

Sassine Ghazi 2024 Letter to Stakeholders

To our shareholders, colleagues, customers and partners:

For 25 years, I've had the great fortune to be part of this important company at the heart of semiconductor innovation. In my first week as Synopsys CEO, I want to share my enthusiasm for the unprecedented opportunity ahead of us and thank our customers and ecosystem partners for trusting Synopsys to maximize their R&D capability and multiply their productivity to deliver innovations faster and without compromise.

Over the past 60 years, the semiconductor industry has grown into a half-trillion-dollar industry, fueled by remarkable human ingenuity and technological advancements that have profoundly improved our lives as well as the global economy. For much of the industry's history, Synopsys has been the catalyst for innovation. While semiconductors improved the world, we revolutionized the process of designing them.

And now, despite mounting complexity and cost, the semiconductor industry is expected to double in market value to one trillion dollars or more by the end of the decade, driven by the rise of artificial intelligence, silicon proliferation, and software-defined systems. These trends demand more compute, new architectures, and new design methodologies, while requiring us to address the significant challenges of complexity, cost, energy consumption and security. As the leading silicon-to-systems design solutions company with best-in-class EDA tools and the broadest portfolio of semiconductor IP, Synopsys' growth opportunity is truly incredible and already underway.

Over the last three years, we've grown revenue at a 17% CAGR, and 2023 marked a year of record revenue and profitability as semiconductor R&D accelerated and our customer base expanded. In recent months, we've seen hyperscalers unveil custom silicon while doubling down on chipmaker partnerships. We've also seen impressive AI product announcements among the leading chipmakers.

A paradigm shift is clearly underway as companies race to deliver on this era of pervasive intelligence, where AI and smart technologies are omnipresent and interconnected. To capitalize on this shift, the technology industry is converging on a *silicon-to-systems* approach to innovation. As the company at the heart of silicon and systems, Synopsys was made for this moment – there is no one more capable of helping companies innovate for this new era of pervasive intelligence.

To propel Synopsys to its next level of growth, we will continue to build on our strong foundation and focus on the following priorities:

- **Ambitious & Sustainable Growth:** Our core design automation and IP businesses have leading technology and market positions. We're increasing our investment in our core business with an eye toward being just as great at delivering and capitalizing on our innovation as we are at creating it.
- **Scaling Efficiently:** Operational improvements over the last few years have significantly improved our operating margins. We'll continue to focus on operational agility with increased efficiency to serve our customers in this rapidly evolving environment.
- **Technology & Innovation Leadership:** Our inventions have delivered a roughly ten million times increase in chip design productivity, and we are now pioneering AI in chip design to deliver the next step-function improvement. Innovation is foundational to Synopsys, critical for sustainable leadership, and will continue to be the heart of this company.

I could not be more honored by the trust the Board and Aart placed in me to lead this special company, which he founded in 1986 and has led ever since. Aart has many awe-inspiring accomplishments to his name: from inventing the first timing-driven logic synthesizer, to pioneering the EDA market, to playing a mean blues guitar. But perhaps his most impactful achievement is the optimistic, action-oriented culture he created at Synopsys.

While the CEO is changing, our culture will not. We will continue to operate with integrity, execution excellence, leadership and passion. And we will continue to be a company that cares deeply about its people, the environment and the communities in which we operate.

I will continue to engage actively with our customers, partners and shareholders while working alongside the Synopsys team to relentlessly advance our mission of empowering technology innovators everywhere with silicon to systems design solutions that solve our customers' toughest challenges and ignite future innovation.

Sincerely,

Sassine Ghazi
President and CEO

