)</i>	GAAP			Non-GAAP		
	Q3 YTD 2021	Q3 YTD 2020	% Change	Q3 YTD 2021	Q3 YTD 2020	% Change
Revenue	\$ 1,251.0	\$ 1,057.6	18 %	\$ 1,270.1	\$ 1,067.7	19 %
Net income	\$ 251.5	\$ 218.3	15 %	\$ 401.8	\$ 324.9	24 %
Diluted earnings per share	\$ 2.86	\$ 2.50	14 %	\$ 4.56	\$ 3.73	22 %
Operating profit margin	21.9 %	22.4 %		38.6 %	37.9 %	

The non-GAAP financial results highlighted above, and the non-GAAP financial outlook for 2021 discussed below, represent non-GAAP financial measures. Reconciliations of these measures to the appropriate GAAP measures, for the three and nine months ended September 30, 2021 and 2020, and for the 2021 financial outlook, can be found in the condensed financial information included in this release.

/ Other Performance Metrics

<i>(in millions, except percentages)</i>	Q3 QTD 2021	Q3 QTD 2020	% Change	% Change in Constant Currency
ACV	\$ 365.4	\$ 305.3	20 %	19 %
Operating cash flows	\$ 157.8	\$ 94.5	67 %	

<i>(in millions, except percentages)</i>	Q3 YTD 2021	Q3 YTD 2020	% Change	% Change in Constant Currency
ACV	\$ 1,115.4	\$ 950.8	17 %	15 %
Operating cash flows	\$ 447.8	\$ 373.5	20 %	

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 2021 Financial Outlook

The Company's fourth quarter and fiscal year 2021 revenue and diluted earnings per share guidance is provided below. The Company is also providing its fiscal year 2021 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 impacts of the global pandemic and trade restrictions. This guidance is based on the Company's evaluation of factual information it has determined to be relevant and the application of certain assumptions made by the Company. Please refer to the Company's prepared remarks document for additional information regarding the Company's financial guidance, including its assumptions regarding overall business dynamics and the economic impacts of COVID-19 and trade restrictions.

In addition, the financial guidance includes the expected impact of the Company's acquisition of Zemax, which closed on October 1, 2021. The acquisition is not expected to have a meaningful impact on the Company's 2021 results.

/ Fourth Quarter 2021 Guidance

The Company currently expects the following for the quarter ending December 31, 2021:

<i>(in millions, except percentages and per share data)</i>	GAAP	Non-GAAP
Revenue	\$609.3 - \$649.3	\$614.9 - \$654.9
Revenue Growth Rate	(2.3 %) - 4.1 %	(2.1 %) - 4.3 %
Revenue Growth Rate — Constant Currency	(0.7 %) - 5.9 %	(0.4 %) - 6.0 %
Diluted earnings per share	\$1.88 - \$2.25	\$2.48 - \$2.81

/ Fiscal Year 2021 Guidance

The Company currently expects the following for the fiscal year ending December 31, 2021:

<i>(in millions, except percentages and per share data)</i>	GAAP	Non-GAAP
Revenue	\$1,860.3 - \$1,900.3	\$1,885.0 - \$1,925.0
Revenue Growth Rate	10.6 % - 13.0 %	11.2 % - 13.5 %
Revenue Growth Rate — Constant Currency	10.0 % - 12.4 %	10.6 % - 12.9 %
Diluted earnings per share	\$4.74 - \$5.11	\$7.05 - \$7.38

The difference between the GAAP and non-GAAP revenue guidance presented above is a result of the expected impact of the application of the fair value provisions applicable to the accounting for business combinations in the amount of \$5.6 million for the fourth quarter and \$24.7 million for FY 2021, which are inclusive of the expected impact from the Zemax acquisition.

<i>(in millions, except percentages)</i>	Other Financial Metrics
ACV	\$1,825.0 - \$1,860.0
ACV Growth Rate	12.9 % - 15.1 %
ACV Growth Rate — Constant Currency	12.6 % - 14.7 %
Operating cash flows	\$505.0 - \$535.0

The FY 2021 ACV and revenue guidance assumes approximately \$6 to \$8 million of contribution from Zemax. This contribution is offset by an incremental headwind of approximately \$6 to \$8 million of negative currency impact relative to our guidance initiated in August. The currency headwind has an adverse impact of approximately \$0.05 per share on FY 2021 earnings per share guidance and an approximately \$3 to \$5 million adverse impact on FY 2021 operating cash flow guidance. The contribution from Zemax has an immaterial impact to FY 2021 earnings per share and operating cash flow guidance.

Additionally, as Q3 2021 ACV was in-line with internal expectations, the raise to FY 2021 ACV is driven by increased confidence in the Q4 2021 sales pipeline.

/ Conference Call Information

Ansys will hold a conference call at **8:30 a.m. Eastern Time** on November 4, 2021 to discuss third 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.

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 10159509. 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>	September 30, 2021	December 31, 2020
ASSETS:		
Cash & short-term investments	\$ 1,081,365	\$ 913,151
Accounts receivable, net	475,829	537,564
Goodwill	3,101,623	3,038,306
Other intangibles, net	667,268	694,865
Other assets	648,667	756,704
Total assets	\$ 5,974,752	\$ 5,940,590
LIABILITIES & STOCKHOLDERS' EQUITY:		
Current deferred revenue	\$ 318,032	\$ 372,061
Long-term debt	753,451	798,118
Other liabilities	564,025	672,539
Stockholders' equity	4,339,244	4,097,872
Total liabilities & stockholders' equity	\$ 5,974,752	\$ 5,940,590

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

<i>(in thousands, except per share data)</i>	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenue:				
Software licenses	\$ 200,394	\$ 141,622	\$ 547,820	\$ 398,793
Maintenance and service	240,774	225,343	703,228	658,818
Total revenue	441,168	366,965	1,251,048	1,057,611
Cost of sales:				
Software licenses	8,289	7,251	23,960	20,688
Amortization	15,189	9,911	45,163	29,227
Maintenance and service	39,268	36,223	119,884	107,446
Total cost of sales	62,746	53,385	189,007	157,361
Gross profit	378,422	313,580	1,062,041	900,250
Operating expenses:				
Selling, general and administrative	165,368	132,642	471,993	391,862
Research and development	102,023	86,616	303,381	258,861
Amortization	3,403	4,237	12,244	12,562
Total operating expenses	270,794	223,495	787,618	663,285
Operating income	107,628	90,085	274,423	236,965
Interest income	541	754	1,544	4,463
Interest expense	(2,943)	(1,853)	(9,594)	(8,544)
Other (expense) income, net	(1,328)	1,158	14,008	3,169
Income before income tax provision	103,898	90,144	280,381	236,053
Income tax provision	18,556	14,517	28,925	17,798
Net income	\$ 85,342	\$ 75,627	\$ 251,456	\$ 218,255
Earnings per share – basic:				
Earnings per share	\$ 0.98	\$ 0.88	\$ 2.89	\$ 2.55
Weighted average shares	87,239	85,798	87,072	85,749
Earnings per share – diluted:				
Earnings per share	\$ 0.97	\$ 0.87	\$ 2.86	\$ 2.50
Weighted average shares	88,169	87,224	88,069	87,176

/ Reconciliations of GAAP to Non-GAAP Measures (Unaudited)

<i>(in thousands, except percentages and per share data)</i>	Three Months Ended September 30, 2021						
	Revenue	Gross Profit	%	Operating Income	%	Net Income	EPS - Diluted ¹
Total GAAP	\$ 441,168	\$ 378,422	85.8 %	\$ 107,628	24.4 %	\$ 85,342	\$ 0.97
Acquisition accounting for deferred revenue	4,256	4,256	0.1 %	4,256	0.7 %	4,256	0.05
Stock-based compensation expense	—	2,753	0.6 %	44,144	9.9 %	44,144	0.49
Excess payroll taxes related to stock-based awards	—	38	— %	626	0.1 %	626	0.01
Amortization of intangible assets from acquisitions	—	15,189	3.4 %	18,592	4.2 %	18,592	0.21
Transaction expenses related to business combinations	—	—	— %	1,716	0.4 %	1,716	0.02
Adjustment for income tax effect	—	—	— %	—	— %	(14,358)	(0.16)
Total non-GAAP	\$ 445,424	\$ 400,658	89.9 %	\$ 176,962	39.7 %	\$ 140,318	\$ 1.59

¹ Diluted weighted average shares were 88,169.

<i>(in thousands, except percentages and per share data)</i>	Three Months Ended September 30, 2020						
	Revenue	Gross Profit	%	Operating Income	%	Net Income	EPS - Diluted ¹
Total GAAP	\$ 366,965	\$ 313,580	85.5 %	\$ 90,085	24.5 %	\$ 75,627	\$ 0.87
Acquisition accounting for deferred revenue	2,164	2,164	— %	2,164	0.5 %	2,164	0.02
Stock-based compensation expense	—	3,626	0.9 %	38,185	10.4 %	38,185	0.44
Excess payroll taxes related to stock-based awards	—	85	— %	732	0.2 %	732	0.01
Amortization of intangible assets from acquisitions	—	9,911	2.8 %	14,148	3.8 %	14,148	0.16
Transaction expenses related to business combinations	—	—	— %	1,549	0.4 %	1,549	0.02
Adjustment for income tax effect	—	—	— %	—	— %	(14,133)	(0.16)
Total non-GAAP	\$ 369,129	\$ 329,366	89.2 %	\$ 146,863	39.8 %	\$ 118,272	\$ 1.36

¹ Diluted weighted average shares were 87,224.

<i>(in thousands, except percentages and per share data)</i>	Nine Months Ended September 30, 2021						
	Revenue	Gross Profit	%	Operating Income	%	Net Income	EPS - Diluted ¹
Total GAAP	\$ 1,251,048	\$ 1,062,041	84.9 %	\$ 274,423	21.9 %	\$ 251,456	\$ 2.86
Acquisition accounting for deferred revenue	19,075	19,075	0.2 %	19,075	1.1 %	19,075	0.22
Stock-based compensation expense	—	9,834	0.8 %	122,148	9.7 %	122,148	1.38
Excess payroll taxes related to stock-based awards	—	1,085	0.1 %	12,080	1.0 %	12,080	0.14
Amortization of intangible assets from acquisitions	—	45,163	3.5 %	57,407	4.5 %	57,407	0.65
Transaction expenses related to business combinations	—	—	— %	5,007	0.4 %	5,007	0.06
Adjustment for income tax effect	—	—	— %	—	— %	(65,334)	(0.75)
Total non-GAAP	\$ 1,270,123	\$ 1,137,198	89.5 %	\$ 490,140	38.6 %	\$ 401,839	\$ 4.56

¹ Diluted weighted average shares were 88,069.

<i>(in thousands, except percentages and per share data)</i>	Nine Months Ended September 30, 2020						
	Revenue	Gross Profit	%	Operating Income	%	Net Income	EPS - Diluted ¹
Total GAAP	\$ 1,057,611	\$ 900,250	85.1 %	\$ 236,965	22.4 %	\$ 218,255	\$ 2.50
Acquisition accounting for deferred revenue	10,116	10,116	0.2 %	10,116	0.7 %	10,116	0.12
Stock-based compensation expense	—	9,956	0.9 %	103,256	9.7 %	103,256	1.19
Excess payroll taxes related to stock-based awards	—	774	0.1 %	9,591	0.9 %	9,591	0.11
Amortization of intangible assets from acquisitions	—	29,227	2.7 %	41,789	3.9 %	41,789	0.48
Transaction expenses related to business combinations	—	—	— %	2,808	0.3 %	2,808	0.03
Rabbi trust (income) / expense	—	—	— %	—	— %	(5)	—
Adjustment for income tax effect	—	—	— %	—	— %	(60,906)	(0.70)
Total non-GAAP	\$ 1,067,727	\$ 950,323	89.0 %	\$ 404,525	37.9 %	\$ 324,904	\$ 3.73

¹ Diluted weighted average shares were 87,176.

ANSYS, INC. AND SUBSIDIARIES
Reconciliation of Forward-Looking Guidance
Quarter Ending December 31, 2021

	Earnings Per Share - Diluted
U.S. GAAP expectation	\$1.88 - \$2.25
Exclusions before tax:	
Acquisition adjustments to deferred revenue	\$0.06
Acquisition-related amortization	\$0.21
Stock-based compensation and related excess payroll tax	\$0.48 - \$0.54
Adjustment for income tax effect	(\$0.19) - (\$0.21)
Non-GAAP expectation	\$2.48 - \$2.81

ANSYS, INC. AND SUBSIDIARIES
Reconciliation of Forward-Looking Guidance
Year Ending December 31, 2021

	Earnings Per Share - Diluted
U.S. GAAP expectation	\$4.74 - \$5.11
Exclusions before tax:	
Acquisition adjustments to deferred revenue	\$0.28
Acquisition-related amortization	\$0.86
Stock-based compensation and related excess payroll tax	\$2.00 - \$2.06
Transaction expenses related to business combinations	\$0.06
Adjustment for income tax effect	(\$0.93) - (\$0.95)
Non-GAAP expectation	\$7.05 - \$7.38

/ Use of Non-GAAP Measures

We provide non-GAAP revenue, non-GAAP gross profit, non-GAAP gross profit margin, 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 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 gross profit, non-GAAP gross profit margin, 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 gross profit, non-GAAP gross profit margin, 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.

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

Non-GAAP Reporting Measure

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

Constant currency. In addition to the non-GAAP financial measures detailed above, we use constant currency results for financial and operational decision-making and as a means to evaluate period-to-period comparisons by excluding the effects of foreign currency fluctuations on the reported results. To present this information, the 2021 results for entities whose functional currency is a currency other than the U.S. Dollar were converted to U.S. Dollars at rates that were in effect for the 2020 comparable period, rather than the actual exchange rates in effect for 2021. Constant currency growth rates are calculated by adjusting the 2021 reported amounts by the 2021 currency fluctuation impacts and comparing the adjusted amounts to the 2020 comparable period reported amounts. 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 reported results to our past reports of financial results without the effects of foreign currency fluctuations.

/ 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.

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. 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 update forward-looking statements, whether as a result of new information, future events or otherwise.

The risks associated with the following, among others, could cause actual results to differ materially from those described in any forward-looking statements:

- current and future impacts of a natural disaster or catastrophe, including the COVID-19 pandemic and actions taken to address the pandemic by our customers, suppliers, regulatory authorities, and our business, on the global economy and our business and condensed consolidated financial statements; adverse changes in global economic and/or political conditions; and political, economic, regulatory and public health and safety risks and uncertainties in the countries and regions in which we operate;
- declines in our customers’ businesses resulting in adverse changes in 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; delays or declines in anticipated sales due to reduced or altered sales and marketing interactions with customers; and potential variations in our sales forecast compared to actual sales;
- impacts from tariffs, trade sanctions, export license requirements or other trade barriers; disruptions in the global economy and financial markets that may limit or delay availability of credit under our existing or new credit facilities, or that may limit our ability to obtain credit or financing on acceptable terms or at all; the volatility of our stock price; and the effect of changes in currency exchange rates or interest rates;
- 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; and the uncertainty of estimates associated with the acquisition accounting treatment of deferred revenue;
- our ability to recruit and retain key personnel including the impact of any government actions or mandates surrounding the COVID-19 pandemic; 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; and disclosure and misuse of employee or customer data whether as a result of a cybersecurity incident or otherwise;

- the quality of our products, including the strength of features, functionality and integrated multi-physics capabilities; our ability to develop and market new products to address the industry's rapidly changing technology; failures or errors in our products and services; and increased pricing pressure as a result of the competitive environment in which we operate;
- 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; and the impact indebtedness incurred in connection with any acquisition could have on our operations;
- investments in global sales and marketing organizations and global business infrastructure; and dependence on our channel partners for the distribution of our products;
- operational disruptions generally or specifically in connection with transitions to and from remote work environments; and the failure of our technological infrastructure or those of the service providers upon whom we rely including for infrastructure and cloud services;
- our and our channel partners' ability to comply with laws and regulations in relevant jurisdictions; the outcome of contingencies, including legal proceedings, government or regulatory investigations and service tax audit cases;
- our intention to repatriate previously taxed earnings in excess of working capital needs and to reinvest all other earnings of our non-U.S. subsidiaries;
- plans for future capital spending; the extent of corporate benefits from such spending including with respect to customer relationship management; and higher than anticipated costs for research and development or slowdown in our research and development activities;
- uncertainty regarding income tax estimates in the jurisdictions in which we operate; and the effect of changes in tax laws and regulations in the jurisdictions in which we operate; and
- other risks and uncertainties described in our reports filed from time to time with the Securities and Exchange Commission.

Ansys and any and all ANSYS, Inc. brand, product, service and feature names, logos and slogans are registered trademarks or trademarks of ANSYS, Inc. or its subsidiaries in the United States or other countries. All other brand, product, service and feature names or trademarks are the property of their respective owners.

Visit <https://investors.ansys.com> for more information.

ANSS-F