

**Cadence Design Systems, Inc.**  
**Condensed Consolidated Balance Sheets**  
**March 31, 2023 and December 31, 2022**  
(In thousands)  
(Unaudited)

|  | <u>March 31, 2023</u> | <u>December 31, 2022</u> |
|--|-----------------------|--------------------------|
| Current assets:                            |                       |                          |
| Cash and cash equivalents                  | \$ 916,963            | \$ 882,325               |
| Receivables, net                           | 488,237               | 486,710                  |
| Inventories                                | 127,566               | 128,005                  |
| Prepaid expenses and other                 | 165,778               | 209,727                  |
| Total current assets                       | <u>1,698,544</u>      | <u>1,706,767</u>         |
| Property, plant and equipment, net         | 372,956               | 371,451                  |
| Goodwill                                   | 1,377,625             | 1,374,268                |
| Acquired intangibles, net                  | 341,738               | 354,617                  |
| Deferred taxes                             | 864,750               | 853,691                  |
| Other assets                               | 516,006               | 476,277                  |
| Total assets                               | <u>\$ 5,171,619</u>   | <u>\$ 5,137,071</u>      |
| Current liabilities:                       |                       |                          |
| Revolving credit facility                  | \$ 30,000             | \$ 100,000               |
| Accounts payable and accrued liabilities   | 430,135               | 557,158                  |
| Current portion of deferred revenue        | 721,246               | 690,538                  |
| Total current liabilities                  | <u>1,181,381</u>      | <u>1,347,696</u>         |
| Long-term liabilities:                     |                       |                          |
| Long-term portion of deferred revenue      | 102,515               | 91,524                   |
| Long-term debt                             | 648,301               | 648,078                  |
| Other long-term liabilities                | 298,546               | 304,660                  |
| Total long-term liabilities                | <u>1,049,362</u>      | <u>1,044,262</u>         |
| Stockholders' equity                       | 2,940,876             | 2,745,113                |
| Total liabilities and stockholders' equity | <u>\$ 5,171,619</u>   | <u>\$ 5,137,071</u>      |

**Cadence Design Systems, Inc.**  
**Condensed Consolidated Income Statements**  
**For the Three Months Ended March 31, 2023 and April 2, 2022**  
(In thousands, except per share amounts)  
(Unaudited)

|  | <b>Three Months Ended</b>   |                             |
|--|-----------------------------|-----------------------------|
|  | <b>March 31, 2023</b>       | <b>April 2, 2022</b>        |
|  | <u>                    </u> | <u>                    </u> |
| Revenue:   |                             |                             |
| Product and maintenance                              | \$ 963,742                  | \$ 846,244                  |
| Services   | 57,948                      | 55,522                      |
|  | <u>                    </u> | <u>                    </u> |
| Total revenue  | 1,021,690                   | 901,766                     |
|  | <u>                    </u> | <u>                    </u> |
| Costs and expenses:                                  |                             |                             |
| Cost of product and maintenance                      | 100,238                     | 72,795                      |
| Cost of services                                     | 24,234                      | 25,048                      |
| Marketing and sales                                  | 166,666                     | 140,186                     |
| Research and development                             | 350,295                     | 290,895                     |
| General and administrative                           | 53,527                      | 48,937                      |
| Amortization of acquired intangibles                 | 4,267                       | 4,964                       |
| Restructuring  | -                           | 12                          |
|  | <u>                    </u> | <u>                    </u> |
| Total costs and expenses                             | 699,227                     | 582,837                     |
|  | <u>                    </u> | <u>                    </u> |
| Income from operations                               | 322,463                     | 318,929                     |
|  |                             |                             |
| Interest expense                                     | (9,260)                     | (4,108)                     |
| Other income (expense), net                          | 8,284                       | (4,900)                     |
|  | <u>                    </u> | <u>                    </u> |
| Income before provision for income taxes             | 321,487                     | 309,921                     |
|  |                             |                             |
| Provision for income taxes                           | 79,683                      | 74,586                      |
|  | <u>                    </u> | <u>                    </u> |
| Net income   | \$ 241,804                  | \$ 235,335                  |
|  | <u>                    </u> | <u>                    </u> |
|  |                             |                             |
| Net income per share - basic                         | \$ 0.90                     | \$ 0.86                     |
|  | <u>                    </u> | <u>                    </u> |
| Net income per share - diluted                       | \$ 0.89                     | \$ 0.85                     |
|  | <u>                    </u> | <u>                    </u> |
|  |                             |                             |
| Weighted average common shares outstanding - basic   | 269,501                     | 272,431                     |
|  | <u>                    </u> | <u>                    </u> |
|  |                             |                             |
| Weighted average common shares outstanding - diluted | 273,159                     | 276,918                     |
|  | <u>                    </u> | <u>                    </u> |

**Cadence Design Systems, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**For the Three Months Ended March 31, 2023 and April 2, 2022**  
(In thousands)  
(Unaudited)

|  | <b>Three Months Ended</b> |                          |
|--|---------------------------|--------------------------|
|  | <b>March 31,<br/>2023</b> | <b>April 2,<br/>2022</b> |
| Cash and cash equivalents at beginning of period                                   | \$ 882,325                | \$ 1,088,940             |
| Cash flows from operating activities:  |                           |                          |
| Net income   | 241,804                   | 235,335                  |
| Adjustments to reconcile net income to net cash provided by operating activities:  |                           |                          |
| Depreciation and amortization  | 34,400                    | 34,825                   |
| Amortization of debt discount and fees   | 311                       | 268                      |
| Stock-based compensation   | 74,288                    | 59,469                   |
| (Gain) loss on investments, net  | (123)                     | 2,038                    |
| Deferred income taxes  | (11,640)                  | (24,920)                 |
| Provisions for losses (recoveries) on receivables                                  | 214                       | (344)                    |
| ROU asset amortization and change in operating lease liabilities                   | (1,392)                   | 926                      |
| Other non-cash items   | 99                        | 88                       |
| Changes in operating assets and liabilities, net of effect of acquired businesses: |                           |                          |
| Receivables  | (8,719)                   | (28,426)                 |
| Inventories  | 399                       | 4,580                    |
| Prepaid expenses and other   | 56,212                    | 44,419                   |
| Other assets   | (42,084)                  | 11,588                   |
| Accounts payable and accrued liabilities   | (117,915)                 | (58,203)                 |
| Deferred revenue   | 40,650                    | 56,225                   |
| Other long-term liabilities  | 897                       | (1,260)                  |
| Net cash provided by operating activities  | <u>267,401</u>            | <u>336,608</u>           |
| Cash flows from investing activities:  |                           |                          |
| Purchases of investments   | (9,055)                   | (1,000)                  |
| Proceeds from the sale of investments  | 102                       | -                        |
| Purchases of property, plant and equipment   | (26,719)                  | (18,130)                 |
| Purchases of intangible assets   | -                         | (750)                    |
| Net cash used for investing activities   | <u>(35,672)</u>           | <u>(19,880)</u>          |
| Cash flows from financing activities:  |                           |                          |
| Proceeds from revolving credit facility  | 50,000                    | -                        |
| Payments on revolving credit facility  | (120,000)                 | -                        |
| Proceeds from issuance of common stock   | 65,370                    | 45,673                   |
| Stock received for payment of employee taxes on vesting of restricted stock        | (67,712)                  | (56,343)                 |
| Payments for repurchases of common stock   | (125,010)                 | (250,016)                |
| Net cash used for financing activities   | <u>(197,352)</u>          | <u>(260,686)</u>         |
| Effect of exchange rate changes on cash and cash equivalents                       | <u>261</u>                | <u>(10,230)</u>          |
| Increase in cash and cash equivalents  | <u>34,638</u>             | <u>45,812</u>            |
| Cash and cash equivalents at end of period   | <u>\$ 916,963</u>         | <u>\$ 1,134,752</u>      |



**Cadence Design Systems, Inc.**  
**Impact of Non-GAAP Adjustments on Forward Looking Operating Margin**  
**As of April 24, 2023**  
**(Unaudited)**

|   | <b>Three Months Ending<br/>June 30, 2023</b> | <b>Year Ending<br/>December 31, 2023</b> |
|---|--|--|
|   | <b>Forecast</b>                              | <b>Forecast</b>                          |
| GAAP operating margin as a percent of total revenue                           | <b>29% - 30%</b>                             | <b>30% - 31%</b>                         |
| Reconciling items to non-GAAP operating margin as a percent of total revenue: |  |  |
| Stock-based compensation expense  | 8%   | 8%                                       |
| Amortization of acquired intangibles  | 2%   | 2%                                       |
| Acquisition and integration-related costs                                     | 1%   | 1%                                       |
| Non-qualified deferred compensation expenses                                  | 0%   | 0%                                       |
| Non-GAAP operating margin as a percent of total revenue†                      | <b>40% - 41%</b>                             | <b>41% - 42%</b>                         |

†The non-GAAP measures presented in the table above should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP.

**Cadence Design Systems, Inc.**  
**Impact of Non-GAAP Adjustments on Forward Looking Diluted Net Income Per Share**  
**As of April 24, 2023**  
**(Unaudited)**

|   | <b>Three Months Ending<br/>June 30, 2023<br/>Forecast</b> | <b>Year Ending<br/>December 31, 2023<br/>Forecast</b> |
|---|---|---|
| Diluted net income per share on a GAAP basis  | <b>\$0.73 to \$0.77</b>                                   | <b>\$3.26 to \$3.34</b>                               |
| Stock-based compensation expense  | 0.29  | 1.21  |
| Amortization of acquired intangibles  | 0.05  | 0.21  |
| Acquisition and integration-related costs   | 0.04  | 0.16  |
| Non-qualified deferred compensation expenses  | -   | 0.01  |
| Other income or expense related to investments and non-qualified deferred compensation plan assets* | -   | (0.01)  |
| Income tax effect of non-GAAP adjustments   | 0.04  | 0.12  |
| Diluted net income per share on a non-GAAP basis†   | <b>\$1.15 to \$1.19</b>                                   | <b>\$4.96 to \$5.04</b>                               |

**Cadence Design Systems, Inc.**  
**Impact of Non-GAAP Adjustments on Forward Looking Net Income**  
**As of April 24, 2023**  
**(Unaudited)**

| <b>(\$ in millions)</b>   | <b>Three Months Ending<br/>June 30, 2023<br/>Forecast</b> | <b>Year Ending<br/>December 31, 2023<br/>Forecast</b> |
|---|---|---|
| Net income on a GAAP basis  | <b>\$199 to \$210</b>                                     | <b>\$889 to \$911</b>                                 |
| Stock-based compensation expense  | 79  | 330   |
| Amortization of acquired intangibles  | 15  | 58  |
| Acquisition and integration-related costs   | 12  | 43  |
| Non-qualified deferred compensation expenses  | -   | 3   |
| Other income or expense related to investments and non-qualified deferred compensation plan assets* | -   | (3)   |
| Income tax effect of non-GAAP adjustments   | 10  | 34  |
| Net income on a non-GAAP basis†   | <b>\$315 to \$326</b>                                     | <b>\$1,354 to \$1,376</b>                             |

†The non-GAAP measures presented in the table above should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP.

\* Includes, as applicable, equity in losses or income from investments, write-down of investments, gains or losses on investments and gains or losses on non-qualified deferred compensation plan assets recorded in other income or expense.