

TABLE OF CONTENTS

Condensed Consolidated Balance Sheets, December 31, 2024 and December 31, 2023.....	1
Trended Condensed Consolidated Balance Sheets.....	2
Condensed Consolidated Income Statements for the Three Months and Years Ended December 31, 2024 and December 31, 2023.....	3
Trended Condensed Income Statements.....	4
Condensed Consolidated Statements of Cash Flows for the Years Ended December 31, 2024 and December 31, 2023.....	5
Trended Condensed Consolidated Statements of Cash Flows.....	6
Revenue Mix by Geography.....	7
Revenue Mix by Product Category.....	7
Impact of Non-GAAP Adjustments on Forward Looking Operating Margin, as of February 18, 2025.....	8
Impact of Non-GAAP Adjustments on Forward Looking Diluted Net Income Per Share, as of February 18, 2025....	9
Impact of Non-GAAP Adjustments on Forward Looking Net Income, as of February 18, 2025.....	9
Reconciliation of GAAP Net Income to Non-GAAP Net Income, for the Three Months and Years Ended December 31, 2024 and December 31, 2023.....	10
Reconciliation of GAAP Diluted Net Income Per Share to Non-GAAP Diluted Net Income Per Share, for the Three Months and Years Ended December 31, 2024 and December 31, 2023.....	11
Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures.....	12
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures for the Three Months Ended December 31, 2024.....	13
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures for the Three Months Ended December 31, 2023.....	14
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures for the Years Ended December 31, 2024.....	15
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures for the Years Ended December 31, 2023.....	16

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current assets:		
Cash and cash equivalents	\$ 2,644,030	\$ 1,008,152
Receivables, net	680,460	489,224
Inventories	257,711	181,661
Prepaid expenses and other	433,878	297,180
Total current assets	<u>4,016,079</u>	<u>1,976,217</u>
Property, plant and equipment, net	458,200	403,213
Goodwill	2,378,671	1,535,845
Acquired intangibles, net	594,734	336,843
Deferred taxes	982,057	880,001
Other assets	544,741	537,372
Total assets	<u>\$ 8,974,482</u>	<u>\$ 5,669,491</u>
Current liabilities:		
Current portion of long-term debt	\$ -	\$ 349,285
Accounts payable and accrued liabilities	632,692	576,558
Current portion of deferred revenue	737,413	665,024
Total current liabilities	<u>1,370,105</u>	<u>1,590,867</u>
Long-term liabilities:		
Long-term portion of deferred revenue	115,168	98,931
Long-term debt	2,476,183	299,771
Other long-term liabilities	339,448	275,651
Total long-term liabilities	<u>2,930,799</u>	<u>674,353</u>
Stockholders' equity	4,673,578	3,404,271
Total liabilities and stockholders' equity	<u>\$ 8,974,482</u>	<u>\$ 5,669,491</u>

Cadence Design Systems, Inc.
Trended Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024
Current assets:					
Cash and cash equivalents	\$ 1,008,152	\$ 1,012,418	\$ 1,058,955	\$ 2,786,040	\$ 2,644,030
Receivables, net	489,224	389,865	564,851	560,973	680,460
Inventories	181,661	185,784	171,508	293,350	257,711
Prepaid expenses and other	297,180	341,865	401,074	459,560	433,878
Total current assets	1,976,217	1,929,932	2,196,388	4,099,923	4,016,079
Property, plant and equipment, net	403,213	433,016	449,422	448,652	458,200
Goodwill	1,535,845	1,575,107	2,417,747	2,493,467	2,378,671
Acquired intangibles, net	336,843	334,644	664,038	662,343	594,734
Deferred taxes	880,001	886,576	892,963	889,939	982,057
Other assets	537,372	562,855	605,183	572,707	544,741
Total assets	\$ 5,669,491	\$ 5,722,130	\$ 7,225,741	\$ 9,167,031	\$ 8,974,482
Current liabilities:					
Current portion of long-term debt	\$ 349,285	\$ 349,507	\$ 349,732	\$ 349,958	\$ -
Accounts payable and accrued liabilities	576,558	456,608	505,392	627,200	632,692
Current portion of deferred revenue	665,024	659,628	678,598	697,836	737,413
Total current liabilities	1,590,867	1,465,743	1,533,722	1,674,994	1,370,105
Long-term liabilities:					
Long-term portion of deferred revenue	98,931	87,003	88,823	102,439	115,168
Long-term debt	299,771	299,805	998,935	2,475,232	2,476,183
Other long-term liabilities	275,651	301,983	343,369	351,028	339,448
Total long-term liabilities	674,353	688,791	1,431,127	2,928,699	2,930,799
Stockholders' equity:					
Common stock and capital in excess of par value	3,166,964	3,331,547	3,928,477	4,067,586	4,181,737
Treasury stock, at cost	(4,604,323)	(4,840,181)	(4,971,955)	(5,141,957)	(5,309,579)
Retained earnings	4,936,384	5,184,027	5,413,547	5,651,658	5,991,868
Accumulated other comprehensive loss	(94,754)	(107,797)	(109,177)	(13,949)	(190,448)
Total stockholders' equity	3,404,271	3,567,596	4,260,892	4,563,338	4,673,578
Total liabilities and stockholders' equity	\$ 5,669,491	\$ 5,722,130	\$ 7,225,741	\$ 9,167,031	\$ 8,974,482

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

	<u>Three Months Ended</u>		<u>Years Ended</u>	
	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Revenue:				
Product and maintenance	\$ 1,239,287	\$ 981,987	\$ 4,213,509	\$ 3,834,359
Services	116,694	86,636	427,755	255,627
Total revenue	<u>1,355,981</u>	<u>1,068,623</u>	<u>4,641,264</u>	<u>4,089,986</u>
Costs and expenses:				
Cost of product and maintenance	157,249	71,491	436,600	331,760
Cost of services	62,742	32,639	210,902	103,281
Marketing and sales	200,406	180,368	757,483	690,319
Research and development	392,026	367,443	1,549,093	1,441,796
General and administrative	78,550	75,742	282,283	242,430
Amortization of acquired intangibles	9,153	4,981	30,375	18,162
Restructuring	(1,020)	(569)	23,765	11,013
Total costs and expenses	<u>899,106</u>	<u>732,095</u>	<u>3,290,501</u>	<u>2,838,761</u>
Income from operations	456,875	336,528	1,350,763	1,251,225
Interest expense	(29,907)	(8,989)	(75,999)	(36,185)
Other income, net	9,684	34,523	121,055	66,886
Income before provision for income taxes	436,652	362,062	1,395,819	1,281,926
Provision for income taxes	96,442	38,163	340,335	240,782
Net income	<u>\$ 340,210</u>	<u>\$ 323,899</u>	<u>\$ 1,055,484</u>	<u>\$ 1,041,144</u>
Net income per share - basic	<u>\$ 1.25</u>	<u>\$ 1.20</u>	<u>\$ 3.89</u>	<u>\$ 3.86</u>
Net income per share - diluted	<u>\$ 1.24</u>	<u>\$ 1.19</u>	<u>\$ 3.85</u>	<u>\$ 3.82</u>
Weighted average common shares outstanding - basic	<u>272,069</u>	<u>269,088</u>	<u>271,212</u>	<u>269,381</u>
Weighted average common shares outstanding - diluted	<u>274,292</u>	<u>272,419</u>	<u>273,833</u>	<u>272,748</u>

Cadence Design Systems, Inc.
Trended Condensed Income Statements
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended				
	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024
Revenue:					
Product and maintenance	\$ 981,987	\$ 913,385	\$ 960,457	\$ 1,100,380	\$ 1,239,287
Services	86,636	95,718	100,224	115,119	116,694
Total revenue	1,068,623	1,009,103	1,060,681	1,215,499	1,355,981
Costs and expenses:					
Cost of product and maintenance	71,491	75,395	94,363	109,593	157,249
Cost of services	32,639	49,802	44,907	53,451	62,742
Marketing and sales	180,368	180,589	186,725	189,763	200,406
Research and development	367,443	378,958	370,740	407,369	392,026
General and administrative	75,742	68,716	63,436	71,581	78,550
Amortization of acquired intangibles	4,981	5,407	6,667	9,148	9,153
Restructuring	(569)	280	(33)	24,538	(1,020)
Total costs and expenses	732,095	759,147	766,805	865,443	899,106
Income from operations	336,528	249,956	293,876	350,056	456,875
Interest expense	(8,989)	(8,692)	(12,905)	(24,495)	(29,907)
Other income, net	34,523	68,779	34,739	7,853	9,684
Income before provision for income taxes	362,062	310,043	315,710	333,414	436,652
Provision for income taxes	38,163	62,400	86,190	95,303	96,442
Net income	\$ 323,899	\$ 247,643	\$ 229,520	\$ 238,111	\$ 340,210
Net income per share - basic	\$ 1.20	\$ 0.92	\$ 0.85	\$ 0.87	\$ 1.25
Net income per share - diluted	\$ 1.19	\$ 0.91	\$ 0.84	\$ 0.87	\$ 1.24
Weighted average common shares outstanding - basic	269,088	269,606	270,912	272,244	272,069
Weighted average common shares outstanding - diluted	272,419	273,544	273,520	273,958	274,292

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

	Years Ended	
	December 31, 2024	December 31, 2023
Cash and cash equivalents at beginning of year	\$ 1,008,152	\$ 882,325
Cash flows from operating activities:		
Net income	1,055,484	1,041,144
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	196,935	145,292
Amortization of debt discount and fees	3,473	1,262
Stock-based compensation	391,219	325,611
Gain on investments, net	(49,593)	(34,602)
Deferred income taxes	(128,737)	(36,512)
Provisions for losses on receivables	2,078	3,325
ROU asset amortization and change in operating lease liabilities	(1,920)	451
Other non-cash items	587	1,983
Changes in operating assets and liabilities, net of effect of acquired businesses:		
Receivables	(180,287)	(11,748)
Inventories	(82,771)	(65,895)
Prepaid expenses and other	(81,529)	39,015
Other assets	11,866	(45,784)
Accounts payable and accrued liabilities	33,676	5,415
Deferred revenue	66,478	(21,583)
Other long-term liabilities	23,592	1,802
Net cash provided by operating activities	<u>1,260,551</u>	<u>1,349,176</u>
Cash flows from investing activities:		
Purchases of investments	(4,982)	(176,170)
Proceeds from the sale and maturity of investments	47,980	64,775
Purchases of property, plant and equipment	(142,542)	(102,337)
Purchases of intangible assets	-	(166)
Cash paid in business combinations, net of cash acquired	(737,574)	(198,351)
Net cash used for investing activities	<u>(837,118)</u>	<u>(412,249)</u>
Cash flows from financing activities:		
Proceeds from revolving credit facility	-	50,000
Payments on revolving credit facility	-	(150,000)
Proceeds from issuance of debt	3,196,595	-
Payments of debt	(1,350,000)	-
Payments of debt issuance costs	(23,828)	-
Proceeds from issuance of common stock	204,237	132,957
Stock received for payment of employee taxes on vesting of restricted stock	(237,737)	(136,396)
Payments for repurchases of common stock	(550,026)	(700,134)
Net cash provided by (used for) financing activities	<u>1,239,241</u>	<u>(803,573)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(26,796)</u>	<u>(7,527)</u>
Increase in cash and cash equivalents	<u>1,635,878</u>	<u>125,827</u>
Cash and cash equivalents at end of year	<u>\$ 2,644,030</u>	<u>\$ 1,008,152</u>

Cadence Design Systems, Inc.
Trended Condensed Consolidated Statements of Cash Flows
For the Five Quarters Ended December 31, 2024
(In thousands)
(Unaudited)

	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Cash and cash equivalents at beginning of period	\$ 961,982	\$ 1,008,152	\$ 1,012,418	\$ 1,058,955	\$ 2,786,040
Cash flows from operating activities:					
Net income	323,899	247,643	229,520	238,111	340,210
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	38,509	39,556	47,646	55,050	54,683
Amortization of debt discount and fees	320	320	364	1,697	1,092
Stock-based compensation	86,683	88,129	87,569	109,013	106,508
(Gain) loss on investments, net	(21,870)	(55,394)	(25,205)	16,141	14,865
Deferred income taxes	(13,006)	(1,523)	(7,983)	4,424	(123,655)
Provisions for losses on receivables	1,633	158	456	510	954
ROU asset amortization and change in operating lease liabilities	3,135	(917)	(493)	310	(820)
Other non-cash items	21	78	134	97	278
Changes in operating assets and liabilities, net of effect of acquired businesses:					
Receivables	(61,772)	102,991	(152,375)	4,618	(135,521)
Inventories	(18,602)	(10,689)	(5,289)	(123,201)	56,408
Prepaid expenses and other	5,708	(15,073)	(24,795)	(74,917)	33,256
Other assets	(19,204)	(7,535)	(31,432)	30,208	20,625
Accounts payable and accrued liabilities	(37,696)	(117,291)	24,213	114,936	11,818
Deferred revenue	(6,955)	(23,941)	5,342	25,279	59,798
Other long-term liabilities	(8,712)	6,720	8,293	7,719	860
Net cash provided by operating activities	<u>272,091</u>	<u>253,232</u>	<u>155,965</u>	<u>409,995</u>	<u>441,359</u>
Cash flows from investing activities:					
Purchases of investments	(31,020)	(2,095)	-	-	(2,887)
Proceeds from the sale and maturity of investments	601	43,377	487	1,792	2,324
Purchases of property, plant and equipment	(33,703)	(49,601)	(29,199)	(26,540)	(37,202)
Purchases of intangible assets	(166)	-	-	-	-
Cash paid in business combinations, net of cash acquired	(34,388)	(71,450)	(649,371)	(14,506)	(2,247)
Net cash used for investing activities	<u>(98,676)</u>	<u>(79,769)</u>	<u>(678,083)</u>	<u>(39,254)</u>	<u>(40,012)</u>
Cash flows from financing activities:					
Proceeds from issuance of debt	-	-	700,000	2,496,595	-
Payments of debt	-	-	-	(1,000,000)	(350,000)
Payments of debt issuance costs	-	-	(944)	(21,725)	(1,159)
Proceeds from issuance of common stock	1,616	116,725	16,547	60,661	10,304
Stock received for payment of employee taxes on vesting of restricted stock	(14,214)	(151,123)	(15,780)	(50,559)	(20,275)
Payments for repurchases of common stock	(125,007)	(125,006)	(125,004)	(150,008)	(150,008)
Net cash provided by (used for) financing activities	<u>(137,605)</u>	<u>(159,404)</u>	<u>574,819</u>	<u>1,334,964</u>	<u>(511,138)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>10,360</u>	<u>(9,793)</u>	<u>(6,164)</u>	<u>21,380</u>	<u>(32,219)</u>
Increase (decrease) in cash and cash equivalents	<u>46,170</u>	<u>4,266</u>	<u>46,537</u>	<u>1,727,085</u>	<u>(142,010)</u>
Cash and cash equivalents at end of period	<u>\$ 1,008,152</u>	<u>\$ 1,012,418</u>	<u>\$ 1,058,955</u>	<u>\$ 2,786,040</u>	<u>\$ 2,644,030</u>

Cadence Design Systems, Inc.
(Unaudited)

Revenue Mix by Geography (% of Total Revenue)

<u>GEOGRAPHY</u>	2023					2024				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Americas	44%	41%	43%	44%	43%	46%	49%	50%	49%	49%
China	17%	18%	17%	15%	17%	12%	12%	13%	13%	12%
Other Asia	18%	18%	19%	19%	19%	20%	19%	17%	17%	18%
Europe, Middle East and Africa	15%	17%	15%	16%	16%	17%	14%	14%	15%	15%
Japan	6%	6%	6%	6%	5%	5%	6%	6%	6%	6%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Revenue Mix by Product Category (% of Total Revenue)

<u>PRODUCT CATEGORY</u>	2023					2024				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Core EDA	77%	76%	76%	75%	76%	76%	73%	70%	68%	71%
IP	11%	11%	11%	13%	12%	12%	13%	14%	13%	13%
System Design and Analysis	12%	13%	13%	12%	12%	12%	14%	16%	19%	16%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Operating Margin
As of February 18, 2025
(Unaudited)

	Three Months Ending March 31, 2025	Year Ending December 31, 2025
	Forecast	Forecast
GAAP operating margin as a percent of total revenue	27% - 28%	30.25% - 31.25%
Reconciling items to non-GAAP operating margin as a percent of total revenue:		
Stock-based compensation expense	9%	9%
Amortization of acquired intangibles	2%	2%
Acquisition and integration-related costs	2%	2%
Non-GAAP operating margin as a percent of total revenue†	40% - 41%	43.25% - 44.25%

†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. See the earnings press release of Cadence Design Systems, Inc. for its fourth quarter and fiscal year 2024 for a further discussion of its non-GAAP measures.

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Diluted Net Income Per Share
As of February 18, 2025
(Unaudited)

	Three Months Ending March 31, 2025 Forecast	Year Ending December 31, 2025 Forecast
Diluted net income per share on a GAAP basis	\$0.93 to \$0.99	\$4.19 to \$4.29
Stock-based compensation expense	0.40	1.69
Amortization of acquired intangibles	0.09	0.36
Acquisition and integration-related costs	0.08	0.31
Income tax effect of non-GAAP adjustments	(0.04)	0.10
Diluted net income per share on a non-GAAP basis†	<u><u>\$1.46 to \$1.52</u></u>	<u><u>\$6.65 to \$6.75</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. See the earnings press release of Cadence Design Systems, Inc. for its fourth quarter and fiscal year 2024 for a further discussion of its non-GAAP measures.

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Net Income
As of February 18, 2025
(Unaudited)

(\$ in millions)	Three Months Ending March 31, 2025 Forecast	Year Ending December 31, 2025 Forecast
Net income on a GAAP basis	\$256 to \$273	\$1,151 to \$1,179
Stock-based compensation expense	109	466
Amortization of acquired intangibles	25	98
Acquisition and integration-related costs	23	85
Income tax effect of non-GAAP adjustments	(11)	28
Net income on a non-GAAP basis†	<u><u>\$402 to \$419</u></u>	<u><u>\$1,828 to \$1,856</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. See the earnings press release of Cadence Design Systems, Inc. for its fourth quarter and fiscal year 2024 for a further discussion of its non-GAAP measures.

Cadence Design Systems, Inc.
Reconciliation of GAAP Net Income to Non-GAAP Net Income
For the Three Months and Years Ended December 31, 2024 and December 31, 2023
(Unaudited)

(In thousands)	Three Months Ended		Years Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Net income on a GAAP basis	\$ 340,210	\$ 323,899	\$ 1,055,484	\$ 1,041,144
Stock-based compensation expense*	106,508	86,683	391,219	325,611
Amortization of acquired intangibles**	26,776	16,920	90,449	61,970
Acquisition and integration-related costs***	23,477	12,583	95,562	56,542
Restructuring	(1,020)	(569)	23,765	11,013
Non-qualified deferred compensation expenses****	293	6,295	11,145	10,851
Special charges *****	10,224	-	11,457	-
Other income or expense related to investments and non-qualified deferred compensation plan assets †	14,654	(27,966)	(60,798)	(45,502)
Income tax effect of non-GAAP adjustments	(5,456)	(41,638)	17,162	(57,139)
Net income on a non-GAAP basis +	\$ 515,666	\$ 376,207	\$ 1,635,445	\$ 1,404,490

+ 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. See the earnings press release of Cadence Design Systems Inc. for its fourth quarter and fiscal year 2024 for a further discussion of its non-GAAP measures.

† 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.

* Total stock-based compensation expense is reported in the Condensed Consolidated Income Statements as follows:

(In thousands)	Three Months Ended		Years Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Cost of product and maintenance	\$ 1,915	\$ 1,208	\$ 6,402	\$ 4,500
Cost of services	2,438	1,538	8,149	5,728
Marketing and sales	21,682	17,485	77,195	66,304
Research and development	65,745	52,567	241,730	194,709
General and administrative	14,728	13,885	57,743	54,370
Total stock-based compensation expense	\$ 106,508	\$ 86,683	\$ 391,219	\$ 325,611

** Total amortization of acquired intangibles is reported in the Condensed Consolidated Income Statements as follows:

(In thousands)	Three Months Ended		Years Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Cost of product and maintenance	\$ 17,623	\$ 11,939	\$ 60,074	\$ 43,808
Amortization of acquired intangibles	9,153	4,981	30,375	18,162
Total amortization of acquired intangibles	\$ 26,776	\$ 16,920	\$ 90,449	\$ 61,970

*** Total acquisition and integration-related costs are reported in the Condensed Consolidated Income Statements as follows:

(In thousands)	Three Months Ended		Years Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Cost of product and maintenance	\$ 954	\$ 79	\$ 2,199	\$ 445
Cost of services	920	394	3,869	882
Marketing and sales	6,100	923	20,820	5,461
Research and development	12,520	7,613	47,682	33,340
General and administrative	2,983	3,574	20,992	16,414
Total acquisition and integration-related costs	\$ 23,477	\$ 12,583	\$ 95,562	\$ 56,542

**** Cadence records operating expenses (credits) related to its non-qualified deferred compensation plan assets as those assets increase or decrease in value. An offsetting gain or loss is recorded in other income or expense, such that the net impact on Cadence's net income is not significant. The operating expenses (credits) are reported in the Condensed Consolidated Income Statements as follows:

(In thousands)	Three Months Ended		Years Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Cost of product and maintenance	\$ (11)	\$ 51	\$ 63	\$ 77
Cost of services	(16)	74	91	112
Marketing and sales	140	1,182	2,291	2,060
Research and development	431	3,861	6,877	6,559
General and administrative	(251)	1,127	1,823	2,043
Total non-qualified deferred compensation expenses	\$ 293	\$ 6,295	\$ 11,145	\$ 10,851

***** Includes costs related to adjustments to estimated legal liabilities and executive severance. Total special charges are reported in the Condensed Consolidated Income Statements as follows:

(In thousands)	Three Months Ended		Years Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Marketing and sales	\$ -	\$ -	\$ 1,233	\$ -
Research and development	1,000	-	1,000	-
General and administrative	9,224	-	9,224	-
Total special charges	\$ 10,224	\$ -	\$ 11,457	\$ -

Cadence Design Systems, Inc.
Reconciliation of GAAP Diluted Net Income Per Share to Non-GAAP Diluted Net Income Per Share
For the Three Months and Years Ended December 31, 2024 and December 31, 2023
(Unaudited)

(In thousands, except per share data)	Three Months Ended		Years Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Diluted net income per share on a GAAP basis	\$ 1.24	\$ 1.19	\$ 3.85	\$ 3.82
Stock-based compensation expense	0.39	0.32	1.43	1.19
Amortization of acquired intangibles	0.10	0.06	0.33	0.23
Acquisition and integration-related costs	0.08	0.04	0.35	0.21
Restructuring	-	-	0.09	0.04
Non-qualified deferred compensation expenses	-	0.02	0.04	0.04
Special charges*	0.04	-	0.04	-
Other income or expense related to investments and non-qualified deferred compensation plan assets**	0.05	(0.10)	(0.22)	(0.17)
Income tax effect of non-GAAP adjustments	(0.02)	(0.15)	0.06	(0.21)
Diluted net income per share on a non-GAAP basis +	\$ 1.88	\$ 1.38	\$ 5.97	\$ 5.15
Shares used in calculation of diluted net income per share	274,292	272,419	273,833	272,748

+ **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. See the earnings press release of Cadence Design Systems, Inc. for its fourth quarter and fiscal year 2024 for a further discussion of its non-GAAP measures.**

* Includes costs related to adjustments to estimated legal liabilities and executive severance.

** 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.
Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures
(Unaudited)

	<u>Three Months Ended</u> <u>December 31, 2024</u>	<u>Three Months Ended</u> <u>December 31, 2023</u>
	<u>Actual</u>	<u>Actual</u>
	(In thousands)	(In thousands)
GAAP total costs and expenses	\$ 899,106	\$ 732,095
Reconciling items to non-GAAP total costs and expenses		
Stock-based compensation expense	(106,508)	(86,683)
Amortization of acquired intangibles	(26,776)	(16,920)
Acquisition and integration-related costs	(23,477)	(12,583)
Restructuring	1,020	569
Non-qualified deferred compensation expenses	(293)	(6,295)
Special charges*	(10,224)	-
Non-GAAP total costs and expenses†	<u>\$ 732,848</u>	<u>\$ 610,183</u>

* Includes costs related to adjustments to estimated legal liabilities and executive severance.

† 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. See the earnings press release of Cadence Design Systems, Inc. for its fourth quarter and fiscal year 2024 for a further discussion of its non-GAAP financial measures.

Cadence Design Systems, Inc.
Reconciliation of Selected GAAP Operating Expenses to Non-GAAP Operating Expenses
(Unaudited)

	<u>For the three months ended December 31, 2024</u>						
	<u>Operating expenses</u> <u>on a GAAP basis†</u>	<u>Stock-based</u> <u>compensation</u> <u>expense</u>	<u>Amortization</u> <u>of acquired</u> <u>intangibles</u>	<u>Acquisition and</u> <u>integration-</u> <u>related costs</u>	<u>Non-qualified</u> <u>deferred compensation</u> <u>expenses (credits)</u>	<u>Special</u> <u>charges*</u>	<u>Operating</u> <u>expenses on a</u> <u>non-GAAP basis</u>
(In thousands)							
Cost of product and maintenance	157,249	(1,915)	(17,623)	(954)	11	-	136,768
Cost of services	62,742	(2,438)	-	(920)	16	-	59,400
Marketing and sales	200,406	(21,682)	-	(6,100)	(140)	-	172,484
Research and development	392,026	(65,745)	-	(12,520)	(431)	(1,000)	312,330
General and administrative	78,550	(14,728)	-	(2,983)	251	(9,224)	51,866
Amortization of acquired intangibles	9,153	-	(9,153)	-	-	-	-
		<u>(106,508)</u>	<u>(26,776)</u>	<u>(23,477)</u>	<u>(293)</u>	<u>(10,224)</u>	
	<u>For the year ended December 31, 2024</u>						
(In thousands)	<u>Operating expenses</u> <u>on a GAAP basis†</u>	<u>Stock-based</u> <u>compensation</u> <u>expense</u>	<u>Amortization</u> <u>of acquired</u> <u>intangibles</u>	<u>Acquisition and</u> <u>integration-</u> <u>related costs</u>	<u>Non-qualified</u> <u>deferred compensation</u> <u>expenses</u>	<u>Special</u> <u>charges*</u>	<u>Operating</u> <u>expenses on a</u> <u>non-GAAP basis</u>
Cost of product and maintenance	436,600	(6,402)	(60,074)	(2,199)	(63)	-	367,862
Cost of services	210,902	(8,149)	-	(3,869)	(91)	-	198,793
Marketing and sales	757,483	(77,195)	-	(20,820)	(2,291)	(1,233)	655,944
Research and development	1,549,093	(241,730)	-	(47,682)	(6,877)	(1,000)	1,251,804
General and administrative	282,283	(57,743)	-	(20,992)	(1,823)	(9,224)	192,501
Amortization of acquired intangibles	30,375	-	(30,375)	-	-	-	-
		<u>(391,219)</u>	<u>(90,449)</u>	<u>(95,562)</u>	<u>(11,145)</u>	<u>(11,457)</u>	

* Includes costs related to adjustments to estimated legal liabilities and executive severance.

† 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. See the earnings press release of Cadence Design Systems, Inc. for its fourth quarter and fiscal year 2024 for a further discussion of its non-GAAP financial measures.

Cadence Design Systems, Inc.
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures
For the Three Months Ended December 31, 2024
(In thousands)
(Unaudited)

	Three Months Ended December 31, 2024		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 1,239,287	\$ -	\$ 1,239,287
Services	<u>116,694</u>	<u>-</u>	<u>116,694</u>
Total revenue	<u>1,355,981</u>	<u>-</u>	<u>1,355,981</u>
Costs and expenses:			
Cost of product and maintenance	157,249	(20,481) (A)	136,768
Cost of services	62,742	(3,342) (A)	59,400
Marketing and sales	200,406	(27,922) (A)	172,484
Research and development	392,026	(79,696) (A)	312,330
General and administrative	78,550	(26,684) (A)	51,866
Amortization of acquired intangibles	9,153	(9,153) (A)	-
Restructuring	<u>(1,020)</u>	<u>1,020</u>	<u>-</u>
Total costs and expenses	<u>899,106</u>	<u>(166,258)</u>	<u>732,848</u>
Income from operations	456,875	166,258	623,133
Interest expense	(29,907)	-	(29,907)
Other income, net	<u>9,684</u>	<u>14,654</u> (B)	<u>24,338</u>
Income before provision for income taxes	436,652	180,912	617,564
Provision for income taxes	<u>96,442</u>	<u>5,456</u> (C)	<u>101,898</u>
Net income	<u>\$ 340,210</u>	<u>\$ 175,456</u>	<u>\$ 515,666</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. See the earnings press release of Cadence Design Systems, Inc. for its fourth quarter and fiscal year 2024 for a further discussion of its non-GAAP measures.

Notes:

(A) For the three months ended December 31, 2024, adjustments to GAAP are as follows for the line items specified:

	Stock-based compensation expense	Amortization of acquired intangibles	Acquisition and integration- related costs	Non-qualified deferred compensation expenses (credits)	Special charges (D)	Total adjustments
Cost of product and maintenance	\$ 1,915	\$ 17,623	\$ 954	\$ (11)	\$ -	\$ 20,481
Cost of services	2,438	-	920	(16)	-	3,342
Marketing and sales	21,682	-	6,100	140	-	27,922
Research and development	65,745	-	12,520	431	1,000	79,696
General and administrative	14,728	-	2,983	(251)	9,224	26,684
Amortization of acquired intangibles	-	9,153	-	-	-	9,153
Total	<u>\$ 106,508</u>	<u>\$ 26,776</u>	<u>\$ 23,477</u>	<u>\$ 293</u>	<u>\$ 10,224</u>	<u>\$ 167,278</u>

(B) Other income or expense related to investments and non-qualified deferred compensation plan assets

(C) Income tax effect of non-GAAP adjustments

(D) Includes costs related to adjustments to estimated legal liabilities and executive severance

Cadence Design Systems, Inc.
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures
For the Three Months Ended December 31, 2023
(In thousands)
(Unaudited)

	Three Months Ended December 31, 2023		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 981,987	\$ -	\$ 981,987
Services	<u>86,636</u>	<u>-</u>	<u>86,636</u>
Total revenue	<u>1,068,623</u>	<u>-</u>	<u>1,068,623</u>
Costs and expenses:			
Cost of product and maintenance	71,491	(13,277) (A)	58,214
Cost of services	32,639	(2,006) (A)	30,633
Marketing and sales	180,368	(19,590) (A)	160,778
Research and development	367,443	(64,041) (A)	303,402
General and administrative	75,742	(18,586) (A)	57,156
Amortization of acquired intangibles	4,981	(4,981) (A)	-
Restructuring	<u>(569)</u>	<u>569</u>	<u>-</u>
Total costs and expenses	<u>732,095</u>	<u>(121,912)</u>	<u>610,183</u>
Income from operations	336,528	121,912	458,440
Interest expense	(8,989)	-	(8,989)
Other income, net	<u>34,523</u>	<u>(27,966) (B)</u>	<u>6,557</u>
Income before provision for income taxes	362,062	93,946	456,008
Provision for income taxes	<u>38,163</u>	<u>41,638 (C)</u>	<u>79,801</u>
Net income	<u>\$ 323,899</u>	<u>\$ 52,308</u>	<u>\$ 376,207</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. See the earnings press release of Cadence Design Systems, Inc. for its fourth quarter and fiscal year 2024 for a further discussion of its non-GAAP measures.

Notes:

(A) For the three months ended December 31, 2023, adjustments to GAAP are as follows for the line items specified:

	Stock-based compensation expense	Amortization of acquired intangibles	Acquisition and integration- related costs	Non-qualified deferred compensation expenses	Total adjustments
Cost of product and maintenance	\$ 1,208	\$ 11,939	\$ 79	\$ 51	\$ 13,277
Cost of services	1,538	-	394	74	2,006
Marketing and sales	17,485	-	923	1,182	19,590
Research and development	52,567	-	7,613	3,861	64,041
General and administrative	13,885	-	3,574	1,127	18,586
Amortization of acquired intangibles	-	4,981	-	-	4,981
Total	<u>\$ 86,683</u>	<u>\$ 16,920</u>	<u>\$ 12,583</u>	<u>\$ 6,295</u>	<u>\$ 122,481</u>

(B) Other income or expense related to investments and non-qualified deferred compensation plan assets

(C) Income tax effect of non-GAAP adjustments

Cadence Design Systems, Inc.
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures
For the Year Ended December 31, 2024
(In thousands)
(Unaudited)

	Year Ended December 31, 2024		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 4,213,509	\$ -	\$ 4,213,509
Services	427,755	-	427,755
Total revenue	<u>4,641,264</u>	<u>-</u>	<u>4,641,264</u>
Costs and expenses:			
Cost of product and maintenance	436,600	(68,738) (A)	367,862
Cost of services	210,902	(12,109) (A)	198,793
Marketing and sales	757,483	(101,539) (A)	655,944
Research and development	1,549,093	(297,289) (A)	1,251,804
General and administrative	282,283	(89,782) (A)	192,501
Amortization of acquired intangibles	30,375	(30,375) (A)	-
Restructuring	23,765	(23,765)	-
Total costs and expenses	<u>3,290,501</u>	<u>(623,597)</u>	<u>2,666,904</u>
Income from operations	1,350,763	623,597	1,974,360
Interest expense	(75,999)	-	(75,999)
Other income, net	121,055	(60,798) (B)	60,257
Income before provision for income taxes	1,395,819	562,799	1,958,618
Provision for income taxes	340,335	(17,162) (C)	323,173
Net income	<u>\$ 1,055,484</u>	<u>\$ 579,961</u>	<u>\$ 1,635,445</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. See the earnings press release of Cadence Design Systems, Inc. for its fourth quarter and fiscal year 2024 for a further discussion of its non-GAAP measures.

Notes:

(A) For the year ended December 31, 2024, adjustments to GAAP are as follows for the line items specified:

	Stock-based compensation expense	Amortization of acquired intangibles	Acquisition and integration- related costs	Non-qualified deferred compensation expenses	Special charges (D)	Total adjustments
Cost of product and maintenance	\$ 6,402	\$ 60,074	\$ 2,199	\$ 63	\$ -	\$ 68,738
Cost of services	8,149	-	3,869	91	-	12,109
Marketing and sales	77,195	-	20,820	2,291	1,233	101,539
Research and development	241,730	-	47,682	6,877	1,000	297,289
General and administrative	57,743	-	20,992	1,823	9,224	89,782
Amortization of acquired intangibles	-	30,375	-	-	-	30,375
Total	<u>\$ 391,219</u>	<u>\$ 90,449</u>	<u>\$ 95,562</u>	<u>\$ 11,145</u>	<u>\$ 11,457</u>	<u>\$ 599,832</u>

(B) Other income or expense related to investments and non-qualified deferred compensation plan assets

(C) Income tax effect of non-GAAP adjustments

(D) Includes costs related to adjustments to estimated legal liabilities and executive severance

Cadence Design Systems, Inc.
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures
For the Year Ended December 31, 2023
(In thousands)
(Unaudited)

	Year Ended December 31, 2023		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 3,834,359	\$ -	\$ 3,834,359
Services	255,627	-	255,627
Total revenue	<u>4,089,986</u>	<u>-</u>	<u>4,089,986</u>
Costs and expenses:			
Cost of product and maintenance	331,760	(48,830) (A)	282,930
Cost of services	103,281	(6,722) (A)	96,559
Marketing and sales	690,319	(73,825) (A)	616,494
Research and development	1,441,796	(234,608) (A)	1,207,188
General and administrative	242,430	(72,827) (A)	169,603
Amortization of acquired intangibles	18,162	(18,162) (A)	-
Restructuring	11,013	(11,013)	-
Total costs and expenses	<u>2,838,761</u>	<u>(465,987)</u>	<u>2,372,774</u>
Income from operations	1,251,225	465,987	1,717,212
Interest expense	(36,185)	-	(36,185)
Other income, net	66,886	(45,502) (B)	21,384
Income before provision for income taxes	1,281,926	420,485	1,702,411
Provision for income taxes	240,782	57,139 (C)	297,921
Net income	<u>\$ 1,041,144</u>	<u>\$ 363,346</u>	<u>\$ 1,404,490</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. See the earnings press release of Cadence Design Systems, Inc. for its fourth quarter and fiscal year 2024 for a further discussion of its non-GAAP measures.

Notes:

(A) For the year ended December 31, 2023, adjustments to GAAP are as follows for the line items specified:

	Stock-based compensation expense	Amortization of acquired intangibles	Acquisition and integration- related costs	Non-qualified deferred compensation expenses	Total adjustments
Cost of product and maintenance	\$ 4,500	\$ 43,808	\$ 445	\$ 77	\$ 48,830
Cost of services	5,728	-	882	112	6,722
Marketing and sales	66,304	-	5,461	2,060	73,825
Research and development	194,709	-	33,340	6,559	234,608
General and administrative	54,370	-	16,414	2,043	72,827
Amortization of acquired intangibles	-	18,162	-	-	18,162
Total	<u>\$ 325,611</u>	<u>\$ 61,970</u>	<u>\$ 56,542</u>	<u>\$ 10,851</u>	<u>\$ 454,974</u>

(B) Other income or expense related to investments and non-qualified deferred compensation plan assets

(C) Income tax effect of non-GAAP adjustments