

Cadence Design Systems, Inc.
Condensed Consolidated Balance Sheets
June 30, 2024 and December 31, 2023
(In thousands)
(Unaudited)

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Current assets:		
Cash and cash equivalents	\$ 1,058,955	\$ 1,008,152
Receivables, net	564,851	489,224
Inventories	171,508	181,661
Prepaid expenses and other	401,074	297,180
Total current assets	<u>2,196,388</u>	<u>1,976,217</u>
Property, plant and equipment, net	449,422	403,213
Goodwill	2,417,747	1,535,845
Acquired intangibles, net	664,038	336,843
Deferred taxes	892,963	880,001
Other assets	605,183	537,372
Total assets	<u>\$ 7,225,741</u>	<u>\$ 5,669,491</u>
Current liabilities:		
Current portion of long-term debt	\$ 349,732	\$ 349,285
Accounts payable and accrued liabilities	505,392	576,558
Current portion of deferred revenue	678,598	665,024
Total current liabilities	<u>1,533,722</u>	<u>1,590,867</u>
Long-term liabilities:		
Long-term portion of deferred revenue	88,823	98,931
Long-term debt	998,935	299,771
Other long-term liabilities	343,369	275,651
Total long-term liabilities	<u>1,431,127</u>	<u>674,353</u>
Stockholders' equity	4,260,892	3,404,271
Total liabilities and stockholders' equity	<u>\$ 7,225,741</u>	<u>\$ 5,669,491</u>

Cadence Design Systems, Inc.
Condensed Consolidated Income Statements
For the Three and Six Months Ended June 30, 2024 and June 30, 2023
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Revenue:				
Product and maintenance	\$ 960,457	\$ 922,790	\$ 1,873,842	\$ 1,886,532
Services	100,224	53,789	195,942	111,737
Total revenue	<u>1,060,681</u>	<u>976,579</u>	<u>2,069,784</u>	<u>1,998,269</u>
Costs and expenses:				
Cost of product and maintenance	94,363	74,218	169,758	174,456
Cost of services	44,907	22,640	94,709	46,874
Marketing and sales	186,725	167,070	367,314	333,736
Research and development	370,740	354,416	749,698	704,711
General and administrative	63,436	54,605	132,152	108,132
Amortization of acquired intangibles	6,667	4,302	12,074	8,569
Restructuring	(33)	-	247	-
Total costs and expenses	<u>766,805</u>	<u>677,251</u>	<u>1,525,952</u>	<u>1,376,478</u>
Income from operations	293,876	299,328	543,832	621,791
Interest expense	(12,905)	(8,877)	(21,597)	(18,137)
Other income, net	34,739	7,973	103,518	16,257
Income before provision for income taxes	315,710	298,424	625,753	619,911
Provision for income taxes	86,190	77,304	148,590	156,987
Net income	<u>\$ 229,520</u>	<u>\$ 221,120</u>	<u>\$ 477,163</u>	<u>\$ 462,924</u>
Net income per share - basic	<u>\$ 0.85</u>	<u>\$ 0.82</u>	<u>\$ 1.77</u>	<u>\$ 1.72</u>
Net income per share - diluted	<u>\$ 0.84</u>	<u>\$ 0.81</u>	<u>\$ 1.74</u>	<u>\$ 1.70</u>
Weighted average common shares outstanding - basic	<u>270,912</u>	<u>269,714</u>	<u>270,259</u>	<u>269,607</u>
Weighted average common shares outstanding - diluted	<u>273,520</u>	<u>272,996</u>	<u>273,532</u>	<u>273,078</u>

Cadence Design Systems, Inc.
Condensed Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2024 and June 30, 2023
(In thousands)
(Unaudited)

	Six Months Ended	
	June 30, 2024	June 30, 2023
Cash and cash equivalents at beginning of period	\$ 1,008,152	\$ 882,325
Cash flows from operating activities:		
Net income	477,163	462,924
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	87,202	70,432
Amortization of debt discount and fees	684	626
Stock-based compensation	175,698	150,896
(Gain) loss on investments, net	(80,599)	554
Deferred income taxes	(9,506)	(20,171)
Provisions for losses on receivables	614	720
ROU asset amortization and change in operating lease liabilities	(1,410)	(3,543)
Other non-cash items	212	1,834
Changes in operating assets and liabilities, net of effect of acquired businesses:		
Receivables	(49,384)	41,208
Inventories	(15,978)	(16,981)
Prepaid expenses and other	(39,868)	50,793
Other assets	(38,967)	(31,838)
Accounts payable and accrued liabilities	(93,078)	(37,049)
Deferred revenue	(18,599)	1,269
Other long-term liabilities	15,013	9,497
Net cash provided by operating activities	<u>409,197</u>	<u>681,171</u>
Cash flows from investing activities:		
Purchases of investments	(2,095)	(29,212)
Proceeds from the sale and maturity of investments	43,864	1,505
Purchases of property, plant and equipment	(78,800)	(46,655)
Cash paid in business combinations, net of cash acquired	(720,821)	(55,379)
Net cash used for investing activities	<u>(757,852)</u>	<u>(129,741)</u>
Cash flows from financing activities:		
Proceeds from revolving credit facility	-	50,000
Payments on revolving credit facility	-	(150,000)
Proceeds from term loan	700,000	-
Payment of debt issuance costs	(944)	-
Proceeds from issuance of common stock	133,272	77,502
Stock received for payment of employee taxes on vesting of restricted stock	(166,903)	(78,988)
Payments for repurchases of common stock	(250,010)	(450,119)
Net cash provided by (used for) financing activities	<u>415,415</u>	<u>(551,605)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(15,957)</u>	<u>(8,225)</u>
Increase (decrease) in cash and cash equivalents	<u>50,803</u>	<u>(8,400)</u>
Cash and cash equivalents at end of period	<u>\$ 1,058,955</u>	<u>\$ 873,925</u>

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

	<u>Three Months Ending</u> <u>September 30, 2024</u> <u>Forecast</u>	<u>Year Ending</u> <u>December 31, 2024</u> <u>Forecast</u>
GAAP operating margin as a percent of total revenue	27.7% - 29.3%	29.7% - 31.3%
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	2%	2%
Non-qualified deferred compensation expenses	0%	0%
Non-GAAP operating margin as a percent of total revenue†	<u>40.7% - 42.3%</u>	<u>41.7% - 43.3%</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 July 22, 2024
(Unaudited)

	Three Months Ending September 30, 2024 Forecast	Year Ending December 31, 2024 Forecast
Diluted net income per share on a GAAP basis	\$0.83 to \$0.93	\$3.82 to \$4.02
Stock-based compensation expense	0.38	1.43
Amortization of acquired intangibles	0.10	0.33
Acquisition and integration-related costs	0.10	0.34
Non-qualified deferred compensation expenses	-	0.02
Special charges	-	-
Other income or expense related to investments and non-qualified deferred compensation plan assets*	-	(0.32)
Income tax effect of non-GAAP adjustments	(0.02)	0.15
Diluted net income per share on a non-GAAP basis†	\$1.39 to \$1.49	\$5.77 to \$5.97

†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 July 22, 2024
(Unaudited)

(\$ in millions)	Three Months Ending September 30, 2024 Forecast	Year Ending December 31, 2024 Forecast
Net income on a GAAP basis	\$228 to \$256	\$1,049 to \$1,103
Stock-based compensation expense	106	391
Amortization of acquired intangibles	26	90
Acquisition and integration-related costs	27	93
Non-qualified deferred compensation expenses	-	6
Special charges	-	1
Other income or expense related to investments and non-qualified deferred compensation plan assets*	-	(87)
Income tax effect of non-GAAP adjustments	(5)	41
Net income on a non-GAAP basis†	\$382 to \$410	\$1,584 to \$1,638

†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.