

Cadence Design Systems, Inc.
Condensed Consolidated Balance Sheets
March 31, 2024 and December 31, 2023
(In thousands)
(Unaudited)

	March 31, 2024	December 31, 2023
Current assets:		
Cash and cash equivalents	\$ 1,012,418	\$ 1,008,152
Receivables, net	389,865	489,224
Inventories	185,784	181,661
Prepaid expenses and other	341,865	297,180
Total current assets	1,929,932	1,976,217
Property, plant and equipment, net	433,016	403,213
Goodwill	1,575,107	1,535,845
Acquired intangibles, net	334,644	336,843
Deferred taxes	886,576	880,001
Other assets	562,855	537,372
Total assets	\$ 5,722,130	\$ 5,669,491
Current liabilities:		
Current portion of long-term debt	\$ 349,507	\$ 349,285
Accounts payable and accrued liabilities	456,608	576,558
Current portion of deferred revenue	659,628	665,024
Total current liabilities	1,465,743	1,590,867
Long-term liabilities:		
Long-term portion of deferred revenue	87,003	98,931
Long-term debt	299,805	299,771
Other long-term liabilities	301,983	275,651
Total long-term liabilities	688,791	674,353
Stockholders' equity	3,567,596	3,404,271
Total liabilities and stockholders' equity	\$ 5,722,130	\$ 5,669,491

Cadence Design Systems, Inc.
Condensed Consolidated Income Statements
For the Three Months Ended March 31, 2024 and March 31, 2023
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended	
	March 31, 2024	March 31, 2023
Revenue:		
Product and maintenance	\$ 913,385	\$ 963,742
Services	95,718	57,948
Total revenue	<u>1,009,103</u>	<u>1,021,690</u>
Costs and expenses:		
Cost of product and maintenance	75,395	100,238
Cost of services	49,802	24,234
Marketing and sales	180,589	166,666
Research and development	378,958	350,295
General and administrative	68,716	53,527
Amortization of acquired intangibles	5,407	4,267
Restructuring	280	-
Total costs and expenses	<u>759,147</u>	<u>699,227</u>
Income from operations	249,956	322,463
Interest expense	(8,692)	(9,260)
Other income, net	<u>68,779</u>	<u>8,284</u>
Income before provision for income taxes	310,043	321,487
Provision for income taxes	<u>62,400</u>	<u>79,683</u>
Net income	<u>\$ 247,643</u>	<u>\$ 241,804</u>
Net income per share - basic	<u>\$ 0.92</u>	<u>\$ 0.90</u>
Net income per share - diluted	<u>\$ 0.91</u>	<u>\$ 0.89</u>
Weighted average common shares outstanding - basic	<u>269,606</u>	<u>269,501</u>
Weighted average common shares outstanding - diluted	<u>273,544</u>	<u>273,159</u>

Cadence Design Systems, Inc.
Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2024 and March 31, 2023
(In thousands)
(Unaudited)

	Three Months Ended	
	March 31, 2024	March 31, 2023
Cash and cash equivalents at beginning of period	\$ 1,008,152	\$ 882,325
Cash flows from operating activities:		
Net income	247,643	241,804
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	39,556	34,400
Amortization of debt discount and fees	320	311
Stock-based compensation	88,129	74,288
Gain on investments, net	(55,394)	(123)
Deferred income taxes	(1,523)	(11,640)
Provisions for losses on receivables	158	214
ROU asset amortization and change in operating lease liabilities	(917)	(1,392)
Other non-cash items	78	99
Changes in operating assets and liabilities, net of effect of acquired businesses:		
Receivables	102,991	(8,719)
Inventories	(10,689)	399
Prepaid expenses and other	(15,073)	56,212
Other assets	(7,535)	(42,084)
Accounts payable and accrued liabilities	(117,291)	(117,915)
Deferred revenue	(23,941)	40,650
Other long-term liabilities	6,720	897
Net cash provided by operating activities	<u>253,232</u>	<u>267,401</u>
Cash flows from investing activities:		
Purchases of investments	(2,095)	(9,055)
Proceeds from the sale and maturity of investments	43,377	102
Purchases of property, plant and equipment	(49,601)	(26,719)
Cash paid in business combinations, net of cash acquired	(71,450)	-
Net cash used for investing activities	<u>(79,769)</u>	<u>(35,672)</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	116,725	65,370
Stock received for payment of employee taxes on vesting of restricted stock	(151,123)	(67,712)
Payments for repurchases of common stock	(125,006)	(125,010)
Net cash used for financing activities	<u>(159,404)</u>	<u>(197,352)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(9,793)</u>	<u>261</u>
Increase in cash and cash equivalents	<u>4,266</u>	<u>34,638</u>
Cash and cash equivalents at end of period	<u>\$ 1,012,418</u>	<u>\$ 916,963</u>

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Operating Margin
As of April 22, 2024
(Unaudited)

	Three Months Ending June 30, 2024 Forecast	Year Ending December 31, 2024 Forecast
GAAP operating margin as a percent of total revenue	26.5% - 27.5%	31% - 32%
Reconciling items to non-GAAP operating margin as a percent of total revenue:		
Stock-based compensation expense	9%	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†	38.5% - 39.5%	42% - 43%

†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 22, 2024
(Unaudited)

	Three Months Ending June 30, 2024 Forecast	Year Ending December 31, 2024 Forecast
Diluted net income per share on a GAAP basis	\$0.73 to \$0.77	\$4.04 to \$4.14
Stock-based compensation expense	0.32	1.41
Amortization of acquired intangibles	0.06	0.25
Acquisition and integration-related costs	0.06	0.20
Non-qualified deferred compensation expenses	-	0.02
Other income or expense related to investments and non-qualified deferred compensation plan assets*	-	(0.22)
Income tax effect of non-GAAP adjustments	0.03	0.18
Diluted net income per share on a non-GAAP basis†	\$1.20 to \$1.24	\$5.88 to \$5.98

†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.

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Net Income
As of April 22, 2024
(Unaudited)

(\$ in millions)	Three Months Ending June 30, 2024 Forecast	Year Ending December 31, 2024 Forecast
Net income on a GAAP basis	\$200 to \$211	\$1,105 to \$1,132
Stock-based compensation expense	89	386
Amortization of acquired intangibles	17	68
Acquisition and integration-related costs	15	56
Non-qualified deferred compensation expenses	-	5
Other income or expense related to investments and non-qualified deferred compensation plan assets*	-	(60)
Income tax effect of non-GAAP adjustments	8	48
Net income on a non-GAAP basis†	\$329 to \$340	\$1,608 to \$1,635

†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.