

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets:		
Cash and cash equivalents	\$ 1,008,152	\$ 882,325
Receivables, net	489,224	486,710
Inventories	181,661	128,005
Prepaid expenses and other	297,180	209,727
Total current assets	<u>1,976,217</u>	<u>1,706,767</u>
Property, plant and equipment, net	403,213	371,451
Goodwill	1,535,845	1,374,268
Acquired intangibles, net	336,843	354,617
Deferred taxes	880,001	853,691
Other assets	537,372	476,277
Total assets	<u>\$ 5,669,491</u>	<u>\$ 5,137,071</u>
Current liabilities:		
Revolving credit facility	\$ -	\$ 100,000
Current portion of long-term debt	349,285	-
Accounts payable and accrued liabilities	576,558	557,158
Current portion of deferred revenue	665,024	690,538
Total current liabilities	<u>1,590,867</u>	<u>1,347,696</u>
Long-term liabilities:		
Long-term portion of deferred revenue	98,931	91,524
Long-term debt	299,771	648,078
Other long-term liabilities	275,651	304,660
Total long-term liabilities	<u>674,353</u>	<u>1,044,262</u>
Stockholders' equity	3,404,271	2,745,113
Total liabilities and stockholders' equity	<u>\$ 5,669,491</u>	<u>\$ 5,137,071</u>

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

	Three Months Ended		Years Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Revenue:				
Product and maintenance	\$ 981,987	\$ 845,880	\$ 3,834,359	\$ 3,340,197
Services	86,636	53,997	255,627	221,521
Total revenue	<u>1,068,623</u>	<u>899,877</u>	<u>4,089,986</u>	<u>3,561,718</u>
Costs and expenses:				
Cost of product and maintenance	71,491	69,702	331,760	273,565
Cost of services	32,639	23,813	103,281	98,058
Marketing and sales	180,368	171,817	690,319	604,224
Research and development	367,443	350,423	1,441,796	1,251,544
General and administrative	75,742	68,065	242,430	242,116
Amortization of acquired intangibles	4,981	4,927	18,162	18,470
Restructuring	(569)	13	11,013	55
Total costs and expenses	<u>732,095</u>	<u>688,760</u>	<u>2,838,761</u>	<u>2,488,032</u>
Income from operations	336,528	211,117	1,251,225	1,073,686
Interest expense	(8,989)	(9,082)	(36,185)	(22,934)
Other income (expense), net	34,523	8,490	66,886	(5,389)
Income before provision (benefit) for income taxes	362,062	210,525	1,281,926	1,045,363
Provision (benefit) for income taxes	38,163	(29,867)	240,782	196,411
Net income	<u>\$ 323,899</u>	<u>\$ 240,392</u>	<u>\$ 1,041,144</u>	<u>\$ 848,952</u>
Net income per share - basic	<u>\$ 1.20</u>	<u>\$ 0.89</u>	<u>\$ 3.86</u>	<u>\$ 3.13</u>
Net income per share - diluted	<u>\$ 1.19</u>	<u>\$ 0.88</u>	<u>\$ 3.82</u>	<u>\$ 3.09</u>
Weighted average common shares outstanding - basic	<u>269,088</u>	<u>269,709</u>	<u>269,381</u>	<u>271,198</u>
Weighted average common shares outstanding - diluted	<u>272,419</u>	<u>272,997</u>	<u>272,748</u>	<u>275,011</u>

Cadence Design Systems, Inc.
Condensed Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and December 31, 2022
(In thousands)
(Unaudited)

	Years Ended	
	December 31, 2023	December 31, 2022
Cash and cash equivalents at beginning of year	\$ 882,325	\$ 1,088,940
Cash flows from operating activities:		
Net income	1,041,144	848,952
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	145,292	132,088
Amortization of debt discount and fees	1,262	1,134
Stock-based compensation	325,611	270,439
(Gain) loss on investments, net	(34,602)	5,425
Deferred income taxes	(36,512)	(107,606)
Provisions for losses on receivables	3,325	204
ROU asset amortization and change in operating lease liabilities	451	3,342
Other non-cash items	1,983	371
Changes in operating assets and liabilities, net of effect of acquired businesses:		
Receivables	(11,748)	(138,471)
Inventories	(65,895)	(23,073)
Prepaid expenses and other	39,015	(38,927)
Other assets	(45,784)	(933)
Accounts payable and accrued liabilities	5,415	113,945
Deferred revenue	(21,583)	131,462
Other long-term liabilities	1,802	43,542
Net cash provided by operating activities	<u>1,349,176</u>	<u>1,241,894</u>
Cash flows from investing activities:		
Purchases of investments	(176,170)	(1,000)
Proceeds from the sale and maturity of investments	64,775	366
Purchases of property, plant and equipment	(102,337)	(123,215)
Purchases of intangible assets	(166)	(1,000)
Cash paid in business combinations, net of cash acquired	(198,351)	(613,785)
Net cash used for investing activities	<u>(412,249)</u>	<u>(738,634)</u>
Cash flows from financing activities:		
Proceeds from revolving credit facility	50,000	585,000
Payments on revolving credit facility	(150,000)	(485,000)
Proceeds from term loan	-	300,000
Payment of debt issuance costs	-	(425)
Proceeds from issuance of common stock	132,957	105,331
Stock received for payment of employee taxes on vesting of restricted stock	(136,396)	(111,864)
Payments for repurchases of common stock	(700,134)	(1,050,091)
Net cash used for financing activities	<u>(803,573)</u>	<u>(657,049)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(7,527)</u>	<u>(52,826)</u>
Increase (decrease) in cash and cash equivalents	<u>125,827</u>	<u>(206,615)</u>
Cash and cash equivalents at end of year	<u>\$ 1,008,152</u>	<u>\$ 882,325</u>

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Operating Margin
As of February 12, 2024
(Unaudited)

	Three Months Ending March 31, 2024 Forecast	Year Ending December 31, 2024 Forecast
GAAP operating margin as a percent of total revenue	24.5% - 25.5%	32% - 33%
Reconciling items to non-GAAP operating margin as a percent of total revenue:		
Stock-based compensation expense	9%	8%
Amortization of acquired intangibles	2%	1%
Acquisition and integration-related costs	1%	1%
Non-GAAP operating margin as a percent of total revenue†	<u>36.5% - 37.5%</u>	<u>42% - 43%</u>

†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 February 12, 2024
(Unaudited)

	Three Months Ending March 31, 2024 Forecast	Year Ending December 31, 2024 Forecast
Diluted net income per share on a GAAP basis	\$0.74 to \$0.78	\$4.08 to \$4.18
Stock-based compensation expense	0.32	1.36
Amortization of acquired intangibles	0.06	0.24
Acquisition and integration-related costs	0.04	0.14
Income tax effect of non-GAAP adjustments	(0.06)	0.05
Diluted net income per share on a non-GAAP basis†	<u><u>\$1.10 to \$1.14</u></u>	<u><u>\$5.87 to \$5.97</u></u>

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Net Income
As of February 12, 2024
(Unaudited)

(\$ in millions)	Three Months Ending March 31, 2024 Forecast	Year Ending December 31, 2024 Forecast
Net income on a GAAP basis	\$202 to \$213	\$1,111 to \$1,138
Stock-based compensation expense	88	370
Amortization of acquired intangibles	16	66
Acquisition and integration-related costs	12	39
Income tax effect of non-GAAP adjustments	(16)	13
Net income on a non-GAAP basis†	<u><u>\$302 to \$313</u></u>	<u><u>\$1,599 to \$1,626</u></u>

†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.