UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission file number 000-15867

cadence®

CADENCE DESIGN SYSTEMS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**00-0000000**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
2655 Seely Avenue, Building 5, San Jose, California	**95134**
(Address of Principal Executive Offices)	**(Zip Code)**

(408) 943-1234
Registrant's Telephone Number, including Area Code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	**CDNS**	**Nasdaq Global Select Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐	Smaller Reporting Company	☐
Non-accelerated Filer	☐			Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

On June 30, 2025, approximately 272,490,000 shares of the registrant's common stock, $0.01 par value, were outstanding.

CADENCE DESIGN SYSTEMS, INC.
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CADENCE DESIGN SYSTEMS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	As of	
	June 30, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,822,762	$ 2,644,030
Receivables, net	670,166	680,460
Inventories	226,162	257,711
Prepaid expenses and other	503,453	433,878
Total current assets	4,222,543	4,016,079
Property, plant and equipment, net	482,131	458,200
Goodwill	2,599,798	2,378,671
Acquired intangibles, net	618,952	594,734
Deferred taxes	980,223	982,057
Other assets	605,051	544,741
Total assets	$ 9,508,698	$ 8,974,482
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 766,636	$ 632,692
Current portion of deferred revenue	729,929	737,413
Total current liabilities	1,496,565	1,370,105
Long-term liabilities:		
Long-term portion of deferred revenue	154,448	115,168
Long-term debt	2,478,145	2,476,183
Other long-term liabilities	373,002	339,448
Total long-term liabilities	3,005,595	2,930,799
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Common stock and capital in excess of par value	4,445,872	4,181,737
Treasury stock, at cost	(5,888,804)	(5,309,579)
Retained earnings	6,425,498	5,991,868
Accumulated other comprehensive income (loss)	23,972	(190,448)
Total stockholders' equity	5,006,538	4,673,578
Total liabilities and stockholders' equity	$ 9,508,698	$ 8,974,482

See notes to condensed consolidated financial statements.

CADENCE DESIGN SYSTEMS, INC.
CONDENSED CONSOLIDATED INCOME STATEMENTS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenue:				
Product and maintenance	$ 1,170,510	$ 960,457	$ 2,281,360	$ 1,873,842
Services	104,931	100,224	236,447	195,942
Total revenue	1,275,441	1,060,681	2,517,807	2,069,784
Costs and expenses:				
Cost of product and maintenance	139,298	94,363	255,970	169,758
Cost of services	44,869	44,907	95,330	94,709
Marketing and sales	200,595	186,725	403,295	367,314
Research and development	442,057	370,740	881,159	749,698
General and administrative	69,029	63,436	132,127	132,152
Amortization of acquired intangibles	9,204	6,667	18,126	12,074
Loss related to contingent liability (Note 14)	128,545	—	128,545	—
Restructuring	47	(33)	(62)	247
Total costs and expenses	1,033,644	766,805	1,914,490	1,525,952
Income from operations	241,797	293,876	603,317	543,832
Interest expense	(28,948)	(12,905)	(58,066)	(21,597)
Other income, net	67,758	34,739	91,048	103,518
Income before provision for income taxes	280,607	315,710	636,299	625,753
Provision for income taxes	120,556	86,190	202,669	148,590
Net income	$ 160,051	$ 229,520	$ 433,630	$ 477,163
Net income per share – basic	$ 0.59	$ 0.85	$ 1.60	$ 1.77
Net income per share – diluted	$ 0.59	$ 0.84	$ 1.59	$ 1.74
Weighted average common shares outstanding – basic	271,294	270,912	271,633	270,259
Weighted average common shares outstanding – diluted	272,899	273,520	273,264	273,532

See notes to condensed consolidated financial statements.

CADENCE DESIGN SYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Net income	$ 160,051	$ 229,520	$ 433,630	$ 477,163
Other comprehensive income (loss), net of tax effects:				
Foreign currency translation adjustments	146,766	(1,338)	212,916	(13,967)
Changes in defined benefit plan liabilities	39	145	394	123
Reclassification of realized losses on derivatives designated as hedging instruments	197	—	392	—
Unrealized gains (losses) on available-for-sale debt securities	147	(187)	718	(579)
Total other comprehensive income (loss), net of tax effects	147,149	(1,380)	214,420	(14,423)
Comprehensive income	$ 307,200	$ 228,140	$ 648,050	$ 462,740

See notes to condensed consolidated financial statements.

CADENCE DESIGN SYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Three Months Ended June 30, 2025					
	Common Stock					
	Shares	Par Value and Capital in Excess of Par	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, March 31, 2025	273,042	$ 4,327,187	$ (5,693,200)	$ 6,265,447	$ (123,177)	$ 4,776,257
Net income	—	—	—	160,051	—	$ 160,051
Other comprehensive income, net of taxes	—	—	—	—	147,149	$ 147,149
Purchase of treasury stock	(607)	—	(175,009)	—	—	$ (175,009)
Issuance of common stock and reissuance of treasury stock under equity incentive plans, net of forfeitures	106	7,383	(5,850)	—	—	$ 1,533
Stock received for payment of employee taxes on vesting of restricted stock	(51)	(7,023)	(14,745)	—	—	$ (21,768)
Stock-based compensation expense	—	118,325	—	—	—	$ 118,325
Balance, June 30, 2025	272,490	$ 4,445,872	$ (5,888,804)	$ 6,425,498	$ 23,972	$ 5,006,538

	Three Months Ended June 30, 2024					
	Common Stock					
	Shares	Par Value and Capital in Excess of Par	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, March 31, 2024	272,134	$ 3,331,547	$ (4,840,181)	$ 5,184,027	$ (107,797)	$ 3,567,596
Net income	—	—	—	229,520	—	$ 229,520
Other comprehensive loss, net of taxes	—	—	—	—	(1,380)	$ (1,380)
Purchase of treasury stock	(423)	—	(125,004)	—	—	$ (125,004)
Issuance of common stock and reissuance of treasury stock under equity incentive plans, net of forfeitures	409	10,881	5,666	—	—	$ 16,547
Issuance of common stock in a business combination	1,741	501,824	—	—	—	$ 501,824
Stock received for payment of employee taxes on vesting of restricted stock	(41)	(3,344)	(12,436)	—	—	$ (15,780)
Stock-based compensation expense	—	87,569	—	—	—	$ 87,569
Balance, June 30, 2024	273,820	$ 3,928,477	$ (4,971,955)	$ 5,413,547	$ (109,177)	$ 4,260,892

	Six Months Ended June 30, 2025					
	Common Stock					
	Shares	Par Value and Capital in Excess of Par	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2024	273,851	$ 4,181,737	$ (5,309,579)	$ 5,991,868	$ (190,448)	$ 4,673,578
Net income	—	—	—	433,630	—	$ 433,630
Other comprehensive income, net of taxes	—	—	—	—	214,420	$ 214,420
Purchase of treasury stock	(1,968)	—	(525,016)	—	—	$ (525,016)
Issuance of common stock and reissuance of treasury stock under equity incentive plans, net of forfeitures	806	74,603	3,719	—	—	$ 78,322
Stock received for payment of employee taxes on vesting of restricted stock	(199)	(36,406)	(57,928)	—	—	$ (94,334)
Stock-based compensation expense	—	225,938	—	—	—	$ 225,938
Balance, June 30, 2025	272,490	$ 4,445,872	$ (5,888,804)	$ 6,425,498	$ 23,972	$ 5,006,538

	Six Months Ended June 30, 2024					
	Common Stock					
	Shares	Par Value and Capital in Excess of Par	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2023	271,706	$ 3,166,964	$ (4,604,323)	$ 4,936,384	$ (94,754)	$ 3,404,271
Net income	—	—	—	477,163	—	$ 477,163
Other comprehensive loss, net of taxes	—	—	—	—	(14,423)	$ (14,423)
Purchase of treasury stock	(848)	—	(250,010)	—	—	$ (250,010)
Issuance of common stock and reissuance of treasury stock under equity incentive plans, net of forfeitures	1,728	100,040	33,232	—	—	$ 133,272
Issuance of common stock in a business combination	1,741	501,824	—	—	—	$ 501,824
Stock received for payment of employee taxes on vesting of restricted stock	(507)	(16,049)	(150,854)	—	—	$ (166,903)
Stock-based compensation expense	—	175,698	—	—	—	$ 175,698
Balance, June 30, 2024	273,820	$ 3,928,477	$ (4,971,955)	$ 5,413,547	$ (109,177)	$ 4,260,892

See notes to condensed consolidated financial statements.

CADENCE DESIGN SYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended	
	June 30, 2025	June 30, 2024
Cash and cash equivalents at beginning of period	$ 2,644,030	$ 1,008,152
Cash flows from operating activities:		
Net income	433,630	477,163
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	106,592	87,202
Stock-based compensation	225,938	175,698
Gain on divestitures and investments, net	(36,654)	(80,599)
Deferred income taxes	3,241	(9,506)
ROU asset amortization and change in operating lease liabilities	2,629	(1,410)
Other non-cash items	3,502	1,510
Changes in operating assets and liabilities, net of effect of acquired businesses:		
Receivables	(11,211)	(49,384)
Inventories	7,528	(15,978)
Prepaid expenses and other	(24,201)	(39,868)
Other assets	12,239	(38,967)
Accounts payable and accrued liabilities	115,603	(93,078)
Deferred revenue	21,824	(18,599)
Other long-term liabilities	3,964	15,013
Net cash provided by operating activities	864,624	409,197
Cash flows from investing activities:		
Purchases of investments	(21,596)	(2,095)
Proceeds from the sale and maturity of investments	1,989	43,864
Proceeds from the sale of IP and other assets	11,500	—
Purchases of property, plant and equipment	(67,146)	(78,800)
Cash paid in business combinations, net of cash acquired	(122,146)	(720,821)
Net cash used for investing activities	(197,399)	(757,852)
Cash flows from financing activities:		
Proceeds from issuance of debt	—	700,000
Payment of debt issuance costs	—	(944)
Proceeds from issuance of common stock	78,322	133,272
Stock received for payment of employee taxes on vesting of restricted stock	(94,334)	(166,903)
Payments for repurchases of common stock	(525,016)	(250,010)
Net cash provided by (used for) financing activities	(541,028)	415,415
Effect of exchange rate changes on cash and cash equivalents	52,535	(15,957)
Increase in cash and cash equivalents	178,732	50,803
Cash and cash equivalents at end of period	$ 2,822,762	$ 1,058,955
Supplemental cash flow information:		
Cash paid for interest	$ 55,971	$ 21,282
Cash paid for income taxes, net	154,807	197,475

See notes to condensed consolidated financial statements.

CADENCE DESIGN SYSTEMS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The condensed consolidated financial statements included in this Quarterly Report on Form 10-Q have been prepared by Cadence Design Systems, Inc. (“Cadence”) without audit, pursuant to the rules and regulations of the United States Securities and Exchange Commission (the “SEC”). Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with United States generally accepted accounting principles (“U.S. GAAP”) have been condensed or omitted pursuant to such rules and regulations. However, Cadence believes that the disclosures contained in this Quarterly Report on Form 10-Q comply with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), for a Quarterly Report on Form 10-Q and are adequate to make the information presented not misleading. These condensed consolidated financial statements are meant to be, and should be, read in conjunction with the consolidated financial statements and the notes thereto included in Cadence’s Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (the "Annual Report").

The unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q reflect all adjustments (which include only normal, recurring adjustments and those items discussed in these notes) that are, in the opinion of management, necessary to state fairly the results of operations, cash flows and financial position for the periods and dates presented. The results for such periods are not necessarily indicative of the results to be expected for the full fiscal year or other periods. Certain prior period amounts have been reclassified to conform to the current period presentation. Management has evaluated subsequent events through the issuance date of the unaudited condensed consolidated financial statements.

Fiscal Year End

Cadence’s fiscal year end is December 31, and its fiscal quarters end on March 31, June 30, and September 30.

Use of Estimates

Preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

Because Cadence operates globally, its business is subject to the effects of economic downturns or recessions in the regions in which it does business, volatility in foreign currency exchange rates relative to the U.S. dollar, inflation, changing interest rates, expanded trade control laws and regulations, imposition of new or higher tariffs and geopolitical conflicts.

Cadence has been impacted by the continued expansion of trade control laws and regulations, including certain export control restrictions concerning advanced node IC production in China, the inclusion of additional Chinese technology companies on the Bureau of Industry and Security (“BIS”) “Entity List” and regulations governing the sale of certain technologies.

On May 23, 2025, BIS informed Cadence that a license was required for the export, re-export or in-country transfer of EDA software and technology classified under Export Control Classification Numbers (ECCNs) 3D991 and 3E991 on the Commerce Control List (“EDA Software and Technology”), when a party to the transaction is located in China or is a Chinese “military end user” wherever located. On July 2, 2025, BIS informed Cadence that the license requirements set forth in the May 23, 2025 letter from BIS were rescinded effective immediately. During this period, Cadence's revenue in China decreased primarily due to reduced deliveries of software offerings to the customers in China due to these license requirements. Cadence has since restored access to EDA Software and Technology for affected customers in accordance with these updated U.S. export regulations. The impact of these expanded trade control laws and regulations on Cadence’s condensed consolidated financial statements was not material

Recently Adopted Accounting Standards

Segment Reporting

In November 2023, the Financial Accounting Standards Board (“FASB”), issued Accounting Standards Update (“ASU”) No. 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,” intended to improve reportable segment disclosure requirements, primarily through enhanced annual and interim disclosures for significant segment expenses. Cadence adopted this ASU retrospectively during fiscal 2024 for its Annual Report. For interim disclosures required by this ASU, see Note 15 in the notes to condensed consolidated financial statements.

New Accounting Standards Not Yet Adopted

Income Taxes

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," which requires disclosure of disaggregated income taxes paid, prescribes standard categories for the components of the effective tax rate reconciliation, and modifies other income tax-related disclosures. This standard is effective for fiscal years beginning after December 15, 2024, and may be applied on a retrospective or prospective basis. Cadence plans to adopt this standard in connection with its annual report for fiscal 2025 and is currently evaluating the impact of adopting this ASU on its consolidated financial statements and disclosures.

Income Statement - Expense Disaggregation Disclosure

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures," which requires additional disclosure of certain costs and expenses in the notes to the financial statements. The updated standard is effective for fiscal years beginning after December 15, 2026 and interim periods beginning after December 15, 2027. Early adoption is permitted and will be applied prospectively with the option for retrospective application. Cadence is currently evaluating the impact of adopting this ASU on its consolidated financial statements and disclosures.

NOTE 2. REVENUE

Cadence groups its solutions in three product categories: Core EDA, Semiconductor IP, and System Design and Analysis. The Core EDA category includes software, hardware, and services used to design and verify a wide variety of semiconductors. The Semiconductor IP category includes silicon subsystems, software, and services that are used in semiconductor design. The System Design and Analysis category includes software and services used to design and verify a wide variety of physical electronic systems. These categories are tightly integrated to provide complete design solutions for customers.

The following table shows the percentage of revenue contributed by each of Cadence's product categories for the three and six months ended June 30, 2025 and June 30, 2024:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Core EDA*	71 %	73 %	71 %	74 %
Semiconductor IP ("IP")	13 %	13 %	13 %	13 %
System Design and Analysis	16 %	14 %	16 %	13 %
Total	100 %	100 %	100 %	100 %

* Includes immaterial amount of revenue accounted for under leasing arrangements.

Cadence generates revenue from contracts with customers and applies judgment in identifying and evaluating any terms and conditions in contracts which may impact revenue recognition. Certain of Cadence's licensing arrangements allow customers the ability to remix among software products. Cadence also has arrangements with customers that include a combination of products, with the actual product selection and number of licensed users to be determined at a later date. For these arrangements, Cadence estimates the allocation of the revenue to product categories based upon the expected usage of products. Revenue by product category fluctuates from period to period based on demand for products and services, and Cadence's available resources to deliver them. No single customer accounted for 10% or more of total revenue during the three and six months ended June 30, 2025 or June 30, 2024.

Recurring revenue includes revenue recognized over time from certain of Cadence's software licensing arrangements, services, royalties, maintenance on IP licenses and hardware, and operating leases of hardware. Other recurring revenue includes revenue recognized at a point in time for certain short-term software arrangements that are typically renewed at least annually and revenue recognized at varying points in time over the term of other arrangements with non-cancelable commitments, whereby the customer commits to a fixed dollar amount over a specified period of time that can be used to purchase from a list of products. Arrangements that require future decisions on the performance obligations to be delivered do not meet the definition of a revenue contract until the customer executes a separate selection form to identify the products and services that they are purchasing. Each separate selection form under the arrangement is treated as an individual contract and accounted for based on the respective performance obligations.

The remainder of Cadence's revenue is recognized at a point in time and is characterized as up-front revenue. Up-front revenue is primarily generated by sales of hardware, individual IP licenses and certain software licenses with a term greater than one year.

The percentage of Cadence's recurring and up-front revenue in any single fiscal period is primarily impacted by delivery of hardware and IP products to its customers.

The following table shows the percentage of Cadence's revenue that is classified as recurring or up-front for the three and six months ended June 30, 2025 and June 30, 2024:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenue recognized over time	73 %	85 %	75 %	86 %
Other recurring revenue	5 %	3 %	5 %	3 %
Recurring revenue	78 %	88 %	80 %	89 %
Up-front revenue	22 %	12 %	20 %	11 %
Total revenue	100 %	100 %	100 %	100 %

Significant Judgments

Cadence's contracts with customers often include promises to transfer to a customer multiple software and/or IP licenses and services, including professional services, technical support services, and rights to unspecified updates. Determining whether licenses and services are distinct performance obligations that should be accounted for separately, or not distinct and thus accounted for together, requires significant judgment. In some arrangements, such as the license of certain software and most of Cadence's IP license arrangements, Cadence has concluded that the licenses and the related updates and technical support are distinct from each other. In others, such as Cadence's time-based software arrangements, the licenses and certain services are not distinct from each other. These time-based software arrangements include multiple software licenses and updates to the licensed software products, as well as technical support, and Cadence has concluded that these promised goods and services are a single, combined performance obligation.

The accounting for contracts with multiple performance obligations requires the contract's transaction price to be allocated to each distinct performance obligation based on relative stand-alone selling price ("SSP"). Judgment is required to determine the SSP for each distinct performance obligation because Cadence rarely licenses or sells products on a standalone basis. In instances where the SSP is not directly observable because Cadence does not sell the license, product or service separately, Cadence determines the SSP using information that maximizes the use of observable inputs and may include market conditions. Cadence typically has more than one SSP for individual performance obligations due to the stratification of those items by classes of customers and circumstances. In these instances, Cadence may use information such as the size of the customer and geographic region of the customer in determining the SSP.

Revenue is recognized over time for Cadence's combined performance obligations that include software licenses, updates, technical support and maintenance that are separate performance obligations with the same term. For Cadence's professional services, revenue is recognized over time, generally using costs incurred or hours expended to measure progress. Judgment is required in estimating project status and the costs necessary to complete projects. A number of internal and external factors can affect these estimates, including labor rates, utilization and efficiency variances and specification and testing requirement changes. For Cadence's other performance obligations recognized over time, revenue is generally recognized using a time-based measure of progress reflecting generally consistent efforts to satisfy those performance obligations throughout the arrangement term.

If a group of agreements are so closely related that they are, in effect, part of a single arrangement, such agreements are deemed to be one arrangement for revenue recognition purposes. Cadence exercises significant judgment to evaluate the relevant facts and circumstances in determining whether the separate agreements should be accounted for separately or as, in substance, a single arrangement. Cadence's judgments about whether a group of contracts comprise a single arrangement can affect the allocation of consideration to the distinct performance obligations, which could have an effect on results of operations for the periods involved.

Cadence is required to estimate the total consideration expected to be received from contracts with customers. In limited circumstances, the consideration expected to be received is variable based on the specific terms of the contract or based on Cadence's expectations of the term of the contract. Generally, Cadence has not experienced significant returns or refunds to customers. These estimates require significant judgment and a change in these estimates could have an effect on its results of operations for the periods involved.

Contract Balances

The timing of revenue recognition may differ from the timing of invoicing to customers, and these timing differences result in receivables, contract assets, or contract liabilities (deferred revenue) on Cadence's condensed consolidated balance sheets. For certain software, hardware and IP agreements with payment plans, Cadence records an unbilled receivable related to revenue recognized upon transfer of control because it has an unconditional right to invoice and receive payment in the future related to those transferred products or services. Cadence records a contract asset when revenue is recognized prior to invoicing and Cadence does not have the unconditional right to invoice or retains performance risk with respect to that performance obligation. Cadence records deferred revenue when revenue is recognized subsequent to invoicing. For Cadence's time-based software agreements, customers are generally invoiced in equal, quarterly amounts, although some customers are invoiced in single or annual amounts.

The contract assets indicated below are included in prepaid expenses and other in the condensed consolidated balance sheets and primarily relate to Cadence's rights to consideration for work completed but not billed as of the balance sheet date on services and customized IP contracts. The contract assets are transferred to receivables when the rights become unconditional, usually upon completion of a milestone.

Cadence's contract balances as of June 30, 2025 and December 31, 2024 were as follows:

	As of	
	June 30, 2025	December 31, 2024
	(In thousands)	
Contract assets	$ 83,599	$ 29,339
Deferred revenue	884,377	852,581

Cadence recognized revenue of $193.6 million and $583.7 million during the three and six months ended June 30, 2025, and $185.9 million and $510.3 million during the three and six months ended June 30, 2024, that was included in the deferred revenue balance at the beginning of each respective fiscal year. All other activity in deferred revenue, with the exception of deferred revenue assumed from acquisitions, is due to the timing of invoices in relation to the timing of revenue as described above.

Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 60 days. In instances where the timing of revenue recognition differs from the timing of invoicing, Cadence has determined that its contracts generally do not include a significant financing component. The primary purpose of invoicing terms is to provide customers with simplified and predictable ways of purchasing Cadence's products and services, and not to facilitate financing arrangements.

Remaining Performance Obligations

Revenue allocated to remaining performance obligations represents the transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, which includes unearned revenue and amounts that will be invoiced and recognized as revenue in future periods. Cadence has elected to exclude the potential future royalty receipts from the remaining performance obligations. Contracted but unsatisfied performance obligations were $6.4 billion as of June 30, 2025, which included $0.5 billion of non-cancelable commitments from customers where actual product selection and quantities of specific products or services are to be determined by customers at a later date.

Cadence estimates its remaining performance obligations at a point in time. Actual amounts and timing of revenue recognition may differ from these estimates largely due to changes in actual installation and delivery dates, as well as contract renewals, modifications and terminations. As of June 30, 2025, Cadence expected to recognize 53% of the contracted but unsatisfied performance obligations, excluding non-cancelable commitments, as revenue over the next 12 months, 43% over the next 13 to 36 months and the remainder thereafter.

Cadence recognized revenue of $15.1 million and $30.0 million during the three and six months ended June 30, 2025, and $15.1 million and $30.1 million during the three and six months ended June 30, 2024, from performance obligations satisfied in previous periods. These amounts represent royalties earned during the period and exclude contracts with nonrefundable prepaid royalties. Nonrefundable prepaid royalties are recognized upon delivery of the IP because Cadence's right to the consideration is not contingent upon customers' future shipments.

NOTE 3. RECEIVABLES, NET

Cadence's current and long-term receivables balances as of June 30, 2025 and December 31, 2024 were as follows:

	As of	
	June 30, 2025	December 31, 2024
	(In thousands)	
Accounts receivable	$ 359,103	$ 393,017
Unbilled accounts receivable	315,586	293,251
Long-term receivables	51,464	24,179
Total receivables	726,153	710,447
Less allowance for doubtful accounts	(4,523)	(5,808)
Total receivables, net	$ 721,630	$ 704,639

Cadence's customers are primarily concentrated within the semiconductor and electronics systems industries. As of June 30, 2025, one customer accounted for approximately 10% of Cadence's total receivables. As of December 31, 2024, one customer accounted for approximately 11% of Cadence's total receivables.

NOTE 4. DEBT

Cadence's outstanding debt was as follows:

	June 30, 2025			December 31, 2024		
	(In thousands)					
	Principal	Unamortized Discount and Issuance Costs	Carrying Value	Principal	Unamortized Discount and Issuance Costs	Carrying Value
2027 Notes	$ 500,000	$ (2,645)	$ 497,355	$ 500,000	$ (3,206)	$ 496,794
2029 Notes	1,000,000	(8,717)	991,283	1,000,000	(9,666)	990,334
2034 Notes	1,000,000	(10,493)	989,507	1,000,000	(10,945)	989,055
Total outstanding debt	$ 2,500,000	$ (21,855)	$ 2,478,145	$ 2,500,000	$ (23,817)	$ 2,476,183

Senior Notes

In September 2024, Cadence issued $500.0 million aggregate principal amount of 4.200% Senior Notes due September 10, 2027 (the "2027 Notes"). Cadence received net proceeds of $496.5 million from the issuance of the 2027 Notes, net of a discount of $0.1 million and issuance costs of $3.5 million. As of June 30, 2025, the fair value of the 2027 Notes was $501.2 million.

In September 2024, Cadence issued $1.0 billion aggregate principal amount of 4.300% Senior Notes due September 10, 2029 (the "2029 Notes"). Cadence received net proceeds of $989.8 million from the issuance of the 2029 Notes, net of a discount of $1.4 million and issuance costs of $8.8 million. As of June 30, 2025, the fair value of the 2029 Notes was $1.0 billion.

In September 2024, Cadence issued $1.0 billion aggregate principal amount of 4.700% Senior Notes due September 10, 2034 (the "2034 Notes," and together with the 2027 Notes and the 2029 Notes, the "New Senior Notes"). Cadence received net proceeds of $988.8 million from the issuance of the 2034 Notes, net of a discount of $1.9 million and issuance costs of $9.3 million. As of June 30, 2025, the fair value of the 2034 Notes was $988.8 million.

Cadence may redeem the New Senior Notes, in whole or in part, at any time or from time to time, at redemption prices specified in the governing indenture. In addition, Cadence may be required to repurchase New Senior Notes upon occurrence of a change of control triggering event, as set forth in the governing indenture.

The indenture governing the New Senior Notes includes customary representations, warranties and restrictive covenants, including, but not limited to, restrictions on Cadence's ability to grant liens on certain assets, enter into certain sale and lease-back transactions, or merge, consolidate or sell assets, and also includes customary events of default. As of June 30, 2025, Cadence was in compliance with all covenants associated with the New Senior Notes.

Both the discount and issuance costs are being amortized to interest expense over the term of the New Senior Notes using the effective interest method. Interest on the New Senior Notes is payable semi-annually in arrears in March and September of each year. The New Senior Notes are unsecured and rank equal in right of payment to all of Cadence's existing and future senior indebtedness.

Revolving Credit Facility

In August 2024, Cadence terminated its existing revolving credit facility, dated June 30, 2021, and amended in September 2022, and entered into a five-year senior unsecured revolving credit facility with a group of lenders led by Bank of America, N.A., as administrative agent (the "2024 Credit Facility"). The 2024 Credit Facility provides for borrowings up to $1.25 billion, with the right to request increased capacity up to an additional $500.0 million upon the receipt of lender commitments, for total maximum borrowings of $1.75 billion. The 2024 Credit Facility expires on August 14, 2029. Any outstanding loans drawn under the 2024 Credit Facility are due at maturity on August 14, 2029, subject to an option to extend the maturity date. Outstanding borrowings may be repaid at any time prior to maturity. Cadence paid debt issuance costs of $1.3 million that were recorded to other assets in Cadence's condensed consolidated balance sheet at the inception of the agreement. The debt issuance costs will be amortized to interest expense over the term of the 2024 Credit Facility. As of June 30, 2025, there were no outstanding borrowings under the 2024 Credit Facility.

Interest accrues on borrowings under the 2024 Credit Facility at a rate equal to, at Cadence's option, either (1) secured overnight financing rate ("SOFR") plus a margin between 0.625% and 1.125% per annum, determined by reference to the credit rating of Cadence's unsecured debt, plus a SOFR adjustment of 0.10% or (2) the base rate plus a margin between 0.000% and 0.125% per annum, determined by reference to the credit rating of Cadence's unsecured debt. Interest is payable quarterly. A commitment fee ranging from 0.050% to 0.125% is assessed on the daily average undrawn portion of revolving commitments. Borrowings bear interest at what is estimated to be current market rates of interest. Accordingly, the carrying value of the 2024 Credit Facility approximates fair value.

The 2024 Credit Facility contains customary negative covenants that, among other things, restrict Cadence's ability to incur additional indebtedness, grant liens and make certain asset dispositions. In addition, the 2024 Credit Facility contains financial covenants that require Cadence to maintain a funded debt to EBITDA ratio not greater than 3.5 to 1, with a step up to 4 to 1 for one year following an acquisition by Cadence of at least $250.0 million that results in a pro forma leverage ratio between 3.25 to 1 and 3.75 to 1. As of June 30, 2025, Cadence was in compliance with all covenants associated with the 2024 Credit Facility.

NOTE 5. ACQUISITION

Acquisition of VLAB Works

On May 29, 2025, Cadence acquired all of the outstanding equity of a holding company containing the VLAB Works business ("VLAB Works"). The aggregate purchase consideration for Cadence's acquisition of VLAB Works, net of cash acquired of $5.2 million, was $122.1 million. The addition of VLAB Works' technologies and talent is intended to accelerate Cadence's Intelligent System Design™ strategy by enhancing system verification full flow, while strengthening its capabilities in virtual and hybrid pre-silicon software validation. In connection with the acquisition of VLAB Works, Cadence paid an additional, immaterial amount to a third-party escrow agent that will be released to a former VLAB Works shareholder, subject to continued employment with Cadence, through the fourth quarter of fiscal 2026. The release of these funds is subject to continuous service and other conditions and is accounted for over the required service period as post-acquisition compensation expense in Cadence's consolidated income statements.

The total purchase consideration was allocated to the assets acquired and liabilities assumed with Cadence's acquisition of VLAB Works based on their respective fair values on the acquisition date as follows:

	Fair Value
	(In thousands)
Current assets	$ 8,692
Goodwill	94,247
Acquired intangibles	27,700
Other long-term assets	1,495
Total assets acquired	132,134
Current liabilities	3,852
Long-term liabilities	898
Total liabilities assumed	4,750
Total purchase consideration	$ 127,384

The recorded goodwill is attributed to intangible assets that do not qualify for separate recognition, including the acquired assembled workforce, and is expected to be deductible for U.S. income tax purposes.

Definite-lived intangible assets acquired with Cadence's acquisition of VLAB Works were as follows:

	Fair Value	Weighted Average Amortization Period
	(In thousands)	(in years)
Existing technology	$ 18,300	6.0 years
Agreements and relationships	9,000	7.0 years
Tradenames, trademarks and patents	400	3.0 years
Total acquired intangibles with definite lives	$ 27,700	6.2 years

As of June 30, 2025, the allocation of purchase consideration to the acquired assets and assumed liabilities from VLAB Works was preliminary. Cadence will continue to evaluate the estimates and assumptions used to derive the fair value of certain acquired assets and assumed liabilities, primarily related to income taxes, during the measurement period (up to one year from the acquisition date). The allocation of purchase consideration may change materially as additional information about conditions existing at the acquisition date becomes available.

Pro Forma Financial Information

Cadence has not presented pro forma financial information for VLAB Works because the results of operations are not material to Cadence's condensed consolidated financial statements.

Acquisition-Related Transaction Costs

Transaction costs associated with acquisitions, which consist of professional fees and administrative costs, are expensed as incurred and are included in general and administrative expense in Cadence's condensed consolidated income statements. During the three and six months ended June 30, 2025, transaction costs associated with acquisitions were $4.0 million and $6.0 million, respectively. During the three and six months ended June 30, 2024, transaction costs associated with acquisitions were $3.4 million and $12.3 million, respectively.

NOTE 6. GOODWILL AND ACQUIRED INTANGIBLES

Goodwill

The changes in the carrying amount of goodwill during the six months ended June 30, 2025 were as follows:

	Gross Carrying Amount
	(In thousands)
Balance as of December 31, 2024	$ 2,378,671
Goodwill resulting from acquisitions	94,247
Effect of foreign currency translation	126,880
Balance as of June 30, 2025	$ 2,599,798

Acquired Intangibles, Net

Acquired intangibles as of June 30, 2025 were as follows:

	Gross Carrying Amount	Accumulated Amortization	Acquired Intangibles, Net
		(In thousands)	
Existing technology	$ 494,348	$ (221,929)	$ 272,419
Agreements and relationships	421,048	(95,724)	325,324
Tradenames, trademarks and patents	30,838	(9,629)	21,209
Total acquired intangibles	$ 946,234	$ (327,282)	$ 618,952

Acquired intangibles as of December 31, 2024 were as follows:

	Gross Carrying Amount	Accumulated Amortization	Acquired Intangibles, Net
		(In thousands)	
Existing technology	$ 465,453	$ (199,126)	$ 266,327
Agreements and relationships	386,365	(78,605)	307,760
Tradenames, trademarks and patents	28,113	(7,466)	20,647
Total acquired intangibles	$ 879,931	$ (285,197)	$ 594,734

Amortization expense from existing technology is included in cost of product and maintenance. Amortization expense for the three and six months ended June 30, 2025 and June 30, 2024 by condensed consolidated income statement caption was as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	(In thousands)			
Cost of product and maintenance	$ 14,499	$ 13,488	$ 30,993	$ 24,836
Amortization of acquired intangibles	9,204	6,667	18,126	12,074
Total amortization of acquired intangibles	$ 23,703	$ 20,155	$ 49,119	$ 36,910

As of June 30, 2025, the estimated amortization expense for intangible assets with definite lives was as follows for the following five fiscal years and thereafter:

	(In thousands)
2025 - remaining period	$ 49,183
2026	96,865
2027	93,603
2028	88,854
2029	74,093
2030	47,712
Thereafter	168,642
Total estimated amortization expense	$ 618,952

NOTE 7. STOCK-BASED COMPENSATION

Stock-based compensation expense is reflected in Cadence's condensed consolidated income statements for the three and six months ended June 30, 2025 and June 30, 2024 as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	(In thousands)			
Cost of product and maintenance	$ 2,122	$ 1,352	$ 4,276	$ 2,632
Cost of services	2,449	1,721	4,915	3,350
Marketing and sales	22,857	16,000	44,528	33,836
Research and development	73,188	54,491	140,277	108,128
General and administrative	17,709	14,005	31,942	27,752
Total stock-based compensation expense	$ 118,325	$ 87,569	$ 225,938	$ 175,698

Cadence had total unrecognized compensation expense related to stock option and restricted stock grants of $758.4 million as of June 30, 2025, which is expected to be recognized over a weighted average vesting period of 2.1 years.

NOTE 8. STOCK REPURCHASE PROGRAM

In May 2025, Cadence's Board of Directors increased the prior authorization to repurchase shares of Cadence common stock by authorizing an additional $1.5 billion. The actual timing and amount of repurchases are subject to business and market conditions, corporate and regulatory requirements, stock price, acquisition opportunities and other factors. As of June 30, 2025, $1.8 billion of Cadence's share repurchase authorization remained available to repurchase shares of Cadence common stock.

The shares repurchased under Cadence's repurchase authorizations and the total cost of repurchased shares, including commissions, during the three and six months ended June 30, 2025 and June 30, 2024 were as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	(In thousands)			
Shares repurchased	607	423	1,968	848
Total cost of repurchased shares	$ 175,009	$ 125,004	$ 525,016	$ 250,010

NOTE 9. OTHER INCOME, NET

Cadence's other income, net, for the three and six months ended June 30, 2025 and June 30, 2024 was as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	(In thousands)			
Interest income	$ 25,978	$ 8,885	$ 52,200	$ 18,397
Gain on sale of IP and other assets	—	—	11,500	—
Gain on investments	38,445	25,205	25,154	80,599
Gain on securities in Non-Qualified Deferred Compensation ("NQDC") trust	7,778	1,697	6,205	6,285
Loss on foreign exchange	(4,172)	(708)	(3,363)	(1,039)
Other expense, net	(271)	(340)	(648)	(724)
Total other income, net	$ 67,758	$ 34,739	$ 91,048	$ 103,518

For additional information relating to Cadence's investment activity, see Note 11 in the notes to condensed consolidated financial statements.

NOTE 10. NET INCOME PER SHARE

Basic net income per share is computed by dividing net income during the period by the weighted average number of shares of common stock outstanding during that period, less unvested restricted stock awards. Diluted net income per share is impacted by equity instruments considered to be potential common shares, if dilutive, computed using the treasury stock method of accounting.

The calculations for basic and diluted net income per share for the three and six months ended June 30, 2025 and June 30, 2024 are as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	(In thousands, except per share amounts)			
Net income	$ 160,051	$ 229,520	$ 433,630	$ 477,163
Weighted average common shares used to calculate basic net income per share	271,294	270,912	271,633	270,259
Stock-based awards	1,605	2,608	1,631	3,273
Weighted average common shares used to calculate diluted net income per share	272,899	273,520	273,264	273,532
Net income per share - basic	$ 0.59	$ 0.85	$ 1.60	$ 1.77
Net income per share - diluted	$ 0.59	$ 0.84	$ 1.59	$ 1.74

The following table presents shares of Cadence's common stock outstanding for the three and six months ended June 30, 2025 and June 30, 2024 that were excluded from the computation of diluted net income per share because the effect of including these shares in the computation of diluted net income per share would have been anti-dilutive:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	(In thousands)			
Market-based awards	1,472	—	830	—
Options to purchase shares of common stock	206	229	220	144
Non-vested shares of restricted stock	22	3	106	6
Total potential common shares excluded	1,700	232	1,156	150

NOTE 11. INVESTMENTS

Investments in Equity Securities

Marketable Equity Investments

Cadence's investments in marketable equity securities consist of purchased shares of publicly held companies and are included in prepaid expenses and other in Cadence's condensed consolidated balance sheets. Changes in the fair value of these investments are recorded to other income, net in Cadence's condensed consolidated income statements. The carrying value of marketable equity investments was $117.7 million and $90.4 million as of June 30, 2025 and December 31, 2024, respectively.

Non-Marketable Equity Investments

Cadence's investments in non-marketable equity securities generally consist of stock or other instruments of privately held entities and are included in other assets on Cadence's condensed consolidated balance sheets. Cadence holds a 16% interest in a privately held company that is accounted for using the equity method of accounting. The carrying value of this investment was $94.3 million and $97.5 million as of June 30, 2025 and December 31, 2024, respectively.

Cadence records its proportionate share of net income from the investee, offset by amortization of basis differences, to other income, net in Cadence's condensed consolidated income statements. For the three and six months ended June 30, 2025, Cadence recognized losses of $0.5 million and $2.0 million, respectively. For the three and six months ended June 30, 2024, Cadence recognized losses of $0.2 million and $0.6 million, respectively.

Cadence also holds other non-marketable investments in privately held companies where Cadence does not have the ability to exercise significant influence and the fair value of the investments is not readily determinable. The carrying value of these investments was $36.5 million and $26.6 million as of June 30, 2025 and December 31, 2024, respectively. Gains and losses on these investments were not material to Cadence's condensed consolidated financial statements for the periods presented.

The portion of gains and losses included in Cadence's condensed consolidated income statements related to equity securities still held at the end of the period were as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	(In thousands)			
Net gains recognized on equity securities	$ 38,470	$ 25,351	$ 25,211	$ 80,749
Less: Net gains recognized on equity securities sold	—	—	—	(20,367)
Net gains recognized on equity securities still held	$ 38,470	$ 25,351	$ 25,211	$ 60,382

Investments in Debt Securities

The following is a summary of Cadence's available-for-sale debt securities recorded within prepaid expenses and other on its condensed consolidated balance sheets:

	As of June 30, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
Available-for-sale debt securities				
Mortgage-backed and asset-backed securities	$ 60,127	$ 589	$ (223)	$ 60,493
Total available-for-sale securities	$ 60,127	$ 589	$ (223)	$ 60,493

	As of December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
Available-for-sale debt securities				
Mortgage-backed and asset-backed securities	$ 50,604	$ 230	$ (582)	$ 50,252
Total available-for-sale securities	$ 50,604	$ 230	$ (582)	$ 50,252

Gross unrealized gains and losses are recorded as a component of accumulated other comprehensive loss on Cadence's condensed consolidated balance sheets. As of June 30, 2025 and December 31, 2024, the fair value of available-for-sale debt securities in a continuous unrealized loss position for greater than 12 months was $6.1 million and $6.0 million, respectively. The unrealized losses on these securities were not material.

As of June 30, 2025, the fair values of available-for-sale debt securities, by remaining contractual maturity, were as follows:

	(In thousands)
Due within 1 year	$ 1,678
Due after 1 year through 5 years	11,592
Due after 5 years through 10 years	22,187
Due after 10 years	25,036
Total	$ 60,493

As of June 30, 2025, Cadence did not intend to sell any of its available-for-sale debt securities in an unrealized loss position, and it was more likely than not that Cadence will hold the securities until maturity or a recovery of the cost basis.

NOTE 12. FAIR VALUE

Inputs to valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect Cadence's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices for identical instruments in active markets;
- Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires Cadence to minimize the use of unobservable inputs and to use observable market data, if available, when determining fair value. Cadence recognizes transfers between levels of the hierarchy based on the fair values of the respective financial instruments at the end of the reporting period in which the transfer occurred. There were no transfers between levels of the fair value hierarchy during the six months ended June 30, 2025.

On a quarterly basis, Cadence measures at fair value certain financial assets and liabilities. The fair value of financial assets and liabilities was determined using the following levels of inputs as of June 30, 2025 and December 31, 2024:

	Fair Value Measurements as of June 30, 2025			
	Total	Level 1	Level 2	Level 3
	(In thousands)			
Assets				
Cash equivalents:				
Money market funds	$ 1,938,685	$ 1,938,685	$ —	$ —
Marketable securities:				
Marketable equity securities	117,701	117,701	—	—
Mortgage-backed and asset-backed securities	60,493	—	60,493	—
Securities held in NQDC trust	102,734	102,734	—	—
Foreign currency exchange contracts	15,411	—	15,411	—
Total Assets	$ 2,235,024	$ 2,159,120	$ 75,904	$ —

As of June 30, 2025, Cadence did not have any financial liabilities requiring a recurring fair value measurement.

	Fair Value Measurements as of December 31, 2024			
	Total	Level 1	Level 2	Level 3
	(In thousands)			
Assets				
Cash equivalents:				
Money market funds	$ 1,700,084	$ 1,700,084	$ —	$ —
Marketable securities:				
Marketable equity securities	90,374	90,374	—	—
Mortgage-backed and asset-backed securities	50,252	—	50,252	—
Securities held in NQDC trust	96,450	96,450	—	—
Total Assets	$ 1,937,160	$ 1,886,908	$ 50,252	$ —

	Total	Level 1	Level 2	Level 3
	(In thousands)			
Liabilities				
Foreign currency exchange contracts	$ 7,533	$ —	$ 7,533	$ —
Total Liabilities	$ 7,533	$ —	$ 7,533	$ —

Level 1 Measurements

Cadence's cash equivalents held in money market funds, marketable equity securities and the trading securities held in Cadence's NQDC trust are measured at fair value using Level 1 inputs.

Level 2 Measurements

The valuation techniques used to determine the fair value of Cadence's investments in marketable debt securities, foreign currency forward exchange contracts and New Senior Notes are classified within Level 2 of the fair value hierarchy. For additional information relating to Cadence's debt arrangements, see Note 4 in the notes to condensed consolidated financial statements.

Level 3 Measurements

During the six months ended June 30, 2025, Cadence acquired intangible assets of $27.7 million through its acquisition of VLAB Works. The fair value of the intangible assets acquired was determined using variations of the income approach that utilizes unobservable inputs classified as Level 3 measurements.

For existing technology, the fair value was determined by applying the relief-from-royalty method. This method is based on the application of a royalty rate to forecasted revenue to quantify the benefit of owning the intangible asset rather than paying a royalty for use of the asset. To estimate royalty savings over time, Cadence projected revenue from the acquired existing technology over the estimated remaining life of the technology, including the effect of assumed technological obsolescence, before applying an assumed royalty rate. Cadence assumed technological obsolescence at a rate of 10% annually, before applying an assumed royalty rate of 30%.

For agreements and relationships, the fair value was determined by using the multi-period excess earnings method. This method reflects the present value of the projected cash flows that are expected to be generated from existing customers, less charges representing the contribution of other assets to those cash flows. Projected income from existing customer relationships was determined using a customer retention rate of 85%. The present value of operating cash flows from existing customers was determined using a discount rate of 10%.

NOTE 13. BALANCE SHEET COMPONENTS

A summary of certain balance sheet components as of June 30, 2025 and December 31, 2024 were as follows:

	As of	
	June 30, 2025	December 31, 2024
	(In thousands)	
Inventories:		
Raw materials	$ 209,169	$ 243,244
Work-in-process	—	1,216
Finished goods	16,993	13,251
Inventories	$ 226,162	$ 257,711
Accounts payable and accrued liabilities:		
Payroll and payroll-related accruals	$ 334,250	$ 335,232
Contingent liability	140,617	12,072
Trade accounts payable and other accrued operating liabilities	291,769	285,388
Accounts payable and accrued liabilities	$ 766,636	$ 632,692

NOTE 14. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

From time to time, Cadence is involved in various disputes and litigation that arise in the ordinary course of business. These include disputes and legal proceedings related to intellectual property, indemnification obligations, mergers and acquisitions, licensing, contracts, customers, products, distribution and other commercial arrangements and employee relations matters. Cadence is also subject from time to time to inquiries, investigations and regulatory proceedings involving governments and regulatory agencies in the jurisdictions in which Cadence operates, including the investigations by the Bureau of Industry and Security ("BIS") of the U.S. Department of Commerce and the U.S. Department of Justice ("DOJ") regarding certain historical sales by Cadence to customers in China. At least quarterly, Cadence reviews the status of each significant matter and assesses its potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount or the range of loss can be estimated, Cadence accrues a liability for the estimated loss. Legal proceedings are subject to uncertainties, and the outcomes are difficult to predict. Because of such uncertainties, accruals are based on Cadence's judgments using the best information available at the time. As additional information becomes available, Cadence reassesses the potential liability related to pending claims and legal proceedings and may revise estimates.

As previously disclosed, Cadence has been responding to subpoenas received from BIS in February 2021 and DOJ in November 2023 regarding sales and business activity in China. In December 2024, Cadence began discussions with BIS and DOJ regarding their preliminary findings and a potential resolution and recorded an estimated probable liability based on the facts and circumstances as of December 31, 2024. In June 2025, Cadence, BIS and DOJ started making substantial progress towards reaching a resolution. On July 27, 2025, Cadence reached a settlement with each of BIS and DOJ that resolved these matters.

The settlements relate to export violations that took place between 2015 and 2021 primarily involving sales initiated by a Cadence subsidiary of products and services valued at $45.3 million in total over that period to a customer in China, as well as the subsequent transfer of technology involved in those sales to a third party in China, without the requisite authorization from BIS.

As part of the settlements, Cadence has entered into a plea agreement with the DOJ pursuant to which Cadence has agreed to plead guilty to one count of conspiracy to commit export controls violations. The plea agreement is subject to court approval. In addition, Cadence has entered into an administrative settlement agreement with BIS. Both agreements include ongoing audit, compliance and other obligations. Under these agreements, Cadence has also agreed to pay BIS and the DOJ aggregate net penalties and forfeitures of $140.6 million during the fiscal quarter ending September 30, 2025. Cadence recorded a charge of $128.5 million in Loss related to contingent liability in its condensed consolidated income statement during the three months ended June 30, 2025. As of June 30, 2025, Cadence has accrued an aggregate of $140.6 million in accounts payable and accrued liabilities in its condensed consolidated balance sheet.

Other Contingencies

Cadence provides its customers with a warranty on sales of hardware products, generally for a 90-day period. Cadence did not incur any significant costs related to warranty obligations during the three and six months ended June 30, 2025 or June 30, 2024.

Cadence's product license and services agreements typically include a limited indemnification provision for claims from third parties relating to Cadence's intellectual property. If the potential loss from any indemnification claim is considered probable and the amount or the range of loss can be estimated, Cadence accrues a liability for the estimated loss.

Cadence did not incur any material losses from indemnification claims during the three and six months ended June 30, 2025 or June 30, 2024.

NOTE 15. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Cadence's accumulated other comprehensive income (loss) is comprised of the aggregate impact of foreign currency translation gains and losses, changes in defined benefit plan liabilities, unrealized losses on derivatives designated as hedging instruments and unrealized gains and losses on available-for-sale debt securities, and is presented in Cadence's condensed consolidated statements of comprehensive income.

Accumulated other comprehensive income (loss) was comprised of the following as of June 30, 2025 and December 31, 2024:

	As of	
	June 30, 2025	December 31, 2024
	(In thousands)	
Foreign currency translation gains (losses)	$ 34,305	$ (178,611)
Changes in defined benefit plan liabilities	(4,053)	(4,447)
Unrealized losses on derivatives designated as hedging instruments	(6,646)	(7,038)
Unrealized gains (losses) on available-for-sale debt securities	366	(352)
Total accumulated other comprehensive income (loss)	$ 23,972	$ (190,448)

For the three and six months ended June 30, 2025 and June 30, 2024, there were no significant amounts reclassified from accumulated other comprehensive income (loss) to net income.

NOTE 16. SEGMENT REPORTING

Segment reporting is based on the "management approach," following the method that management organizes the company's reportable segments for which separate financial information is made available to, and evaluated regularly by, the chief operating decision maker in allocating resources and in assessing performance. Cadence operates as one operating segment. Cadence's chief operating decision maker ("CODM") is its CEO. The CODM makes decisions on resource allocation and assesses performance of the business based on Cadence's consolidated results, including net income.

For additional information on Cadence's revenue, including the nature and timing of revenue from contracts with customers, see Note 2 in the notes to condensed consolidated financial statements. The following table presents revenue, significant expenses and net income for the three and six months ended June 30, 2025 and June 30, 2024:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	(In thousands)			
Revenue	$ 1,275,441	$ 1,060,681	$ 2,517,807	$ 2,069,784
Costs and Expenses:				
Salary, benefits and other employee-related costs	521,608	463,363	1,064,265	939,250
Stock based compensation	118,325	87,569	225,938	175,698
Manufacturing costs	101,480	61,048	183,149	120,709
Facilities and other infrastructure costs	47,277	42,465	91,115	84,119
Depreciation and amortization	53,676	50,646	106,592	87,202
Professional services	37,684	38,761	70,143	77,675
Loss related to contingent liability[1]	128,545	—	128,545	—
Restructuring	47	(33)	(62)	247
Other segment items[2]	(16,778)	(2,868)	5,957	(44,069)
Interest income	(25,978)	(8,885)	(52,200)	(18,397)
Interest expense	28,948	12,905	58,066	21,597
Provision for income taxes	120,556	86,190	202,669	148,590
Net income	$ 160,051	$ 229,520	$ 433,630	$ 477,163

(1) For information regarding the loss related to a contingent liability, see Note 14 in the notes to condensed consolidated financial statements.

(2) Other segment items include direct costs for advertising, marketing events, travel, entertainment, bad debt and other operating expense categories that are not considered significant individually. It also includes non-operating expenses such as gains and losses on investments, foreign currency and other non-operating expenses that are not considered significant individually.

Outside the United States, Cadence markets and supports its products and services primarily through its subsidiaries. Revenue is attributed to geography based upon the country in which the product is used, or services are delivered. Long-lived assets are attributed to geography based on the country where the assets are located.

The following table presents a summary of revenue by geography for the three and six months ended June 30, 2025 and June 30, 2024:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	(In thousands)			
Americas:				
United States	$ 591,265	$ 507,169	$ 1,160,232	$ 942,692
Other Americas	39,072	11,660	68,684	39,007
Total Americas	630,337	518,829	1,228,916	981,699
Asia:				
China	120,717	127,809	260,098	245,038
Other Asia	238,225	197,928	478,737	406,459
Total Asia	358,942	325,737	738,835	651,497
Europe, Middle East and Africa ("EMEA")	200,186	152,521	395,929	321,577
Japan	85,976	63,594	154,127	115,011
Total	$ 1,275,441	$ 1,060,681	$ 2,517,807	$ 2,069,784

The following table presents a summary of long-lived assets by geography as of June 30, 2025 and December 31, 2024:

	As of	
	June 30, 2025	December 31, 2024
	(In thousands)	
Americas:		
United States	$ 431,311	$ 412,339
Other Americas	10,774	7,437
Total Americas	442,085	419,776
Asia:		
China	26,349	22,929
Other Asia	103,603	83,951
Total Asia	129,952	106,880
EMEA	77,587	73,551
Japan	3,854	4,183
Total	$ 653,478	$ 604,390

NOTE 17. SUBSEQUENT EVENT

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was enacted in the United States. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions including the immediate expensing of United States research and development expenditures. The legislation has multiple effective dates, with certain provisions effective in fiscal 2025 and others implemented from fiscal 2026. Cadence is currently assessing the tax impact of the legislation on its condensed consolidated financial statements; however, it is expected to materially decrease Cadence's United States federal tax payments for the remainder of fiscal 2025. In accordance with U.S. GAAP, Cadence intends to recognize the fiscal 2025 tax effects of the OBBBA in its condensed consolidated financial statements for the fiscal quarter ending September 30, 2025.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q (this "Quarterly Report") and in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (our "Annual Report"). This Quarterly Report contains statements that are not historical in nature, are predictive, or that depend upon or refer to future events or conditions or contain other forward-looking statements. Statements including, but not limited to, statements regarding the extent, timing and mix of future revenues and customer demand; the deployment of our products and services; the impact of the macroeconomic and geopolitical environment, including but not limited to, expanded trade controls, tariffs, conflicts around the world, volatility in foreign currency exchange rates, inflation and changes in interest rates; the impact of government actions; future costs, expenses, tax rates and uses of cash; pending legal, administrative and tax proceedings, including our settlements with BIS and the DOJ and ongoing obligations; restructuring actions and associated charges and benefits; pending acquisitions, the accounting for acquisitions and integration of acquired businesses; and other statements using words such as "anticipates," "believes," "could," "estimates," "expects," "forecasts," "intends," "may," "plans," "projects," "should," "targets," "will" and "would," and words of similar import and the negatives thereof, constitute forward-looking statements. These statements are predictions based upon our current expectations about future events. Actual results could vary materially as a result of certain factors, including, but not limited to, those expressed in these statements. We refer you to the "Results of Operations," "Quantitative and Qualitative Disclosures About Market Risk," and "Liquidity and Capital Resources" sections contained in this Quarterly Report, the "Risk Factors" section contained in our Annual Report and this Quarterly Report, and the risks discussed in our other Securities and Exchange Commission ("SEC") filings, which identify important risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements.

We urge you to consider these factors carefully in evaluating the forward-looking statements contained in this Quarterly Report. All subsequent written or oral forward-looking statements attributable to our company or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The forward-looking statements included in this Quarterly Report are made only as of the date of this Quarterly Report. We disclaim any obligation to update these forward-looking statements, except as required by law.

As used in this Quarterly Report on Form 10-Q, "we," "us," "our company" and "Cadence" mean Cadence Design Systems, Inc. and our subsidiaries, unless the context indicates or requires otherwise.

Business Overview

Cadence® is a global market leader that develops computational, AI-driven software, accelerated hardware, and intellectual property ("IP") solutions for engineers and scientists to bring new and innovative products to life. The world's most innovative technology companies use our solutions and services to deliver transformational products to multiple industries that drive the global economy. The products these companies develop are some of the most complex systems in the world. Since our inception, we have been at the forefront of technology innovation. We work closely with our customers, helping them solve their most complex challenges in the semiconductor and electronic systems industries to unlock limitless opportunities.

Our customers include semiconductor companies that design and manufacture semiconductor devices and systems companies that design and manufacture products containing many different types of semiconductors, which they either make themselves or buy from a semiconductor company. Semiconductors, also referred to as integrated circuits ("ICs"), or chips, are at the heart of almost every major industry. Semiconductors are the catalyst for innovation in many industries including automotive, aerospace, biotech, hyperscale and cloud computing, data centers, telecommunications, medical technology, industrial internet of things ("IIoT"), and AI. They are found in a wide variety of consumer products such as cell phones, automobiles, computers, home appliances, home security, drones, and home entertainment systems.

Our Intelligent System Design™ ("ISD") strategy allows us to deliver solutions to our customers to solve their most complex product development challenges. Our industry-leading computational software, accelerated hardware, and IP enable us to adapt to our customers' dynamic design requirements, allowing them to meet their critical business and environmental concerns including time-to-market and sustainability. The creation of even the most seemingly simple electronic systems and products typically includes a complex design process and requires highly trained engineers with various areas of specialized knowledge and skill sets. Our ability to deliver innovative products that keep up with increasing complexity allows our customers to be successful in meeting their business goals and objectives.

In alignment with our ISD strategy, we group our solutions in three product categories: Core EDA, Semiconductor IP, and System Design and Analysis. Core EDA includes our software, hardware, and services used to design and verify a wide variety of semiconductors. Our Semiconductor IP portfolio includes silicon subsystems, software, and services that are used in semiconductor design. The System Design and Analysis category includes our software and services used to design and verify a wide variety of physical electronic systems. Leveraging our AI and computational software expertise, we have integrated the multiphysics domain (also known as "computational fluid dynamics," or "CFD") with our EDA solutions to provide customers with complete system-level design and analysis solutions. These categories are tightly integrated to provide complete design solutions for our customers.

For additional information about our products, see the discussion in Item 1, “Business,” under the heading “Product Categories,” in our Annual Report.

Management uses certain performance indicators to manage our business, including revenue, certain elements of operating expenses and cash flow from operations, and we describe these items further below under the headings “Results of Operations” and “Liquidity and Capital Resources.”

Acquisitions

As part of our ISD strategy, we invest in and acquire complementary businesses, joint ventures, services and technologies and IP rights. The size and timing of these investments and acquisitions may affect comparability of revenue, expenses and cash flows between fiscal periods.

During the second quarter of fiscal 2024, we completed our acquisition of BETA CAE Systems International AG (“BETA CAE”), a system analysis platform provider of multi-domain, engineering simulation solutions. For the three and six months ended June 30, 2025, revenue associated with contracts assumed with our acquisition of BETA CAE was primarily classified as product and maintenance revenue in our System Design and Analysis product category, and cost of revenue associated with these contracts was primarily classified as cost of product and maintenance in our condensed consolidated income statements.

During the second quarter of fiscal 2025, we completed our acquisition of a holding company containing the VLAB Works business (“VLAB Works”). VLAB Works is a leader in virtual models for hardware verification and software development. For the three and six months ended June 30, 2025, revenue associated with contracts assumed with our acquisition of VLAB Works was primarily classified as product and maintenance revenue in our Core EDA product category, and cost of revenue associated with these contracts was primarily classified as cost of product and maintenance in our condensed consolidated income statements.

Macroeconomic and Geopolitical Environment

Because we operate globally, our business is subject to the effects of economic downturns or recessions in the regions in which we do business, volatility in foreign currency exchange rates relative to the U.S. dollar, inflation, changing interest rates, expanded trade control laws and regulations, imposition of new or higher tariffs and geopolitical conflicts.

Trade control laws and regulations have expanded over the past several years, including through the imposition of certain export control restrictions concerning advanced node IC production in China, the inclusion of additional Chinese technology companies on the Bureau of Industry and Security (“BIS”) “Entity List” and the issuance of new regulations governing the sale of certain technologies. Based on our current assessments, the impact of these expanded trade control laws and regulations on our business has been limited.

As previously reported, on May 23, 2025, BIS informed us that a license was required for the export, re-export or in-country transfer of EDA software and technology classified under Export Control Classification Numbers (ECCNs) 3D991 and 3E991 on the Commerce Control List (“EDA Software and Technology”), when a party to the transaction is located in China or is a Chinese “military end user” wherever located. On July 2, 2025, BIS informed us that the license requirements set forth in the May 23, 2025 letter from BIS were rescinded effective immediately. During this period, our revenue in China decreased primarily due to reduced deliveries of software offerings to our customers in China due to these license requirements. We have since restored access to EDA Software and Technology for affected customers in accordance with these updated U.S. export regulations.

In addition, U.S. President Trump has made a series of announcements regarding the imposition of new and higher U.S. tariffs on imports from many countries, including China and Mexico. In response, China and other countries, as well as the European Union, have announced retaliatory tariffs on imports of U.S. goods and other countermeasures. We are monitoring these actions, including any pauses, escalations, exemptions or removal of exemptions, with respect to the threatened or imposed tariffs, and will continue to assess their potential impact on our business either directly, such as on our hardware business, or due to downstream effects.

We also continuously monitor geopolitical conflicts around the world, including the ongoing conflict between Russia and Ukraine and conflicts in the Middle East, and assess their impact on our business. To date, these conflicts have not materially limited our ability to develop or support our products and have not had a material impact on our results of operations, financial condition, liquidity or cash flows.

While our business model provides some resilience against these factors, we will continue to monitor the direct and indirect impacts of these or similar circumstances on our business and financial results. For additional information on the potential impact of macroeconomic and geopolitical conditions on our business, see the “Risk Factors” section in our Annual Report and this Quarterly Report. For additional information on the potential impact of foreign currency exchange rates and interest rates on our business, see the “Quantitative and Qualitative Disclosures About Market Risk” section of this Quarterly Report.

Critical Accounting Estimates

In preparing our condensed consolidated financial statements, we make assumptions, judgments and estimates that can have a significant impact on our revenue, operating income and net income, as well as on the value of certain assets and liabilities on our condensed consolidated balance sheets. We base our assumptions, judgments and estimates on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions. At least quarterly, we evaluate our assumptions, judgments and estimates, and make changes as deemed necessary.

For additional information about our critical accounting estimates, see the discussion in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” under the heading “Critical Accounting Estimates” in our Annual Report.

New Accounting Standards

For additional information about the adoption of new accounting standards, see Note 1 in the notes to condensed consolidated financial statements.

Results of Operations

Financial results for the three and six months ended June 30, 2025, as compared to the three and six months ended June 30, 2024, reflect the following:

- Growth in revenue from our hardware, software and IP offerings;
- Continued investment in research and development activities and technical sales support, including headcount from acquisitions;
- A loss related to a contingent liability; and
- Increased interest expense from our outstanding indebtedness.

Revenue

We primarily generate revenue from licensing our software and IP, selling or leasing our hardware products, providing maintenance for our software, hardware and IP, providing engineering services and earning royalties generated from the use of our IP. The timing of our revenue is significantly affected by the mix of software, hardware and IP products generating revenue in any given period and whether the revenue is recognized over time or at a point in time, upon completion of delivery.

Recurring revenue includes revenue recognized over time from certain of our software licensing arrangements, services, royalties, maintenance on IP licenses and hardware, and operating leases of hardware. Other recurring revenue includes revenue recognized at a point in time for certain short-term software arrangements that are typically renewed at least annually and revenue recognized at varying points in time over the term of other arrangements with non-cancelable commitments, whereby the customer commits to a fixed dollar amount over a specified period of time that can be used to purchase from a list of products. Arrangements that require future decisions on the performance obligations to be delivered do not meet the definition of a revenue contract until the customer executes a separate selection form to identify the products and services that they are purchasing. Each separate selection form under the arrangement is treated as an individual contract and accounted for based on the respective performance obligations.

The remainder of our revenue is recognized at a point in time and is characterized as up-front revenue. Up-front revenue is primarily generated by our sales of hardware products, individual IP licenses and certain software licenses with a term greater than one year. The percentage of our recurring and up-front revenue and fluctuations in revenue within our geographies in any single fiscal period are primarily impacted by delivery of hardware and IP products to our customers.

The following table shows the percentage of our revenue that is classified as recurring or up-front for the three and six months ended June 30, 2025 and June 30, 2024:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenue recognized over time	73 %	85 %	75 %	86 %
Other recurring revenue	5 %	3 %	5 %	3 %
Recurring revenue	78 %	88 %	80 %	89 %
Up-front revenue	22 %	12 %	20 %	11 %
Total revenue	100 %	100 %	100 %	100 %

The percentage of revenue characterized as recurring compared to revenue characterized as up-front may vary between fiscal quarters. As compared to prior years, we expect our percentage of annual up-front revenue to continue to increase in 2025 as growth in our product offerings for which revenue is recognized up-front is expected to be greater than the growth of our product offerings for which revenue is recognized over time. The following table shows the percentage of recurring revenue for the twelve-month periods ending concurrently with our five most recent fiscal quarters:

	Trailing Twelve Months Ended				
	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024
Recurring revenue	80 %	82 %	84 %	87 %	88 %
Up-front revenue	20 %	18 %	16 %	13 %	12 %
Total	100 %	100 %	100 %	100 %	100 %

Revenue by Period

The following table shows our revenue for the three months ended June 30, 2025 and June 30, 2024 and the change in revenue between periods:

	Three Months Ended		Change	
	June 30, 2025	June 30, 2024	Amount	Percentage
	(In millions, except percentages)			
Product and maintenance	$ 1,170.5	$ 960.5	$ 210.0	22 %
Services	104.9	100.2	4.7	5 %
Total revenue	$ 1,275.4	$ 1,060.7	$ 214.7	20 %

The following table shows our revenue for the six months ended June 30, 2025 and June 30, 2024 and the change in revenue between periods:

	Six Months Ended		Change	
	June 30, 2025	June 30, 2024	Amount	Percentage
	(In millions, except percentages)			
Product and maintenance	$ 2,281.4	$ 1,873.9	$ 407.5	22 %
Services	236.4	195.9	40.5	21 %
Total revenue	$ 2,517.8	$ 2,069.8	$ 448.0	22 %

Product and maintenance revenue increased during the three and six months ended June 30, 2025, as compared to the three and six months ended June 30, 2024, primarily due to growth in revenue from our software, hardware and IP product offerings as a result of existing customers' continued investment in complex designs for their products.

Services revenue increased during the three and six months ended June 30, 2025, as compared to the three and six months ended June 30, 2024, primarily due to increased revenue from our IP service offerings. Services revenue may fluctuate from period to period based on the timing of fulfillment of our services and IP performance obligations.

No single customer accounted for 10% or more of total revenue during the three and six months ended June 30, 2025 or June 30, 2024.

Revenue by Product Category

The following table shows the percentage of revenue contributed by each of our product categories for the past five consecutive quarters:

	Three Months Ended				
	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024
Core EDA	71 %	71 %	68 %	70 %	73 %
Semiconductor IP	13 %	14 %	13 %	14 %	13 %
System Design and Analysis	16 %	15 %	19 %	16 %	14 %
Total	100 %	100 %	100 %	100 %	100 %

Revenue from any one product category as a percentage of total revenue may fluctuate from period to period based on the mix of products and services sold in a given period and the timing of revenue recognition, particularly for our hardware, IP and certain software products.

Certain of our licensing arrangements allow customers the ability to remix among software products. Additionally, we have arrangements with customers that include a combination of our products, with the actual product selection and number of licensed users to be determined at a later date. For these arrangements, we estimate the allocation of the revenue to product categories based upon the expected usage of our products. The actual usage of our products by these customers may differ, in which case the revenue allocation in the table above would differ.

Revenue by Geography

	Three Months Ended		Change	
	June 30, 2025	June 30, 2024	Amount	Percentage
	(In millions, except percentages)			
United States	$ 591.2	$ 507.2	$ 84.0	17 %
Other Americas	39.1	11.7	27.4	234 %
China	120.7	127.8	(7.1)	(6)%
Other Asia	238.2	197.9	40.3	20 %
Europe, Middle East and Africa (“EMEA”)	200.2	152.5	47.7	31 %
Japan	86.0	63.6	22.4	35 %
Total revenue	$ 1,275.4	$ 1,060.7	$ 214.7	20 %

	Six Months Ended		Change	
	June 30, 2025	June 30, 2024	Amount	Percentage
	(In millions, except percentages)			
United States	$ 1,160.2	$ 942.7	$ 217.5	23 %
Other Americas	68.7	39.0	29.7	76 %
China	260.1	245.0	15.1	6 %
Other Asia	478.8	406.5	72.3	18 %
Europe, Middle East and Africa (“EMEA”)	395.9	321.6	74.3	23 %
Japan	154.1	115.0	39.1	34 %
Total revenue	$ 2,517.8	$ 2,069.8	$ 448.0	22 %

During the three and six months ended June 30, 2025, as compared to the three and six months ended June 30, 2024, demand for our hardware and software product offerings contributed to revenue growth in the United States, Other Americas, Other Asia and EMEA.

During the three months ended June 30, 2025, as compared to the three months ended June 30, 2024, revenue in China decreased primarily due to decreased deliveries of software offerings to our customers in China resulting from the export license requirements temporarily imposed by BIS on EDA Software and Technology from May 23, 2025 to July 2, 2025.

During the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, revenue in China increased primarily due to demand for our hardware offerings, partially offset by decreased deliveries of software offerings to our customers in China due to the export license requirement temporarily imposed by BIS on EDA Software and Technology.

During the three and six months ended June 30, 2025, as compared to the three and six months ended June 30, 2024, revenue growth in Japan was primarily driven by continued customer demand for our software product offerings.

Revenue by Geography as a Percent of Total Revenue:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
United States	46 %	48 %	46 %	45 %
Other Americas	3 %	1 %	3 %	2 %
China	9 %	12 %	10 %	12 %
Other Asia	19 %	19 %	19 %	20 %
EMEA	16 %	14 %	16 %	15 %
Japan	7 %	6 %	6 %	6 %
Total	100 %	100 %	100 %	100 %

Most of our revenue is transacted in the U.S. dollar. However, certain revenue transactions are denominated in foreign currencies. For an additional description of how changes in foreign exchange rates affect our condensed consolidated financial statements, see the discussion under Item 3, “Quantitative and Qualitative Disclosures About Market Risk – Foreign Currency Risk.”

Cost of Revenue

	Three Months Ended		Change	
	June 30, 2025	June 30, 2024	Amount	Percentage
	(In millions, except percentages)			
Cost of product and maintenance	$ 139.3	$ 94.4	$ 44.9	48 %
Cost of services	44.9	44.9	—	— %

	Six Months Ended		Change	
	June 30, 2025	June 30, 2024	Amount	Percentage
	(In millions, except percentages)			
Cost of product and maintenance	$ 256.0	$ 169.8	$ 86.2	51 %
Cost of services	95.3	94.7	0.6	1 %

Cost of Product and Maintenance

Cost of product and maintenance includes costs associated with the sale and lease of our hardware products and licensing of our software and IP products, certain employee salary and benefits and other employee-related costs, cost of our customer support services, amortization of technology-related acquired intangibles, costs of technical documentation and royalties payable to third-party vendors. Cost of product and maintenance depends primarily on our hardware product sales in any given period, but is also affected by employee salary and benefits and other employee-related costs, reserves for inventory, and the timing and extent to which we acquire intangible assets, license third-party technology or IP, and sell our products that include such acquired or licensed assets, technology or IP.

A summary of cost of product and maintenance is as follows:

	Three Months Ended		Change	
	June 30, 2025	June 30, 2024	Amount	Percentage
	(In millions, except percentages)			
Product and maintenance-related costs	$ 124.8	$ 80.9	$ 43.9	54 %
Amortization of acquired intangibles	14.5	13.5	1.0	7 %
Total cost of product and maintenance	$ 139.3	$ 94.4	$ 44.9	48 %

	Six Months Ended		Change	
	June 30, 2025	June 30, 2024	Amount	Percentage
	(In millions, except percentages)			
Product and maintenance-related costs	$ 225.0	$ 145.0	$ 80.0	55 %
Amortization of acquired intangibles	31.0	24.8	6.2	25 %
Total cost of product and maintenance	$ 256.0	$ 169.8	$ 86.2	51 %

The changes in product and maintenance-related costs for the three and six months ended June 30, 2025, as compared to the three and six months ended June 30, 2024, were due to the following:

	Change	
	Three Months Ended	Six Months Ended
	(In millions)	
Hardware product costs	$ 36.9	$ 67.0
Salary, benefits and other employee-related costs	5.1	9.4
Other items	1.9	3.6
Total change in product and maintenance-related costs	$ 43.9	$ 80.0

Costs associated with our hardware products include components, assembly, testing, applicable reserves and overhead. These costs make our cost of hardware products higher, as a percentage of revenue, than our cost of software and IP products. Hardware product costs increased during the three and six months ended June 30, 2025, as compared to the three and six months ended June 30, 2024, primarily due to increased installations of our hardware products.

Amortization of acquired intangibles included in cost of product and maintenance may fluctuate from period to period depending on the timing of newly acquired assets relative to assets becoming fully amortized in any given period.

Cost of Services

Cost of services primarily includes employee salary, benefits and other employee-related costs to perform work on revenue-generating projects, costs to maintain the infrastructure necessary to manage a services organization, and direct costs associated with certain design services. Cost of services may fluctuate from period to period based on our utilization of design services engineers on revenue-generating projects rather than internal development projects and the timing of design service projects being completed.

Operating Expenses

Our operating expenses include marketing and sales, research and development, and general and administrative expenses. Factors that tend to cause our operating expenses to fluctuate include changes in the number of employees due to hiring and acquisitions, industry trends for salary and other employee benefits, stock-based compensation, foreign exchange rate movements, acquisition-related costs, and volatility in variable compensation programs that are driven by operating results.

Many of our operating expenses are transacted in various foreign currencies. We recognize lower expenses in periods when the U.S. dollar strengthens in value against other currencies and we recognize higher expenses when the U.S. dollar weakens against other currencies. For an additional description of how changes in foreign exchange rates affect our condensed consolidated financial statements, see the discussion in Item 3, “Quantitative and Qualitative Disclosures About Market Risk – Foreign Currency Risk.”

Our operating expenses for the three and six months ended June 30, 2025 and June 30, 2024 were as follows:

	Three Months Ended		Change	
	June 30, 2025	June 30, 2024	Amount	Percentage
	(In millions, except percentages)			
Marketing and sales	$ 200.6	$ 186.7	$ 13.9	7 %
Research and development	442.1	370.7	71.4	19 %
General and administrative	69.0	63.4	5.6	9 %
Total operating expenses	$ 711.7	$ 620.8	$ 90.9	15 %

	Six Months Ended		Change	
	June 30, 2025	June 30, 2024	Amount	Percentage
	(In millions, except percentages)			
Marketing and sales	$ 403.3	$ 367.3	$ 36.0	10 %
Research and development	881.2	749.7	131.5	18 %
General and administrative	132.1	132.2	(0.1)	— %
Total operating expenses	$ 1,416.6	$ 1,249.2	$ 167.4	13 %

Our operating expenses, as a percentage of total revenue, for the three and six months ended June 30, 2025 and June 30, 2024 were as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Marketing and sales	16 %	18 %	16 %	18 %
Research and development	34 %	35 %	35 %	36 %
General and administrative	5 %	6 %	5 %	6 %
Total operating expenses	55 %	59 %	56 %	60 %

Marketing and Sales

The increase in marketing and sales expense for the three and six months ended June 30, 2025, as compared to the three and six months ended June 30, 2024, was due to the following:

	Change	
	Three Months Ended	Six Months Ended
	(In millions)	
Salary, benefits and other employee-related costs	$ 8.1	$ 23.2
Stock-based compensation	6.9	10.7
Other items	(1.1)	2.1
Total change in marketing and sales expense	$ 13.9	$ 36.0

Salary, benefits and other employee-related costs and stock-based compensation included in marketing and sales expense increased during the three and six months ended June 30, 2025, as compared to the three and six months ended June 30, 2024, primarily due to our continued investment in attracting and retaining talent dedicated to technical sales support, including additional headcount from acquisitions. We expect to continue attracting and retaining talent dedicated to technical sales support through hiring and acquisitions.

Research and Development

The increase in research and development expense for the three and six months ended June 30, 2025, as compared to the three and six months ended June 30, 2024, was due to the following:

	Change	
	Three Months Ended	Six Months Ended
	(In millions)	
Salary, benefits and other employee-related costs	$ 43.3	$ 86.5
Stock-based compensation	18.7	32.1
Facilities and other infrastructure costs	4.7	8.9
Other items	4.7	4.0
Total change in research and development expense	$ 71.4	$ 131.5

Salary, benefits and other employee-related costs and stock-based compensation included in research and development expense increased during the three and six months ended June 30, 2025, as compared to the three and six months ended June 30, 2024, primarily due to our continued investment in attracting and retaining talent for research and development activities, including additional headcount from acquisitions. Facilities and other infrastructure costs included in research and development expense increased during the three and six months ended June 30, 2025, as compared to the three and six months ended June 30, 2024, primarily due to our growing workforce. We expect to continue attracting and retaining talent dedicated to research and development activities through hiring and acquisitions.

General and Administrative

The changes in general and administrative expense for the three and six months ended June 30, 2025, as compared to the three and six months ended June 30, 2024, was due to the following:

	Change	
	Three Months Ended	Six Months Ended
	(In millions)	
Salary, benefits and other employee-related costs	$ 5.2	$ 7.1
Stock-based compensation	3.7	4.2
Professional services	(3.0)	(9.5)
Other items	(0.3)	(1.9)
Total change in general and administrative expense	$ 5.6	$ (0.1)

Salary, benefits and other employee-related costs and stock-based compensation included in general and administrative expense increased during the three and six months ended June 30, 2025, as compared to the three and six months ended June 30, 2024, primarily due to additional headcount from acquisitions.

Professional services decreased during the three and six months ended June 30, 2025, as compared to the three and six months ended June 30, 2024, primarily due to decreased legal and consulting services associated with acquisition-related activities.

Loss Related to Contingent Liability

During the three and six months ended June 30, 2025, we recognized a loss related to a contingent liability. For additional information relating to this matter, see Note 14 in the notes to condensed consolidated financial statements.

Restructuring

We have initiated restructuring plans in recent years, most recently in August 2024, to better align our resources with our business strategy. Restructuring charges and related benefits are derived from management's estimates during the formulation of the restructuring plans, based on then-currently available information. As a result, our restructuring plans may not achieve the benefits anticipated on the timetable or at the level contemplated. Additional actions, including further restructuring of our operations, may be required in the future.

Operating Margin

Operating margin represents income from operations as a percentage of total revenue. Our operating margin for the three and six months ended June 30, 2025 and the three and six months ended June 30, 2024 was as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Operating margin	19 %	28 %	24 %	26 %

Our operating margin may vary from period to period depending on the mix of products and services sold during each period. During the three and six months ended June 30, 2025, our operating margin decreased, as compared to the three months ended June 30, 2024, primarily due to the recognized loss from a contingent liability. For additional information about the recognized loss, see Note 14 in the notes to condensed consolidated financial statements.

Interest Expense

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	(In millions)			
Contractual cash interest expense:				
Senior Notes	$ 27.7	$ 3.8	$ 55.4	$ 7.6
Term Loans	—	8.7	—	13.4
Revolving Credit Facility	0.2	0.4	0.5	0.4
Amortization of debt discount and debt issuance costs:				
Senior Notes	1.0	0.2	2.0	0.4
Term Loans	—	0.1	—	0.1
Revolving Credit Facility	0.1	—	0.2	—
Other	(0.1)	(0.3)	—	(0.3)
Total interest expense	$ 28.9	$ 12.9	$ 58.1	$ 21.6

As of June 30, 2024, our indebtedness was comprised of $350.0 million aggregate principal amount of senior notes that were due October 15, 2024 (the “2024 Notes”), a $300.0 million three-year senior non-amortizing term loan facility that was due on September 7, 2025 (the “2025 Term Loan”) and a $700.0 million two-year senior non-amortizing term loan facility due on May 30, 2026 (the “2026 Term Loan”).

In September 2024, we issued $2.5 billion aggregate principal amount of senior notes, consisting of $500.0 million aggregate principal amount of senior notes due 2027 (the “2027 Notes”), $1.0 billion aggregate principal amount of senior notes due 2029 (the “2029 Notes”) and $1.0 billion aggregate principal amount of senior notes due 2034 (the “2034 Notes” and together with the 2027 Notes and the 2029 Notes, the “New Senior Notes”).

In September 2024, we used a portion of the net proceeds from the New Senior Notes to fully prepay the outstanding principal and accrued interest of both the 2025 Term Loan and the 2026 Term Loan. In October 2024, we settled the outstanding principal of $350.0 million and accrued interest on the 2024 Notes.

Interest expense increased during the three and six months ended June 30, 2025, as compared to the three and six months ended June 30, 2024, primarily due to the increased level of debt on our condensed consolidated balance sheet as of June 30, 2025, as compared to June 30, 2024. For additional information relating to our debt arrangements, see Note 4 in the notes to condensed consolidated financial statements.

Other Income, Net

Other income, net consists primarily of interest earned on cash, cash equivalents and investments in debt securities, realized and unrealized gains and losses from our investments in equity securities of other companies, gains and losses from investments held in the Nonqualified Deferred Compensation (“NQDC”) trust and foreign exchange gains and losses.

Other income, net increased during the three months ended June 30, 2025, as compared to the three months ended June 30, 2024, primarily due to increased interest earned on cash and cash equivalents and a net increase of gains from our investments in equity securities of publicly held companies. Other income, net decreased during the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, primarily due to a net decrease of gains from our investments in equity securities of publicly held companies, partially offset by an increase in interest earned on cash and cash equivalents.

For additional information about other income, net, see Note 9 in the notes to condensed consolidated financial statements.

Income Taxes

The following table presents the provision for income taxes and the effective tax rate for the three and six months ended June 30, 2025 and June 30, 2024:

	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
			(In millions, except percentages)	
Provision for income taxes	$ 120.6	$ 86.2	$ 202.7	$ 148.6
Effective tax rate	43.0 %	27.3 %	31.9 %	23.7 %

Our provision for income taxes for the three and six months ended June 30, 2025 was primarily attributable to federal, state and foreign income taxes on our anticipated fiscal 2025 income. We also recognized tax benefits of $2.8 million and $21.4 million related to stock-based compensation that vested or was exercised during the respective periods. The increase in our provision for income taxes during the three and six months ended June 30, 2025, as compared to the three and six months ended June 30, 2024, was primarily attributable to an increase in our earnings and nondeductible expenses.

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was enacted in the United States. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions including the immediate expensing of United States research and development expenditures. The legislation has multiple effective dates, with certain provisions effective in fiscal 2025 and others effective from fiscal 2026. We intend to recognize the fiscal 2025 tax effects of the OBBBA in our provision for income taxes for the period ending September 30, 2025. We are currently assessing the tax impact of the legislation; however, we do not currently expect the OBBBA to materially impact our fiscal 2025 effective tax rate.

In 2021, the Organisation for Economic Co-operation and Development ("OECD") announced Pillar Two Model Rules which call for the taxation of large multinational corporations, such as Cadence, at a global minimum tax rate of 15%. The currently enacted Pillar Two Model Rules did not have a material impact to our provision for income taxes for the three and six months ended June 30, 2025.

Our provision for income taxes for the three and six months ended June 30, 2024 was primarily attributable to federal, state and foreign income taxes on our then anticipated fiscal 2024 income. We also recognized tax benefits of $5.4 million and $28.2 million related to stock-based compensation that vested or was exercised during the respective periods.

Our future effective tax rates may also be materially impacted by tax amounts associated with our foreign earnings at rates different from the United States federal statutory rate, research credits, the tax impact of stock-based compensation, accounting for uncertain tax positions, business combinations, closure of statutes of limitations or settlement of tax audits and changes in tax law. A significant amount of our foreign earnings is generated by our subsidiaries organized in Ireland and Hungary. Our future effective tax rates may be adversely affected if our earnings were to be lower in countries where we have lower statutory tax rates relative to earnings in countries where we have higher statutory tax rates. We currently expect that our fiscal 2025 effective tax rate will be approximately 28%. We expect that our quarterly effective tax rates will vary from our fiscal 2025 effective tax rate as a result of recognizing the income tax effects of stock-based awards in the quarterly periods that the awards vest or are settled and other items that we cannot anticipate. For additional discussion about how our effective tax rate could be affected by various risks, see Part I, Item 1A, “Risk Factors,” in our Annual Report.

Liquidity and Capital Resources

	As of		
	June 30, 2025	December 31, 2024	Change
		(In millions)	
Cash and cash equivalents	$ 2,822.8	$ 2,644.0	$ 178.8
Net working capital	2,726.0	2,646.0	80.0

Cash and Cash Equivalents

As of June 30, 2025, our principal sources of liquidity consisted of $2,822.8 million of cash and cash equivalents as compared to $2,644.0 million as of December 31, 2024.

Our primary sources of cash and cash equivalents during the six months ended June 30, 2025 were cash generated from operations and proceeds from the issuance of common stock resulting from stock purchases under our employee stock purchase plan and stock options exercised during the period.

Our primary uses of cash and cash equivalents during the six months ended June 30, 2025 were payments related to repurchases of our common stock, business combinations, payment of employee taxes on vesting of restricted stock, purchases of property, plant and equipment and purchases of investments.

Approximately 37% of our cash and cash equivalents was held by our foreign subsidiaries as of June 30, 2025. Our cash and cash equivalents held by our foreign subsidiaries may vary from period to period due to the timing of collections and repatriation of foreign earnings. We expect that current cash and cash equivalent balances and cash flows that are generated from operations and financing activities will be sufficient to meet the needs of our domestic and international operating activities and other capital and liquidity requirements, including acquisitions, investments and share repurchases, for at least the next 12 months and thereafter for the foreseeable future.

Net Working Capital

Net working capital is comprised of current assets less current liabilities, as shown on our condensed consolidated balance sheets. Our net working capital varies from period to period due to changes in operating assets and liabilities and the timing of investing and financing activities.

Cash Flows from Operating Activities

Cash flows provided by operating activities during the six months ended June 30, 2025 and June 30, 2024 were as follows:

	Six Months Ended		
	June 30, 2025	June 30, 2024	Change
	(In millions)		
Cash provided by operating activities	$ 864.6	$ 409.2	$ 455.4

Cash flows provided by operating activities include net income, adjusted for certain non-cash items, as well as changes in the balances of certain assets and liabilities. Our cash flows from operating activities are significantly influenced by business levels and the payment terms set forth in our customer agreements. The increase in cash flows from operating activities for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, was primarily due to increased business levels, the timing of cash receipts from customers and the timing of cash disbursements for operating assets and liabilities.

Cash Flows Used for Investing Activities

Cash flows used for investing activities during the six months ended June 30, 2025 and June 30, 2024 were as follows:

	Six Months Ended		
	June 30, 2025	June 30, 2024	Change
	(In millions)		
Cash used for investing activities	$ (197.4)	$ (757.9)	$ 560.5

Cash used for investing activities decreased during the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, primarily due to a decrease in payments for business combinations and purchases of property, plant and equipment, partially offset by an increase in purchases of investments. We expect to continue our investing activities, including purchasing property, plant and equipment, purchasing intangible assets, acquiring other companies and businesses, and making investments.

Cash Flows From (Used for) Financing Activities

Cash flows from (used for) financing activities during the six months ended June 30, 2025 and June 30, 2024 were as follows:

	Six Months Ended		
	June 30, 2025	June 30, 2024	Change
	(In millions)		
Cash provided by (used for) financing activities	$ (541.0)	$ 415.4	$ (956.4)

Cash flows from financing activities decreased during the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, primarily due to a decrease in proceeds from the issuance of debt, an increase in repurchases of common stock and decreased proceeds from the issuance of common stock resulting from stock purchases under our employee stock purchase plan and stock options exercised during the period. These factors were partially offset by a decrease in payments of employee taxes on vesting of restricted stock.

Other Factors Affecting Liquidity and Capital Resources

Senior Notes

In September 2024, we issued $2.5 billion aggregate principal amount of senior notes, consisting of $500.0 million aggregate principal amount of 4.200% Senior Notes due 2027 (the "2027 Notes"), $1.0 billion aggregate principal amount of 4.300% Senior Notes due 2029 (the "2029 Notes") and $1.0 billion aggregate principal amount of 4.700% Senior Notes due 2034 (the "2034 Notes" and together with the 2027 Notes and the 2029 Notes, the "New Senior Notes"). Interest on the New Senior Notes is payable semi-annually in arrears in March and September of each year. As of June 30, 2025, we were in compliance with all covenants associated with the New Senior Notes.

Revolving Credit Facility

In August 2024, we terminated our existing revolving credit facility, dated June 30, 2021, and amended in September 2022, and entered into a five-year senior unsecured revolving credit facility with a group of lenders led by Bank of America, N.A., as administrative agent (the "2024 Credit Facility"). The 2024 Credit Facility provides for borrowings up to $1.25 billion, with the right to request increased capacity up to an additional $500.0 million upon receipt of lender commitments, for total maximum borrowings of $1.75 billion. The 2024 Credit Facility expires on August 14, 2029. Any outstanding loans drawn under the 2024 Credit Facility are due at maturity on August 14, 2029, subject to an option to extend the maturity date. Outstanding borrowings may be repaid at any time prior to maturity. Interest rates associated with the 2024 Credit Facility are variable, so interest expense is impacted by changes in the interest rates, particularly for periods when there are outstanding borrowings under the revolving credit facility. Interest is payable quarterly. As of June 30, 2025, there were no borrowings outstanding under the 2024 Credit Facility, and we were in compliance with all covenants associated with such credit facility.

For additional information relating to our debt arrangements, see Note 4 in the notes to condensed consolidated financial statements.

Stock Repurchase Program

We are authorized to repurchase shares of our common stock under a publicly announced program. In May 2025, our Board of Directors increased the prior authorization to repurchase shares of our common stock by authorizing an additional $1.5 billion. The actual timing and amount of repurchases are subject to business and market conditions, corporate and regulatory requirements, stock price, acquisition opportunities and other factors. Our repurchase authorization does not obligate us to acquire a minimum amount of shares, does not have an expiration date and may be modified, suspended or terminated without prior notice. As of June 30, 2025, $1.8 billion of the share repurchase authorization remained available to repurchase shares of our common stock. See Part II, Item 2, "Unregistered Sales of Equity Securities and Use of Proceeds" for additional information on share repurchases.

Cash Payments for Income Taxes

On July 4, 2025, the OBBBA was enacted in the United States. The OBBBA included the restoration of the immediate expensing of United States research and development costs starting in fiscal 2025. We currently estimate that the legislation will decrease our remaining fiscal 2025 cash tax payments by approximately $140 million.

Settlement Payments

As part of our settlements with BIS and the DOJ described in Note 14 in the notes to condensed consolidated financial statements and elsewhere in this Quarterly Report, we have agreed to pay BIS and the DOJ aggregate net penalties and forfeitures of $140.6 million during the fiscal quarter ending September 30, 2025.

Other Liquidity Requirements

During the six months ended June 30, 2025, there were no material changes to our other liquidity requirements as reported in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our Annual Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Risk

A material portion of our revenue, expenses and business activities are transacted in the U.S. dollar. In certain foreign countries where we price our products and services in U.S. dollars, a decrease in value of the local currency relative to the U.S. dollar results in an increase in the prices for our products and services compared to those products of our competitors that are priced in local currency. This could result in our prices being uncompetitive in certain markets.

In certain countries where we may invoice customers in the local currency, our revenue benefits from a weaker dollar and is adversely affected by a stronger dollar. The opposite impact occurs in countries where we record expenses in local currencies. In those cases, our costs and expenses benefit from a stronger dollar and are adversely affected by a weaker dollar. The fluctuations in our operating expenses outside the United States resulting from volatility in foreign exchange rates are not generally moderated by corresponding fluctuations in revenue from existing contracts.

We enter into foreign currency forward exchange contracts to protect against currency exchange risks associated with existing assets and liabilities. A foreign currency forward exchange contract acts as a hedge by increasing in value when underlying assets decrease in value or underlying liabilities increase in value due to changes in foreign exchange rates. Conversely, a foreign currency forward exchange contract decreases in value when underlying assets increase in value or underlying liabilities decrease in value due to changes in foreign exchange rates. These forward contracts are not designated as accounting hedges, so the unrealized gains and losses are recognized in other income (expense), net, in advance of the actual foreign currency cash flows with the fair value of these forward contracts being recorded as accrued liabilities or other current assets.

We do not use forward contracts for trading purposes. Our forward contracts generally have maturities of 90 days or less. We enter into foreign currency forward exchange contracts based on estimated future asset and liability exposures, and the effectiveness of our hedging program depends on our ability to estimate these future asset and liability exposures. Recognized gains and losses with respect to our current hedging activities will ultimately depend on how accurately we are able to match the amount of foreign currency forward exchange contracts with actual underlying asset and liability exposures.

The following table provides information about our foreign currency forward exchange contracts as of June 30, 2025. The information is provided in U.S. dollar equivalent amounts. The table presents the notional amounts, at contract exchange rates, and the weighted average contractual foreign currency exchange rates expressed as units of the foreign currency per U.S. dollar, which in some cases may not be the market convention for quoting a particular currency. All of these forward contracts mature before or during August 2025.

	Notional Principal	Weighted Average Contract Rate
	(In millions)	
Forward Contracts:		
European Union euro	$ 299.4	0.88
British pound	100.0	0.75
Japanese yen	95.6	143.58
Israeli shekel	90.4	3.50
Swedish krona	76.7	9.54
Canadian dollar	54.6	1.38
Indian rupee	37.8	86.36
Chinese renminbi	29.7	7.16
Taiwan dollar	22.6	29.06
Swiss franc	16.8	0.82
South Korean won	6.0	1,386.69
Singapore dollar	3.2	1.28
Polish zloty	2.7	3.77
Total	$ 835.5	
Estimated fair value	$ 15.4	

As of December 31, 2024, our foreign currency exchange contracts had an aggregate principal amount of $927.6 million, and an estimated fair value of $(7.5) million.

We have performed sensitivity analyses as of June 30, 2025 and December 31, 2024, using a modeling technique that measures the change in the fair values arising from a hypothetical 10% change in the value of the U.S. dollar relative to applicable foreign currency exchange rates, with all other variables held constant. The foreign currency exchange rates we used in performing the sensitivity analysis were based on market rates in effect at each respective date. The sensitivity analyses indicated that a hypothetical 10% decrease in the value of the U.S. dollar would result in a decrease to the fair value of our foreign currency forward exchange contracts of $15.5 million and an increase of $18.3 million as of June 30, 2025 and December 31, 2024, respectively, while a hypothetical 10% increase in the value of the U.S. dollar would result in an increase to the fair value of our foreign currency forward exchange contracts of $19.4 million and a decrease of $12.7 million as of June 30, 2025 and December 31, 2024, respectively.

We actively monitor our foreign currency risks, but our foreign currency hedging activities may not substantially offset the impact of fluctuations in currency exchange rates on our results of operations, cash flows and financial position.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our portfolio of cash, cash equivalents, investments in debt securities and any balances outstanding on our 2024 Credit Facility. We are exposed to interest rate fluctuations in many of the world's leading industrialized countries, but our interest income and expense is most sensitive to fluctuations in the general level of United States interest rates. In this regard, changes in United States interest rates affect the interest earned on our cash and cash equivalents and the costs associated with foreign currency hedges. All highly liquid securities with a maturity of three months or less at the date of purchase are considered to be cash equivalents. The carrying value of our interest-bearing instruments approximated fair value as of June 30, 2025.

Our investments in debt securities had a fair value of $60.5 million and $50.3 million as of June 30, 2025 and December 31, 2024, respectively, that may decline in value if market interest rates rise. As of June 30, 2025 and December 31, 2024, an increase in the market rates of interest of 1% would result in a decrease in the fair values of our marketable debt securities by $2.5 million and $2.0 million, respectively.

Interest rates under our 2024 Credit Facility are variable, so interest expense could be adversely affected by changes in interest rates, particularly for periods when we maintain an outstanding balance. As of June 30, 2025, there were no borrowings outstanding under our 2024 Credit Facility.

Interest rates for our 2024 Credit Facility can fluctuate based on changes in market interest rates and in interest rate margins that vary based on the credit ratings of our unsecured debt. Assuming all loans were fully drawn and we were to fully exercise our right to increase borrowing capacity under our 2024 Credit Facility, each quarter point change in interest rates would result in a $4.4 million change in annual interest expense on our indebtedness under our 2024 Credit Facility. For an additional description of the 2024 Credit Facility, see Note 4 in the notes to condensed consolidated financial statements.

Equity Price Risk

Equity Investments

We have a portfolio of equity investments that includes marketable equity securities and non-marketable investments. Our equity investments are made primarily in connection with our strategic investment program. Under our strategic investment program, from time to time, we make cash investments in companies with technologies that have the potential to be strategically important to us. For an additional description of our portfolio of equity investments, see Note 11 in the notes to condensed consolidated financial statements.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), under the supervision and with the participation of our management, including our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"), we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2025.

Based on their evaluation as of June 30, 2025, our CEO and CFO have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report to provide reasonable assurance that the information required to be disclosed by us in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to our management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the fiscal quarter ended June 30, 2025 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our CEO and CFO, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. Internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of internal control are met. Further, the design of internal control must reflect the fact that there are resource constraints, and the benefits of the control must be considered relative to their costs. While our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of their effectiveness, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within Cadence, have been detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding pending legal proceedings, related matters and associated risks, see Note 14 in the notes to condensed consolidated financial statements under Part I, Item 1 in this Quarterly Report and the “Risk Factors” section in our Annual Report and this Quarterly Report.

Item 1A. Risk Factors

Our operations and financial results are subject to various risks and uncertainties, including those described in the “Risk Factors” sections in our Annual Report and this Quarterly Report, that could adversely affect our business, financial condition, results of operations, cash flows, liquidity, revenue, growth, prospects, demand, reputation, and the trading price of our common stock, and make an investment in us speculative or risky. We have updated below one of the risk factors in our Annual Report. The risks described in our Annual Report and subsequent Quarterly Reports do not include all of the risks that we face, and there may be additional risks or uncertainties that are currently unknown or not believed to be material that occur or become material.

We are subject to governmental export and import controls that subject us to liability and impair our ability to compete in global markets as well as a variety of other laws and regulations.

We must comply with the import and export restrictions and regulations and economic sanctions laws of the United States and of certain other countries in selling, providing or shipping our products and transferring our technology outside the United States, to foreign nationals (including foreign nationals within the United States) or across borders. Changes in our products or services, or changes in and continued expansion of these laws and regulations, including new or increased tariffs, trade protection measures, sanctions, trade embargoes and other trade barriers, may create delays in the introduction of our products or services into international markets and prevent our customers from deploying our products or services. In some cases, such changes have prevented and may further prevent the export or import of our products or services to certain countries, governments or persons altogether, or may result in increased costs for us, which could reduce our competitiveness, or for our customers, which could affect their purchasing behaviors. Any decreased use of our products or services or limitation on our ability to export to or sell our products or services in international markets would likely harm our business, operating results and financial condition.

For example, BIS maintains and frequently adds entities to the “Entity List,” which limits our ability to deliver products and services to these entities, some of which are our customers. When customers are on the Entity List or are subject to new or expanded trade restrictions, it has a negative effect on our ability to sell products and provide services to these customers. In fact, as previously disclosed, on May 23, 2025, BIS informed us that a license was required for the export, re-export or in-country transfer of EDA Software and Technology when a party to the transaction is located in China or is a Chinese "military end user" wherever located. On July 2, 2025, BIS informed us that the license requirements set forth in the May 23, 2025 letter from BIS were rescinded effective immediately. While we have since restored access to EDA Software and Technology for affected customers in accordance with these updated U.S. export regulations, the temporary license requirements negatively impacted our revenue in China during this period. In addition, the issuance of new or expanded trade restrictions, such as the continued expansion of the military end-user and military end-use rule, the foreign-direct product rules, or any other rule that prevents a class of commodities, software or technology from export to any specific country or countries without a license, could increase our costs or expenses.

Anticipated or actual changes in trade restrictions could also affect customer purchasing behaviors. Entity List restrictions and other trade restrictions may also encourage customers to seek substitute products from our competitors, including a growing class of foreign competitors and open source alternatives, that are not subject to these restrictions or to develop their own solutions, thereby decreasing our long-term competitiveness. In particular, China’s stated national policy to be a global leader in all segments of the semiconductor industry by 2030 has resulted in and may continue to cause increased competitive capability in China. In addition, although customers on the Entity List are not prohibited from paying (and we are not restricted from collecting) for products we previously delivered to them (in compliance with applicable law), the credit risks associated with outstanding receivables from customers on the Entity List – including receivables from anti-piracy enforcement efforts and litigation settlements – and other trade restrictions could increase.

We cannot predict whether or when any additional changes will be made that eliminate or decrease these limitations on our ability to sell products and provide services to these Entity List customers or other customers impacted by other trade restrictions. We are unable to predict the duration of the export restrictions imposed with respect to any particular customer, technology, country or region or the long-term effects on our business or our customers’ businesses. In addition, there may be indirect impacts to our business which we cannot reasonably quantify, including that certain restrictions, even if not directly applicable to us, may impact our customers' products which may have an adverse effect on demand for our products, or that a country-specific export control may limit or prevent our employees who are nationals of the restricted country from performing their duties unless a license can be obtained. Additionally, our business may also be impacted by other trade restrictions that may be imposed by the United States, China or other countries. For example, the United States and other global actors have imposed economic sanctions on Russia and other entities and individuals as a result of the Russian invasion of Ukraine and conflicts in the Middle East. New or increased tariffs and other changes in U.S. trade policy, including new sanctions, have triggered and could continue to trigger retaliatory actions by affected countries.

Failure to obtain import, export or re-export licenses or permits when required or restrictions on trade imposed by the United States or other countries could harm our business by rendering us unable to sell or ship products and transfer our technology outside of the United States or across borders. In addition, if our customers sell our products to any entity on the Entity List without our knowledge or authorization, we may be held liable for such sales. Although we have implemented risk-based policies and procedures that are reasonably designed to comply with all applicable trade restrictions, we and governmental authorities have had and may in the future have reason to inquire into particular transactions.

Specifically, in February 2021, we received an administrative subpoena from BIS requesting the production of records in connection with certain sales to our customers in China. In November 2023, we received a related subpoena from the U.S. Department of Justice ("DOJ") that also requested information regarding our business activity in China. In December 2024, we began discussions with BIS and DOJ regarding preliminary findings of their investigations and a potential resolution of this matter. In June 2025, Cadence, BIS and DOJ started making substantial progress toward reaching a resolution. On July 27, 2025, Cadence reached a settlement with each of BIS and DOJ that resolve these matters.

The settlements relate to export violations that took place between 2015 and 2021 primarily involving sales initiated by a Cadence subsidiary of products and services valued at $45.3 million in total over that period to a customer in China, as well as the subsequent transfer of technology involved in those sales to a third party in China, without the requisite authorization from BIS. As part of the settlements, we have entered into a plea agreement with the DOJ pursuant to which we have agreed to plead guilty to one count of conspiracy to commit export controls violations. The plea agreement has a three-year probationary term and includes obligations to implement additional export compliance programs and policies, including ongoing reporting and certification requirements and risk assessments, as well as obligations to cooperate in any ongoing or future investigations. The plea agreement is subject to court approval, and there are no assurances that the court will approve it.

In addition, we have entered into an administrative settlement agreement with BIS. Obligations under the administrative settlement agreement include two internal annual audits of our export compliance programs. Compliance with the administrative settlement agreement is a condition to our continued ability to export products.

Under the agreements, we have also agreed to pay BIS and the DOJ aggregate net penalties and forfeitures of $140.6 million during the fiscal quarter ending September 30, 2025.

Failure to comply with the terms of the plea agreement, the administrative settlement agreement or our probation could result in further criminal, civil, or administrative proceedings or denial of export privileges. Such failure or any resulting further government action could materially and adversely affect our business, operating results, reputation and financial condition. Further, our ongoing obligations under these agreements will generally apply to any new business entities we acquire, which could limit our ability to acquire new businesses that may be strategically important to us, and our continued acquisition and integration of other businesses could increase our risk of a violation. Our ongoing obligations under these agreements will also generally apply to any purchaser of our company or our material business operations, which could deter a potential acquisition of our company. In addition, political, media or other scrutiny surrounding these matters or their outcome could cause significant expense and reputational harm and distract senior executives from managing normal day-to-day operations. Entry into the settlements, including the plea agreement and the administrative settlement agreement, exposes us and our directors, officers and employees to further inquiries or other actions by other governmental authorities, including in China, which could materially and adversely affect our ability to operate and do business in China. We could also face challenges in our future business dealings with government agencies, including the potential for debarment from U.S. government contracts. Any of the foregoing could further materially and adversely affect our business, operating results, reputation and financial condition.

The laws and policies of the United States and other countries in this area are evolving and changing, and we have experienced and may continue to experience challenges in complying with new rules as they become effective. The application and interpretation of these laws and policies can also be uncertain and change over time, and we may need to adjust our policies and procedures accordingly. In addition to the matters described above, any further failure or alleged failure to comply with these laws and policies could have negative consequences, including significant legal costs, government investigations, penalties, denial of export privileges and debarment from participation in U.S. government contracts, any of which could have a material adverse effect on our business, operating results, reputation and financial condition.

In addition to export control laws, our global operations are subject to numerous U.S. and foreign laws and regulations, including those related to anti-corruption, anti-bribery, tax, corporate governance, financial and other disclosures, competition, antitrust, data privacy, data protection and employment. These laws and regulations are complex and may have differing or conflicting legal standards, making compliance difficult and costly, and changes to these laws, or their interpretations, may require us to make significant changes to our business operations that may adversely affect our business overall. The policies and procedures we have implemented to assist our compliance with these laws and regulations do not provide complete assurance that our employees, contractors, agents or partners will not violate such laws and regulations. Any violation individually or in the aggregate could have a material adverse effect on our business, operating results, reputation and financial condition. For more information about the import and export restrictions and regulations that we may be subject to, see "Governmental Regulations—Trade" under Item 1 of Part I of our Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We are authorized to repurchase shares of our common stock under a publicly announced program that was most recently increased by our Board of Directors on May 8, 2025. Pursuant to this authorization, we may repurchase shares from time to time through open market repurchases, in privately negotiated transactions or by other means, including accelerated share repurchase transactions or other structured repurchase transactions, block trades or pursuant to trading plans intended to comply with Rule 10b5-1 of the Exchange Act. The actual timing and amount of repurchases are subject to business and market conditions, corporate and regulatory requirements, stock price, acquisition opportunities and other factors. Our repurchase authorization does not obligate us to acquire a minimum amount of shares, does not have an expiration date and may be modified, suspended or terminated without prior notice.

The following table presents repurchases made under our publicly announced repurchase authorizations and shares surrendered by employees to satisfy income tax withholding obligations during the three months ended June 30, 2025:

Period	Total Number of Shares Purchased [1]	Average Price Paid Per Share [2]	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program [3]	Approximate Dollar Value of Shares that May Yet Be Purchased Under Publicly Announced Plan or Program [1] (In millions)
April 1, 2025 - April 30, 2025	245,398	$ 260.61	221,577	$ 419
May 1, 2025 - May 31, 2025	213,864	$ 310.47	193,286	$ 1,859
June 1, 2025 - June 30, 2025	198,799	$ 298.77	192,138	$ 1,802
Total	658,061	$ 288.34	607,001	

(1) Shares purchased that were not part of our publicly announced repurchase programs represent shares of restricted stock surrendered by employees to satisfy employee income tax withholding obligations due upon vesting, and do not reduce the dollar value that may yet be purchased under our publicly announced repurchase programs.

(2) The weighted average price paid per share of common stock does not include the cost of commissions.

(3) Our publicly announced share repurchase program was originally announced on February 1, 2017 and most recently increased by an additional $1.5 billion on May 8, 2025.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Insider Trading Arrangements

During the fiscal quarter ended June 30, 2025, our directors and officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated the contracts, instructions or written plans for the purchase or sale of our securities set forth in the table below.

Name and Position	Action	Adoption/ Termination Date	Type of Trading Arrangement: Rule 10b5-1*	Total Shares of Common Stock to be Sold	Expiration Date
John M. Wall, Senior Vice President and Chief Financial Officer	Adoption	5/6/2025	X	Up to 61,805	12/31/2026

* Contract, instruction or written plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act.

(1) Includes up to 1,000 shares subject to Performance Stock Awards previously granted to Mr. Wall subject to vesting and release to Mr. Wall on March 17, 2026 upon the satisfaction of the applicable total shareholder return hurdles and relative total shareholder return threshold. The actual number of shares that will vest in connection with these awards is not yet determinable. In addition, the actual number of shares that will be released to Mr. Wall in connection with these awards and may be sold under the Rule 10b5-1 trading arrangement will be net of the number of shares withheld to satisfy tax withholding obligations arising from the vesting of such shares.

Item 6. Exhibits

Exhibit Number		Exhibit Title	Incorporated by Reference				Provided Herewith
			Form	File No.	Exhibit No.	Filing Date	
3.1		The Registrant's Restated Certificate of Incorporation, as filed with the Secretary of State of the State of Delaware on May 3, 2024.	8-K	000-15867	3.1	5/6/2024	
3.2		The Registrant's Amended and Restated Bylaws, effective as of November 2, 2023.	8-K	000-15867	3.1	11/3/2023	
10.1	*	Form of Incentive Stock Award Agreement for Non-Executives and Consultants under the Registrant's Omnibus Equity Incentive Plan.					X
10.2	*	Form of Restricted Stock Unit Agreement for Non-Executives and Consultants under the Registrant's Omnibus Equity Incentive Plan.					X
10.3	*	Plea Agreement, dated July 27, 2025, by and among the Registrant, the U.S. Department of Justice and the U.S. Attorney's Office for the Northern District of California.					X
10.4	*	Settlement Agreement, dated July 27, 2025, by and between the Registrant and the Bureau of Industry and Security, U.S. Department of Commerce.					X
31.1	*	Certification of the Registrant's Chief Executive Officer, Anirudh Devgan, pursuant to Rule 13a-14 of the Securities Exchange Act of 1934.					X
31.2	*	Certification of the Registrant's Chief Financial Officer, John M. Wall, pursuant to Rule 13a-14 of the Securities Exchange Act of 1934.					X
32.1	†	Certification of the Registrant's Chief Executive Officer, Anirudh Devgan, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2	†	Certification of the Registrant's Chief Financial Officer, John M. Wall, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					
101.SCH	*	Inline XBRL Taxonomy Extension Schema Document.					X
101.CAL	*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	*	Inline XBRL Definition Linkbase Document.					X
101.LAB	*	Inline XBRL Taxonomy Extension Label Linkbase Document.					X

101.PRE	*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	X
104		Cover Page Interactive Data File - The cover page from this Quarterly Report on Form 10-Q is formatted in Inline XBRL (included as Exhibit 101).	X

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* Filed herewith.

† Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CADENCE DESIGN SYSTEMS, INC.
(Registrant)

DATE: July 29, 2025

By: /s/ Anirudh Devgan
Anirudh Devgan
President and Chief Executive Officer

DATE: July 29, 2025

By: /s/ John M. Wall
John M. Wall
Senior Vice President and Chief Financial Officer

cadence®

CADENCE DESIGN SYSTEMS, INC.

Incentive Stock Award Agreement
Omnibus Equity Incentive Plan
(the "*Plan*")

Cadence Design Systems, Inc. (the "***Company***") grants the participant named below (the "***Participant***") an Incentive Stock Award pursuant to the Plan as set forth below (the "***Award***"). This Award is subject to the terms and conditions set forth in this Incentive Stock Award Agreement, including the additional terms and conditions for the Participant's country of work and/or residence, if any, contained in the appendix attached hereto (the "***Country Provisions***") (collectively, this "***Agreement***"), and in the Plan located at the Company's Employee Stock Services' intranet webpage; provided, however, if there is a conflict between the terms of this Agreement and the terms of the Plan, the terms of this Agreement will govern. Capitalized terms that are not defined herein will have the meanings set forth in the Plan.

Participant: [●]

ID Number: [●]

Incentive Stock Award Number: [●]

Date of Award: [●]

Number of Shares Subject to the Incentive Stock Award ("*Shares*"): [●]

Vesting Commencement Date: [●]

Vesting Schedule: [●]

Status of Award. On the Date of Award, the total number of Shares subject to the Award, as set forth above, will be issued in the Participant's name and will be deposited into an escrow account with the Company's designated stock transfer agent, pending vesting of the Shares. The Shares are subject to forfeiture until the Awards have vested and the restrictions on the Shares have lapsed in accordance with the Vesting Schedule (as set forth above) and the terms and conditions set forth in this Agreement.

Voting Rights / Rights to Dividends. The Participant will have all voting rights and rights to dividends and other distributions with respect to such Shares as of the Date of Award. The Company will determine whether any such dividends or distributions will be automatically reinvested in additional Shares or will be payable in cash; provided that such additional Shares and/or cash will be subject to the same restrictions and vesting conditions as the Shares with respect to which they were distributed. In addition, any dividends or distributions payable in cash will be withheld and paid to the Participant only as and when such vesting conditions are satisfied in the manner determined by the Company at its sole discretion.

Vesting Restrictions. On the applicable vesting date, the restrictions on each Share (subject to adjustment under the Plan) will lapse and the Shares will be made available to the Participant or, in the event of the Participant's death, to the Participant's estate or heirs, provided that the Participant has remained in Continuous Status as an Employee or Consultant through such vesting date, has

satisfied all obligations with regard to the Tax-Related Items (as defined below) in connection with the Award, and that the Participant has completed, signed and returned any documents and taken any additional action that the Company deems appropriate to enable it to accomplish the delivery of the Shares. No fractional shares will be issued under this Agreement.

Termination of Continuous Status as an Employee or Consultant. For purposes of the Participant's participation in the Plan, in the event of termination of the Participant's Continuous Status as an Employee or Consultant (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or providing services, or the terms of the Participant's employment or service agreement, if any) for any reason, other than his or her death, the Participant's Award will immediately cease to vest and any rights to the Shares subject to the Award will be forfeited without consideration to the Participant on the effective date of termination of his or her Continuous Status as an Employee or Consultant. The Participant's Continuous Status as an Employee or Consultant will terminate effective as of the date the Participant is no longer providing services as an Employee or Consultant, with such date being as of the end of any notice period mandated under the employment laws in the jurisdiction where the Participant is employed or providing services, or the terms of the Participant's employment or service agreement (if applicable). The Board (as defined below) will have the exclusive discretion to determine when the Participant's Continuous Status as an Employee or Consultant has terminated for purposes of the Award.

Death of Participant. In the event of the Participant's death before all the Shares subject to this Award have vested, if the Participant will have been in Continuous Status since the Date of Award, the number of Shares scheduled to vest one year after the Participant's date of death will be deemed to have vested immediately prior to the Participant's death. All other Shares will cease vesting and any rights to the Shares subject to the Award will be forfeited without compensation to the Participant.

Board Authority. Any question concerning the interpretation of this Agreement or the Plan, any adjustments required to be made under the Plan, and any controversy that may arise under the Plan or this Agreement will be determined by the Company's Board of Directors or a committee of directors designated by the Board pursuant to Section 4(a) of the Plan (including any subcommittee or other person(s) to whom the committee has delegated its authority) in its sole and absolute discretion (collectively, the "***Board***"). Such decision will be final and binding.

Transfer Restrictions. Any sale, transfer, assignment, encumbrance, pledge, hypothecation, conveyance in trust, gift, transfer by bequest, devise or descent, or other transfer or disposition of any kind, whether voluntary or by operation of law, directly or indirectly, of the Shares subject to the Award prior to the date the restrictions on the Shares lapse and the Shares are made available to the Participant pursuant to this Agreement will be strictly prohibited and void.

Securities Law Compliance. The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales or other subsequent transfers of any Shares issued as a result of or under this Award, including without limitation (i) restrictions under the Company's Securities Trading Policy, (ii) restrictions that may be necessary in the absence of an effective registration statement under the Securities Act or any other similar applicable law (whether U.S. or non-U.S. law) covering the Award and/or the Shares subject to the Award, and (iii) restrictions as to the use of a specified brokerage firm or other agent for such resales or other transfers. Any sale of the Shares must also comply with other applicable laws and regulations governing the sale of such Shares.

Insider Trading / Market Abuse Laws. By participating in the Plan, the Participant agrees to comply with the Company's Securities Trading Policy. Further, the Participant acknowledges that he or she may be subject to insider-trading restrictions and/or market-abuse laws in applicable jurisdictions including, but not limited to, the United States and, if different, the Participant's country of residence, which may affect his or her ability to sell or otherwise dispose of the Shares or rights to Shares (*e.g.*, the Incentive Stock Award) or rights linked to the value of Shares during such times as the Participant is considered to have "material non-public information" regarding the Company (as defined by the laws in applicable jurisdictions). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company's Securities Trading Policy. The Participant understands and agrees that he or she should consult his or her personal legal advisor for details regarding any insider trading restrictions and/or market-abuse laws in his or her country and that the Participant is solely responsible for complying with such laws or regulations.

Certain Conditions of the Award. By accepting the Award, the Participant acknowledges and agrees that:

(a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) The grant of the Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of awards, or benefits in lieu of awards, even if awards have been granted in the past;

(c) All decisions with respect to future award grants, if any, will be at the sole discretion of the Company;

(d) The Participant's participation in the Plan will not create a right to further Continuous Status as an Employee or Consultant and will not interfere with any applicable ability of the Company (or any Affiliate) to terminate the Participant's Continuous Status as an Employee or Consultant at any time;

(e) The Award and the Participant's participation in the Plan will not be interpreted to form or amend an employment contract or service contract or relationship with the Company or any Affiliate;

(f) The Participant is voluntarily participating in the Plan;

(g) The Award and the Shares subject to the Award, and the income from and value of the same, are not intended to replace any pension rights or compensation;

(h) The Award and the Shares subject to the Award, and the income from and value of the same, are not part of normal or expected compensation for any purpose, including but not limited to calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, leave-related payments, holiday pay, pension or retirement benefits or payments or welfare benefits or similar mandatory payments;

(i) The future value of the Shares subject to the Award is unknown and cannot be predicted with certainty;

(j) Unless otherwise provided in the Plan or by the Company in its discretion, the Award and the benefits evidenced by this Agreement do not create any entitlement to have the Award or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

(k) If the Participant resides outside of the United States, in addition to subsections (a) through (j) above, the following provisions will also apply:

a. The Award and the Shares subject to the Award, and the income and value of the same, are not part of normal or expected compensation for any purpose;

b. None of the Company, any Affiliate nor the Company or the Affiliate employing or engaging the Participant (the "***Employer***") will be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States dollar that may affect the value of the Award or of any amounts due to the Participant pursuant to the settlement of the Award or the subsequent sale of any Shares acquired upon settlement;

c. No claim or entitlement to compensation or damages will arise from (i) forfeiture of the Award resulting from termination of the Participant's Continuous Status as an Employee or Consultant (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or providing services, or the terms of the Participant's employment or service agreement, if any) and/or (ii) forfeiture of the Award or recoupment of any Shares, cash or other benefits acquired pursuant to the Incentive Stock Awards resulting from the application of any Recoupment Policy (as defined below) of the Company, as it may be amended from time to time (whether such policy is adopted on or after the date of this Agreement); and

d. Unless otherwise agreed with the Company, the Award and the Shares subject to the Award, and the income and value of the same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of an Affiliate of the Company.

Data Privacy Notice and Consent. This section applies if the Participant resides and/or works outside of the European Union or European Economic Area**.**

(a) The Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her personal data as described in the paragraph below of this Agreement and any other Plan documents (collectively, the "***Data***") by and among, as applicable, the Employer, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing his or her participation in the Plan.

(b) The Participant understands that Data may include certain personal information about him or her including, but not limited to, the Participant's name, home address, email address and telephone number, date of birth, social insurance number, passport number, or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all

Incentive Stock Awards or any other entitlement to Shares awarded, canceled, exercised, purchased, vested, unvested or outstanding in his or her favor.

(c) The Participant understands that Data will be transferred to E*TRADE Corporate Financial Services, Inc. and its affiliated companies, Charles Schwab & Co. and its affiliated companies, or such other equity plan service provider as may be selected by the Company presently or in the future (the "***Designated Broker***"), which is assisting the Company with the implementation, administration and management of the Plan. The Participant understands that the recipients of Data may be located in the Participant's country or elsewhere and that the recipient's country may have different data privacy laws and protections than the Participant's country. The Participant understands that if he or she resides outside the United States, the Participant may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative.

(d) The Participant authorizes the Company, the Designated Broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. The Participant understands that he or she may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents in this Agreement, in any case without cost, by contacting his or her local human resources representative. The Participant understands that he or she is providing the consents in this Agreement on a purely voluntary basis. If the Participant does not consent, or if he or she later seeks to revoke his or her consent, the Participant's status as an Employee and/or Consultant and service with the Employer will not be affected; the only consequence of refusing or withdrawing his or her consent is that the Company would not be able to grant the Incentive Stock Award to the Participant, or administer or maintain the Incentive Stock Award. Therefore, the Participant understands that refusing or withdrawing his or her consent may affect his or her ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that he or she may contact his or her local human resources representative.

(e) Upon request of the Company or the Employer, the Participant agrees to provide any other executed data privacy consent form or agreement that the Company and/or the Employer may deem necessary to obtain under the data privacy laws in his or her country, either now or in the future. The Participant understands that he or she will not be able to participate in the Plan if he or she fails to execute any such consent or agreement.

Data Privacy Notice and Consent. This section applies if the Participant resides and/or works in the European Union or European Economic Area:

(a) The Participant understands information about the Company's data processing practices in connection with the Participant's participation in the Plan is available in the Company's Employee and Staff Privacy Policy provided here.

(b) The Participant understands that the Company will collect the Participant's personal data for purposes of allocating the Shares and implementing, administering and managing the Plan. The Company will also transfer the Participant's personal data to E*TRADE Corporate Financial Services, Inc. and its affiliated companies, Charles Schwab & Co. and its affiliated companies, or such other equity plan service provider as may be selected by the Company presently or in the future (the "***Designated Broker***") so that the Designated Broker can assist the Company with the implementation, administration and management of the Plan. Without limiting any other rights the Company may have, the Participant declares his or her consent to the use of his or her personal data in connection with the Plan.

(c) The Participant's participation in the Plan and grant of consent is purely voluntary. The Participant may deny or withdraw his or her consent at any time. If the Participant does not consent, or the Participant withdraws his or her consent, the Participant cannot participate in the Plan. This would not affect the Participant's salary as an Employee of the Employer or payment as a Consultant of the Employer, or the Participant's service with the Employer. Instead, the Company would not be able to grant the Participant the Incentive Stock Award or other awards, or administer or maintain such awards. The Participant understands that refusing or withdrawing his or consent may affect his or her ability to participate in the Plan.

Tax Obligations

(a) Responsibility for Taxes. The Participant acknowledges that, regardless of any action the Company or the Employer takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable or deemed applicable to the Participant (the "***Tax-Related Items***"), the ultimate liability for all Tax-Related Items is and remains the responsibility of the Participant and may exceed the amount actually withheld by the Company or the Employer, if any.

The Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items, including but not limited to, the grant or vesting of the Award, the subsequent sale of the Shares acquired pursuant to the vesting of the Award or the receipt of dividends, and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result.

Further, if the Participant has become subject to Tax-Related Items in more than one jurisdiction, the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

The Company may refuse to issue, deliver or make available the Shares or the proceeds of the sale of Shares if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

(b) Withholding in Shares. Subject to applicable local law and to the extent that the Company or the Employer is required to withhold Tax-Related Items with respect to the

Award, the Company will require the Participant to satisfy his or her obligation for Tax-Related Items, subject to subsection (d) below, by deducting from the Shares otherwise deliverable to the Participant in settlement of the Award a number of whole Shares having a Fair Market Value on the applicable vesting date (or other applicable date on which the Tax-Related Items arise) not in excess of the amount of such Tax-Related Items; provided that, if the applicable date falls on a non-trading day, the Fair Market Value will be determined based on the closing price of the Common Stock on the next available trading day.

To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. For tax purposes, the Participant is deemed to have been issued the full number of Shares subject to the vested Award, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due.

(c) Alternative Withholding Methods. If the Company determines in its discretion that withholding in Shares is not permissible or advisable under applicable local law, the Company may satisfy its obligations or rights for Tax-Related Items by one or a combination of the following:

(i) withholding from the Participant's wages or other cash compensation paid to the Participant by the Company and/or the Employer;

(ii) withholding from proceeds of the sale of Shares made available upon vesting of the Award either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization); or

(iii) requiring the Participant to pay an amount equal to the Tax-Related Items to the Company or the Employer.

(d) Withholding Rate. The Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including up to the maximum statutory tax rate for the applicable tax jurisdiction(s), to the extent consistent with the Plan and applicable laws. If the Company determines the withholding amount using maximum applicable rates, the Participant may be entitled to a refund of any over-withheld amount in cash (with no entitlement to the equivalent in Shares), or if not refunded by the Company or the Employer, the Participant may be able to seek a refund from the local tax authorities to the extent the Participant wishes to recover the over-withheld amount in the form of a refund. In the event of under-withholding, the Participant may be required to pay any additional Tax-Related Items directly to the applicable tax authority or to the Company and/or the Employer.

Delivery of Documents and Notices. Any document relating to participation in the Plan or any notice required or permitted hereunder will be given in writing and will be deemed effectively given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery at the e-mail address, if any, provided for the Participant by the Company or an Affiliate, or upon deposit in the U.S. Post Office or non-U.S. postal service, by registered or certified mail, or with a nationally recognized overnight courier

service, with postage and fees prepaid, addressed to the other party at the address shown below that party's signature to this Agreement or at such other address as such party may designate in writing from time to time to the other party.

(a) Description of Electronic Delivery. The Plan documents, which may include but do not necessarily include: the Plan, this Agreement, including the Country Provisions, the Plan Prospectus, and any reports of the Company provided generally to the Company's stockholders, may be delivered to the Participant electronically. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

(b) Consent to Electronic Delivery. The Participant acknowledges that the Participant has read the "Delivery of Documents and Notices" section of this Agreement and consents to the electronic delivery of the Plan documents and Agreement, as described in this section. The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Company by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents described in this section or may change the electronic mail address to which such documents are to be delivered (if the Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. The Participant understands that he or she is not required to consent to electronic delivery of documents as described in this section.

Recoupment. As an additional condition of receiving the Award, the Participant agrees that the Incentive Stock Awards whether vested or unvested, and/or the Shares, cash or other benefits acquired pursuant to the Incentive Stock Awards (and any proceeds therefrom) may be subject to recoupment to the extent required (i) under the Company's clawback policies in effect as of the date of this Agreement, or to the extent adopted following the date of this Agreement any similar policy applicable to circumstances where the Participant engages in misconduct, fraud, a violation of law or other similar circumstances, and, in each case, as they may be amended from time to time, or (ii) under applicable laws, regulations or stock exchange listing standards (collectively, the "***Recoupment Policy***"). In order to satisfy any recoupment obligation arising under the Recoupment Policy, among other things, the Participant expressly and explicitly authorize the Company to issue instructions, on the Participant's behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold any Shares or other amounts acquired pursuant to the Incentive Stock Awards to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company upon the Company's enforcement of the Recoupment Policy. No recovery of compensation as described in this section will be an event giving rise to the Participant's right to resign for "good reason" or "constructive termination" (or similar term) under any plan of, or agreement with, the Company, any Affiliate and/or the Employer.

Language. By participating in the Plan, the Participant acknowledges that he or she is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English to allow the Participant to understand the terms and conditions of this Agreement and Plan. If the Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise requirede by applicable law.

Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions will nevertheless be binding and enforceable.

Governing Law; Venue. This Agreement will be construed, interpreted and enforced in accordance with the laws of the State of Delaware, without regard to its conflict of laws rules. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or this Agreement, the parties submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation will be conducted only in the courts of Santa Clara County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

Country Provisions. The grant of this Award will be subject to any additional terms and conditions set forth in any Country Provisions to this Agreement for the Participant's country of work and/or residency. Moreover, if the Participant relocates to, or becomes a resident of, one of the countries included in the Country Provisions, the additional terms and conditions for such country will apply to the Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Country Provisions constitutes part of this Agreement.

Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

Foreign Asset / Account Reporting Requirements; Exchange Controls. The Participant acknowledges that his or her country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any sale proceeds or dividends paid on Shares acquired under the Plan). The Participant may be required to report such accounts, assets or transactions to the tax or other authorities in his or her country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of participation in the Plan to his or her country through a designated bank or broker and/or within a certain time after receipt. The Participant acknowledges that it is his or her responsibility to be compliant with such regulations and the Participant should consult his or her personal legal advisor for any details.

Waiver. The Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement will not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Participant or any other participant.

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Acceptance. Failure by the Participant to accept and acknowledge this Agreement prior to the first vesting shall result in a delay of the issuance of the Shares until the Agreement has been accepted or *forfeiture* of the Award if the Agreement is not accepted prior to such date that allows the Company to issue the Shares by March 15th of the year following the year the Award vests).

Cadence Design Systems, Inc.

By:

Name: John Wall

Title: Sr. Vice President and Chief Financial Officer

Date: [●], 2025

Acknowledged and Agreed:

By: _____

Name:

Date: _____

APPENDIX

Incentive Stock Award Agreement

Country Provisions for Incentive Stock Award Agreement for Participants

TERMS AND CONDITIONS

These Country Provisions include additional terms and conditions that govern the Award granted to the Participant under the Plan if the Participant works and/or resides in one of the countries listed below. If the Participant is a citizen or resident of a country other than the one in which the Participant is currently working and/or residing (or is considered as such for local law purposes), or if the Participant transfers employment and/or residency to a different country after the Award is granted, the Company will, in its discretion, determine the extent to which the terms and conditions contained herein will be applicable to the Participant.

Certain capitalized terms used but not defined in these Country Provisions have the meanings set forth in the Plan and/or the Agreement.

NOTIFICATIONS

These Country Provisions also includes notifications regarding exchange controls, securities laws and certain other issues of which the Participant should be aware with respect to the Participant's participation in the Plan. These notifications are based on the securities, exchange control and other laws in effect in the respective countries as of **June 2025**. Such laws are often complex and change frequently. As a result, the Participant understands that he or she should not rely on the notifications contained in these Country Provisions as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out-of-date at the time the Participant vests in the Award or sells any Shares obtained upon such vesting.

In addition, the notifications contained in these Country Provisions are general in nature, may not apply to the Participant's particular situation and relate to the Participant's personal obligations with respect to participation in the Plan and, as a result, the Company is not in a position to assure the Participant of any particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to the Participant's individual situation.

If the Participant is a citizen or resident of a country other than the one in which the Participant is currently working and/or residing (or is considered as such for local law purposes), or if the Participant relocates to a different country after the Award is granted, the notifications contained in these Country Provisions may not be applicable to the Participant in the same manner.

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or his or her acquisition or sale of the Shares subject to the Award. The Participant understands and agrees that he or she should consult with his or her personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

AUSTRALIA

NOTIFICATIONS

Securities Law Information. The grant of the Award is being made pursuant to Division 1A, Part 7.12 of the Corporations Act 2001 (Cth).

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in such Act).

AUSTRIA

NOTIFICATIONS

Exchange Control Information. If the Participant holds securities (including Shares acquired under the Plan) or cash (including proceeds from the sale of Shares) outside of Austria, the Participant may be subject to reporting obligations to the Austrian National Bank. If the value of the Shares meets or exceeds a certain threshold, the Participant must report the securities held on a quarterly basis to the Austrian National Bank as of the last day of the quarter, on or before the 15th day of the month following the end of the calendar quarter. Where the cash amounts held outside of Austria meets or exceeds a certain threshold, monthly reporting obligations apply as explained in the next paragraph.

If the Participant sells Shares, or receives any cash dividends, the Participant may have exchange control obligations if the Participant holds the cash proceeds outside of Austria. If the transaction volume of all the Participant's accounts abroad meets or exceeds a certain threshold, the Participant must report to the Austrian National Bank the movements and balances of all accounts on a monthly basis, as of the last day of the month, on or before the 15th day of the following month, on the prescribed forms.

BELGIUM

NOTIFICATIONS

Foreign Asset/Account Reporting Information. The Participant is required to report any securities (*e.g.*, Shares) or bank accounts (including brokerage accounts) held outside Belgium on his or her annual tax return. The first time the Participant reports the foreign security and/or bank accounts, the Participant will have to provide the National Bank of Belgium Central Contact Point with the account number, the name of the bank and the country in which the account was opened in a separate form. The form, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under the caption *Kredietcentrales / Centrales des crédits*.

Stock Exchange Tax. A stock exchange tax applies to transactions executed by the Participant through a non-Belgian financial intermediary, such as a U.S. broker. The stock exchange tax likely will apply when Shares acquired under the Plan are sold. The Participant should consult his or her personal tax or financial advisor for additional details.

Annual Securities Accounts Tax Information. An annual securities accounts tax may be payable if the total value of securities held in a Belgian or foreign securities account (e.g., Shares acquired under the Plan) exceeds a certain threshold on four reference dates within the relevant

reporting period (*i.e.*, December 31, March 31, June 30 and September 30). Different payment obligations apply depending on whether the securities account is held with a Belgian or foreign financial institution. The Participant understands the Participant should consult his or her personal tax advisor for more information regarding the Participant's annual securities accounts tax payment obligations.

BRAZIL

TERMS AND CONDITIONS

Compliance with Law. By accepting the Award, the Participant agrees to comply with any applicable Brazilian laws and is responsible for paying and reporting any and all applicable Tax-Related Items associated with the Participant's participation in the Plan and the sale of Shares obtained as a result of the Participant's participation in the Plan. The Participant agrees that, for all legal purposes, (i) any benefits provided to the Participant under the Plan are the result of commercial transactions unrelated to the Participant's employment; (ii) the Plan is not a part of the terms and conditions of the Participant's employment; and (iii) the income from the Shares acquired under the Plan, if any, is not part of the Participant's remuneration from employment.

Certain Conditions of the Award. This provision supplements the "Certain Conditions of the Award" section of this Agreement:

By accepting the Award, the Participant acknowledges and agrees that (i) the Participant is making an investment decision and (ii) the value of the underlying Shares is not fixed and may increase or decrease over the vesting period without compensation to the Participant.

NOTIFICATIONS

Exchange Control Information. The Participant is required to submit a declaration of assets and rights (including Shares acquired under the Plan) held outside of Brazil if the aggregate value of such assets exceeds a threshold amount that is established annually by the Central Bank. The Participant should consult with his or her personal legal advisor to determine whether he or she will be subject to this reporting requirement.

CANADA

TERMS AND CONDITIONS

Form of Settlement. Notwithstanding any discretion contained in the Plan, the Award will be settled in Shares only.

Termination of Employment. This provision replaces the "Termination of Continuous Status as an Employee or Consultant" section of the Agreement:

For purposes of the Participant's participation in the Plan, in the event of termination of the Participant's Continuous Status as an Employee or Consultant (regardless of the reason for such termination and whether or not later found to be invalid, unlawful or in breach of employment laws in the jurisdiction where the Participant is employed or providing services, or the terms of the Participant's employment or service agreement, if any) for any reason, other than his or her death, the Participant's Incentive Stock Awards will immediately cease to vest and any rights to the underlying Shares will be forfeited without consideration to the Participant upon the earliest of: (i)

the Employee receiving notice of termination of employment or the Consultant receiving notice of termination of the applicable service contract, (ii) the Employee providing notice of resignation from his or her employment or the Consultant providing notice of termination of the applicable service contract, and (iii) the Employee or Consultant ceasing to provide active services, regardless of any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided under statute, common law, civil law, contract or otherwise. The Participant will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which the Participant's right to vest ceases, nor will the Participant be entitled to any compensation for lost vesting. In the event that the date when the Participant's Continuous Status as an Employee or Consultant has terminated cannot be reasonably determined under the terms of the Agreement and/or the Plan, the Board will have the exclusive discretion to determine when the Participant's Continuous Status as an Employee or Consultant has terminated for purposes of the Award (including whether the Participant may still be considered to be providing services while on a leave of absence).

Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, the Participant's right to vest in the Incentive Stock Awards, if any, will terminate effective as of the last day of the Participant's minimum statutory notice period, but the Participant will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of the Participant's statutory notice period, nor will the Participant be entitled to any compensation for lost vesting. Similarly, if the Participant is a Consultant and the applicable service contract explicitly requires continued entitlement to vesting during the contractual notice period, the Participant's right to vest in the Incentive Stock Awards, if any, will terminate effective as of the last day of the minimum contractual notice period, but the Participant will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of the Participant's contractual notice period, nor will the Participant be entitled to any compensation for lost vesting.

The following provision will apply if the Participant is a resident of Quebec:

French Language Documents. A French translation of this Agreement and the Plan will be made available to the Participant concurrently with this Agreement. The Participant understands that, from time to time, additional information related to the Incentive Stock Awards may be provided in English and such information may not be immediately available in French. Notwithstanding anything to the contrary in the Agreement, and unless the Participant indicates otherwise, the French translation of the Plan and this Agreement will govern the Participant's participation in the Plan.

Data Privacy Notice and Consent. This provision supplements the applicable "Data Privacy Notice and Consent" section of this Agreement:

The Participant hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. The Participant further authorizes the Company, the Employer, its Affiliates and the plan administrator to disclose and discuss the Plan with their respective advisors, including the Designated Broker. The Participant further authorizes the Employer, the Company and its Affiliates to record such information and to keep such information in the Participant's employee file. The Participant acknowledges and agrees that the Participant's personal information, including any sensitive personal information, may be transferred or disclosed outside the province of Quebec, including to the U.S. If applicable, the Participant also

acknowledges that the Company, the Employer, its Affiliates and the Designated Broker may use technology for profiling purposes and to make automated decisions that may have an impact on the Participant or the administration of the Plan.

NOTIFICATIONS

Securities Law Information. Shares acquired through the Plan may be sold through the Designated Broker, provided that the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed (*i.e.*, the Nasdaq Global Select Market).

Foreign Asset/Account Reporting Information. Specified foreign property, including Shares acquired under the Plan and other rights to receive Shares (*e.g.*, Incentive Stock Awards) of a non-Canadian company held by the Participant must generally be reported annually on a Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds CAD 100,000 at any time during the year. Thus, such rights must be reported – generally at a nil cost – if the CAD 100,000 cost threshold is exceeded because other specified foreign property the Participant holds. When Shares are acquired, their cost generally is the adjusted cost base ("***ACB***") of the shares. The ACB would ordinarily equal the fair market value of the Shares at the time of acquisition, but if the Participant owns other shares of the same company, this ACB may have to be averaged with the ACB of the other shares.

CHINA

TERMS AND CONDITIONS

Mandatory Sale Restriction. Due to exchange control considerations in the People's Republic of China ("***PRC***"), the Company reserves the right to require the sale of any Shares issued to the Participant upon vesting of the Incentive Stock Awards, either (i) immediately upon vesting of the Incentive Stock Awards, (ii) within ninety (90) days following the termination of the Participant's Continuous Status as an Employee or Consultant, or (iii) within any other such time frame as may be required by the PRC State Administration of Foreign Exchange.

By accepting the Award, the Participant acknowledges that he or she understands and agrees that the Company is authorized to, and may in its sole discretion, instruct the Designated Broker to assist with the mandatory sale of Shares (on the Participant's behalf pursuant to this authorization) and the Participant expressly authorizes the Designated Broker to complete the sale of such Shares. The Participant acknowledges that the Designated Broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the proceeds, less any Tax-Related Items and brokerage fees or commissions, will be remitted to the Participant in accordance with any applicable exchange control laws and regulations.

Exchange Control Restrictions. By accepting the Award, the Participant understands and agrees that, due to exchange control laws in China, the Participant is not permitted to transfer any Shares acquired under the Plan out of the Participant's account established with the Designated Broker, and that the Participant will be required to immediately repatriate all proceeds due to the Participants as a result of his or her participation in the Plan, including any proceeds from the sale of Shares acquired under the Plan to China.

The Participant further understands that such repatriation of the proceeds will need to be effected through a special exchange control account established by the Company, the Employer, or an

Affiliate in China, and the Participant hereby consents and agrees that the proceeds may be transferred to such special account prior to being delivered to the Participant in China. The proceeds may be paid in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid in U.S. dollars, the Participant understands that he or she may be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are converted to local currency, the Participant acknowledges that the Company is under no obligation to secure any particular currency conversion rate, and that it may face delays in converting the proceeds to local currency due to exchange control restrictions in China. The Participant acknowledges and agrees that he or she bears the risk of any currency conversion rate fluctuation between the date that the Shares are sold and the date of conversion of the proceeds to local currency. The Participant further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

DENMARK

TERMS AND CONDITIONS

Danish Stock Option Act. Danish Stock Option Act. By accepting the Award, the Participant acknowledges that he or she has received an Employer Statement translated into Danish, which includes a description of the terms of the Incentive Stock Award as required by the Danish Stock Option Act, as amended with effect from January 1, 2019 (the "***Act***"), to the extent that the Act applies to the Incentive Stock Award.

NOTIFICATIONS

Foreign Asset/Account Reporting Information. If the Participant establishes an account holding cash or Shares outside Denmark, the Participant must report the account and deposits on the Participant's annual tax return in the section on foreign affairs and income.

FINLAND

There are no country-specific provisions.

FRANCE

TERMS AND CONDITIONS

Consent to Receive Information in English. By accepting the Award, the Participant confirms having read and understood the Plan and this Agreement, including all terms and conditions included therein, which were provided in the English language. The Participant accepts the terms of those documents accordingly.

En acceptant l'attribution, le Participant confirme avoir lu et compris le Plan et le Contrat y relatifs, incluant tous leurs termes et conditions, qui ont été transmis en langue anglaise. Le Participant accepte les dispositions de ces documents en connaissance de cause.

NOTIFICATIONS

Foreign Asset/Account Reporting Information. French residents must report all foreign bank and brokerage accounts on an annual basis (including accounts opened, held, used and/or closed

during the tax year) on a special form together with the income tax return. Failure to report triggers a significant penalty.

GERMANY

NOTIFICATIONS

Exchange Control Information. Cross-border payments in excess of EUR 50,000 (as of January 1, 2025) must be reported to the German Federal Bank (Bundesbank). If the Participant makes or receives a payment in excess of this amount (*e.g.*, if the Participant sells Shares via a foreign broker, bank or service provider and receives proceeds in excess of this amount) and/or if the Company withholds or sells Shares with a value in excess of this amount to cover the Tax-Related Items, the Participant must report the payment and/or the value of the Shares withheld or sold to Bundesbank, either electronically using the "General Statistics Reporting Portal" ("***Allgemeine Meldeportal Statistik***") available on the Bundesbank website (www.bundesbank.de) or via such other method (*e.g.*, by email or telephone) as is permitted or required by Bundesbank. The report must be submitted monthly or within other such timing as is permitted or required by Bundesbank.

Foreign Asset/Account Reporting Information. The Participant understands that if his or her acquisition of Shares under the Plan leads to a so-called "qualified participation" at any point during the calendar year, the Participant may need to report the acquisition when he or she files his or her tax return for the relevant year. A "qualified participation" is attained only if (i) the value of the Shares acquired exceeds EUR 150,000 and the Participant holds Shares reaching or exceeding 1% of the Company's total Common Stock or (ii) in the unlikely event the Participant holds Shares exceeding 10% of the Company's total Common Stock.

GREECE

NOTIFICATIONS

Foreign Asset/Account Reporting Information. If the Participant acquires Shares under the Plan, the Participant must report such foreign assets on the Participant's annual tax return.

HUNGARY

There are no country-specific provisions.

INDIA

TERMS AND CONDITIONS

Form of Settlement. Notwithstanding any discretion contained in the Plan, the Award will be settled in Shares only.

NOTIFICATIONS

Exchange Control Information. The Participant must repatriate any funds received from participation in the Plan (*e.g.*, proceeds from the sale of Shares) within such time as prescribed under applicable Indian exchange control laws, which may be amended from time to time. The Participant should obtain a foreign inward remittance certificate ("***FIRC***") from the bank where the Participant deposits the foreign currency and maintain the FIRC as evidence of the repatriation of

funds in the event the Reserve Bank of India or the Company or the Employer requests proof of repatriation. The Participant may be required to provide information regarding funds received from participation in the Plan to the Company and/or the Employer to enable them to comply with their filing requirements under exchange control laws in India.

Foreign Asset/Account Reporting Information. The Participant must declare the following items in his or her annual tax return: (i) any foreign assets held (including Shares acquired under the Plan), and (ii) any foreign bank accounts for which the Participant has signing authority. The Participant is responsible for complying with this reporting obligation and should consult his or her personal tax advisor in this regard.

IRELAND

There are no country-specific provisions.

ITALY

TERMS AND CONDITIONS

Plan Document Acknowledgment. By accepting the grant of the Award, the Participant acknowledges that he or she has received a copy of the Plan and the Agreement, including these Country Provisions and has reviewed the Plan and the Agreement (including these Country Provisions) in their entirety and fully understands and accept all provisions of the Plan and the Agreement (including these Country Provisions).

The Participant further acknowledges that he or she has read and specifically and expressly approves the following sections of the Agreement: Vesting Schedule; Settlement; Status of Award; Voting Rights / Rights to Dividends; Vesting Restrictions; Termination of Continuous Status as an Employee or Consultant; Certain Conditions of the Award; Tax Obligations; Language; Governing Law and Venue; Country Provisions; Imposition of Other Requirements; and Data Privacy Notice and Consent for participants residing and/or working in the European Union or European Economic Area.

NOTIFICATIONS

Foreign Asset/Account Reporting Information. If, at any time during the fiscal year, the Participant holds foreign financial assets (including cash and Shares) which may generate income taxable in Italy, the Participant is required to report these assets on his or her annual tax returns (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations will also apply to the Participant if he or she is the beneficial owner of foreign financial assets under Italian money laundering provisions. The Participant should consult his or her personal tax advisor to ensure compliance with the applicable requirements.

JAPAN

NOTIFICATIONS

Exchange Control Information. If the Participant acquires Shares valued at more than JPY 100 million in a single transaction, the Participant must file a Securities Acquisition Report with the Ministry of Finance through the Bank of Japan within 20 days after the acquisition of the Shares.

The Participant should consult his or her personal tax advisor to determine the applicable reporting obligations.

Foreign Asset/Account Reporting Information. The Participant is required to report details of any assets held outside of Japan as of December 31, including Shares acquired under the Plan, to the extent such assets have a total net fair market value exceeding JPY 50 million. Such report will be due by June 30 each year. The Participant is responsible for complying with this reporting obligation if applicable to the Participant and should consult his or her personal tax advisor in this regard.

MEXICO

TERMS AND CONDITIONS

No Entitlement or Claims for Compensation. These provisions supplement the "Certain Conditions of the Award" section of this Agreement:

Modification. By accepting the Award, the Participant understands and agrees that any modification of the Plan or the Agreement or its termination shall not constitute a change or impairment of the terms and conditions of employment.

Policy Statement. The Award grant the Company is making under the Plan is unilateral and discretionary and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

The Company, with registered offices at 2655 Seely Avenue, Building 5, San Jose, California 95134 U.S.A., is solely responsible for the administration of the Plan and participation in the Plan and the acquisition of Shares does not, in any way, establish an employment relationship between the Participant and the Company since the Participant is participating in the Plan on a wholly commercial basis, nor does it establish any rights between the Participant and the Employer. Further, the Participant agrees that any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of the Participant's employment or service contract, if applicable.

Plan Document Acknowledgment. By accepting the Award, the Participant acknowledges that the Participant has received a copy of the Plan, has reviewed the Plan and the Agreement in their entirety and fully understands and accepts all provisions of the Plan and the Agreement.

In addition, by accepting the Agreement, the Participant further acknowledges that the Participant has read and specifically and expressly approved the terms and conditions in the "Certain Conditions of the Award" section of this Agreement, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) the Company and any Parent or Affiliate are not responsible for any decrease in the value of the Shares underlying the Award.

Finally, the Participant hereby declares that the Participant does not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of the Participant's participation in the Plan and therefore grants a full and broad release to the Employer, the Company and any Parent or Affiliate with respect to any claim that may arise under the Plan.

Spanish Translation

Sin derecho a compensación o reclamaciones por compensación. *Estas disposiciones complementan la sección "Ciertas Condiciones de la Adjudicación" del presente Acuerdo:*

Modificación. *Al aceptar las Premio de Acciones de Incentivo (el "Premio"), el Empleado entiende y acuerda que cualquier modificación al Plan o al Contrato o su terminación no constituirá un cambio o perjuicio a los términos y condiciones de empleo.*

Declaración de Política. *El Premio que la Compañía está haciendo de conformidad con el Plan es unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el mismo en cualquier momento, sin responsabilidad alguna.*

La Compañía, con oficinas registradas ubicadas en 2655 Seely Avenue, Building 5, San Jose, California 95134, EE.UU. es únicamente responsable de la administración del Plan y la participación en el Plan y la adquisición de Acciones no establece, de forma alguna, establecer una relación de trabajo entre el Empleado y la Compañía, ya que el Empleado está participa en el Plan de una base totalmente comercial, y tampoco establece ningún derecho entre el Empleado y el Patrón. Asimismo, el Empleado acuerda que cualquier modificación al Plan o a su terminación no generarán un cambio o impedimento en los términos y condiciones derivados de su contrato de servicios.

Reconocimiento del Documento del Plan. *Al aceptar el Premio, el Empleado reconoce que el Empleado ha recibido copias del Plan, ha revisado el Plan y el Contrato en su totalidad y entiende y acepta completamente todas las disposiciones contenidas en el Plan y en el Contrato.*

Adicionalmente, mediante la firma del Contrato, el Empleado reconoce que el Empleado ha leído y específica y expresamente ha aprobado los términos y condiciones del sección "Ciertas Condiciones de la Adjudicación" de este Acuerdo, en el que claramente se ha descrito y establecido que: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el Plan es ofrecida por la Compañía de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Compañía y cualquier empresa Matriz o Afiliada no son responsables por cualquier disminución en el valor de las Acciones subyacentes a al Premio.

Finalmente, el Empleado de acuerdo en que el Empleado no se reserva ninguna acción o derecho para interponer cualquier demanda o reclamación en contra de la Compañía por compensación, daño o perjuicio alguno como resultado de su participación en el Plan y, por lo tanto, otorga finiquito al Patrón, la Compañía y cualquier empresa Matriz o Afiliada con respecto a cualquier demanda o reclamación que pudiera surgir en virtud del Plan.

NOTIFICATIONS

Securities Law Information. Any Incentive Stock Award offered under the Plan and the Shares underlying the Incentive Stock Award have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan and any other document relating to any Incentive Stock Award may not be publicly distributed in Mexico. These materials are addressed to the Participant only because of the Participant's existing relationship with the Company and its Affiliates and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities but rather constitutes a private placement of securities addressed specifically to individuals who are present employees or

contractors of the Company or one of its Affiliates, made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

NETHERLANDS

There are no country-specific provisions.

POLAND

NOTIFICATIONS

Exchange Control Information. Information regarding bank or brokerage accounts holding cash and securities (including Shares) outside of Poland must be reported on a quarterly basis to the National Bank of Poland on transactions and balances in such accounts if the value of such cash and securities exceeds a certain threshold. Any transfer of funds in excess of a certain threshold into or out of Poland must be effected through a bank account in Poland. All documents connected with any foreign exchange transactions should be retained for a period of five (5) years as measured from the end of the year in which such transaction occurred.

SINGAPORE

NOTIFICATIONS

Securities Law Information. The Award under the Plan is being made pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) ("***SFA***"). The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. Hence, statutory liability under the SFA in relation to the content of the prospectuses will not apply. The Award granted under the Plan is subject to section 257 of the SFA and the Participant understands that he or she should not sell or offer to sell, any Shares directly to any person or entity in Singapore unless such sale or offer is made (i) six months or more after the date of grant, (ii) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA, or (iii) pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Director Notification Information. Any director, associate director or shadow director of a Singapore Affiliate or Related Entity is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Affiliate or Related Entity in Singapore in writing when receiving or disposing of an interest (*e.g.*, Rights or Shares) in the Company or in any Affiliate or Related Entity. Such notifications must be made within two days of acquiring or disposing of an interest in the Company or any Affiliate or Related Company, or within two days of becoming a director if such an interest is held at that time.

SOUTH KOREA

NOTIFICATIONS

Exchange Control Information. If the Participant sells Shares acquired under the Plan or receives cash dividends, the Participant may have to file a report with a Korean foreign exchange bank, provided the proceeds are in excess of USD 5,000 (per transaction) and deposited into a non-Korean bank account. A report may not be required if proceeds are deposited into a non-

Korean brokerage account. The Participant is responsible for complying with any applicable exchange control reporting obligations in Korea and the Participant should consult his or her personal legal advisor to determine his or her personal reporting obligations.

Foreign Asset/Account Reporting Information. The Participant must declare all foreign financial accounts (i.e., non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds the applicable threshold on any month-end date during a calendar year. The Participant should consult his or her personal tax advisor to determine his or her personal reporting obligations.

SPAIN

TERMS AND CONDITIONS

Nature of Award. This provision supplements the "Certain Conditions of the Award" section of the Agreement:

By accepting the Award, the Participant consents to participation in the Plan and acknowledges that the Participant has received a copy of the Plan.

The Participant understands that the Company has unilaterally, gratuitously and in its sole discretion decided to grant the Award under the Plan to certain Participants throughout the world. This is a limited decision that is entered into upon the express assumption and condition that (i) any grant will not economically bind the Company, the Employer or any Affiliate on an ongoing basis, other than as expressly set forth in the Plan and the Agreement, (ii) the Award and any underlying Shares shall not become part of any employment contract or other service contract (whether with the Company, the Employer, or any Affiliate) and shall not be considered a mandatory benefit, salary for any purpose (including severance compensation), or any other right whatsoever, and (iii) except as provided for in the "Certain Conditions of the Award" section of the Agreement, the Award shall cease vesting upon the termination of the Participant's Continuous Status as an Employee or Consultant, as detailed below. Furthermore, the Participant understands that the Participant will not be entitled to continue vesting in this Award upon the termination of the Participant's Continuous Status as an Employee or Consultant.

The Participant understands and agrees that, as a condition of the grant of the Award, upon the date of termination of the Participant's Continuous Status as an Employee or Consultant for any reason (including the reasons listed below), all Awards that have not yet vested (or that do not become vested in connection as a result of the Participant's death) shall be forfeited, as described in the "Termination of Continuous Status as an Employee or Consultant" section of the Agreement. In particular, the Participant understands and agrees that any Awards that have not yet vested (or that do not become vested in connection as a result of the Participant's death) as of the date of termination of the Participant's Continuous Status as an Employee or Consultant shall be forfeited without entitlement to the underlying Shares or to any amount of indemnification in the event of termination of the Participant's Continuous Status as an Employee or Consultant by reason of, but not limited to, resignation, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause (*i.e.*, subject to a "*despido improcedente*", individual or collective dismissal on objective grounds, whether adjudged or recognized to be with or without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer and under Article 10.3 of the Royal Decree 1382/1985.

In addition, the Participant understands that this Award would not be granted but for the assumptions and conditions referred to above; thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken, or should any of the conditions not be met for any reason, any grant of or right to this Award shall be null and void.

NOTIFICATIONS

Securities Law Information. The Award described in the Agreement does not qualify under Spanish regulations as a security. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with this Award. Neither the Plan nor the Agreement (which includes these Country Provisions) have been nor will they be registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission), and they do not constitute a public offering prospectus.

Exchange Control Information. If the Participant holds 10% or more of the share capital of the Company or such other amount that would entitle the Participant to join the Board, the acquisition, ownership and disposition of stock in a foreign company (including Shares) must be declared for statistical purposes to the *Spanish Dirección General de Comercio e Inversiones* of the Ministry of Industry, Trade and Tourism, generally within one month of the acquisition.

The Participant is also required to electronically declare to the Bank of Spain any security accounts (including brokerage accounts held abroad), as well as the securities held in such accounts (including Shares acquired under the Plan) if the value of the transactions for all such accounts during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceeds EUR 1 million.

Different thresholds and deadlines to file this declaration apply. However, if neither such transactions during the immediately preceding year nor the balances / positions as of December 31 exceed EUR 1 million, no such declaration must be filed unless expressly required by the Bank of Spain. If any of such thresholds were exceeded during the current year, the Participant may be required to file the relevant declaration corresponding to the prior year; however, a summarized form of declaration may be available. The Participant should consult with his or her personal legal advisor to ensure compliance with applicable exchange control reporting requirements.

Foreign Asset/Account Reporting Information. To the extent that the Participant holds rights or assets (*e.g.*, cash or Shares held in a bank or brokerage account) outside of Spain with a value in excess of EUR 50,000 per type of right or asset as of December 31 each year (or at any time during the year in which the Participant sells or disposes of such right or asset), the Participant is required to report information on such rights and assets on the Participant's tax return for such year. After such rights or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than EUR 20,000. The Participant should consult with his or her personal tax advisor to ensure compliance with applicable reporting requirements.

SWEDEN

TERMS AND CONDITIONS

Tax Obligations. This provision supplements the "Tax Obligations" section of this Agreement:

Without limiting the Company's and the Employer's authority to satisfy their withholding obligations for Tax-Related Items as set forth in the "Tax Obligations" section of this Agreement, by accepting the Award, the Participant authorizes the Company and/or the Employer by deducting from the Shares otherwise deliverable to the Participant in settlement of the Award or withholding from proceeds of the sale of Shares acquired upon vesting/settlement of the Award either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization) to satisfy Tax-Related Items, regardless of whether the Company and/or the Employer have an obligation to withhold such Tax-Related Items.

SWITZERLAND

NOTIFICATIONS

Securities Law Information. Neither this document nor any other materials relating to the offer of participation in the Plan (i) constitutes a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("***FinSA***"); (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than an employee of the Company; or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (***FINMA***).

TAIWAN

NOTIFICATIONS

Securities Law Information. The offer of participation in the Plan is available only for eligible Employees and Consultants. The offer of participation in Plan is not a public offer of securities by a Taiwanese company.

Exchange Control Information. The Participant may acquire and remit foreign currency (including proceeds from the sale of Shares) into and out of Taiwan up to USD 10 million per year. If the transaction amount is TWD 500,000 or more in a single transaction, the Participant must submit a foreign exchange transaction form and also provide supporting documentation to the satisfaction of the remitting bank. The Participant should consult his or her personal advisor to ensure compliance with applicable exchange control laws in Taiwan.

UNITED KINGDOM

TERMS AND CONDITIONS

Tax Obligations. This provision supplements the "Tax Obligations" section of this Agreement:

Without limitation to the "Tax Obligations" section of the Agreement, the Participant agrees that he or she is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items as and when requested by the Company or the Employer or by HM Revenue and Customs ("***HMRC***")

(or any other tax authority or any other relevant authority). The Participant also agrees to indemnify and keep indemnified the Company and the Employer against any taxes that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on the Participant's behalf.

Notwithstanding the foregoing, if the Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provisions will not apply. The Participant understands that, in the event he or she is an executive officer or director and the income tax is not collected by the Participant within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected income tax may constitute a benefit to the Participant on which additional income tax and National Insurance contributions ("***NICs***") may be payable. The Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying the Company or the Employer, as applicable for the value of any NICs due on this additional benefit.

UNITED STATES OF AMERICA

There are no country-specific provisions.

cadence®

CADENCE DESIGN SYSTEMS, INC.

Restricted Stock Unit Agreement
Omnibus Equity Incentive Plan
(the "*Plan*")

Cadence Design Systems, Inc. (the "***Company***") grants the participant named below (the "***Participant***") Restricted Stock Units pursuant to the Plan as set forth below (the "***Award***"). Each Restricted Stock Unit represents the right to receive one Share (as adjusted from time to time pursuant to the Plan), subject to vesting and other conditions set forth in this Agreement (as defined below).

This Award is subject to the terms and conditions set forth in this Restricted Stock Unit Agreement, including the additional terms and conditions for the Participant's country of work and/or residence, if any, contained in the appendix attached hereto (the "***Country Provisions***") (collectively, this "***Agreement***"), and in the Plan located at the Company's Employee Stock Services' intranet webpage; provided, however, if there is a conflict between the terms of this Agreement and the terms of the Plan, the terms of this Agreement will govern. Capitalized terms that are not defined herein will have the meanings set forth in the Plan.

Participant: [●]

ID Number: [●]

Restricted Stock Unit Number: [●]

Date of Award: [●]

Number of Shares Subject to the Restricted Stock Units (the "*Shares*"): [●]

Vesting Commencement Date: [●]

Vesting Schedule: [●]

Settlement. Each vested Restricted Stock Unit will be settled by the delivery of one Share (subject to adjustment under the Plan) to the Participant or, in the event of the Participant's death, to the Participant's estate or heirs, on or as soon as practicable following the applicable vesting date (but in no event more than 30 days thereafter), provided that the Participant has remained in Continuous Status as an Employee or Consultant through such vesting date, has satisfied all obligations with regard to the Tax-Related Items (as defined below) in connection with the Award, and that the Participant has completed, signed and returned any documents and taken any additional action that the Company deems appropriate to enable it to accomplish the delivery of the Shares. No fractional shares will be issued under this Agreement.

Status of Award. Until the Restricted Stock Units vest and the Shares underlying the Restricted Stock Units are issued to the Participant pursuant to the terms of this Agreement, the Participant will have no rights as a stockholder of the Company with respect to the Shares subject to the Award (including, without limitation, any voting or dividend rights with respect to such Shares). Following the issuance of such Shares to the Participant hereunder, the Participant will be recorded

as a stockholder of the Company with respect to such Shares and will have all voting rights and rights to dividends and other distributions with respect to such Shares.

Termination of Continuous Status as an Employee or Consultant. For purposes of the Participant's participation in the Plan, in the event of termination of the Participant's Continuous Status as an Employee or Consultant (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or providing services, or the terms of the Participant's employment or service agreement, if any) for any reason, other than his or her death, the Participant's Restricted Stock Units will immediately cease to vest and any rights to the underlying Shares will be forfeited without consideration to the Participant on the effective date of termination of his or her Continuous Status as an Employee or Consultant. The Participant's Continuous Status as an Employee or Consultant will terminate effective as of the date the Participant is no longer providing services as an Employee or Consultant, with such date being as of the end of any notice period mandated under the employment laws in the jurisdiction where the Participant is employed or providing services, or the terms of the Participant's employment or service agreement (if applicable). The Board (as defined below) will have the exclusive discretion to determine when the Participant's Continuous Status as an Employee or Consultant has terminated for purposes of the Award.

Death of Participant. In the event of the Participant's death before all the Restricted Stock Units subject to this Award have vested, if the Participant will have been in Continuous Status since the Date of Award, the number of Restricted Stock Units scheduled to vest one year after the Participant's date of death will be deemed to have vested immediately prior to the Participant's death. All other Restricted Stock Units will cease vesting and any rights to the underlying Shares will be forfeited without compensation to the Participant.

Board Authority. Any question concerning the interpretation of this Agreement or the Plan, any adjustments required to be made under the Plan, and any controversy that may arise under the Plan or this Agreement will be determined by the Company's Board of Directors or a committee of directors designated by the Board pursuant to Section 4(a) of the Plan (including any subcommittee or other person(s) to whom the committee has delegated its authority) in its sole and absolute discretion (collectively, the "***Board***"). Such decision will be final and binding.

Transfer Restrictions. Any sale, transfer, assignment, encumbrance, pledge, hypothecation, conveyance in trust, gift, transfer by bequest, devise or descent, or other transfer or disposition of any kind, whether voluntary or by operation of law, directly or indirectly, of Restricted Stock Units or Shares subject thereto prior to the date such Shares are issued to the Participant pursuant to this Agreement will be strictly prohibited and void.

Securities Law Compliance. The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales or other subsequent transfers of any Shares issued as a result of or under this Award, including without limitation (i) restrictions under the Company's Securities Trading Policy, (ii) restrictions that may be necessary in the absence of an effective registration statement under the Securities Act or any other similar applicable law (whether U.S. or non-U.S. law) covering the Award and/or the Shares underlying the Award, and (iii) restrictions as to the use of a specified brokerage firm or other agent for such resales or other transfers. Any sale of the Shares must also comply with other applicable laws and regulations governing the sale of such Shares.

Insider Trading / Market Abuse Laws. By participating in the Plan, the Participant agrees to comply with the Company's Securities Trading Policy. Further, the Participant acknowledges that, depending on the Participant's country, the Participant may be subject to insider trading restrictions and/or market-abuse laws, which may affect his or her ability to sell the Shares during such times as he or she is considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdictions or the Participant's country). Any restrictions under these laws or regulations are in addition to any restrictions that may be imposed under the Company's Securities Trading Policy. The Participant understands and agrees that he or she should consult his or her personal legal advisor for details regarding any insider trading restrictions and/or market-abuse laws in his or her country and that the Participant is solely responsible for complying with such laws or regulations.

Certain Conditions of the Award. By accepting the Award, the Participant acknowledges and agrees that:

(a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) The grant of the Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of awards, or benefits in lieu of awards, even if awards have been granted in the past;

(c) All decisions with respect to future award grants, if any, will be at the sole discretion of the Company;

(d) The Participant's participation in the Plan will not create a right to further Continuous Status as an Employee or Consultant and will not interfere with any applicable ability of the Company (or any Affiliate) to terminate the Participant's Continuous Status as an Employee or Consultant at any time;

(e) The Award and the Participant's participation in the Plan will not be interpreted to form or amend an employment contract or service contract or relationship with the Company or any Affiliate;

(f) The Participant is voluntarily participating in the Plan;

(g) The Award and the Shares subject to the Award, and the income from and value of the same, are not intended to replace any pension rights or compensation;

(h) The Award and the Shares subject to the Award, and the income from and value of the same, are not part of normal or expected compensation for any purpose, including but not limited to calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, leave-related payments, holiday pay, pension or retirement benefits or payments or welfare benefits or similar mandatory payments;

(i) The future value of the underlying Shares is unknown and cannot be predicted with certainty;

(j) Unless otherwise provided in the Plan or by the Company in its discretion, the Award and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares;

(k) The Award and the Shares subject to the Award, and the income and value of the same, are not part of normal or expected compensation for any purpose;

(l) None of the Company, any Affiliate nor the Company or the Affiliate employing or engaging the Participant (the "***Employer***") will be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States dollar that may affect the value of the Award or of any amounts due to the Participant pursuant to the settlement of the Award or the subsequent sale of any Shares acquired upon settlement;

(m) No claim or entitlement to compensation or damages will arise from (i) forfeiture of the Award resulting from termination of the Participant's Continuous Status as an Employee or Consultant (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or providing services, or the terms of the Participant's employment or service agreement, if any) and/or (ii) forfeiture of the Award or recoupment of any Shares, cash or other benefits acquired pursuant to the Restricted Stock Units resulting from the application of any Recoupment Policy (as defined below) of the Company, as it may be amended from time to time (whether such policy is adopted on or after the date of this Agreement); and

(n) Unless otherwise agreed with the Company, the Award and the Shares subject to the Award, and the income and value of the same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of an Affiliate of the Company.

Data Privacy Notice and Consent. This section applies if the Participant resides outside of the United States:

(a) The Participant understands information about the Company's data processing practices in connection with the Participant's participation in the Plan is available in the Company's Employee and Staff Privacy Policy provided here.

(b) The Participant understands that the Company will collect the Participant's personal data for purposes of allocating the Shares and implementing, administering and managing the Plan. The Company will also transfer the Participant's personal data to E*TRADE Corporate Financial Services, Inc. and its affiliated companies, Charles Schwab & Co. and its affiliated companies, or such other equity plan service provider as may be selected by the Company presently or in the future (the "***Designated Broker***") so that the Designated Broker can assist the Company with the implementation, administration and management of the Plan. Without limiting any other rights the Company may have, the Participant declares his or her consent to the use of his or her personal data in connection with the Plan.

(c) The Participant's participation in the Plan and grant of consent is purely voluntary. The Participant may deny or withdraw his or her consent at any time. If the Participant does not consent, or the Participant withdraws his or her consent, the Participant cannot participate in the Plan. This would not affect the Participant's salary as an Employee of the Employer or payment as a Consultant of the Employer, or the Participant's service with the Employer. Instead, the Company would not be able to grant the Participant the Restricted Stock Units or other awards, or administer or maintain such awards. The Participant understands that refusing or withdrawing his or consent may affect his or her ability to participate in the Plan.

Tax Obligations

(a) Responsibility for Taxes. The Participant acknowledges that, regardless of any action the Employer takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable or deemed applicable to the Participant (the "***Tax-Related Items***"), the ultimate liability for all Tax-Related Items is and remains the responsibility of the Participant and may exceed the amount actually withheld by the Company or the Employer, if any.

The Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items; and (b) do not commit to and are under no obligation to structure the terms of the grant of rights or any aspect of the Participant's participation in the Plan to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result.

Further, if the Participant has become subject to Tax-Related Items in more than one jurisdiction, the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

(b) Withholding in Shares. Subject to applicable local law and to the extent that the Company or the Employer is required to withhold Tax-Related Items with respect to the Award, the Company will require the Participant to satisfy his or her obligation for Tax-Related Items by deducting from the Shares otherwise deliverable to the Participant in settlement of the Award a number of whole Shares having a Fair Market Value on the applicable vesting date (or other applicable date on which the Tax-Related Items arise) not in excess of the amount of such Tax-Related Items, subject to subsection (d) below and provided that if the applicable date falls on a non-trading day, the Fair Market Value will be determined based on the closing price of the Common Stock on the next available trading day. For tax purposes, the Participant is deemed to have been issued the full number of Shares subject to the vested Award, notwithstanding that a number of the Shares are held back solely for the purpose of satisfying the Company's (or the Employer's) withholding obligation with respect to the Tax-Related Items.

(c) Alternative Withholding Methods. If the Company determines in its discretion that withholding in Shares is not permissible or advisable under applicable local law, the

Company may satisfy its obligations or rights for Tax-Related Items by one or a combination of the following:

(i) withholding from the Participant's wages or other cash compensation paid to the Participant by the Company and/or the Employer; or

(ii) withholding from proceeds of the sale of Shares acquired upon vesting/settlement of the Award either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization); or

(iii) requiring the Participant to pay an amount equal to the Tax-Related Items to the Company or the Employer.

(d) Withholding Rate. The Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including up to the maximum statutory tax rate for the applicable tax jurisdiction(s), to the extent consistent with the Plan and applicable laws. If the Company determines the withholding amount using maximum applicable rates, the Participant may be entitled to a refund of any over-withheld amount in cash (with no entitlement to the equivalent in Shares), or if not refunded by the Company or the Employer, the Participant may be able to seek a refund from the local tax authorities to the extent the Participant wishes to recover the over-withheld amount in the form of a refund. In the event of under-withholding, the Participant may be required to pay any additional Tax-Related Items directly to the applicable tax authority or to the Company and/or the Employer.

Delivery of Documents and Notices. Any document relating to participation in the Plan or any notice required or permitted hereunder will be given in writing and will be deemed effectively given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery at the e-mail address, if any, provided for the Participant by the Company or an Affiliate, or upon deposit in the U.S. Post Office or non-U.S. postal service, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed to the other party at the address shown below that party's signature to this Agreement or at such other address as such party may designate in writing from time to time to the other party.

(a) Description of Electronic Delivery. The Plan documents, which may include but do not necessarily include: the Plan, this Agreement, including the Country Provisions, the Plan Prospectus, and any reports of the Company provided generally to the Company's stockholders, may be delivered to the Participant electronically. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

(b) Consent to Electronic Delivery. The Participant acknowledges that the Participant has read the "Delivery of Documents and Notices" section of this Agreement and consents to the electronic delivery of the Plan documents and Agreement, as described in this section.

The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Company by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails.

The Participant may revoke his or her consent to the electronic delivery of documents described in this section or may change the electronic mail address to which such documents are to be delivered (if the Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. The Participant understands that he or she is not required to consent to electronic delivery of documents as described in this section.

Recoupment. As an additional condition of receiving the Award, the Participant agrees that the Restricted Stock Units whether vested or unvested, and/or the Shares, cash or other benefits acquired pursuant to the Restricted Stock Units (and any proceeds therefrom) may be subject to recoupment to the extent required (i) under the Company's clawback policies in effect as of the date of this Agreement, or to the extent adopted following the date of this Agreement any similar policy applicable to circumstances where the Participant engages in misconduct, fraud, a violation of law or other similar circumstances, and, in each case, as they may be amended from time to time, or (ii) under applicable laws, regulations or stock exchange listing standards (collectively, the "***Recoupment Policy***"). In order to satisfy any recoupment obligation arising under the Recoupment Policy, among other things, the Participant expressly and explicitly authorize the Company to issue instructions, on the Participant's behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold any Shares or other amounts acquired pursuant to the Restricted Stock Units to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company upon the Company's enforcement of the Recoupment Policy. No recovery of compensation as described in this section will be an event giving rise to the Participant's right to resign for "good reason" or "constructive termination" (or similar term) under any plan of, or agreement with, the Company, any Affiliate and/or the Employer.

Language. By accepting the Award, the Participant acknowledges that he or she is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English to allow the Participant to understand the terms and conditions of this Agreement and Plan. If the Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise required by applicable law.

Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions will nevertheless be binding and enforceable.

Governing Law; Venue. This Agreement will be construed, interpreted and enforced in accordance with the laws of the State of Delaware, without regard to its conflict of laws rules. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or this Agreement, the parties submit to and consent to the exclusive jurisdiction of the

State of California and agree that such litigation will be conducted only in the courts of Santa Clara County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

Country Provisions. The grant of this Award will be subject to any additional terms and conditions set forth in any Country Provisions to this Agreement for the Participant's country of work and/or residency. Moreover, if the Participant relocates to, or becomes a resident of, one of the countries included in the Country Provisions, the additional terms and conditions for such country will apply to the Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Country Provisions constitutes part of this Agreement.

Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

Foreign Asset / Account Reporting Requirements; Exchange Controls. The Participant acknowledges that his or her country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any sale proceeds or dividends paid on Shares acquired under the Plan). The Participant may be required to report such accounts, assets or transactions to the tax or other authorities in his or her country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of participation in the Plan to his or her country through a designated bank or broker and/or within a certain time after receipt. The Participant acknowledges that it is his or her responsibility to be compliant with such regulations and the Participant should consult his or her personal legal advisor for any details.

Waiver. The Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement will not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Participant or any other participant.

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Acceptance. Failure by the Participant to accept and acknowledge this Agreement prior to the first vesting shall result in a delay of the issuance of the Shares until the Agreement has been accepted or *forfeiture* of the Award if the Agreement is not accepted prior to such date that allows the Company to issue the Shares by March 15th of the year following the year the Award vests).

Cadence Design Systems, Inc.

By:

Name: John Wall

Title: Sr. Vice President Chief Financial Officer

Date: **[●]**, 2025

Acknowledged and Agreed:

By: _____

Name:

Date: _____

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APPENDIX

Restricted Stock Unit Agreement

Country Provisions for Restricted Stock Units for Participants

TERMS AND CONDITIONS

These Country Provisions include additional terms and conditions that govern the Award granted to the Participant under the Plan if the Participant works and/or resides in one of the countries listed below. If the Participant is a citizen or resident of a country other than the one in which the Participant is currently working and/or residing (or is considered as such for local law purposes), or if the Participant transfers employment and/or residency to a different country after the Award is granted, the Company will, in its discretion, determine the extent to which the terms and conditions contained herein will be applicable to the Participant.

Certain capitalized terms used but not defined in these Country Provisions have the meanings set forth in the Plan and/or the Agreement.

NOTIFICATIONS

These Country Provisions also include notifications regarding exchange controls, securities laws and certain other issues of which the Participant should be aware with respect to the Participant's participation in the Plan. These notifications are based on the securities, exchange control and other laws in effect in the respective countries as of **June 2025**. Such laws are often complex and change frequently. As a result, the Participant understands that he or she should not rely on the notifications contained in these Country Provisions as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out-of-date at the time the Participant vests in the Restricted Stock Units or sells any Shares obtained upon such vesting.

In addition, the notifications contained in these Country Provisions are general in nature, may not apply to the Participant's particular situation and relate to the Participant's personal obligations with respect to participation in the Plan and, as a result, the Company is not in a position to assure the Participant of any particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to the Participant's individual situation.

If the Participant is a citizen or resident of a country other than the one in which the Participant is currently working and/or residing (or is considered as such for local law purposes), or if the Participant relocates to a different country after the Award is granted, the notifications contained in these Country Provisions may not be applicable to the Participant in the same manner.

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or his or her acquisition or sale of the underlying Shares. The Participant understands and agrees that he or she should consult with his or her personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

AUSTRALIA
NOTIFICATIONS

Securities Law Information. The grant of the Award is being made pursuant to Division 1A, Part 7.12 of the Corporations Act 2001 (Cth).

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in such Act).

AUSTRIA

NOTIFICATIONS

Exchange Control Information. If the Participant holds securities (including Shares acquired under the Plan) or cash (including proceeds from the sale of Shares) outside of Austria, the Participant may be subject to reporting obligations to the Austrian National Bank. If the value of the Shares meets or exceeds a certain threshold, the Participant must report the securities held on a quarterly basis to the Austrian National Bank as of the last day of the quarter, on or before the 15th day of the month following the end of the calendar quarter. Where the cash amounts held outside of Austria meets or exceeds a certain threshold, monthly reporting obligations apply as explained in the next paragraph.

If the Participant sells Shares, or receives any cash dividends, the Participant may have exchange control obligations if the Participant holds the cash proceeds outside of Austria. If the transaction volume of all the Participant's accounts abroad meets or exceeds a certain threshold, the Participant must report to the Austrian National Bank the movements and balances of all accounts on a monthly basis, as of the last day of the month, on or before the 15th day of the following month, on the prescribed forms.

BELGIUM

NOTIFICATIONS

Foreign Asset/Account Reporting Information. The Participant is required to report any securities (*e.g.*, Shares) or bank accounts (including brokerage accounts) held outside Belgium on his or her annual tax return. The first time the Participant reports the foreign security and/or bank accounts, the Participant will have to provide the National Bank of Belgium Central Contact Point with the account number, the name of the bank and the country in which the account was opened in a separate form. The form, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under the caption *Kredietcentrales / Centrales des crédits*.

Stock Exchange Tax. A stock exchange tax applies to transactions executed by the Participant through a non-Belgian financial intermediary, such as a U.S. broker. The stock exchange tax likely will apply when Shares acquired under the Plan are sold. The Participant should consult his or her personal tax or financial advisor for additional details.

Annual Securities Accounts Tax Information. An annual securities accounts tax may be payable if the total value of securities held in a Belgian or foreign securities account (e.g., Shares acquired under the Plan) exceeds a certain threshold on four reference dates within the relevant reporting period (*i.e.*, December 31, March 31, June 30 and September 30). Different payment

obligations apply depending on whether the securities account is held with a Belgian or foreign financial institution. The Participant understands the Participant should consult his or her personal tax advisor for more information regarding the Participant's annual securities accounts tax payment obligations.

BRAZIL

TERMS AND CONDITIONS

Compliance with Law. By accepting the Award, the Participant agrees to comply with any applicable Brazilian laws and is responsible for paying and reporting any and all applicable Tax-Related Items associated with the Participant's participation in the Plan and the sale of Shares obtained as a result of the Participant's participation in the Plan. The Participant agrees that, for all legal purposes, (i) any benefits provided to the Participant under the Plan are the result of commercial transactions unrelated to the Participant's employment; (ii) the Plan is not a part of the terms and conditions of the Participant's employment; and (iii) the income from the Shares acquired under the Plan, if any, is not part of the Participant's remuneration from employment.

Certain Conditions of the Award. This provision supplements the "Certain Conditions of the Award" section of this Agreement:

By accepting the Award, the Participant acknowledges and agrees that (i) the Participant is making an investment decision and (ii) the value of the underlying Shares is not fixed and may increase or decrease over the vesting period without compensation to the Participant.

NOTIFICATIONS

Exchange Control Information. The Participant is required to submit a declaration of assets and rights (including Shares acquired under the Plan) held outside of Brazil if the aggregate value of such assets exceeds a threshold amount that is established annually by the Central Bank. The Participant should consult with his or her personal legal advisor to determine whether he or she will be subject to this reporting requirement.

CANADA

TERMS AND CONDITIONS

Form of Settlement. Notwithstanding any discretion contained in the Plan, the Award will be settled in Shares only.

Termination of Employment. This provision replaces the "Termination of Continuous Status as an Employee or Consultant" section of the Agreement:

For purposes of the Participant's participation in the Plan, in the event of termination of the Participant's Continuous Status as an Employee or Consultant (regardless of the reason for such termination and whether or not later found to be invalid, unlawful or in breach of employment laws in the jurisdiction where the Participant is employed or providing services, or the terms of the Participant's employment or service agreement, if any) for any reason, other than his or her death, the Participant's Restricted Stock Units will immediately cease to vest and any rights to the underlying Shares will be forfeited without consideration to the Participant upon the earliest of: (i) the Employee receiving notice of termination of employment or the Consultant receiving notice of

termination of the applicable service contract, (ii) the Employee providing notice of resignation from his or her employment or the Consultant providing notice of termination of the applicable service contract, and (iii) the Employee or Consultant ceasing to provide active services, regardless of any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided under statute, common law, civil law, contract or otherwise. The Participant will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which the Participant's right to vest ceases, nor will the Participant be entitled to any compensation for lost vesting. In the event that the date when the Participant's Continuous Status as an Employee or Consultant has terminated cannot be reasonably determined under the terms of the Agreement and/or the Plan, the Board will have the exclusive discretion to determine when the Participant's Continuous Status as an Employee or Consultant has terminated for purposes of the Award (including whether the Participant may still be considered to be providing services while on a leave of absence).

Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, the Participant's right to vest in the Restricted Stock Units, if any, will terminate effective as of the last day of the Participant's minimum statutory notice period, but the Participant will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of the Participant's statutory notice period, nor will the Participant be entitled to any compensation for lost vesting. Similarly, if the Participant is a Consultant and the applicable service contract explicitly requires continued entitlement to vesting during the contractual notice period, the Participant's right to vest in the Restricted Stock Units, if any, will terminate effective as of the last day of the minimum contractual notice period, but the Participant will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of the Participant's contractual notice period, nor will the Participant be entitled to any compensation for lost vesting.

The following provision will apply if the Participant is a resident of Quebec:

French Language Documents. A French translation of this Agreement and the Plan will be made available to the Participant concurrently with this Agreement. The Participant understands that, from time to time, additional information related to the Restricted Stock Units may be provided in English and such information may not be immediately available in French. Notwithstanding anything to the contrary in the Agreement, and unless the Participant indicates otherwise, the French translation of the Plan and this Agreement will govern the Participant's participation in the Plan.

Data Privacy Notice and Consent. This provision supplements the applicable "Data Privacy Notice and Consent" section of this Agreement:

The Participant hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. The Participant further authorizes the Company, the Employer, its Affiliates and the plan administrator to disclose and discuss the Plan with their respective advisors, including the Designated Broker. The Participant further authorizes the Employer, the Company and its Affiliates to record such information and to keep such information in the Participant's employee file. The Participant acknowledges and agrees that the Participant's personal information, including any sensitive personal information, may be transferred or disclosed outside the province of Quebec, including to the U.S. If applicable, the Participant also acknowledges that the Company, the Employer, its Affiliates and the Designated Broker may use

technology for profiling purposes and to make automated decisions that may have an impact on the Participant or the administration of the Plan.

NOTIFICATIONS

Securities Law Information. Shares acquired through the Plan may be sold through the Designated Broker, provided that the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed (*i.e.*, the Nasdaq Global Select Market).

Foreign Asset/Account Reporting Information. Specified foreign property, including Shares acquired under the Plan and other rights to receive Shares (*e.g.*, Restricted Stock Units) of a non-Canadian company held by the Participant must generally be reported annually on a Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds CAD 100,000 at any time during the year. Thus, such rights must be reported – generally at a nil cost – if the CAD 100,000 cost threshold is exceeded because other specified foreign property the Participant holds. When Shares are acquired, their cost generally is the adjusted cost base ("***ACB***") of the shares. The ACB would ordinarily equal the fair market value of the Shares at the time of acquisition, but if the Participant owns other shares of the same company, this ACB may have to be averaged with the ACB of the other shares.

CHINA

TERMS AND CONDITIONS

Mandatory Sale Restriction. Due to exchange control considerations in the People's Republic of China ("***PRC***"), the Company reserves the right to require the sale of any Shares issued to the Participant upon vesting of the Restricted Stock Units, either (i) immediately upon vesting of the Restricted Stock Units, (ii) within ninety (90) days following the termination of the Participant's Continuous Status as an Employee or Consultant, or (iii) within any other such time frame as may be required by the PRC State Administration of Foreign Exchange.

By accepting the Award, the Participant acknowledges that he or she understands and agrees that the Company is authorized to, and may in its sole discretion, instruct the Designated Broker to assist with the mandatory sale of Shares (on the Participant's behalf pursuant to this authorization) and the Participant expressly authorizes the Designated Broker to complete the sale of such Shares. The Participant acknowledges that the Designated Broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the proceeds, less any Tax-Related Items and brokerage fees or commissions, will be remitted to the Participant in accordance with any applicable exchange control laws and regulations.

Exchange Control Restrictions. By accepting the Award, the Participant understands and agrees that, due to exchange control laws in China, the Participant is not permitted to transfer any Shares acquired under the Plan out of the Participant's account established with the Designated Broker, and that the Participant will be required to immediately repatriate all proceeds due to the Participants as a result of his or her participation in the Plan, including any proceeds from the sale of Shares acquired under the Plan to China.

The Participant further understands that such repatriation of the proceeds will need to be effected through a special exchange control account established by the Company, the Employer, or an Affiliate in China, and the Participant hereby consents and agrees that the proceeds may be

transferred to such special account prior to being delivered to the Participant in China. The proceeds may be paid in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid in U.S. dollars, the Participant understands that he or she may be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are converted to local currency, the Participant acknowledges that the Company is under no obligation to secure any particular currency conversion rate, and that it may face delays in converting the proceeds to local currency due to exchange control restrictions in China. The Participant acknowledges and agrees that he or she bears the risk of any currency conversion rate fluctuation between the date that the Shares are sold and the date of conversion of the proceeds to local currency. The Participant further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

DENMARK

TERMS AND CONDITIONS

Danish Stock Option Act. By accepting the Award, the Participant acknowledges that he or she has received an Employer Statement translated into Danish, which includes a description of the terms of the Restricted Stock Units as required by the Danish Stock Option Act, as amended with effect from January 1, 2019 (the "***Act***"), to the extent that the Act applies to the Restricted Stock Units.

NOTIFICATIONS

Foreign Asset/Account Reporting Information. If the Participant establishes an account holding cash or Shares outside Denmark, the Participant must report the account and deposits on the Participant's annual tax return in the section on foreign affairs and income.

FINLAND

There are no country-specific provisions.

FRANCE

TERMS AND CONDITIONS

Consent to Receive Information in English. By accepting the Award, the Participant confirms having read and understood the Plan and this Agreement, including all terms and conditions included therein, which were provided in the English language. The Participant accepts the terms of those documents accordingly.

En acceptant l'attribution, le Participant confirme avoir lu et compris le Plan et le Contrat y relatifs, incluant tous leurs termes et conditions, qui ont été transmis en langue anglaise. Le Participant accepte les dispositions de ces documents en connaissance de cause.

NOTIFICATIONS

Foreign Asset/Account Reporting Information. French residents must report all foreign bank and brokerage accounts on an annual basis (including accounts opened, held, used and/or closed

during the tax year) on a special form together with the income tax return. Failure to report triggers a significant penalty.

GERMANY

NOTIFICATIONS

Exchange Control Information. Cross-border payments in excess of EUR 50,000 (as of January 1, 2025) must be reported to the German Federal Bank (Bundesbank). If the Participant makes or receives a payment in excess of this amount (*e.g.*, if the Participant sells Shares via a foreign broker, bank or service provider and receives proceeds in excess of this amount) and/or if the Company withholds or sells Shares with a value in excess of this amount to cover the Tax-Related Items, the Participant must report the payment and/or the value of the Shares withheld or sold to Bundesbank, either electronically using the "General Statistics Reporting Portal" ("***Allgemeine Meldeportal Statistik***") available on the Bundesbank website (www.bundesbank.de) or via such other method (*e.g.*, by email or telephone) as is permitted or required by Bundesbank. The report must be submitted monthly or within other such timing as is permitted or required by Bundesbank.

Foreign Asset/Account Reporting Information. The Participant understands that if his or her acquisition of Shares under the Plan leads to a so-called "qualified participation" at any point during the calendar year, the Participant may need to report the acquisition when he or she files his or her tax return for the relevant year. A "qualified participation" is attained only if (i) the value of the Shares acquired exceeds EUR 150,000 and the Participant holds Shares reaching or exceeding 1% of the Company's total Common Stock or (ii) in the unlikely event the Participant holds Shares exceeding 10% of the Company's total Common Stock.

GREECE

NOTIFICATIONS

Foreign Asset/Account Reporting Information. If the Participant acquires Shares under the Plan, the Participant must report such foreign assets on the Participant's annual tax return.

HUNGARY

There are no country-specific provisions.

INDIA

TERMS AND CONDITIONS

Form of Settlement. Notwithstanding any discretion contained in the Plan, the Award will be settled in Shares only.

NOTIFICATIONS

Exchange Control Information. The Participant must repatriate any funds received from participation in the Plan (*e.g.*, proceeds from the sale of Shares) within such time as prescribed under applicable Indian exchange control laws, which may be amended from time to time. The Participant should obtain a foreign inward remittance certificate ("***FIRC***") from the bank where the Participant deposits the foreign currency and maintain the FIRC as evidence of the repatriation of

funds in the event the Reserve Bank of India or the Company or the Employer requests proof of repatriation. The Participant may be required to provide information regarding funds received from participation in the Plan to the Company and/or the Employer to enable them to comply with their filing requirements under exchange control laws in India.

Foreign Asset/Account Reporting Information. The Participant must declare the following items in his or her annual tax return: (i) any foreign assets held (including Shares acquired under the Plan), and (ii) any foreign bank accounts for which the Participant has signing authority. The Participant is responsible for complying with this reporting obligation and should consult his or her personal tax advisor in this regard.

IRELAND

There are no country-specific provisions.

ISRAEL

TERMS AND CONDITIONS

Nature of Award. By accepting the Award, the Participant understands and agrees that the Restricted Stock Units are offered subject to and in accordance with the Sub-Plan for Israeli Participants to the Plan (the "***Israeli Subplan***") and the Award is intended to be a Capital Gain Award pursuant to Section 102 of the Ordinance (as defined in the Israeli Subplan). Notwithstanding the foregoing, the Company does not undertake to maintain the qualified status of the Restricted Stock Units and the Participant acknowledges that he or she will not be entitled to damages of any nature whatsoever if the Award becomes disqualified and no longer qualifies as a Capital Gain Award. In the event of any inconsistencies between the Israeli Subplan, the Agreement and/or the Plan, the terms of the Israeli Subplan will govern.

Further, to the extent requested by the Company or the Employer, the Participant agrees to execute any letter or other agreement in connection with the grant of the Restricted Stock Units or any future Restricted Stock Units granted under the Israeli Subplan. If the Participant fails to comply with such request, the Award may not qualify as a Capital Gain Award.

Trust Arrangement. The Participant acknowledges and agrees that the Award and any Shares issued upon vesting of the Restricted Stock Units will be held on the Participant's behalf, in trust, or controlled by the Company's designated trustee in Israel, Tamir Fishman or any such other trustee in Israel which may be designated by the Company in the future (the "***Trustee***") in accordance with the terms of the trust agreement between the Company and the Trustee. The Participant further agrees that such Shares will be subject to the Holding Period (as defined in the Israeli Subplan). The Company may, in its sole discretion, replace the trustee from time to time and instruct the transfer of all Restricted Stock Units and Shares held and/or administered by such trustee at such time to its successor and the provisions of the Agreement will apply to the new trustee.

Restriction on Sale. The Participant acknowledges that, in order to maintain the Award's status as a Capital Gain Award, any Shares issued upon vesting of the Restricted Stock Units may not be disposed of prior to the expiration of the Holding Period. Accordingly, the Participant will not dispose of (or request the Trustee to dispose of) any such Shares prior to the expiration of the Holding Period, other than as permitted by applicable law. For purposes of these Country Provisions for Israel, "dispose" will mean any sale, transfer or other disposal of the Shares by the Participant or the Trustee, including a release of such Shares from the Trustee to the Participant.

Tax Obligations. This provision supplements the "Tax Obligations" section of the Agreement:

Upon disposal of the Shares, the fair market value of the Restricted Stock Units on the Date of Award (as computed in accordance with the provisions of the Ordinance relating to Capital Gain Awards) will be subject to taxation in Israel in accordance with ordinary income tax principles. Moreover, in the event that the Participant disposes of any Shares underlying the Restricted Stock Units prior to the expiration of the Holding Period, the Participant acknowledges and agrees that any additional gains from the sale of such Shares will not qualify for capital gains tax treatment applicable to Capital Gain Awards and will be subject to taxation in Israel in accordance with ordinary income tax principles. Further, the Participant acknowledges and agrees that he or she will be liable for the Employer's component of payments to the Israeli National Insurance Institute (to the extent such payments by the Employer are required).

The Participant further agrees that the Trustee may act on behalf of the Company or the Employer, as applicable, to satisfy any obligation to withhold Tax-Related Items applicable to the Participant in connection with the Restricted Stock Units granted under the Israeli Subplan.

Additional Conditions of the Award. By accepting the Award, the Participant (i) declares that she/he is familiar with Section 102 and the regulations and rules promulgated thereunder, including without limitations the provisions of the tax route applicable to the Awards, and agrees to comply with such provisions, as amended from time to time, provided that if such terms are not met, Section 102 may not apply, and (ii) agrees to the terms and conditions of the trust deed signed between the Trustee and the Company and/or the Employer, which is available for the Participant's review, during normal working hours, at Company's offices, (iii) acknowledges that releasing the Awards and Shares from the holding or control of the Trustee prior to the termination of the Holding Period constitutes a violation of the terms of Section 102 and agrees to bear the relevant sanctions, (iv) authorizes the Company and/or the Employer to provide the Trustee with any information required for the purpose of administering the Plan including executing its obligations under the Ordinance, the trust deed and the trust agreement, including without limitation information about his/her Awards, Shares, income tax rates, salary bank account, contact details and identification number.

NOTIFICATIONS

Securities Law Information. An exemption from filing a prospectus in relation to the Plan has been granted to the Company by the Israeli Securities Authority. Copies of the Plan and the Form S-8 registration statement for the Plan filed with the SEC are available at my local human resources department.

ITALY

TERMS AND CONDITIONS

Plan Document Acknowledgment. By accepting the grant of the Award, the Participant acknowledges that he or she has received a copy of the Plan and the Agreement, including these Country Provisions and has reviewed the Plan and the Agreement (including these Country Provisions) in their entirety and fully understands and accept all provisions of the Plan and the Agreement (including these Country Provisions).

The Participant further acknowledges that he or she has read and specifically and expressly approves the following sections of the Agreement: Vesting Schedule; Settlement; Status of Award;

Termination of Continuous Status as an Employee or Consultant; Certain Conditions of the Award; Data Privacy Notice and Consent; Tax Obligations; Language; Governing Law and Venue; these Country Provisions; and Imposition of Other Requirements.

NOTIFICATIONS

Foreign Asset/Account Reporting Information. If, at any time during the fiscal year, the Participant holds foreign financial assets (including cash, rights and Shares) which may generate income taxable in Italy, the Participant is required to report these assets on his or her annual tax returns (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations will also apply to the Participant if he or she is the beneficial owner of foreign financial assets under Italian money laundering provisions. The Participant should consult his or her personal tax advisor to ensure compliance with the applicable requirements.

JAPAN

NOTIFICATIONS

Exchange Control Information. If the Participant acquires Shares valued at more than JPY 100 million in a single transaction, the Participant must file a Securities Acquisition Report with the Ministry of Finance through the Bank of Japan within 20 days after the acquisition of the Shares. The Participant should consult his or her personal tax advisor to determine the applicable reporting obligations.

Foreign Asset/Account Reporting Information. The Participant is required to report details of any assets held outside of Japan as of December 31, including Shares acquired under the Plan, to the extent such assets have a total net fair market value exceeding JPY 50 million. Such report will be due by June 30 each year. The Participant is responsible for complying with this reporting obligation if applicable to the Participant and should consult his or her personal tax advisor in this regard.

MEXICO

TERMS AND CONDITIONS

No Entitlement or Claims for Compensation. These provisions supplement the “Certain Conditions of the Award” section of this Agreement:

Modification. By accepting the Restricted Stock Units, the Participant understands and agrees that any modification of the Plan or the Agreement or its termination shall not constitute a change or impairment of the terms and conditions of employment.

Policy Statement. The grant of Restricted Stock Units the Company is making under the Plan is unilateral and discretionary and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

The Company, with registered offices at 2655 Seely Avenue, Building 5, San Jose, California 95134 U.S.A., is solely responsible for the administration of the Plan and participation in the Plan and the acquisition of Shares does not, in any way, establish an employment relationship between the Participant and the Company since the Participant is participating in the Plan on a wholly

commercial basis, nor does it establish any rights between the Participant and the Employer. Further, the Participant agrees that any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of the Participant's employment or service contract, if applicable.

Plan Document Acknowledgment. By accepting the Restricted Stock Units, the Participant acknowledges that the Participant has received a copy of the Plan, has reviewed the Plan and the Agreement in their entirety and fully understands and accepts all provisions of the Plan and the Agreement.

In addition, by accepting the Agreement, the Participant further acknowledges that the Participant has read and specifically and expressly approved the terms and conditions in the "Certain Conditions of the Award" section of this Agreement, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) the Company and any Parent or Affiliate are not responsible for any decrease in the value of the Shares underlying the Restricted Stock Units.

Finally, the Participant hereby declares that the Participant does not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of the Participant's participation in the Plan and therefore grants a full and broad release to the Employer, the Company and any Parent or Affiliate with respect to any claim that may arise under the Plan.

Spanish Translation

Sin derecho a compensación o reclamaciones por compensación. *Estas disposiciones complementan la sección "Ciertas Condiciones de la Adjudicación" del presente Acuerdo:*

Modificación. *Al aceptar las Unidades de Acciones Restringidas, el Empleado entiende y acuerda que cualquier modificación al Plan o al Contrato o su terminación no constituirá un cambio o perjuicio a los términos y condiciones de empleo.*

Declaración de Política. *El otorgamiento de Unidades de Acciones Restringidas que la Compañía está haciendo de conformidad con el Plan es unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el mismo en cualquier momento, sin responsabilidad alguna.*

La Compañía, con oficinas registradas ubicadas en 2655 Seely Avenue, Building 5, San Jose, California 95134, EE.UU. es únicamente responsable de la administración del Plan y la participación en el Plan y la adquisición de Acciones no establece, de forma alguna, establecer una relación de trabajo entre el Empleado y la Compañía, ya que el Empleado está participa en el Plan de una base totalmente comercial, y tampoco establece ningún derecho entre el Empleado y el Patrón. Asimismo, el Empleado acuerda que cualquier modificación al Plan o a su terminación no generarán un cambio o impedimento en los términos y condiciones derivados de su contrato de servicios.

Reconocimiento del Documento del Plan. *Al aceptar el Otorgamiento de las Unidades de Acciones Restringidas, el Empleado reconoce que el Empleado ha recibido copias del Plan, ha revisado el Plan y el Contrato en su totalidad y entiende y acepta completamente todas las disposiciones contenidas en el Plan y en el Contrato.*

Adicionalmente, mediante la firma del Contrato, el Empleado reconoce que el Empleado ha leído y específica y expresamente ha aprobado los términos y condiciones del sección "Ciertas Condiciones de la Adjudicación" de este Acuerdo, en el que claramente se ha descrito y establecido que: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el Plan es ofrecida por la Compañía de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Compañía y cualquier empresa Matriz o Afiliada no son responsables por cualquier disminución en el valor de las Acciones subyacentes a las Unidades de Acciones Restringidas.

Finalmente, el Empleado de acuerdo en que el Empleado no se reserva ninguna acción o derecho para interponer cualquier demanda o reclamación en contra de la Compañía por compensación, daño o perjuicio alguno como resultado de su participación en el Plan y, por lo tanto, otorga finiquito al Patrón, la Compañía y cualquier empresa Matriz o Afiliada con respecto a cualquier demanda o reclamación que pudiera surgir en virtud del Plan.

NOTIFICATIONS

Securities Law Information. Any Restricted Stock Units offered under the Plan and the Shares underlying the Restricted Stock Units have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan and any other document relating to any Restricted Stock Units may not be publicly distributed in Mexico. These materials are addressed to the Participant only because of the Participant's existing relationship with the Company and its Affiliates and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities but rather constitutes a private placement of securities addressed specifically to individuals who are present employees or contractors of the Company or one of its Affiliates, made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

NETHERLANDS

There are no country-specific provisions.

POLAND

NOTIFICATIONS

Exchange Control Information. Information regarding bank or brokerage accounts holding cash and securities (including Shares) outside of Poland must be reported on a quarterly basis to the National Bank of Poland on transactions and balances in such accounts if the value of such cash and securities exceeds a certain threshold. Any transfer of funds in excess of a certain threshold into or out of Poland must be effected through a bank account in Poland. All documents connected with any foreign exchange transactions should be retained for a period of five (5) years as measured from the end of the year in which such transaction occurred.

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SINGAPORE

NOTIFICATIONS

Securities Law Information. The Award granted under the Plan is being made pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) ("***SFA***"). The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. Hence, statutory liability under the SFA in relation to the content of prospectuses will not apply. The Award granted under the Plan is subject to section 257 of the SFA and the Participant understands that he or she should not sell or offer to sell, any Shares directly to any person or entity in Singapore unless such sale or offer is made (i) six months or more after the date of grant, (ii) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA, or (iii) pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Director Notification Information. Any director, associate director or shadow director of a Singapore Affiliate or Related Entity is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Affiliate or Related Entity in Singapore in writing when receiving or disposing of an interest (*e.g.*, rights or Shares) in the Company or in any Affiliate or Related Entity. Such notifications must be made within two days of acquiring or disposing of an interest in the Company or any Affiliate or Related Company, or within two days of becoming a director if such an interest is held at that time.

SOUTH KOREA

NOTIFICATIONS

Exchange Control Information. If the Participant sells Shares acquired under the Plan or receives cash dividends, the Participant may have to file a report with a Korean foreign exchange bank, provided the proceeds are in excess of USD 5,000 (per transaction) and deposited into a non-Korean bank account. A report may not be required if proceeds are deposited into a non-Korean brokerage account. The Participant is responsible for complying with any applicable exchange control reporting obligations in Korea and the Participant should consult his or her personal legal advisor to determine his or her personal reporting obligations.

Foreign Asset/Account Reporting Information. The Participant must declare all foreign financial accounts (*i.e.*, non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds the applicable threshold on any month-end date during a calendar year. The Participant should consult his or her personal tax advisor to determine his or her personal reporting obligations.

SPAIN

TERMS AND CONDITIONS

Nature of Award. This provision supplements the "Certain Conditions of the Award" section of the Agreement:

By accepting the Award, the Participant consents to participation in the Plan and acknowledges that the Participant has received a copy of the Plan.

The Participant understands that the Company has unilaterally, gratuitously and in its sole discretion decided to grant the Award under the Plan to certain Participants throughout the world. This is a limited decision that is entered into upon the express assumption and condition that (i) any grant will not economically bind the Company, the Employer or any Affiliate on an ongoing basis, other than as expressly set forth in the Plan and the Agreement, (ii) the Award and any underlying Shares shall not become part of any employment contract or other service contract (whether with the Company, the Employer, or any Affiliate) and shall not be considered a mandatory benefit, salary for any purpose (including severance compensation), or any other right whatsoever, and (iii) except as provided for in the "Certain Conditions of the Award" section of the Agreement, the Award shall cease vesting upon the termination of the Participant's Continuous Status as an Employee or Consultant, as detailed below. Furthermore, the Participant understands that the Participant will not be entitled to continue vesting in this Award upon the termination of the Participant's Continuous Status as an Employee or Consultant.

The Participant understands and agrees that, as a condition of the grant of the Award, upon the date of termination of the Participant's Continuous Status as an Employee or Consultant for any reason (including the reasons listed below), all Awards that have not yet vested (or that do not become vested in connection as a result of the Participant's death) shall be forfeited, as described in the "Termination of Continuous Status as an Employee or Consultant" section of the Agreement. In particular, the Participant understands and agrees that any Awards that have not yet vested (or that do not become vested in connection as a result of the Participant's death) as of the date of termination of the Participant's Continuous Status as an Employee or Consultant shall be forfeited without entitlement to the underlying Shares or to any amount of indemnification in the event of termination of the Participant's Continuous Status as an Employee or Consultant by reason of, but not limited to, resignation, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause (*i.e.*, subject to a "*despido improcedente*", individual or collective dismissal on objective grounds, whether adjudged or recognized to be with or without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer and under Article 10.3 of the Royal Decree 1382/1985.

In addition, the Participant understands that this Award would not be granted but for the assumptions and conditions referred to above; thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken, or should any of the conditions not be met for any reason, any grant of or right to this Award shall be null and void.

NOTIFICATIONS

Securities Law Information. The Award described in the Agreement does not qualify under Spanish regulations as a security. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with this Award. Neither the Plan nor the Agreement (which includes these Country Provisions) have been nor will they be registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission), and they do not constitute a public offering prospectus.

Exchange Control Information. If the Participant holds 10% or more of the share capital of the Company or such other amount that would entitle the Participant to join the Board, the acquisition, ownership and disposition of stock in a foreign company (including Shares) must be declared for statistical purposes to the *Spanish Dirección General de Comercio e Inversiones* of the Ministry of Industry, Trade and Tourism, generally within one month of the acquisition.

The Participant is also required to electronically declare to the Bank of Spain any security accounts (including brokerage accounts held abroad), as well as the securities held in such accounts (including Shares acquired under the Plan) if the value of the transactions for all such accounts during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceeds EUR 1 million.

Different thresholds and deadlines to file this declaration apply. However, if neither such transactions during the immediately preceding year nor the balances / positions as of December 31 exceed EUR 1 million, no such declaration must be filed unless expressly required by the Bank of Spain. If any of such thresholds were exceeded during the current year, the Participant may be required to file the relevant declaration corresponding to the prior year; however, a summarized form of declaration may be available. The Participant should consult with his or her personal legal advisor to ensure compliance with applicable exchange control reporting requirements.

Foreign Asset/Account Reporting Information. To the extent that the Participant holds rights or assets (*e.g.*, cash or Shares held in a bank or brokerage account) outside of Spain with a value in excess of EUR 50,000 per type of right or asset as of December 31 each year (or at any time during the year in which the Participant sells or disposes of such right or asset), the Participant is required to report information on such rights and assets on the Participant's tax return for such year. After such rights or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than EUR 20,000. The Participant should consult with his or her personal tax advisor to ensure compliance with applicable reporting requirements.

SWEDEN

TERMS AND CONDITIONS

Tax Obligations. This provision supplements the "Tax Obligations" section of this Agreement:

Without limiting the Company's and the Employer's authority to satisfy their withholding obligations for Tax-Related Items as set forth in the "Tax Obligations" section of this Agreement, by accepting the Award, the Participant authorizes the Company and/or the Employer by deducting from the Shares otherwise deliverable to the Participant in settlement of the Award or withholding from proceeds of the sale of Shares acquired upon vesting/settlement of the Award either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization) to satisfy Tax-Related Items, regardless of whether the Company and/or the Employer have an obligation to withhold such Tax-Related Items.

SWITZERLAND

NOTIFICATIONS

Securities Law Information. Neither this document nor any other materials relating to the offer of participation in the Plan (i) constitutes a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("***FinSA***"); (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than an employee of the Company; or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (***FINMA***).

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TAIWAN

NOTIFICATIONS

Securities Law Information. The offer of participation in the Plan is available only for eligible Employees and Consultants. The offer of participation in Plan is not a public offer of securities by a Taiwanese company.

Exchange Control Information. The Participant may acquire and remit foreign currency (including proceeds from the sale of Shares) into and out of Taiwan up to USD 10 million per year. If the transaction amount is TWD 500,000 or more in a single transaction, the Participant must submit a foreign exchange transaction form and also provide supporting documentation to the satisfaction of the remitting bank. The Participant should consult his or her personal advisor to ensure compliance with applicable exchange control laws in Taiwan.

UNITED KINGDOM

TERMS AND CONDITIONS

Tax Withholding. This provision supplements the "Tax Obligations" section of this Agreement:

Without limitation to the "Tax Obligations" section of the Agreement, the Participant agrees that he or she is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items as and when requested by the Company or the Employer or by HM Revenue and Customs ("***HMRC***") (or any other tax authority or any other relevant authority). The Participant also agrees to indemnify and keep indemnified the Company and the Employer against any taxes that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on the Participant's behalf.

Notwithstanding the foregoing, if the Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provisions will not apply. The Participant understands that, in the event he or she is an executive officer or director and the income tax is not collected by the Participant within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected income tax may constitute a benefit to the Participant on which additional income tax and National Insurance contributions ("***NICs***") may be payable. The Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying the Company or the Employer, as applicable for the value of any NICs due on this additional benefit.

UNITED STATES OF AMERICA

There are no country-specific provisions.

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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

UNITED STATES OF AMERICA, Plaintiff, v. CADENCE DESIGN SYSTEMS, INC., Defendant.	CASE NO. 5:25-CR- **PLEA AGREEMENT**

Defendant Cadence Design Systems, Inc. ("Cadence" or the "Company") by its undersigned representatives, pursuant to authority granted by the Company's Board of Directors reflected in **Attachment B**; and the United States Department of Justice, National Security Division ("NSD"), Counterintelligence and Export Control Section ("CES"), and the United States Attorney's Office for the Northern District of California ("NDCA") (collectively, the "Offices" or "the government"), enter into this written plea agreement (the "Agreement") pursuant to Rules 11(c)(1)(A) and 11(c)(1)(C) of the Federal Rules of Criminal Procedure:

The Defendant's Promises

1. The Company agrees to plead guilty to Count One of the captioned criminal Information charging Conspiracy to Commit Export Control Violations, namely, violations of the Export Control Reform Act ("ECRA"), Title 50, United States Code, Section 4819; the International Emergency Economic Powers Act ("IEEPA"), Title 50, United States Code, Section 1705; and the Export Administration Regulations ("EAR"), Title 15, Code of Federal Regulations Part 764.2; all in violation of Title 18, United States Code, Section 371. The Company acknowledges and agrees that the Offices will file the criminal Information in the United States District Court for the Northern District of California, and in so doing, the Company: (a) knowingly waives any right to indictment on this charge, as well as all rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, Title 18, United States Code, Section 3161, and Federal Rule of Criminal Procedure 48(b); (b) agrees that the charges in the Information and any charges arising from the conduct described in the Statement of Facts attached hereto as **Attachment A1** ("Statement of Facts") are not time-barred by the applicable statute of limitations on the date of the signing of this Agreement.

The Company agrees that the elements of Count One are as follows: (1) there was an agreement between two or more persons to commit one or more violations of the EAR under ECRA and IEEPA; (2) the defendant became a member of the conspiracy knowing of at least one of its objects and intending to help accomplish it; and (3) one of the members of the conspiracy performed at least one overt act during the conspiracy for the purpose of carrying out the conspiracy. The Company further agrees that the elements of a violation of the EAR under ECRA and IEEPA are as follows: (i) the defendant exported, caused the export of, or aided and abetted in the export of an item subject to the EAR; (ii) a license was required for the export of this item; (iii) the defendant failed to obtain from the

United States Department of Commerce the required license before exporting, causing the export of, or aiding and abetting in the export of the item; and (iv) the defendant acted knowingly and willfully.

The Company agrees that the statutory penalties for Count One are as follows:

a. Maximum term of probation	5 years
b. Maximum fine	$500,000 or twice the gross gain to any person resulting from the offense, whichever is greater
c. Restitution	As determined by the Court
d. Mandatory special assessment	$400 per felony count
e. Forfeiture	Not less than $45,305,317.41

2. The Company is pleading guilty because it is guilty of the charges contained in the Information. The Company admits, agrees, and stipulates that the factual allegations set forth in the Information and the Statement of Facts are true and correct, that it is responsible for the acts of its officers, directors, employees, and agents described in the Information and Statement of Facts, and that the Information and Statement of Facts accurately reflect the defendant's criminal conduct. The Company agrees that, effective as of the date the Company signs this Agreement, the Company will neither dispute nor contradict the Statement of Facts set forth in this Agreement, and stipulates to the admissibility of the Statement of Facts in any proceeding by the government, including any trial, guilty plea, or sentencing proceeding.

3. The Company agrees to give up all rights that it would have in this case if it chose to proceed to trial, including the rights to:

a. Continue to plead not guilty and require the government to prove the elements of the crime(s) beyond a reasonable doubt;

b. A speedy and public trial by jury at which it would have the assistance of an attorney;

c. Confront and cross-examine adverse witnesses;

d. Remain silent and have no adverse inferences drawn from the decision not to testify;

e. Testify; and

f. Present evidence, pursue affirmative defenses, and have witnesses testify on its behalf.

To the extent that the offenses to which the Company is pleading guilty were committed, begun, or completed outside of the Northern District of California, the defendant knowingly, voluntarily, and intelligently waives, relinquishes, and gives up: (a) any right that it might have to be prosecuted only in the district where the offenses to which it is pleading guilty were committed, begun, or completed; and (b) any defense, claim, or argument it could raise or assert based upon lack of venue with respect to the offenses to which it is pleading guilty.

The Company also agrees, in this case, to give up the rights to move to suppress evidence, raise other Fourth or Fifth Amendment claims, demand or receive further discovery from the government, and to challenge this prosecution on grounds of venue or statute of limitations.

4. The Company agrees to give up the right to appeal its convictions related to this Agreement, including constitutional challenges to the statutes of conviction. The Company agrees to give up the right to appeal the judgment and all orders of the Court related to this Agreement. The Company also agrees to give up the right to appeal any aspect of its sentence, including any orders relating to forfeiture and/or restitution, reserving only the defendant's right to claim that its sentence violated this plea agreement, applicable law, or the Constitution. The Company reserves the right to claim that its counsel was ineffective. The Company understands that this waiver includes, but is not limited to, any and all constitutional or legal challenges to the Company's convictions and guilty plea related to this Agreement, including arguments that the statutes to which it is pleading guilty are unconstitutional, and any and all claims that the Statement of Facts provided herein is insufficient to support the Company's plea of guilty.

5. The Company agrees not to file any collateral attack on the conviction or sentence related to this Agreement, including a petition under 28 U.S.C. § 2255 or 28 U.S.C. § 2241, except that the Company reserves its right to claim that its counsel was ineffective.

6. The Company agrees not to ask the Court to withdraw the guilty plea at any time after it is entered unless the Court declines to accept the sentence agreed to by the parties. If the Company breaches this Agreement by moving to withdraw its guilty plea at any time after it is entered, the Company agrees that in addition to the remedies available to the government set forth below in this Agreement ("Breach of the Agreement"), the statute of limitations for any offense committed by the Company that is not time-barred on the date the Agreement is signed shall be tolled from the date the

Company signs the Agreement until one year after the Court permits the Company to withdraw its guilty plea. The Company agrees that the government and the Company may withdraw from this Agreement if the Court does not accept the agreed-upon sentence set out below. The Company further agrees that the statute of limitations shall be tolled from the date it signed the Agreement until one year after the date the Court rejects the Agreement.

7. In the event that the Company materially violates any of the terms of the Agreement, the Company agrees that the facts set forth and admitted in Paragraph 2 of this Agreement and, if applicable, the fact that the Company made a sworn admission to them in a previous court proceeding, shall be admissible against the Company in any subsequent proceeding, including at trial. The Company agrees that the determination as to the materiality of a violation of any of the terms of the Agreement is in the government's sole and exclusive discretion, and that determination is binding on the Company. In any subsequent proceeding conducted after the Company materially violates any of the terms of the Agreement, the defendant expressly waives any and all rights under Fed. R. Crim. P. 11(f) and Fed. R. Evid. 410 with regard to the facts set forth and admitted in Paragraph 2 of the Agreement and, if applicable, the fact that the Company made a sworn admission to them at a previous court proceeding. Specifically, the Company understands and agrees that any statements the Company makes in the course of its guilty plea or in connection with the Agreement are admissible against the Company for any purpose in any U.S. federal criminal proceeding if the Company moves to withdraw its guilty plea.

8. In the event that the Court rejects the Agreement and the defendant has not materially violated any of the terms of the Agreement, the government may use the facts set forth and admitted in Paragraph 2 and the fact that the Company made a sworn admission to them in a previous court proceeding (if applicable) in any subsequent proceeding, including at any trial, as follows: the Company's admissions to the facts set forth and admitted in Paragraph 2 are admissible to rebut any evidence offered in the defense case at trial that directly contradicts the defendant's admission to the elements of the offenses to which the Company is pleading guilty. The Company expressly waives any and all rights under Fed. R. Crim. P. 11(f) and Fed. R. Evid. 410 with regard to the facts set forth and admitted in Paragraph 2 of the Agreement and, if applicable, the fact that the Company made a sworn admission to them at a previous court proceeding.

9. The Company understands that the government will not preserve any physical evidence obtained in this case.

10. The Company understands that the Court must consult the United States Sentencing Guidelines ("U.S.S.G.") and take them into account when sentencing, together with the factors set forth in 18 U.S.C. §§ 3553, 3571, and 3572. In this case, the offense guideline applicable to the criminal violations of ECRA, 50 U.S.C. § 4819, and IEEPA, 50 U.S.C. § 1705, that are the objects of the conspiracy to which the Company is pleading guilty, is U.S.S.G. § 2M5.1 ("Evasion of Export Controls; Financial Transactions with Countries Supporting International Terrorism"). The parties agree that, because U.S.S.G. § 2M5.1 is not one of the enumerated offense guidelines to which the organizational fine guideline applies under U.S.S.G. § 8C2.1, the provisions of 18 U.S.C. §§ 3553 and 3572 control the imposition of an appropriate sentence in this case, pursuant to U.S.S.G. § 8C2.10.

11. The Offices and the Company agree that an appropriate disposition of this matter is a plea pursuant to Rules 11(c)(1)(A) and 11(c)(1)(C) of the Federal Rules of Criminal Procedure. The Offices and the Company also agree, with the permission of the Court, to waive the requirement of a pre-sentence report pursuant to Rule 32(c)(1)(A) and jointly submit that this Plea Agreement, the attached Statement of Facts, and the attached Relevant Considerations reflected in **Attachment A2** ("Relevant Considerations") may be sufficient to enable the meaningful exercise of sentencing authority by the Court under 18 U.S.C. § 3553. The Offices and the Company jointly request that the Court accept the Company's guilty plea and impose sentence on the same date under Federal Rule of Criminal Procedure 32(c)(1)(A)(ii), U.S.S.G. § 6A1.1(a)(2), and Local Criminal Rule 32-1(b). The Company agrees that a reasonable and appropriate disposition of this case under the Sentencing Guidelines and 18 U.S.C. §§ 3553, 3571, and 3572 given the facts and circumstances of this case, including the Relevant Considerations, and the sentence to which the parties have agreed, includes total criminal penalties of **$117,793,825.27** ("Total Criminal Penalty") and is described as follows:

a. Criminal Fine: In this case, the parties agree that the gross pecuniary gain to the members of the conspiracy resulting from the offense is **$45,305,317.41** based on (i) the revenue that the Company recognized (on a consolidated basis) for EDA and semiconductor design tools that the Company delivered to CSCC in the relevant time period; (ii) the market value of EDA and semiconductor design tools that the

Company delivered to CSCC in the relevant time period for which the Company did not recognize revenue; and (iii) the market value of the Company loaner hardware that the Company delivered to CSCC. Therefore, pursuant to Title 18, United States Code, Section 3571(d), the maximum fine that may be imposed is twice the gross gain, or approximately **$90,610,634.82**. The parties agree that the Company shall pay a fine to the United States in the amount of **$72,488,507.86** at the time of sentencing. This reflects a discount for the defendant's cooperation and remediation, pursuant to the NSD Enforcement Policy for Business Organizations. The government will credit against the Criminal Fine the amount of **$24,832,507.86** paid by the Company to the United States Department of Commerce, Bureau of Industry and Security ("BIS") in connection with a parallel resolution entered into between BIS and the Company. Should any amount of such credited payment not be made to the Department of Commerce by the end of six months from the date of sentencing, or be returned to the Company or any affiliated entity for any reason, the Company shall pay the remaining balance of the Criminal Fine to the United States Treasury.

b. Forfeiture: As a result of the Company's conduct described in the Information and Statement of Facts, the parties agree that the Offices could institute a civil and/or criminal forfeiture action against certain funds held by the Company and that such funds would be forfeitable pursuant to 50 U.S.C. § 4819(d), 18 U.S.C. § 981(a)(1)(C), 21 U.S.C. § 853, and/or 28 U.S.C. § 2461(c). The Company hereby admits that the facts set forth in the Statement of Facts establish that at least **$45,305,317.41** representing the proceeds traceable to the commission of the offense, is forfeitable to the United States (the "Forfeiture Amount"). The Company consents to the entry of an Order of Forfeiture requiring it to pay a money judgment, representing property forfeitable to the United States in the Forfeiture Amount pursuant to 50 U.S.C. § 4819(d), 18 U.S.C. § 981(a)(1)(C), 21 U.S.C. § 853, and 28 U.S.C. § 2461(c) at the time of sentencing. The Company releases any and all claims it may have to the Forfeiture Amount, agrees that the forfeiture of such funds may be accomplished either administratively or judicially at the Offices' election, and waives the

requirements of any applicable laws, rules, or regulations governing the forfeiture of assets, including notice of the forfeiture. If the Offices seek to forfeit the Forfeiture Amount judicially or administratively, the Company consents to entry of an order of forfeiture or declaration of forfeiture directed to such funds and waives any defense it may have under 18 U.S.C. §§ 981-984, including but not limited to notice, statute of limitations, and venue. The Company agrees to sign any additional documents necessary to complete forfeiture of the Forfeiture Amount. The Company also agrees that it shall not file any petitions for remission, restoration, or any other assertion of ownership or request for return relating to the Forfeiture Amount, or any other action or motion seeking to collaterally attach the seizure, restraint, forfeiture, or conveyance of the Forfeiture Amount, nor shall it assist any others in filing any such claims, petitions, actions, or motions. Any portion of the Forfeiture Amount that is paid is final and shall not be refunded should the Offices later determine that the Company has breached this Agreement and commence a prosecution against the Company. In the event of a breach of this Agreement and subsequent prosecution, the Offices are not limited to the Forfeiture Amount. The Offices agree that in the event of a subsequent breach and prosecution, they will recommend to the Court that the amounts paid pursuant to this Agreement be offset against whatever forfeiture the Court shall impose as part of its judgment. The Company understands that such a recommendation will not be binding on the Court.

c. Mandatory Special Assessment: The Company shall pay to the Clerk of the Court for the United States District Court for the Northern District of California the total mandatory special assessment of $400.

d. Restitution: As of the date of the Agreement, the Offices and the defendant have not identified any victim qualifying for restitution and thus are not requesting an order of restitution. The Defendant recognizes and agrees, however, that restitution is imposed at the sole discretion of the Court. The Defendant agrees to pay restitution as part of the Agreement in the event restitution is ordered by the Court.

e. Probation: Pursuant to 18 U.S.C. § 3561(c)(1), the Company will be placed on organizational probation for a term of three years, starting on the date of sentencing (the "Term"). The mandatory and special conditions of probation are that the Company will not commit any further violations of federal, state, or local law; and shall conduct all of its operations in compliance with applicable laws of the United States, will make payments of all criminal monetary payment amounts, and that the Company shall fulfill all of its promises and agreements set forth in this Agreement. The Company agrees, however, that, in the event the Offices determine, in their sole discretion, that the Company has knowingly violated any provision of this Agreement or has failed to perform or fulfill completely each of the Company's obligations under this Agreement, the Company will consent, if requested by the Offices in their sole discretion, to an extension or extensions of the Term be imposed for up to a total additional time period of one year, without prejudice to the Offices' right to proceed as provided below ("Breach of the Agreement"). Any extension of the Term, including any extension of the Term imposed by the Court without a request by the Offices, extends all terms of this Agreement, including the terms of the reporting requirement below ("Corporate Compliance Reporting") and **Attachment D**, for an equivalent period. Conversely, in the event that the Offices find, in their sole discretion, that there exists a change in circumstances sufficient to eliminate the need for the reporting requirement below ("Corporate Compliance Reporting") and **Attachment D**, and that the other provisions of this Agreement have been satisfied, the Offices may agree that the Term should be terminated early.

12. The Company understands that if it defaults on the payment of the Criminal Fine, Forfeiture Amount, Mandatory Special Assessment, or any restitution ordered by the Court, the Court may revoke probation, modify the terms or conditions of probation, resentence the defendant, hold the defendant in contempt of court, order the sale of property, enter or adjust a payment schedule, or take any other action necessary to obtain compliance.

13. The Company agrees to pay the Total Criminal Penalty to the United States Treasury no later than ten business days after the Agreement is fully executed. The Total Criminal Penalty is final and shall not be refunded. The Company agrees that any fine, forfeiture, or restitution imposed by the Court against the defendant will be subject to enforcement by the government as authorized by 18 U.S.C. § 3613. The Company further understands that the government may seek collection of the entire fine, forfeiture, or restitution from any assets without regard to any schedule of payments imposed by the Court or established by the Probation Office and that monetary penalties imposed by the Court will be submitted to the Treasury Offset Program so that any federal payment or transfer of returned property the defendant receive may be offset and applied to federal debts. The Company acknowledges that no tax deduction may be sought in connection with the payment of the Criminal Fine, Forfeiture Amount, Mandatory Special Assessment, or any restitution ordered by the Court. The Company shall not seek or accept directly or indirectly reimbursement or indemnification from any source with regard to the amounts that the Company pays pursuant to this Agreement or any other agreement entered into with an enforcement authority or regulator concerning the facts set forth in the Statement of Facts.

14. The Company agrees not to commit or attempt to commit any crimes before sentence is imposed. The Company also agrees not to intentionally provide false information to the Court, the Probation Office, or the government; and not to fail to comply with any of the other promises the defendant has made in this Agreement. The Company agrees, as more fully described below ("Breach of the Agreement"), that if it fails to comply with any promises the Company has made in this Agreement, then the government will be released from all of its promises in this Agreement, including those set forth in the Government's Promises Section below, but the Company will not be released from the guilty plea. The Company agrees that the determination as to the materiality of a failure by the Company to comply with any promises made in this Agreement is in the government's sole and exclusive discretion, and that determination is binding on the Company.

Ongoing Cooperation and Disclosure Requirements

15. The Company shall cooperate fully with the Offices in any and all matters relating to the conduct described in this Agreement and the Statement of Facts and other conduct under investigation by the Offices at any time during the Term until the later of the date upon which all investigations and prosecutions arising out of such conduct are concluded, or the end of the Term. At the request of the Offices, the Company also shall cooperate fully with other domestic or foreign law enforcement and regulatory authorities and agencies in any investigation of the Company, its affiliates, or any of its present or former officers, directors, employees, agents, and consultants, or any other party, in any and all matters relating to the conduct described in this Agreement and the Statement of Facts and other conduct under investigation by the Offices or any other component of the Department of Justice at any time during the Term. The Company's cooperation pursuant to this Paragraph is subject to applicable law and regulations, including local law and regulations, as well as valid claims of attorney-client privilege or attorney work product doctrine; however, the Company must provide to the Offices a log of any information or cooperation that is not provided based on an assertion of law, regulation, or privilege, and the Company bears the burden of establishing the validity of any such an assertion. The Company agrees that their cooperation pursuant to this Paragraph shall include, but not be limited to, the following:

a. The Company represents that it has timely and truthfully disclosed all material factual information known to the Company with respect to its activities, those of its subsidiaries and affiliates, and those of its present and former directors, officers, employees, agents, and consultants relating to the conduct described in this Agreement and the Statement of Facts, as well as any other conduct under investigation by the Offices about which the Company has any knowledge. The Company further agrees that it shall promptly and truthfully disclose all material factual information with respect to its activities, those of its affiliates, and those of its present and former directors, officers, employees, agents, and consultants about which the Company shall gain any knowledge or about which the Offices may inquire. This obligation of truthful disclosure includes, but is not limited to, the obligation of the Company to provide to the Offices, upon request, any document, record, or other tangible evidence about which the Offices may inquire of the Company including evidence that is responsive to any requests made prior to the execution of this Agreement.

b. Upon request of the Offices, the Company shall designate knowledgeable employees, agents, or attorneys to provide to the Offices the information and materials described in subpart (a) above on behalf of the Company. It is further understood that the Company must at all times provide complete, truthful, and accurate information.

c. The Company shall use its best efforts to make available for interviews or testimony, as requested by the Offices, present or former officers, directors, employees, agents, and consultants of the Company. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with domestic or foreign law enforcement and regulatory authorities. Cooperation under this Paragraph shall include identification of witnesses who, to the knowledge of the Company, may have material information regarding the matters under investigation.

d. With respect to any information, testimony, documents, records, or other tangible evidence provided to the Offices pursuant to this Agreement, the Company consents to any and all disclosures, subject to applicable laws and regulations, to other governmental authorities of such materials as the Offices, in their sole discretion, shall deem appropriate.

e. During the Term, should the Company learn of any evidence or allegation of conduct that may constitute a criminal violation of IEEPA, ECRA, EAR or other applicable U.S. export control or sanctions laws or regulations made by or at the Company, the Company shall promptly report such evidence or allegation to the Offices.

16. On the date that the Term specified in this Agreement expires, the Company, by its President, Chief Financial Officer, or other duly authorized Officer of the Company will certify to the Offices in the form of executing the document attached as **Attachment E** to this Agreement that the Company has met its disclosure obligations pursuant to this Agreement ("Ongoing Cooperation and Disclosure Requirements"). Each certification will be deemed a material statement and representation by the Company to the executive branch of the United States for purposes of 18 U.S.C. §§ 1001 and 1519, and it will be deemed to have been made in the Northern District of California.

Corporate Compliance Program

17. The Company represents that it has implemented and will continue to implement a compliance program at the Company designed to prevent and detect violations of IEEPA, ECRA, EAR,

and other applicable U.S. export control and sanctions laws and regulations throughout the Company's operations, including those of its affiliates, agents, and joint ventures, and those of its contractors and subcontractors whose responsibilities include the Company's products and business activities. On the date that the Term expires, the Company, by its Chief Executive Officer or other duly authorized Officer of the Company, will certify to the Offices, in the form of executing the document attached as **Attachment F** to this Agreement, that the Company has met its compliance obligations pursuant to this subsection ("Corporate Compliance Program") and **Attachment C** of this Agreement. This certification will be deemed a material statement and representation by the Company to the executive branch of the United States for purposes of 18 U.S.C. §§ 1001 and 1519, and it will be deemed to have been made in the Northern District of California.

18. In order to address any deficiencies in its internal export compliance controls, policies, and procedures, the Company represents that it has undertaken, and will continue to undertake in the future, in a manner consistent with all of its obligations under this Agreement, a review of the Company's existing internal controls, policies, and procedures regarding compliance with IEEPA, ECRA, EAR, and other applicable U.S. export control and sanctions laws and regulations. Where necessary and appropriate, the Company agrees to adopt a new compliance program at the Company, or to modify its existing one, including internal controls, compliance policies, and procedures in order to ensure that the Company maintains at the Company a rigorous compliance program covering export controls, as well as policies and procedures designed to detect and deter effectively violations of IEEPA, ECRA, EAR, and other applicable U.S. export control and sanctions laws and regulations. The compliance program will include, but not be limited to, the minimum elements set forth in **Attachment C**.

Corporate Compliance Reporting

19. The Company agrees that it will report to the Offices annually during the Term regarding remediation and implementation of the compliance measures described above ("Corporate Compliance Program") and in **Attachment C**. These reports will be prepared in accordance with **Attachment D**.

20. The Compliance Reports prepared in accordance with **Attachment D** likely will include proprietary, financial, confidential, and competitive business information. The Offices shall have the right to interview any officer, employee, agent, or representative of the Company concerning any non-

privileged matter described or identified in the Compliance Reports. Moreover, public disclosure of the Compliance Reports could discourage cooperation, impede pending or potential government investigations and thus undermine the objectives of the reporting requirement. For these reasons, among others, the Compliance Reports and the contents thereof are intended to remain and shall remain non-public, except as otherwise agreed to by the parties in writing, or except to the extent that the Offices determine in their sole discretion that disclosure would be in furtherance of the Offices' discharge of their duties and responsibilities or is otherwise required by law.

21. The Company shall promptly notify the Offices of: (a) any deficiencies, failings, or matters requiring attention with respect to the Company's export controls and sanctions compliance program identified by any law enforcement or regulatory authority within 30 business days of any such notice, provided that the authority has granted the Company permission to notify the Offices; and (b) any steps taken or planned to be taken by the Company to address the identified deficiency, failing, or matter requiring attention. The Offices may, in their sole discretion, direct the Company to provide additional reports about its export controls and sanctions compliance program. The Company may extend the time period for submission of any Compliance Reports with prior written approval of the Offices.

Breach of the Agreement

22. The Company agrees that if it fails to comply with any promises the defendant has made in this Agreement, then the government will be released from all of its promises in this Agreement, including those set forth in the Government's Promises Section, but the Company will not be released from its guilty plea. If, during the Term of this Agreement, the Company (a) commits any felony under U.S. federal law; (b) provides in connection with this Agreement deliberately false, materially incomplete or misleading information, including in connection with its disclosure of information about individual culpability; (c) fails to cooperate as set forth above in this Agreement ("Ongoing Cooperation and Disclosure Requirements"); (d) fails to implement a compliance program as set forth above in this Agreement ("Corporate Compliance Program") and **Attachment C**; or (e) otherwise fails to perform or fulfill completely each of the Company's obligations under the Agreement, regardless of whether the Offices become aware of such a breach after the Term is complete, the Company shall thereafter be subject to prosecution for any federal criminal violation of which the Offices have knowledge,

including, but not limited to, the charges in the Information described in Paragraph 1, which may be pursued by the Offices in the U.S. District Court for the Northern District of California or any other appropriate venue. Determination of whether the Company has breached the Agreement and whether to pursue prosecution of the Company or any other remedies for breach shall be in the Offices' sole and exclusive discretion. Any such prosecution may be premised on information provided by the Company. Any such prosecution relating to the conduct described in the Statement of Facts or relating to conduct known to the Offices prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against the Company, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the expiration of the Term plus one year. Thus, by signing this Agreement, the Company agrees that the statute of limitations with respect to any such prosecution that is not time-barred on the date of the signing of this Agreement shall be tolled for the Term plus one year. In addition, the Company agrees that the statute of limitations as to any violation of federal law that occurs during the Term will be tolled from the date upon which the violation occurs until the earlier of the date upon which the Offices are made aware of the violation or the duration of the Term plus five years, and that this period shall be excluded from any calculation of time for purposes of the application of the statute of limitations.

23. In the event that the Offices determine that the Company has breached this Agreement, the Offices agree to provide the Company with written notice of such breach prior to instituting any prosecution resulting from such breach. Within thirty days of receipt of such notice, the Company shall have the opportunity to respond to the Offices in writing to explain the nature and circumstances of such breach, as well as the actions that the Company has taken to address and remediate the situation, which explanation the Offices shall consider in determining whether to pursue prosecution of the Company or other remedies for such breach.

24. In the event that the Offices determine that the Company has breached this Agreement: (a) all statements made by or on behalf of the Company and its subsidiaries and affiliates to the Offices or to the Court, including the Statement of Facts, and any testimony given by the Company before a grand jury, a court, or any tribunal, or at any legislative hearing, whether prior or subsequent to this Agreement, and any leads derived from such statements or testimony, shall be admissible in evidence in

any and all criminal proceedings brought by the Offices against the Company or its subsidiaries and affiliates; and (b) the Company, its subsidiaries, and affiliates shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule that any such statements or testimony made by or on behalf of the Company prior or subsequent to this Agreement, or any leads derived therefrom, should be suppressed or are otherwise inadmissible. The decision whether conduct or statements of any current director, officer, or employee, or any person acting on behalf of, or at the direction of, the Company or its subsidiaries or affiliates, will be imputed to the Company or its subsidiaries or affiliates for the purpose of determining whether the Company or its subsidiaries or affiliates have violated any provision of this Agreement shall be in the sole discretion of the Offices.

25. The Company acknowledges that the Offices have made no representations, assurances, or promises concerning what sentence may be imposed by the Court if the Company breaches this Agreement, the Offices commence another prosecution of the Company, and it proceeds to judgment. The Company further acknowledges that any such sentence is solely within the discretion of the Court and that nothing in this Agreement binds or restricts the Court in the exercise of such discretion. Furthermore, nothing in this Agreement shall be deemed an agreement by the Offices that the Total Criminal Penalty is the maximum penalty that may be imposed in any future prosecution, and the Offices are not precluded from arguing in any future prosecution that the Court should impose a higher fine, although the Offices agree that under those circumstances, they will recommend to the Court that any amount paid under this Agreement should offset against any fine the Court imposes as part of a future judgment.

Other Provisions

26. The Company expressly agrees that it shall not, through present or future attorneys, officers, directors, employees, agents, or any other person authorized to speak for the Company make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by the Company set forth above or the facts described in the Statement of Facts. Any such contradictory statement, subject to cure rights of the Company described below, shall constitute a breach of this Agreement, and the Company thereafter shall be subject to prosecution and other remedies for breach as set forth in above in this Agreement ("Breach of the Agreement"). The decision whether any public

statement by any such person contradicting a fact contained in the Statement of Facts will be imputed to the Company for the purpose of determining whether it has breached this Agreement shall be at the sole discretion of the Offices. If the Offices determine that a public statement by any such person contradicts in whole or in part a statement contained in the Statement of Facts, the Offices shall so notify the Company, and the Company may avoid a breach of this Agreement by publicly repudiating such statement(s) within five business days after notification. The Company shall be permitted to raise defenses and to assert affirmative claims in other proceedings relating to the matters set forth in the Statement of Facts provided that such defenses and claims do not contradict, in whole or in part, a statement contained in the Statement of Facts. This Paragraph does not apply to any statement made by any present or former officer, director, employee, or agent of the Company in the course of any criminal, regulatory, or civil case initiated against such individual, unless such individual is speaking on behalf of the Company. The Company agrees that if it or any of its direct or indirect subsidiaries or affiliates issues a press release or holds any press conference in connection with this Agreement, the Company shall first consult with the Offices to determine (a) whether the text of the release or proposed statements at the press conference are true and accurate with respect to matters between the Offices and the Company; and (b) whether the Offices have any objection to the release.

27. The Company agrees that this Agreement, including its attachments, sets forth all the terms of the agreement between the Company and the Offices. No amendments, modifications, or additions to this Agreement shall be valid unless they are in writing and signed by the Offices, the attorneys for the Company and a duly authorized representative of the Company.

28. The Company agrees that this Agreement is binding on the Company and the Offices but specifically does not bind any other component of the Department of Justice, other federal agencies, or any state, local, or foreign law enforcement or regulatory agencies, or any other authorities, although the Offices will bring the cooperation of the Company and its compliance with its other obligations under this Agreement to the attention of such agencies and authorities if requested to do so by the Company.

29. The Company agrees and understands that the Offices shall file this Agreement in a public court file and may disclose this Agreement to the public.

30. Any notice to the Offices under this Agreement shall be given by electronic mail and/or personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail,

addressed to Chief, Counterintelligence and Export Control Section, National Security Division, U.S. Department of Justice, 950 Pennsylvania Avenue, N.W., Washington, DC, 20530 and Chief, Criminal Division, United States Attorney's Office for the Northern District of California, 450 Golden Gate Avenue, Box 36055, San Francisco, California 94102. Any notice to the Company under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, with copies by electronic mail, addressed to General Counsel, Cadence Design Systems, Inc., 2655 Seely Avenue San Jose, California, 95134. Notice shall be effective upon actual receipt by the Offices or the Company.

The Government's Promises

31. Subject to the above provisions, including "Breach of the Agreement," and in exchange for the Company's guilty plea and the complete fulfillment of all its obligations under this Agreement, the Offices agree, except as provided in this Agreement, that they will not bring additional criminal charges or civil actions against the Company, or any of its affiliates or subsidiaries, relating to any of the conduct described in the Statement of Facts or the criminal Information filed pursuant to this Agreement. The Offices, however, may use any information related to the conduct described in the Statement of Facts against the Company or any of its subsidiaries or affiliates: (a) in a prosecution for perjury or obstruction of justice; (b) in a prosecution for making a false statement; (c) in a prosecution or other proceeding relating to any crime of violence; or (d) in a prosecution or other proceeding relating to a violation of any provision of Title 26 of the United States Code. To the extent that there is conduct disclosed by the Company that is not set forth in the Statement of Facts or the Information, such conduct will not be exempt from further prosecution and is not within the scope of or relevant to this Agreement.

a. This Agreement does not provide any protection against prosecution for any future conduct by the Company or any of its subsidiaries or affiliates.

b. In addition, this Agreement does not provide any protection against prosecution of any individuals, regardless of their affiliation with the Company or any of their subsidiaries or affiliates.

The Defendant's Affirmations

32. The Company confirms that it has had adequate time to discuss this case, the evidence, and the Agreement with the Company's attorneys and that its attorneys have provided it with all the legal advice requested.

33. Except as may otherwise be agreed by the parties in connection with a particular transaction, the Company agrees that in the event that, during the Term, it sells, merges, or transfers (i) business operations that are material to the Company's consolidated operations, or (ii) to the operations of any subsidiaries or affiliates of the Company involved in the conduct described in the Statement of Facts, as they exist as of the date of this Agreement, whether such sale is structured as a sale, asset sale, merger, transfer, or other change in corporate form, it shall include in any contract for sale, merger, transfer, or other change in corporate form a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement. The purchaser or successor in interest also must agree in writing that the Offices' ability to determine a breach under this Agreement is applicable in full force to that entity. The Company agrees that the failure to include these provisions in the transaction will make any such transaction null and void. The Company shall provide notice to the Offices at least thirty (30) days prior to undertaking any such sale, merger, transfer, or other change in corporate form. The Offices shall notify the Company prior to such transaction (or series of transactions) if it determines that the transaction or transactions will have the effect of circumventing or frustrating the enforcement purposes of this Agreement. If at any time during the Term the Company engages in a transaction(s) that has the effect of circumventing or frustrating the enforcement purposes of this Agreement, the Offices may deem it a breach of this Agreement pursuant to this Agreement ("Breach of the Agreement"). Nothing herein shall restrict the Company from indemnifying (or otherwise holding harmless) the purchaser or successor in interest for penalties or other costs arising from any conduct that may have occurred prior to the date of the transaction, so long as such indemnification does not have the effect of circumventing or frustrating the enforcement purposes of this Agreement, as determined by the Offices.

34. The Company confirms that while its authorized representative considered signing this Agreement, and at the time such authorized representative signed it, the authorized representative was

not under the influence of any alcohol, drug, or medicine that would impair the authorized representative's ability to understand the Agreement.

AGREED:

FOR CADENCE DESIGN SYSTEMS INC.:

Date: July 27, 2025

By: /s/ Marc Taxay

MARC TAXAY
CADENCE DESIGN SYSTEMS INC.

Date: July 27, 2025

By: /s/ Jonathan C. Poling

JONATHAN C. POLING
SHIVA AMINIAN
GEORGE PENCE
Akin Gump Strauss Hauer & Feld LLP

FOR THE COUNTERINTELLIGENCE AND EXPORT CONTROL SECTION:

SCOTT E. BRADFORD
Acting Chief
Counterintelligence and Export Control Section
National Security Division
U.S. Department of Justice

Date: July 27, 2025

By: /s/ Ian C. Richardson

IAN C. RICHARDSON, Chief Counsel
CHRISTINA J. NAUVEL, Deputy Chief Counsel
EMMA DINAN ELLENRIEDER, Trial Attorney

FOR THE UNITED STATES ATTORNEY'S OFFICE:

CRAIG H. MISSAKIAN
United States Attorney

Date: July 27, 2025

By: /s/ Eric Cheng

ERIC CHENG
Assistant United States Attorney

COMPANY OFFICER'S CERTIFICATE

I have read this Agreement and carefully reviewed every part of it with outside counsel for Cadence Design Systems, Inc. (the "Company"). I understand the terms of this Agreement and voluntarily agree, on behalf of the Company, to each of its terms. Before signing this Agreement, I consulted outside counsel for the Company. Counsel fully advised me of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement.

I have carefully reviewed the terms of this Agreement with the Board of Directors of the Company. I have advised and caused outside counsel for the Company to advise the Board of Directors fully of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into the Agreement.

No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on behalf of the Company, in any way to enter into this Agreement. I also am satisfied with outside counsel's representation in this matter. I certify that I am the Senior Vice President, General Counsel, and Corporate Secretary for the Company and that I have been duly authorized by the Company to execute this Agreement on behalf of the Company.

Date: July 27, 2025

By: CADENCE DESIGN SYSTEMS INC.
/s/ Marc Taxay

MARC TAXAY
Senior Vice President, General Counsel,
and Corporate Secretary

CERTIFICATE OF COUNSEL

We are counsel for Cadence Design Systems, Inc. (the "Company") in the matter covered by this Agreement. In connection with such representation, we have examined relevant Company documents and have discussed the terms of this Agreement with the Company Board of Directors. Based on our review of the foregoing materials and discussions, we are of the opinion that the representative of the Company has been duly authorized to enter into this Agreement on behalf of the Company and that this Agreement has been duly and validly authorized, executed, and delivered on behalf of the Company and is a valid and binding obligation of the Company. Further, we have carefully reviewed the terms of this Agreement with the Board of Directors and the General Counsel of the Company. We have fully advised them of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions and of the consequences of entering into this Agreement. To our knowledge, the decision of the Company to enter into this Agreement, based on the authorization of the Board of Directors, is an informed and voluntary one.

Date: July 25, 2025

By: /s/ Jonathan C. Poling

JONATHAN C. POLING
SHIVA AMINIAN
GEORGE PENCE
Akin Gump Strauss Hauer & Feld LLP

ATTACHMENT A1

STATEMENT OF FACTS

The following Statement of Facts is incorporated by reference as part of the Plea Agreement ("the Agreement") between the United States Attorney's Office for the Northern District of California ("NDCA") and the United States Department of Justice, National Security Division, Counterintelligence and Export Control Section ("CES") (collectively, the "Offices"), and Cadence Design Systems, Inc. Certain of the facts herein are based on information obtained from third parties by the Offices through their investigation and described to Cadence Design Systems, Inc. Cadence Design Systems, Inc. hereby agrees and stipulates that the following facts and conclusions of law are true and accurate. Cadence Design Systems, Inc. admits, accepts, and acknowledges that it is responsible for the acts of its officers, directors, employees, and agents as set forth below. The following facts establish beyond a reasonable doubt the charges set forth in the captioned Criminal Information.

I. Relevant Entities and Individuals

1. Cadence Design Systems, Inc ("Cadence") is a multinational electronic design automation ("EDA") technology company headquartered in San Jose, California with subsidiary and affiliate entities around the world. It offers EDA hardware and software, semiconductor design intellectual property ("IP") technology, and related services. Cadence's EDA tools support the development of electronic chips and semiconductor devices used in a wide range of applications, including consumer devices, communications, cloud and data center equipment, personal computers, supercomputers, automotive systems, medical systems, and other devices.

2. Cadence Design Systems Management (Shanghai) Co., Ltd. ("Cadence China") is a subsidiary of Cadence located in the People's Republic of China ("PRC") through which Cadence sells products and services to customers in the PRC. Cadence China is indirectly owned and wholly controlled by Cadence through Cadence Design Systems (Ireland) Limited, a wholly owned and controlled subsidiary of Cadence that is the sole shareholder of Cadence China.

3. National University of Defense Technology (国防科技大学) or "NUDT" (国防科大) is a university in the PRC under the leadership of the PRC's Central Military Commission. NUDT was added to the U.S. Department of Commerce's Entity List on February 18, 2015, due to its use of "U.S.-origin multicores, boards, and (co)processors to produce the TianHe-1A and TianHe-2 supercomputers." *See* 80 Fed. Reg. 8,524 (Feb. 18, 2015). These supercomputers are "believed to support nuclear explosive simulation and military simulation activities." *See* 84 Fed. Reg. 29371 (June 24, 2019) (identifying "47 Deya Road" and "109 Deya Road" in "Kaifu District, Changsha City, Hunan Province, China" as NUDT's addresses, among others). NUDT's primary campus is in Changsha, in Hunan Province, PRC.

4. Central South CAD Center ("CSCC") was identified as a Cadence China customer from as early as 2002. Cadence's customer database identified CSCC at 54 Beiya Road, Changsha, PRC—which closely resembled an address on NUDT's campus: 54 Deya Road, Changsha, PRC. Cadence sold its products and services to CSCC through Cadence China until on or about September 10, 2020.

5. On or about November 2, 2021, the U.S. Department of Commerce's Bureau of Industry and Security ("BIS") sent an "Is Informed" letter to Cadence, pursuant to 15 C.F.R. § 744.21(b), stating that BIS had determined that CSCC posed an unacceptable risk of acting as an agent, front, or shell company for NUDT or of otherwise assisting NUDT in circumventing the license requirements on NUDT. BIS added CSCC to the Entity List as an alias for NUDT effective June 28, 2022. *See* 87 Fed. Reg. 38,920 (June 30, 2022).

6. Phytium Technology Co. Ltd., also known as Tianjin Phytium Information Technology and as Tianjin Feiteng Information Technology (hereinafter "Phytium"), is a fabless[1] semiconductor company in the PRC that specializes in the design of electronic chips and semiconductor devices. Phytium is a legal entity in the PRC and distinct from NUDT. In 2020, after conducting due diligence and confirming that Phytium was a legal corporate entity, distinct and separate from NUDT, Cadence consented to CSCC's assignment to Phytium of CSCC's

[1] "Fabless" is a term used to distinguish entities that design semiconductor hardware, including chips and graphics processing units ("GPU"), from entities that operate a fabrication plant, or "fab," to manufacture such items.

contracts for Cadence hardware, software, and IP. According to public reporting available in 2020, Phytium supplied processors for the TianHe series of supercomputers associated with the PRC military. Cadence stopped doing business with Phytium before it was added to the Entity List in 2021 (effective April 8, 2021), as a result of Phytium's involvement in "activities that support China's military actors, its destabilizing military modernization efforts, and/or its weapons of mass destruction (WMD) programs." 86 Fed. Reg. 18,437 (Apr. 9, 2021).

7. Employee-1 resided in the PRC and was employed by Cadence China. Employee-1 was a sales account executive responsible for the CSCC and Phytium accounts for Cadence. Cadence terminated Employee-1 in September 2024.

8. Employee-2 resided in the PRC and was employed by Cadence China. Employee-2 was a regional sales director. Employee-1 reported to Employee-2, and Employee-2 oversaw Employee-1's work on the CSCC and Phytium accounts during some of the relevant period. Employee-2 separated from Cadence in or about September 2021.

9. Employee-3 resided in the PRC and was employed by Cadence China. Employee-3 was a sales group director for Cadence China overseeing customer sales in the PRC. Employee-1 and Employee-2 reported, directly or indirectly, to Employee-3 during some of the relevant period. Cadence terminated Employee-3 in or about February 2021.

10. Employee-4 resided in Asia and was employed by a Cadence subsidiary based in Singapore. Employee-4 was a corporate vice president of sales overseeing the Asia Pacific market including the PRC. Employee-1, Employee-2, and Employee-3 reported, directly or indirectly, to Employee-4. Employee-4 reported to Cadence's then Chief Revenue Officer during some of the relevant time period.

II. Relevant Legal Background

11. Pursuant to the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. §§ 1701-1707, the President of the United States is granted authority to deal with unusual and extraordinary threats to the national security, foreign policy, or economy of the

United States. 50 U.S.C. § 1701(a). Pursuant to that authority, the President may declare a national emergency through Executive Orders that have the full force and effect of law.

12. On August 17, 2001, the President issued Executive Order 13222, which declared a national emergency with respect to the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States in light of the expiration of the Export Administration Act ("EAA"), 50 U.S.C. §§ 2401-2420, which lapsed on August 17, 2001. 66 Fed. Reg. 44,025 (Aug. 22, 2001). While in effect, the EAA regulated the export of goods, technology, and software from the United States. Pursuant to the provisions of the EAA, BIS promulgated the EAR, which contained restrictions on exports, consistent with the policies and provisions of the EAA. *See* 15 C.F.R. § 730. 2. In Executive Order 13222, pursuant to IEEPA, the President ordered that the EAR's provisions remain in full force and effect despite the expiration of the EAA. Presidents issued annual Executive Notices extending the national emergency declared in Executive Order 13222 through at least August 13, 2018.

13. On August 13, 2018, the President signed into law the National Defense Authorization Act of 2019, which includes provisions on export controls, titled the Export Control Reform Act of 2018 ("ECRA"), 50 U.S.C. §§ 4801-4852. Accordingly, after August 13, 2018, export control laws and regulations are set forth in ECRA and the EAR. In part, ECRA provides permanent statutory authority for the EAR and eliminates the need for the President to declare annually national emergencies pursuant to IEEPA and Executive Order 13222.

14. For conduct that predates August 13, 2018, IEEPA is the controlling statute. For conduct occurring after August 13, 2018, ECRA is the controlling statute. It is a crime to willfully violate, attempt to violate, conspire to violate, or cause a violation of any order, license, regulation, or prohibition issued pursuant to IEEPA or ECRA. 50 U.S.C. §§ 1705, 4819.

15. Pursuant to ECRA—and before August 13, 2018, pursuant to IEEPA—BIS reviews and controls the export of certain goods, software, and technologies from the United States to foreign countries through the EAR. In particular, the EAR restrict the export, reexport, or in-country transfer of items that could make a significant contribution to the military potential of other nations or that could be detrimental to the foreign policy or national security of the

United States. The EAR impose licensing and other requirements for items subject to the EAR lawfully to be exported from the United States, reexported from one foreign destination to another, and transferred in-country from one end use or end user to another within the same foreign country.

16. The most sensitive items subject to EAR controls are identified on the Commerce Control List ("CCL"), published at Supplement 1 to Part 774 of the EAR. Items on the CCL are categorized by an Export Control Classification Number ("ECCN") based on their technical characteristics. Each ECCN has export control requirements depending on the destination, end user, and end use.

17. Further, the Entity List, which is set forth in Supplement 4 to Part 744 of the EAR, identifies entities that are subject to additional export, reexport, and in-country transfer restrictions because there is reasonable cause to believe, based on specific and articulable facts, that the entity has been involved, is involved, or poses a significant risk of being or becoming involved in activities that are contrary to the national security or foreign policy interests of the United States. 15 C.F.R. § 744.11(c)(3). The EAR require a prior license from BIS to export, reexport, or transfer in-country items subject to the EAR to entities on the Entity List.

18. The EAR prohibit, *inter alia*, engaging in any transaction or taking any other action prohibited by or contrary to the EAR, including the export, reexport, or in-country transfer of items subject to the EAR to an entity on the Entity List without a license from BIS. 15 C.F.R. § 764.2(a); *see also* 50 U.S.C. § 4819(a)(2)(A). The EAR further prohibit ordering, buying, removing, concealing, storing, using, selling, loaning, disposing of, transferring, transporting, financing, forwarding, or otherwise servicing, in whole or in part, or conducting negotiations to facilitate such activities with respect to, any item that has been, is being, or is about to be exported, reexported, or transferred in-country, or that is otherwise subject to the EAR, with knowledge that a violation of the EAR, or any order, license, or authorization issued thereunder, has occurred, is about to occur, or is intended to occur in connection with the item. 15 C.F.R. § 764.2(e); *see also* 50 U.S.C. § 4819(a)(2)(E). The EAR also prohibit engaging in any transaction

or taking any other action with intent to evade the provisions of the EAR. 15 C.F.R. § 764.2(h); *see also* 50 U.S.C. § 4819(a)(2)(G).

III. The Scheme

a. *Overview of the Scheme*

19. From in or about February 2015 through in or about April 2021 (the "relevant time period"), certain Cadence China employees, Cadence China through its employees, and Cadence through its subsidiary Cadence China acting on behalf of Cadence, engaged in a conspiracy to commit export violations in connection with the provision of EDA tools that were subject to the EAR to NUDT through CSCC, an alias for NUDT, and Phytium, without seeking or obtaining the requisite licenses from BIS.

20. During the relevant time period, Cadence, Cadence China, and certain employees of Cadence and Cadence China, were aware of the EAR and its prohibitions and licensing requirements and specifically knew that it was unlawful to export, reexport, or transfer in-country any item subject to the EAR, including Cadence's EDA tools, to an entity on the Entity List, including NUDT, without prior authorization from BIS in the form of a license. Cadence, Cadence China, and certain employees of Cadence and Cadence China also knew that it was unlawful to engage in any transaction or take any other action with intent to evade the prohibitions and licensing requirements of the EAR.

21. During the relevant time period, Cadence through its subsidiary Cadence China, Cadence China, and certain of their employees exported, reexported, and transferred in-country EDA tools subject to the EAR to CSCC, despite having knowledge that CSCC was an alias for NUDT. Specifically, certain Cadence China employees installed EDA hardware on NUDT's Changsha campus, and certain NUDT personnel downloaded EDA software and semiconductor design IP technology from Cadence's download portals. Certain now-former employees of Cadence China did not disclose to and/or concealed from other Cadence personnel, including Cadence's export compliance personnel, that exports to CSCC were in fact intended for delivery to NUDT. Certain employees of Cadence China involved in sales to CSCC also received sales

commissions that incentivized achieving certain sales quotas as part of their compensation packages.

22. As a result, Cadence and Cadence China exported and caused to be exported at least 56 unlawful exports of EDA tools from in or about February 2015 until in or about September 2020, when Cadence terminated Cadence China's business relationship with CSCC due to CSCC's association with NUDT.

23. Further, in or about October 2020, Cadence and Cadence China had knowledge that items previously sold and exported to CSCC had in fact been exported to NUDT in violation of the EAR. Nevertheless, Cadence consented to CSCC's assignment to Phytium of CSCC's contracts for Cadence EDA tools. Between in or about November 2020 through in or about February 2021, Cadence, having knowledge that a violation of the EAR had occurred, transferred EDA software and semiconductor design IP technology subject to the EAR. On March 31, 2021, Cadence placed Phytium on export hold as a result of its internal compliance review and discontinued transactions with Phytium without completing all the originally anticipated transfers, including any hardware transfers. Phytium was later designated on the Entity List on April 8, 2021.

b. ***Cadence and Cadence China Exported and Caused the Export of EDA Tools to CSCC, an Alias for NUDT, Without a License or Other Authorization from BIS***

24. Cadence and Cadence China exported and caused the export of U.S.-origin EDA hardware, software, and semiconductor design IP technology to NUDT without a license or other authorization from BIS during the relevant time period. These exports or reexports included the following transactions between 2015 and 2020:

a. Ten (10) sales and exports of EDA hardware, including items classified under ECCN 3B991b.2.c;

b. Seventeen (17) sales and exports or reexports of EDA software, including items classified under ECCN 3D991 or designated EAR99;

c. Seven (7) sales and exports or reexports of semiconductor design technology, specifically IP, including items classified under ECCN 3E991; and

d. Twenty-Two (22) loans and exports of EDA hardware, including items classified under ECCN 3B991b.2.c. and items designated EAR99.

25. The value of the items delivered to CSCC totaled approximately $45,305,317.41. This amount includes: (i) the revenue that Cadence recognized (on a consolidated basis) for EDA and semiconductor design tools delivered to CSCC in the relevant time period; (ii) the market value of EDA and semiconductor design tools that Cadence delivered to CSCC in the relevant time period for which Cadence did not recognize revenue; and (iii) the market value of the Cadence loaner hardware delivered to CSCC.

26. During the relevant time period, the aforementioned EDA and semiconductor design tools were controlled for export to NUDT pursuant to the EAR. Cadence and Cadence China did not obtain the requisite license or other authorization from BIS before the export, reexport, or in-country transfer of those items to NUDT or Phytium.

c. ***Cadence and Cadence China Caused Exports to CSCC Despite Knowledge that CSCC Was an Alias for NUDT and that NUDT Was on the Entity List***

27. During the relevant time period, as part of the scheme, Cadence, through its subsidiary Cadence China, had knowledge that any export, reexport, or in-country transfer of an item subject to the EAR, including Cadence's EDA hardware, software, and semiconductor design IP technology, to NUDT required a prior license or authorization from BIS. Specifically, Employee-1, Employee-2, and Employee-3 handled certain aspects of Cadence China's CSCC account and interacted with individuals affiliated with NUDT regarding CSCC projects. Further, Employee-2 knew, and authored a presentation for her colleagues stating, that Cadence could not do business with NUDT because of U.S. export restrictions imposed on NUDT. Further, certain Cadence China employees who conducted work at CSCC's location on NUDT's campus knew about connections between CSCC and the PRC military. Despite Cadence China's knowledge that CSCC was an alias for NUDT, Cadence and Cadence China nonetheless willfully exported and caused the export of Cadence EDA tools subject to the EAR to NUDT without the requisite license or authorization from BIS. Furthermore, certain Cadence China employees, including

Employee-1 and Employee-3, facilitated Cadence China's ongoing business with NUDT, not disclosing connections between NUDT and CSCC to other Cadence employees.

28. Specifically, Cadence and Cadence China, through certain of its employees, including Employee-2, had knowledge that NUDT had been added to the Entity List. For example, on February 18, 2015, the same day that NUDT was added to the Entity List, Cadence's now-former export control officer emailed certain current and now-former Cadence and Cadence China employees that NUDT had been added to the Entity List "meaning that export licenses will be required if sales are made." Further, in March 2016, Employee-2 prepared a presentation for a quarterly sales review meeting, attended by certain Cadence China employees, titled "China CPU/Cloud Market Analysis," stating (as translated from Chinese) that as of February 18, 2015, the U.S. Department of Commerce had "embargoed" four national supercomputer centers in the PRC, including NUDT, due to U.S. microprocessor chips being used in the TianHe systems believed to be used for nuclear explosion simulation. Employee-1 and Employee-4 participated in that same quarterly sales review meeting.

29. In addition, in May 2016, Employee-1 provided Employee-3 and Employee-4 with a summary of a recent visit with CSCC and description of the "CSCC Overdue payment situation," stating (as translated from Chinese) that due to the "recent embargo" it was inconvenient for U.S. enterprises to bid publicly, such that the prior procurement plan of the "school" (involving a contract with Cadence) had been denied.

30. During the relevant time period through 2019, Cadence employed one export control officer with responsibility over Cadence's export control compliance program. That export control officer provided certain Cadence and Cadence China employees, including Employee-1, Employee-2, and Employee-3, export compliance trainings during the relevant time period, including trainings conducted in the PRC. At least one training provided during the relevant time period included discussions of the Entity List and guidance that Cadence and Cadence China employees were obligated to identify and escalate "red flags" related to customers, including if a customer was directly involved with the PRC military and/or if a customer's address was at a known prohibited destination.

31. During the relevant time period, certain Cadence China employees who handled Cadence's business with CSCC, including Employee-1, Employee-2, and Employee-3, exchanged numerous communications referencing personnel and locations associated with NUDT in the context of discussions concerning the CSCC customer account.

32. Despite knowing that CSCC was an alias of NUDT, Cadence and Cadence China delivered and installed Cadence's EDA hardware on NUDT's Changsha campus, which was a PRC military facility. The items were delivered and installed on NUDT's campus at addresses that were different than the addresses shown for CSCC in purchase orders that CSCC submitted to Cadence, and in Cadence's other business records. Certain Cadence China sales employees, including Employee-1, requested that Cadence hardware and related materials for CSCC be delivered to NUDT addresses. Other communications amongst the service technicians dispatched to install and service Cadence hardware on the NUDT campus reflect that these technicians were aware that CSCC was located on a PRC military facility with strict security rules about installing equipment and providing remote technical support.

33. As a further example, Cadence China conducted CSCC business with NUDT personnel during the relevant time period. Certain Cadence China employees, including Employee-1, communicated about CSCC projects directly with NUDT personnel at NUDT email addresses, as well as at Phytium email addresses and free, commercially available email addresses available to the public. Cadence's contacts for CSCC, including in Cadence's software support databases and other Cadence-maintained customer data, listed NUDT professors at NUDT email addresses. Certain Cadence China employees also met with "CSCC" on NUDT's campus with NUDT personnel.

34. As a further example, certain Cadence China employees, including Employee-1, emailed Cadence EDA software license keys for CSCC's contract to NUDT personnel at NUDT email addresses during the relevant time period. Further, Cadence China's software support service records for the CSCC account included NUDT email addresses, and certain employees, including Employee-3 and Employee-4, received weekly reports discussing the provision of technical support services to NUDT. Cadence and Cadence China also transferred EDA

software and technology purportedly sold to CSCC to users who registered for accounts on Cadence's download portal using their Phytium and other email domain addresses during the relevant time period.

35. As a further example, certain Cadence China employees also emailed business documents, purportedly for CSCC, to NUDT personnel at NUDT and Phytium email addresses during the relevant time period. In July 2015, Employee-1 emailed price details for Cadence design tools prepared for CSCC with a total list price of over $3.7 million to a NUDT professor at a NUDT email address. In June 2017, Employee-1 received a Cadence letterhead document listing products for CSCC delivered to NUDT that was signed by a NUDT professor on behalf of CSCC. In November 2017, Employee-1 emailed a Cadence Product Quotation for CSCC, with attention to a NUDT professor at a NUDT email address in the corresponding attachment, to a Phytium email address.

36. As a further example, Cadence, via certain Cadence China employees, including Employee-1, also executed or exchanged contractual and other business documents purportedly for CSCC that listed NUDT as the party to the contract during the relevant time period, including an August 2017 NUDT chip-level physical implementation procurement project bidding document, an August 2017 order agreement naming NUDT as a party to the agreement, and an August 2018 hardware simulation accelerator ordering agreement naming NUDT's procurement center as a party to the agreement.

37. As a further example, during the relevant time period, certain members of Cadence's senior sales leadership maintained ongoing contact with key CSCC personnel, including the head of CSCC. For example, Employee-4 met with the head of CSCC on numerous occasions, at times joined by certain Cadence China sales employees, including Employee-1 and Employee-2. Employee-4 also sent and received numerous emails with certain Cadence China sales employees, including Employee-1, Employee-2, and Employee-3, referencing CSCC, NUDT personnel, and/or NUDT email addresses interchangeably. For example, in December 2015, Employee-4 sent an invitation for NUDT to join Cadence's 2016 industrial exchange conference in the PRC to a NUDT general manager at a NUDT email

address. After receiving a non-delivery email message for the NUDT email address, Employee-4 forwarded that message to Employee-1 stating that his "invitation to CSCC is rejected" and requesting that Employee-1 "deliver the mail in person."

38. Certain Cadence China employees also did not disclose to and/or concealed from other Cadence employees that CSCC was in fact an alias for NUDT, that Cadence's CSCC business was in fact with NUDT, and/or that CSCC was associated with the PRC military. For example, in May 2015, a few months after NUDT was added to the Entity List, Cadence's then-head of sales in China emailed colleagues, including Employee-1, cautioning them to refer to their customer as CSCC in English and NUDT only in Chinese characters. The author of the email also wrote that "the subject [was] too sensitive." Further, in January 2016, Employee-1 emailed a NUDT professor that, for future projects, Cadence could continue to use the CSCC name or any other entity name, to which the professor responded that they could continue their business in the name of CSCC. In addition, in October 2019, Employee-3 instructed another now-former Cadence China employee to recall and recirculate an updated version of a weekly email on Cadence China's customers in the PRC. The original version of the weekly email included a reference to the People's Liberation Army of the PRC in relation to CSCC. The updated version of the email omitted that reference.

39. Certain employees, including Employee-1, Employee-2, Employee-3, and Employee-4, received sales commissions that incentivized achieving certain sales quotas as part of their compensation packages. Specifically, in 2020, Employee-1 received commissions potentially attributable to sales to CSCC of almost 50 percent of Employee-1's total compensation for that year; for Employee-2, Employee-3, and Employee-4, their sales commissions potentially attributable to CSCC were significantly less than those for Employee-1, ranging from 0.47% to 1.44% of their total compensation.

d. ***Cadence Approved CSCC's Assignment of its Cadence Contracts to Phytium Despite Having Knowledge that a Violation of the EAR Had Occurred***

40. In or about mid-2020, prompted by regulatory changes announced by BIS to Section 744.21 of the Export Administration Regulations ("EAR"), 15 C.F.R. parts 730-774,

entitled “Restrictions on Certain Military End-Uses or Military End-Users,” Cadence’s export compliance personnel conducted a military end use and end user due diligence review of customers in the PRC, including the CSCC account. Cadence’s export compliance personnel could not find public records of CSCC’s existence and identified information in Cadence’s business records indicating the account’s association with NUDT, including that contacts for CSCC were at NUDT email addresses and that Cadence’s hardware had been installed on NUDT’s campus. As a result, Cadence terminated Cadence China’s business relationship with CSCC on or about September 10, 2020.

41. Before, and in connection with Cadence’s consent to CSCC’s assignment to Phytium of CSCC’s contracts for Cadence EDA tools, Cadence sought and received from Phytium confirmation that its products were not military items, used to support a military item, or used to support or contribute to the operation, installation, repair, refurbishing, development, or production of a military item. Phytium also confirmed that it would not allow any person connected with or employed by an entity on the Entity List to use Cadence products in violation of U.S. law. Phytium provided verifiable corporate addresses where Cadence products would be installed to confirm the addresses were not associated with NUDT. Moreover, Cadence confirmed that Phytium was a legal entity in China distinct from NUDT.

42. Despite having knowledge that CSCC was an alias for NUDT and that Cadence’s products and services sold to CSCC had in fact been delivered to NUDT, in or about November and December 2020, Cadence consented to CSCC’s assignment to Phytium of CSCC’s contracts for Cadence’s EDA hardware, software, and semiconductor design IP technology.

43. Prior to the transfer of Cadence’s business from CSCC to Phytium in or about October 2020, Cadence’s business with CSCC included contractual agreements with Phytium, reflecting Phytium’s ongoing collaboration with CSCC and NUDT during the period in which CSCC was used as an alias for NUDT. For example, Cadence’s business records for CSCC included contact information for individuals who used both Phytium and NUDT email addresses, and numerous downloads of EDA software and semiconductor design technology that Cadence had previously sold to CSCC were made by individuals who registered for accounts on

Cadence's download portal using Phytium email addresses. Cadence's communications also reflected that one of the domains for the CSCC account was a domain also used by Phytium. As another example, in August 2019, a Cadence China employee emailed to Employee-1 a CSCC testing agreement that stated that the agreement was between Cadence and Phytium, "a long-term partner of Cadence Design System Inc and its subsidiaries in China" (translated), with the test location being at Phytium (translated from Chinese, "Tianjin Feiteng Information Technology Co., Ltd. Changsha Branch") on NUDT's campus and physical address.

44. Cadence, through its subsidiaries, including Cadence China also had knowledge that Cadence China's business with CSCC involved Phytium, and that NUDT personnel were affiliated with Phytium. For example, in February 2017, a now-former Cadence China employee, copying Employee-1, emailed an individual with Phytium email addresses, addressing him as a leader of NUDT and discussing their business together. Certain Cadence China personnel, including Employee-1, also emailed with NUDT personnel at Phytium and NUDT email addresses about sync up meetings for the CSCC projects. Certain Cadence China personnel, including Employee-1, Employee-2, and Employee-3, communicated with or about Phytium personnel identified as CSCC personnel concerning CSCC projects. Further, as discussed above, some of Cadence China's contracts with CSCC listed Phytium as the contractual party and stated that the work would occur at NUDT.

45. Further, internal Cadence communications show certain Cadence employees' understanding that CSCC and Phytium were effectively the same entity both before and after the decision to transfer Cadence China's business from CSCC to Phytium. For example, in or about early October 2020, the head of CSCC sent an electronic message to a now-former Cadence senior executive, which was translated from Chinese to English and circulated in both languages to other Cadence senior executives, complaining that Cadence had suspended its business with CSCC, listing other U.S. companies that continued to do business with CSCC, and stating "CSCC . . . is effectively Feiteng [*i.e.*, Phytium]." The now-former Cadence senior executive forwarded the message to other Cadence senior executives noting that Cadence "did not learn the painful lesson" since Cadence's competitors were still doing business with CSCC.

46. Cadence requested that Phytium sign a certificate of assurance that Phytium's products would not be used to support military products and that Phytium would not allow any person connected with or employed by an entity on the Entity List to use Cadence products, which Phytium signed in or about late October 2020. Cadence then executed contracts to assign CSCC's business to Phytium in or about November and December 2020. These contracts did not require Phytium to pay consideration for the assignment. In or about December 2020, certain Cadence China employees discussed that Cadence's annual internal inventory audit process would include the CSCC and Phytium accounts, and Employee-1 provided one contact for both entities: a NUDT professor who had previously communicated with certain Cadence China employees from his NUDT and Phytium email addresses. A colleague of Employee-1 responded: "Just a FYI - though we are aware of both CSCC and Phytium are the same customer but just located in different city/province, we will have to send two different document[s] per audit process (since they have different names in our system). There will be one email with two attachments to [the NUDT professor]."

47. Cadence received an administrative subpoena from BIS in or about February 2021 that sought records related to the export control violations discussed herein.

e. ***Corporate Compliance, Remediation, and Cooperation with the U.S. Government***

48. Beginning in 2020, Cadence significantly expanded and enhanced its export control compliance program in response to the identified export control violations and significant regulatory changes that increased its regulatory compliance risk profile. Among other things, Cadence hired additional experienced export control compliance personnel, expanded and improved its export control compliance program, formalized its export control compliance training program, and implemented enhanced export control compliance screenings of its databases and customers. Cadence has put in place an effective compliance program reasonably

designed and implemented to detect and prevent future criminal conduct like that described in this Statement of Facts.

49. After Cadence received the administrative subpoena from BIS, Cadence commenced an internal investigation; executed tolling agreements with BIS; identified custodians; identified key documents for BIS; obtained counsel for employees and encouraged their cooperation with the BIS investigation, produced to BIS communications and transactional records collected outside of the PRC; responded to BIS requests for information, including outside the scope of the subpoena; facilitated BIS and DOJ witness interviews; and shared its investigative findings with BIS and DOJ.

50. Cadence also provided cooperation to the Offices after Cadence received a grand jury subpoena in November 2023. Cadence provided the Offices with all the records produced to BIS and identified and produced additional records collected outside of the PRC at the Offices' request; identified custodians, conducted an internal investigation; identified key documents for DOJ; executed tolling agreements with the Offices; and facilitated witness interviews conducted by the Offices.

51. Cadence terminated Employee-3 in or about February 2021 and Employee-1 in or about September 2024.

ATTACHMENT A2

RELEVANT CONSIDERATIONS

The Offices enter into this Agreement based on the individual facts and circumstances presented by this case and the Company. Among the factors considered by the Offices were the following:

a. The nature and seriousness of the offense conduct, as described in the Statement of Facts, which involved the Company willfully violating U.S. export controls by making at least 56 unlawful exports of U.S. semiconductor Electronic Design Automation ("EDA") hardware, software, and semiconductor design technology valued at approximately $45,305,317.41 to the National University of Defense Technology ("NUDT") in the People's Republic of China ("PRC"), through a front company in the PRC, Central South CAD Center ("CSCC"), while NUDT was on the Entity List, without the requisite license or other authorization from the U.S. Department of Commerce, Bureau of Industry and Security ("BIS"). The Company made these unlawful exports despite the fact that NUDT was added to the Entity List in February 2015 due to its use of "U.S.-origin multicores, boards, and (co)processors to produce the TianHe-1A and TianHe-2 supercomputers," 80 Fed. Reg. 8,524 (Feb. 18, 2015), which are "believed to support nuclear explosive simulation and military simulation activities." 84 Fed. Reg. 29371 (June 24, 2019). Further, after terminating its business relationship with CSCC due to its association with NUDT in or about September 2020, the Company decided to assign the Company's contracts with CSCC to Phytium Technology Co. Ltd. ("Phytium") and transfer Cadence EDA hardware, software, and semiconductor design technology from CSCC to Phytium. The Company did this despite knowing that items previously sold and exported or reexported through the CSCC sales account had in fact been exported or reexported to NUDT in violation of the EAR and that Phytium also was closely associated with CSCC and NUDT;

b. The Company did not receive voluntary disclosure credit pursuant to the NSD Enforcement Policy for Business Organizations or pursuant to the Sentencing Guidelines, because it did not voluntarily and timely self-disclose to NSD the conduct described in the attached Statement of Facts;

c. The Company received credit for cooperating with the Offices' investigation of the EAR-related conduct pursuant to the NSD Enforcement Policy for Business Organizations and for recognizing and affirmatively accepting responsibility for its criminal conduct. Among other things, this

included: (i) gathering and providing evidence of interest to the Offices and proactively identifying key documents in the voluminous materials collected and produced by the Company related to willful EAR-related misconduct even when those documents and information were not favorable to the Company; (ii) facilitating interviews with current and former employees, including voluntarily making a foreign-based employee available for interview in the United States; (iii) making detailed factual presentations concerning the EAR-related misconduct, based on its own internal investigation; and (iv) agreeing to toll applicable statutes of limitations. The Company did not receive full credit for its cooperation because it failed to proactively obtain certain communications by employees and to proactively facilitate interviews of certain China-based employees that would have been relevant to the EAR violations.

d. The Company has acknowledged and accepted responsibility for the actions of its officers, directors, employees, and agents, including its subsidiary, Cadence Design Systems Management (Shanghai) Co., Ltd. ("Cadence China"), as charged in the Information and as set forth in the Statement of Facts by pleading guilty pursuant to Federal Rule of Criminal Procedure 11(c)(1)(C) to one count of conspiracy to commit offenses against the United States, in violation of Title 18, United States Code, Section 371, that is, to violate the Export Control Reform Act ("ECRA"), 50 U.S.C. § 4819, the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. § 1705, and the Export Administration Regulations ("EAR"), 15 C.F.R. § 764.2;

e. The Company's agreement, concurrent with this Agreement, to resolve the U.S. Department of Commerce, Bureau of Industry and Security's ("BIS") administrative investigation relating to the conduct described in the Statement of Facts, including by entering into a Consent Order and Settlement Agreement with BIS requiring the Company to pay a civil monetary penalty;

f. The Company also received credit for remediation, pursuant to the NSD Enforcement Policy for Business Organizations. The remedial measures included: (i) hiring additional experienced export control compliance personnel, (ii) expanding and improving its export control compliance program, (iii) formalizing its export control compliance training program, and (iv) implementing enhanced export control compliance screenings of its databases and customers;

g. The Company has committed to continuing to enhance its compliance program and internal controls, including ensuring that its compliance program satisfies the minimum elements set forth in **Attachment C** to this Agreement;

h. Based on the Company's remediation and the state of its compliance program, and the Company's agreement to report to the Offices as set forth in **Attachment D**, the Offices determined that an independent compliance monitor is unnecessary;

i. The Company's lack of criminal history; and

j. The Company's agreement to continue to cooperate with the Offices in any ongoing investigation of the conduct of the Company and its current or former officers, directors, employees, and agents, as provided in the Agreement ("Ongoing Cooperation and Disclosure Requirements").

k. Accordingly, after considering (a) through (j) above, the Offices have determined that the appropriate resolution of this matter is for the Company to plead guilty pursuant to this Agreement and Federal Rule of Criminal Procedure 11(c)(1)(C). The criminal monetary penalty of **$72,488,507.86** was calculated by taking into consideration the relevant portions of (a) through (j) above and includes a cooperation and remediation credit of 20 percent. Against this criminal monetary penalty the Offices will credit the amount of **$24,832,507.86** that the Company pays to BIS in its concurrent civil resolution—upon provision to the Offices of proof of payment to BIS, no later than 30 days after the payment is made. Should any amount of such credited payment not be made to BIS by the end of six months from the date of this Agreement, or be returned to the Company or any affiliated entity for any reason, the Company shall pay the remaining balance of the criminal monetary penalty to the United States Treasury.

l. The Company also will be responsible for criminal forfeiture in the amount of **$45,305,317.41**, for a total criminal penalty of **$117,793,825.27**.

ATTACHMENT B

CERTIFICATE OF CORPORATE RESOLUTIONS

WHEREAS, Cadence Design Systems, Inc. (the "Company") has been engaged in discussions with the United States Department of Justice, National Security Division, Counterintelligence and Export Control Section ("CES") and the United States Attorney's Office for the Northern District of California ("NDCA") (collectively, the "Offices") regarding issues arising in relation to certain unlicensed exports in violation of the Export Administration Regulations;

WHEREAS, in order to resolve such discussions, it is proposed that the Company enter into a certain agreement with the Offices;

WHEREAS, the Company's internal and outside legal counsel have advised the Board of Directors of the Company (the "Board of Directors") in connection with the proposed agreement with the Offices, including with respect to its rights, possible defenses, the Sentencing Guidelines' provisions, and the consequences of entering into such agreement with the Offices; and

WHEREAS, the Board of Directors, acting in good faith, has determined that such agreement is in the best interest of the Company and its stockholders.

Therefore, the Board of Directors has RESOLVED that:

1. The Company (a) acknowledges the filing of the one-count Information charging the Company with conspiracy to commit an offense against the United States, in violation of Title 18, United States Code, Section 371, that is, to violate the Export Control Reform Act ("ECRA"), 50 U.S.C. § 4819, the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. § 1705, and the Export Administration Regulations ("EAR"), 15 C.F.R. § 764.2; (b) waives indictment on such charges and enters into an agreement with the Offices to plead guilty to the charges in the criminal Information; and (c) agrees to accept a monetary penalty against the Company totaling **$72,488,507.86** and to pay such penalty to the United States Treasury with respect to the conduct described in the Information; and (d) agrees to pay **$45,305,317.41** in forfeiture as instructed by the Offices with respect to the conduct described in the Information.

2. The Company accepts the terms and conditions of the written plea agreement, the form and substance of which have been presented and described in sufficient detail to the Board of Directors

(the "Plea Agreement"), including, but not limited to, (a) a knowing waiver of its rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, Title 18, United States Code, Section 3161, and Federal Rule of Criminal Procedure 48(b); and (b) a knowing waiver for purposes of the Plea Agreement and any charges by the United States arising out of the conduct described in the Statement of Facts attached to the Plea Agreement of any objection with respect to venue and consents to the filing of the Information, as provided under the terms of the Plea Agreement, in the United States District Court for the Northern District of California; and (c) a knowing waiver of any defenses based on the statute of limitations for any prosecution relating to the conduct described in the Statement of Facts or relating to conduct known to the Offices prior to the date on which the Plea Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of the Plea Agreement;

3. The General Counsel of the Company, Marc Taxay, is hereby authorized, empowered, and directed, on behalf of the Company, to (a) execute the Agreement substantially in such form as reviewed by this Board of Directors at this meeting with such modifications, amendments, or changes as the General Counsel of the Company, Marc Taxay, may approve, which approval shall be conclusively evidenced by his execution thereof; and (b) undertake all actions necessary and appropriate to perform or satisfy the Company's obligations thereunder;

4. The General Counsel of the Company, Marc Taxay, is hereby authorized, empowered, and directed to take any and all actions as may be necessary or appropriate and to approve the forms, terms, or provisions of any agreement or other documents as may be necessary or appropriate, to carry out and effectuate the purpose and intent of the foregoing resolutions, which approval shall be conclusively evidenced by his execution thereof; and to delegate in writing to one or more officers or employees of the Company the authority to approve the forms, terms, and provisions of, and to execute, any such agreements or documents and to undertake all actions necessary and appropriate to perform or satisfy the Company's obligations thereunder; and

5. All of the actions of the General Counsel of the Company, Marc Taxay, which actions would have been authorized by the foregoing resolutions except that such actions were taken prior to the

adoption of such resolutions, are hereby severally ratified, confirmed, approved, and adopted as actions on behalf of the Company.

CADENCE DESIGN SYSTEMS INC.

Date: July 27, 2025

By: /s/ Stephanie Wells

STEPHANIE WELLS

Vice President, Deputy General

Counsel, and Assistant Secretary

ATTACHMENT C

CORPORATE COMPLIANCE PROGRAM

In order to address any deficiencies in its compliance programs, policies, procedures, codes of conduct, systems, and internal controls regarding compliance with U.S. export control and sanctions laws and regulations, Cadence Design Systems, Inc. (the "Company") agrees to continue to conduct, in a manner consistent with all of its obligations under this Agreement, appropriate reviews of its existing compliance programs, policies, procedures, codes of conduct, systems, and internal controls (the "Compliance Programs").

Where necessary and appropriate, the Company agrees to adopt new or to modify existing Compliance Programs to ensure their effectiveness in detecting and deterring violations of U.S. export control and sanctions laws and regulations. At a minimum, this should include, but not be limited to, the following elements to the extent they are not already part of the Company's existing internal controls, compliance code, policies, and procedures:

High-Level Commitment

1. The Company will ensure that its directors and senior management provide strong, explicit, and visible support and commitment to its Compliance Programs and any other corporate policy against violations of U.S. export control and sanctions laws and regulations and demonstrate rigorous adherence by example. The Company also will ensure that all levels of management, in turn, reinforce those standards and encourage and incentivize employees to abide by them. The Company will create and foster a culture of compliance with the law in its day-to-day operations at all levels of the Company.

Policies and Procedures

2. The Company will develop and promulgate a clearly articulated and visible corporate policy against violations of U.S. export control and sanctions laws and regulations, which policy shall be memorialized in a written compliance code.

3. The Company will develop, enhance, implement, and maintain Compliance Programs designed to reduce the prospect of violations of U.S. export control and sanctions laws and regulations, and the Company will take appropriate measures to encourage and support the observance of compliance policies and procedures against violation of U.S. export control and sanctions laws and

regulations by personnel at all levels of the Company. The Compliance Programs shall apply to all directors, officers, and employees and, where necessary and appropriate, outside parties acting on behalf of the Company in a foreign jurisdiction, including but not limited to, agents and intermediaries, consultants, representatives, distributors, teaming partners, contractors and suppliers, consortia, and joint venture partners (collectively, "agents and business partners"). The Company shall notify all employees that compliance with the Compliance Programs is the duty of individuals at all levels of the Company. Such Compliance Programs shall address, among others, the following minimum requirements:

a. customer onboarding;

b. know your customer and due diligence procedures;

c. periodic customer reviews for export and sanctions risk;

d. prohibition of business with designated persons, entities, groups, industries, regions, and countries targeted by U.S. export control and sanctions laws and regulations;

e. timely response to law enforcement requests and legal process;

f. independent internal audit of export or sanctions-related procedures and systems;

g. whistleblowing;

h. procedures for retaining and sharing information regarding customers and transactions within the Company and with third parties to the extent permissible under applicable law;

i. policies and procedures pertaining to the use, collection, preservation, and retention of corporate records on ephemeral messaging platforms—with the goal of preventing circumvention of the Compliance Programs and ensuring transmission of relevant materials to law enforcement upon request;

j. technological controls to terminate access to sensitive technologies and prevent unauthorized access and any other circumvention of the Compliance Programs;

k. informing customers of the Company's commitment to abiding by laws prohibiting violations of U.S. export controls and sanctions;

l. informing employees and, where necessary, agents and business partners, of the Company's commitment to abiding by the Compliance Programs and any other corporate policy against violations of laws prohibiting violations of U.S. export controls and sanctions; and

m. seeking a reciprocal commitment from agents and business partners.

Periodic Risk-Based Review

4. The Company will develop, maintain, and enhance the Compliance Programs on the basis of a periodic risk assessment addressing the individual circumstances of the Company, including, but not limited to, its geographical organization, industrial sectors of operation, involvement in joint venture arrangements, and degree of governmental oversight and inspection.

5. The Company shall review its compliance policies and procedures no less than annually and update them as appropriate to ensure their continued effectiveness, taking into account relevant developments in the field and evolving industry standards.

Proper Oversight and Independence

6. The Company will assign responsibility to one or more senior corporate executives of the Company for the implementation and oversight of the Company's Compliance Programs. Such corporate official(s) shall have the authority to report directly to independent monitoring bodies, including internal audit, the Company's Board of Directors, or any appropriate committee of the Board of Directors, and shall have an adequate level of autonomy from management as well as sufficient resources and authority to maintain such autonomy.

Training and Guidance

7. The Company will implement mechanisms designed to ensure that its Compliance Programs are effectively communicated to all directors, officers, employees, and, where necessary and appropriate, agents and business partners. These mechanisms shall include: (a) periodic training for all directors and officers, all employees in positions of leadership or trust, positions that require such training (*e.g.*, internal audit, sales, legal, compliance, finance), and, where necessary and appropriate, agents and business partners; and (b) corresponding certifications by all such directors, officers, employees, agents, and business partners, certifying compliance with the training requirements.

8. The Company will maintain, or where necessary establish, an effective system for providing guidance and advice to directors, officers, employees, and, where necessary and appropriate, agents and business partners, on complying with the Company's Compliance Programs, including when they need advice on an urgent basis or in any foreign jurisdiction in which the Company operates.

Internal Reporting and Investigation

9. The Company will maintain, or where necessary establish, an effective system for internal and, where possible, confidential reporting by, and protection of, directors, officers, employees, and, where appropriate, agents and business partners concerning violations of U.S. export control and sanctions laws and regulations or the Company's Compliance Programs related to such laws and regulations.

10. The Company will maintain, or where necessary establish, an effective and reliable process with sufficient resources for responding to, investigating, and documenting allegations of violations of U.S. export control and sanctions laws and regulations or the Company's Compliance Programs related to such laws and regulations.

Enforcement and Discipline

11. The Company will implement mechanisms designed to effectively enforce its Compliance Programs, including appropriately incentivizing compliance and disciplining violations.

12. The Company will institute appropriate disciplinary procedures to address, among other things, violations of U.S. export control and sanctions laws and regulations and the Company's Compliance Programs related to such laws and regulations by the Company's directors, officers, and employees. Such procedures should be applied consistently and fairly, regardless of the position held by, or perceived importance of, the director, officer, or employee. The Company shall implement procedures to ensure that where misconduct is discovered, reasonable steps are taken to remedy the harm resulting from such misconduct, and to ensure that appropriate steps are taken to prevent further similar misconduct, including assessing the Compliance Programs and making modifications necessary to ensure that they are effective.

Mergers and Acquisitions

13. The Company will develop and implement policies and procedures for mergers and acquisitions requiring that the Company conduct appropriate risk-based due diligence on potential new business entities by legal, accounting, and compliance personnel.

14. The Company will ensure that the Company's Compliance Programs regarding U.S. export control and sanctions laws and regulations apply as quickly as is practicable to newly acquired

businesses or entities merged with the Company and will promptly: a. train the directors, officers, employees, agents, and business partners consistent with Paragraph 7 above on U.S. export control and sanctions laws and regulations and the Company's Compliance Programs regarding such laws and regulations; and b. where warranted, conduct an audit specific to U.S. export control and sanctions laws and regulations of all newly acquired or merged businesses as quickly as practicable.

Monitoring and Testing

15. The Company will conduct periodic reviews and testing of its Compliance Programs designed to evaluate and improve their effectiveness in preventing and detecting violations of U.S. export control and sanctions laws and regulations and the Company's Compliance Programs related to such laws and regulations, taking into account relevant developments in the field and evolving industry standards.

ATTACHMENT D

REPORTING REQUIREMENTS

The Company agrees that it will report to the Offices periodically, at no less than twelve-month intervals during a three-year term, regarding remediation and implementation of the compliance program and internal controls, policies, and procedures described in **Attachment C**. During this three-year period, the Company shall: (1) conduct an initial review and submit an initial report, and (2) conduct and prepare at least two follow-up reviews and reports, as described below:

1. By no later than one year from the date this Agreement is executed, the Company shall submit to the Offices a written report setting forth a complete description of its remediation efforts to date, its proposals reasonably designed to improve the Company's internal controls, policies, and procedures for ensuring compliance with the IEEPA, ECRA, EAR and other U.S export control and sanctions laws and regulations, and the proposed scope of the subsequent reviews. The report shall be transmitted to Chief, Counterintelligence and Export Control Section, National Security Division, U.S. Department of Justice, 950 Pennsylvania Avenue, NW, Washington, D.C. 20530; and Chief, Criminal Division, U.S. Attorney's Office for the Northern District of California, 450 Golden Gate Avenue, Box 36055, San Francisco, California 94102. The Company may extend the time period for issuance of the report with prior written approval of the Offices.

2. The Company shall undertake at least two follow-up reviews and reports, incorporating the Offices' views on the Company's prior reviews and reports, to further monitor and assess whether the Company's policies and procedures are reasonably designed to detect and prevent violations of IEEPA, ECRA, EAR and other U.S export control and sanctions laws and regulations.

3. The first follow-up review and report shall be completed by no later than one year after the initial report is submitted to the Offices. The second follow-up review and report shall be completed and delivered to the Offices no later than thirty days before the end of the Term.

4. The reports will likely include proprietary, financial, confidential, and competitive business information. Moreover, public disclosure of the reports could discourage cooperation, impede pending or potential government investigations and thus undermine the objectives of the reporting requirement. For these reasons, among others, the reports and the contents thereof are intended to

remain and shall remain non-public, except as otherwise agreed to by the parties in writing, or except to the extent that the Offices determine in their sole discretion that disclosure would be in furtherance of the Offices' discharge of their duties and responsibilities or is otherwise required by law.

5. The Company may extend the time period for submission of any of the follow-up reports with prior written approval of the Offices.

ATTACHMENT E

DISCLOSURE CERTIFICATION

To: United States Department of Justice
National Security Division
Counterintelligence and Export Control Section
Attention: Chief of the Counterintelligence and Export Control Section

United States Attorney's Office
Northern District of California
Attention: Chief, Criminal Division

Re: Plea Agreement Disclosure Certification

The undersigned certifies, pursuant to the plea agreement ("the Agreement") filed on July 28, 2025, in the United States District Court for the Northern District of California, by and between the United States of America and Cadence Design Systems, Inc. (the "Company"), that undersigned is aware of the Company's disclosure obligations of the Agreement ("Ongoing Cooperation and Disclosure Requirements"), and that the Company has disclosed to the United States Department of Justice, National Security Division, Counterintelligence and Export Control Section ("CES"), and United States Attorney's Office for the Northern District of California (collectively, the "Offices") any and all evidence or allegations of conduct required by the Agreement ("Ongoing Cooperation and Disclosure Requirements"), which includes evidence or allegations of conduct that may constitute a criminal violation of the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. §§ 1701, *et seq.*, the Export Control Reform Act ("ECRA"), 50 U.S.C. §§ 4801, *et seq.*, and their implementing regulations, including the Export Administration Regulations ("EAR"), 15 C.F.R. parts 730-774, ("Disclosable Information"). This obligation to disclose information extends to any and all Disclosable Information that has been identified through the Company's compliance and controls program, whistleblower channel, internal audit reports, due diligence procedures, investigation process, or other processes. The undersigned further acknowledges and agrees that the reporting requirements contained in the Agreement ("Corporate Compliance Reporting") and the representations contained in this certification constitute a significant and important component of the Agreement and of the Offices' determination whether the Company has satisfied its obligations under the Agreement.

The undersigned hereby certifies that they are an Officer of the Company that has been duly authorized by the Company to sign this

Certification on behalf of the Company.

This Certification shall constitute a material statement and representation by the undersigned and by, on behalf of, and for the benefit of, the Company to the executive branch of the United States for purposes of 18 U.S.C. § 1001, and such material statement and representation shall be deemed to have been made in the Northern District of California. This Certification shall also constitute a record, document, or tangible object in connection with a matter within the jurisdiction of a department and agency of the United States for purposes of 18 U.S.C. § 1519, and such record, document, or tangible object shall be deemed to have been made in the Northern District of California.

Date: _____

Name (Signed): _____

Name (Printed): _____

[Corporate Officer]

Cadence Design Systems, Inc.

ATTACHMENT F

COMPLIANCE CERTIFICATION

To: United States Department of Justice
National Security Division
Counterintelligence and Export Control Section
Attention: Chief of the Counterintelligence and Export Control Section

United States Attorney's Office
Northern District of California
Attention: Chief, Criminal Division

Re: Plea Agreement Compliance Certification

The undersigned certifies, pursuant to the plea agreement filed on July 28, 2025, in the United States District Court for the Northern District of California, by and between the United States of America and Cadence Design Systems, Inc. (the "Company") (the "Agreement"), that the undersigned is aware of the Company's compliance obligations under "Corporate Compliance Program" of the Agreement, and that, based on the undersigned's review and understanding of the Company's U.S. export control and sanctions compliance program, the Company has implemented a compliance program that meets the requirements set forth in **Attachment C** to the Agreement. The undersigned certifies that such compliance program is reasonably designed to detect and prevent violations of U.S. export control and sanctions laws and regulations throughout the Company's operations.

The undersigned hereby certifies that they are an Officer of the Company that has been duly authorized by the Company to sign this Certification on behalf of the Company.

This Certification shall constitute a material statement and representation by the undersigned and by, on behalf of, and for the benefit of, the Company to the executive branch of the United States for purposes of 18 U.S.C. § 1001, and such material statement and representation shall be deemed to have been made in the Northern District of California. This Certification shall also constitute a record, document, or tangible object in connection with a matter within the jurisdiction of a department and agency of the United States for purposes of 18 U.S.C. § 1519, and such record, document, or tangible

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object shall be deemed to have been made in the Northern District of California.

Date: _____

Name (Signed): _____

Name (Printed): _____

[Corporate Officer]

Cadence Design Systems, Inc.

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of: Cadence Design Systems, Inc. 2655 Seely Avenue San Jose, CA 95134 Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between Cadence Design Systems, Inc. of San Jose, CA ("Cadence" or "Respondent"), and the Bureau of Industry and Security, U.S. Department of Commerce ("BIS") (collectively, the "Parties"), pursuant to Section 766.18(a) of the Export Administration Regulations (the "Regulations").[1]

WHEREAS, BIS has notified Respondent of its intention to initiate an administrative proceeding against Respondent, pursuant to the Regulations;[2]

[1] The Regulations originally issued under the Export Administration Act of 1979, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) ("EAA"), which lapsed on August 21, 2001. The President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, including the Notice of August 8, 2018 (83 Fed. Reg. 39,871 (Aug. 13, 2018)), has continued the Regulations in full force and effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*) (2012) ("IEEPA"). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 ("ECRA"). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA's date of enactment (August 13, 2018), shall continue in effect until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

[2] The Regulations are currently codified in the Code of Federal Regulations (the "Code") at 15 C.F.R. Parts 730-774 (2025). The regulations governing the violations at issue, which occurred between 2016 – 2021, are found in the 2016 – 2021 versions of the Code (15 C.F.R. Parts 730-774 (2016 – 2021)). The 2025 Regulations govern the procedures that apply to this matter.

WHEREAS, BIS has issued a Proposed Charging Letter to Respondent that alleges that Respondent committed 61 violations of the Regulations, specifically:

GENERAL ALLEGATIONS

As described in further detail below, Cadence Design Systems Management (Shanghai) Co., Ltd. ("Cadence China") is a subsidiary of Cadence located in the People's Republic of China ("PRC") through which Cadence sells products and services to customers in the PRC. Between approximately September 2015 and September 2020, Cadence China violated the Regulations on 56 occasions by selling and/or loaning items subject to the EAR to Central South CAD Center ("CSCC"), an alias of Entity List party National University of Defense Technology ("NUDT"), in China without the requisite license or other authorization from BIS. Specifically, Cadence China exported or caused the export of Electronic Design Automation ("EDA") hardware and software and semiconductor design technology,[3] in particular intellectual property ("IP"), controlled under Export Control Classification Numbers ("ECCN") 3B991b.2.c, 3D991 or 3E991 or designated EAR99[4] to CSCC in China with reason to know, or awareness of circumstances that should have prompted further due diligence, that CSCC was an alias for NUDT. Pursuant to Section 772.1 of the EAR, "knowledge of a circumstance (the term may be a variant, such as 'know,' 'reason to know,' or 'reason to believe') includes not only positive knowledge that the circumstance exists or is substantially certain to occur, but also an awareness of a high probability of its existence or future occurrence." 15 C.F.R. § 772.1. This awareness may be inferred from evidence of a person's conscious disregard of known facts or a person's willful avoidance of facts. *See id*.

EDA comprises the software, hardware, and services that are combined to define, plan, design, implement, and verify the design of electrical devices, including semiconductor devices and electrical chips. EDA is used in designing electronic systems such as integrated circuits and printed circuit boards. EDA tools can also simulate the performance of integrated circuit designs and verify that the design will perform as intended.

The Entity List, which is set forth in Supplement 4 to Part 744 of the Regulations, identifies entities that are subject to additional export, reexport, and transfer restrictions because "there is reasonable cause to believe, based on specific and articulable facts, that the entity has been involved, is involved, or poses a significant risk of being or becoming involved in activities that are contrary to the national security or foreign policy interests

[3] Pursuant to 15 C.F.R. § 772.1, "technology" includes information, tangible or intangible, necessary for the "development," "production," "use," operation, installation, maintenance, repair, overhaul, or refurbishing of an item.

[4] EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List. *See* 15 C.F.R. §§ 734.3(c) and 772.1.

of the United States."[5] Since NUDT's addition to the Entity List in February 2015, all exports, reexports and transfers of items subject to the EAR to NUDT have required a BIS license.[6]

Later, with reason to know, including awareness of a high probability that items previously exported under CSCC's sales account had in fact been exported to NUDT in violation of the Entity List restrictions set forth in Section 744.11 of the Regulations, Cadence transferred CSCC's software and technology to Phytium Technology Co. Ltd, also known as Tianjin Phytium Information Technology, Phytium or Feiteng ("Phytium"), also in China. This conduct violated General Prohibition Ten of the Regulations, which states that "You may not . . . transfer . . . any item subject to the EAR. . . with knowledge that a violation of the [Regulations] . . . has occurred . . . in connection with the item."[7] Cadence attempted a further violation of General Prohibition Ten of the regulations by attempting to transfer hardware items previously exported to CSCC to Phytium**.** At the time, Cadence China employees were aware that CSCC and Phytium were closely linked and shared some personnel.

Further, between September 2016 and December 2021, although Cadence had established compliance processes and procedures for terminating transactions with customers who were later designated on the Entity List, due to certain system-level gaps, three of the terminated customers were able to download software, subject to the EAR, after their designation to the Entity List. The terminated customers did not receive the corresponding license keys from Cadence to unlock and use the majority of the unauthorized software downloads.

Key Parties

A. Cadence

Cadence, headquartered in San Jose, California, offers EDA hardware and software, semiconductor design technology, and related services. Cadence's EDA tools support the development of electronic chips and semiconductor devices used in a wide range of applications, including hyperscale computing. Cadence describes itself as "a computational software company… leveraging [its] algorithmic expertise to expand beyond the EDA market into system analysis, machine learning, and other domains."

Cadence China is a Cadence subsidiary located in China.

B. National University of Defense Technology

[5] 15 C.F.R. § 744.11(b).

[6] 80 Fed. Reg. 8524 (Feb. 18, 2015).

[7] 15 C.F.R. § 736.2.

NUDT, a university supervised by China's Central Military Commission, was added to the Entity List on February 18, 2015.[8] NUDT was added to the Entity List due to its use of U.S.-origin multicores, boards, and (co)processors to produce the TianHe-1A and TianHe-2 supercomputers, which are believed to be used in nuclear explosive activities as described in § 744.2(a) of the EAR.[9] The TianHe supercomputers are located at supercomputing centers in Changsha, Guangzhou and Tianjin, China. NUDT's primary campus is located in Changsha, China.

C. CSCC

Effective June 28, 2022, CSCC was added to the Entity List as an alias for NUDT.[10] From 2002 until approximately September 2020, CSCC was a Cadence China customer.

D. Phytium

Phytium is a fabless Chinese semiconductor company that specializes in the design of electronic chips and semiconductor devices ("fabless" is a term used to distinguish firms whose focus is limited to designing these devices from firms that operate a fabrication plant, or "fab," to manufacture them). Phytium has publicly confirmed that it supplies processors to the TianHe series of supercomputers described above, and its publicly reported activities include using U.S.-origin EDA tools to design chips used to power a military supercomputer that models hypersonic flight.[11] Although Phytium was not on the Entity List during the relevant timeframe, it was later added, effective April 8, 2021, as the result of its "activities that support China's military actors, its destabilizing military modernization efforts, and/or its weapons of mass destruction (WMD) programs."[12]

STATEMENT OF CHARGES

Charges Related to the Sale and Loan of Export Controlled Hardware, Software and Technology to an Entity Listed Chinese Company

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[8] *See* 80 Fed. Reg. 8524. BIS subsequently added additional alias and address information, including addresses at 109 Deya Road and 47 Deya Road in Changsha, China, to NUDT's entry on the Entity List on June 24, 2019. *See* 84 Fed. Reg. 29371.

[9] *Id.*

[10] *See* 87 Fed. Reg. 38920 (June 30, 2022).

[11] Ellen Nakashima and Gerry Shih, "China builds advanced weapons systems using American technology," The Washington Post (Apr. 9, 2021), available at https://www.washingtonpost.com/national-security/china-hypersonic-missiles-american-technology/2021/04/07/37a6b9be-96fd-11eb-b28d-bfa7bb5cb2a5_story.html.

[12] 86 Fed. Reg. 18437 (Apr. 9, 2021).

Charges 1-10 15 C.F.R. § 764.2(e) – Unlicensed Exports to Entity List Party with Reason to Know of a Violation

As described in further detail below, between approximately December 29, 2016 and June 29, 2020, Cadence China engaged in conduct prohibited by the Regulations on ten occasions when it sold and exported or caused the export of EDA hardware subject to the EAR and valued at approximately $21,961,775.28 to CSCC, with reason to know, including awareness of a high probability, that NUDT would be the end user and without the requisite license or other authorization from BIS. The EDA hardware was classified under Export Control Classification Number ("ECCN") 3B991b.2.c and controlled for Anti-Terrorism reasons. At all relevant times, NUDT was (and remains) on the Entity List, and all exports to NUDT were prohibited pursuant to Section 744.11 and Supplement 4 of the Regulations, unless authorized by BIS.

Charges 11-27 15 C.F.R. § 764.2(e) – Unlicensed Exports to Entity List Party with Reason to Know of a Violation

As described in further detail below, between approximately December 16, 2016 and June 24, 2020, Cadence China engaged in conduct prohibited by the Regulations on seventeen occasions when it sold and exported or caused the export of EDA software subject to the EAR and valued at approximately $2,625,845 to CSCC, with reason to know, including awareness of a high probability, that NUDT would be the end user and without the requisite license or other authorization from BIS. The EDA software was classified under ECCN 3D991 and controlled for Anti-Terrorism reasons, or was designated as EAR99. At all relevant times, NUDT was (and remains) on the Entity List, and all exports to NUDT were prohibited pursuant to Section 744.11 and Supplement 4 of the Regulations, unless authorized by BIS.

Charges 28-34 15 C.F.R. § 764.2(e) – Unlicensed Exports to Entity List Party with Reason to Know of a Violation

As described in further detail below, between approximately September 30, 2015 and June 22, 2020, Cadence China engaged in conduct prohibited by the Regulations on seven occasions when it sold and exported, caused the export of, or attempted to export semiconductor design technology, specifically IP, subject to the EAR and valued at approximately $10,790,751, to CSCC, with reason to know, including awareness of a high probability, that NUDT would be the end user and without the requisite license or other authorization from BIS. The technology was classified under ECCN 3E991 and controlled for Anti-Terrorism reasons. At all relevant times, NUDT was (and remains) on the Entity List, and

all exports to NUDT were prohibited pursuant to Section 744.11 and Supplement 4 of the Regulations, unless authorized by BIS.

Charges 35-56 15 C.F.R. § 764.2(e) – Unlicensed Exports to Entity List Party with Reason to Know of a Violation

As described in further detail below, between approximately April 9, 2018 and September 1, 2020, Cadence China engaged in conduct prohibited by the Regulations on twenty-two occasions when, as part of loan transactions, it exported or caused the export of EDA hardware and related software subject to the EAR and valued at approximately $9,926,946.13, to CSCC, with reason to know, including awareness of a high probability, that NUDT would be the end user, without the requisite license or other authorization from BIS. The EDA hardware was classified under ECCN 3B991b.2.c and controlled for Anti-Terrorism reasons. At all relevant times, NUDT was (and remains) on the Entity List, and all exports to NUDT were prohibited pursuant to Section 744.11 and Supplement 4 of the Regulations, unless authorized by BIS.

Charges Related to the Transfer of Export Controlled Software and Technology in Violation of General Prohibition 10

Charge 57 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

As described in further detail below, between approximately November 11, 2020 and February 1, 2021, Cadence engaged in conduct prohibited by the Regulations by transferring (in-country) EDA software classified under ECCN 3D991 and controlled for Anti-Terrorism reasons, or designated as EAR99, and semiconductor design technology, specifically IP, classified under ECCN 3E991 and controlled for Anti-Terrorism reasons, to Phytium with reason to know, including awareness of a high probability, that the software and technology had previously been exported to CSCC, an alias of NUDT, and without the requisite license or other authorization from BIS. Because Cadence transferred the EDA software and semiconductor design technology to Phytium with reason to know that a violation of the Regulations had already occurred when the software and technology was originally exported to CSCC, Cadence violated or attempted to violate General Prohibition Ten, which states that "[y]ou may not sell, transfer, export, reexport, finance, order, buy, remove, conceal, store, use, loan, dispose of, transport, forward, or otherwise service" any item with knowledge that a violation of the Regulations "has occurred . . . in connection with the item."

Charge 58 15 C.F.R. § 764.2(c) – Attempting to Violate the EAR

As described in further detail below, between approximately November 1, 2020 and February 1, 2021, Cadence engaged in conduct prohibited by the Regulations by attempting to transfer (in-country) EDA hardware, classified under ECCN 3B991b.2.c and controlled for Anti-Terrorism reasons, to Phytium with reason to know, including awareness of a high probability, that the hardware had previously been exported to CSCC, an alias of NUDT, without the requisite license or other authorization from BIS. Because Cadence attempted to transfer the EDA hardware to Phytium with reason to know that a violation of the Regulations had already occurred when the hardware was originally exported to CSCC, Cadence violated or attempted to violate General Prohibition Ten, which states that "[y]ou may not sell, transfer, export, reexport, finance, order, buy, remove, conceal, store, use, loan, dispose of, transport, forward, or otherwise service" any item with knowledge that a violation of the Regulations "has occurred . . . in connection with the item." On March 31, 2021, Cadence placed Phytium on export hold as a result of its internal compliance review and discontinued transactions with Phytium without successfully completing any of the anticipated hardware transfers. Phytium was later designated on the Entity List on April 8, 2021.

Charges Related to the Downloads by Entity Listed Companies of Export Controlled Software

Charges 59-61 15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct

As described in further detail below, between approximately September 8, 2016 and December 16, 2021, Cadence engaged in conduct prohibited by the Regulations when it exported EDA software, classified under ECCN 3D991 and controlled for Anti-Terrorism reasons or designated as EAR99, to three Entity Listed parties without the requisite license or other authorization from BIS. Specifically, while Cadence had established compliance processes and procedures for terminating transactions with customers who were later designated on the Entity List, certain system-level gaps allowed Joint Stock Company Mikron ("Mikron"), Huawei Technologies Co., Ltd. ("Huawei"), and Semiconductor Manufacturing International Corporation ("SMIC") to continue making downloads after their additions to the Entity List. These downloads were exports prohibited pursuant to Section 744.11 and Supplement 4 of the Regulations, unless authorized by BIS.

OVERVIEW AND BACKGROUND OF CHARGES

Overview

1. Cadence China maintained a sales relationship with CSCC since 2002 and for approximately five years after NUDT's placement on the Entity List (effective February 18, 2015). Cadence China's customer relationship and experience with the CSCC account gave certain China-based employees of Cadence China access to information indicating that CSCC was closely linked to NUDT, including, *inter alia*, information that CSCC and NUDT shared personnel and that equipment sold or loaned to CSCC was installed on the NUDT campus. Despite having reason to know that CSCC was an alias for NUDT, Cadence China continued to make sales and loans to CSCC until September 2020, when Cadence placed an export hold on the CSCC sales account.

2. Cadence China's failure to act on the red flags linking CSCC with NUDT until approximately September 2020 resulted in numerous exports of EDA hardware, software, and semiconductor design technology subject to the EAR to NUDT without the requisite license or other authorization from BIS. These included the following fifty-six transactions between 2015 and 2020, totaling approximately $45,305,317.41, which are also detailed in Charges 1-56:

    a. **Charges 1-10:** Ten sales and exports of EDA hardware totaling approximately $21,961,775.28, including items classified under ECCNs 3B991b.2.c;

    b. **Charges 11-27:** Seventeen sales and exports of EDA software totaling approximately $2,625,845, including items classified under ECCN 3D991 and designated EAR99;

    c. **Charges 28-34:** Seven sales and exports or attempted exports of semiconductor design technology, specifically IP, totaling approximately $10,790,751.00, including items classified under ECCN 3E991; and

    d. **Charges 35-56:** Twenty-two loans and exports of EDA hardware totaling approximately $9,926,946.13, including items classified under ECCNs 3B991b.2.c and 3D991 and items designated EAR99.

3. In approximately September 2020, more than three years after it first shipped controlled items to CSCC in violation of the EAR, Cadence's U.S. Legal Team discovered the red flags linking CSCC with NUDT and as a result, took action by placing an export hold on the CSCC sales account. Cadence's U.S. Legal Team discovered the red flags after implementing enhanced due diligence in response to

regulatory changes to Section 744.21 of the EAR. Upon learning of these red flags, Cadence's U.S. Legal Team took action to terminate CSCC as a customer.

4. Cadence then agreed to assign its contracts with CSCC to Phytium, a separate corporate legal entity with certain connections to NUDT, and to transfer the EDA hardware, software, and semiconductor design technology that it had previously sold and exported to CSCC. At the time Cadence agreed to these transfers, and as discussed further below, Cadence China had reason to know that Phytium and CSCC were closely linked, including through overlapping personnel.

5. Between approximately November 1, 2020 and February 1, 2021, Cadence transferred EDA software and semiconductor design technology, specifically IP, subject to the EAR to Phytium. The EDA software and semiconductor design technology had previously been exported to CSCC in violation of the Regulations. As a result, and as detailed in Charge 57, Cadence's subsequent transfer of EDA software and semiconductor design technology to Phytium violated General Prohibition Ten. Cadence discontinued the transfer process prior to Phytium's addition to the Entity List and without successfully completing any of the anticipated hardware transfers.

Cadence China's Sales and Loans to CSCC

6. CSCC was an existing Cadence China customer account holder from 2002 until September 2020, more than 5 years after NUDT's designation in February 2015. In its customer database, Cadence China identified CSCC under the name "Central South CAD Center," or "CSCC," associated with the address "54 Beiya Road, Changsha, China." This address does not exist but closely matches another address on the NUDT campus: 54 Deya Road.

7. Certain Cadence China personnel sometimes used the acronym "CSCC" together with the Chinese characters for NUDT in correspondence, indicating a link between the two. For example, in May 2015 (a few months after NUDT's designation), one now-former Cadence China employee wrote in an email to colleagues, "Be careful we call CSCC, or 国防科技大学 is OK." The author of the email also wrote that "the subject [was] too sensitive."

8. In the words of certain of Cadence China's own sales personnel, CSCC was a "key account," consistent with other accounts of similar value. Certain Cadence China sales and technical personnel in China maintained customer relationships with CSCC personnel, some of whom were known by Cadence China to be associated with NUDT. As a result of this familiarity and interaction, and as detailed further below, certain personnel within Cadence China across multiple roles had reason to know that CSCC was an alias for NUDT. Nevertheless,

Cadence China continued exporting to CSCC after NUDT's designation on February 18, 2015.

Cadence China's Sales Personnel Had Reason to Know that CSCC was an Alias for NUDT

9. Certain of Cadence China's sales personnel interacted over several years with CSCC personnel who were also associated with NUDT. As a result of their familiarity with CSCC and these personnel, Cadence China had reason to know that CSCC was an alias for NUDT by the time NUDT was placed on the Entity List on February 18, 2015.

10. For example, on June 27, 2014, at the request of a NUDT researcher, a now-former Cadence China sales representative requested training invitations for "seven guys f[ro]m CSCC" to attend training in France. Cadence China then prepared seven invitation letters, one addressed to each individual, at "School of Computer, National University of Defense Technology, Changsha, Hunan, China 410073." Each letter also stated, "National University of Defense Technology will cover all necessary expenses during your stay in France."

11. Even after NUDT's addition to the Entity List, Cadence China continued to issue similar training invitations, referencing NUDT, to and on behalf of CSCC personnel. On August 19, 2016, a now-former Cadence China sales representative requested similar letters for "3 customers from CSCC" for a training event in Israel, and shortly afterward requested another letter for "one more guy[] from CSCC" to attend the same training. Although Cadence China issued the letters for CSCC personnel, each letter contained the same language referencing NUDT. Cadence China also prepared additional letters for two other events, one in 2016 and another in 2017, that included the same references to NUDT, despite the fact that Cadence China was issuing the letters on behalf of CSCC personnel.

12. Cadence China's sales team also directed CSCC sales account documents to NUDT personnel, including at NUDT-associated email addresses. For example, on March 2, 2017, over two years after NUDT's placement onto the Entity List, a now-former Cadence China sales representative emailed a partially executed limited license agreement for a CSCC hardware pre-sale evaluation to a NUDT researcher at his NUDT email address. Cadence China identified another individual as the point of contact for over two dozen other CSCC sales, despite the fact that certain Cadence China employees had identified that individual as a NUDT researcher in a training letter request as early as 2017.

13. Certain of Cadence China's sales personnel also interacted in person with CSCC representatives known to be associated with NUDT. In September 2017, a now-

former Cadence China sales representative traveled to Changsha, China and hosted meals with CSCC representatives. For three of these CSCC representatives, Cadence China had previously prepared training invitations acknowledging their association with NUDT. Additionally, although the former sales representative's expense report identified the customer as "Central South CAD Center," the report also identifies the customer as NUDT twice, demonstrating that Cadence China had reason to know that CSCC was an alias for NUDT.

14. In 2019, Cadence China's sales team conducted a review of the CSCC account that demonstrated Cadence China's working relationship with CSCC. In its own words, Cadence China's strategies for its relationship with CSCC included "[d]eeply understand[ing] customer's project details and technical requirements," "[c]losely co-work[ing] on advanced technology to meet customer target," and providing "Backend Strong Support on 7nm project" (7nm is a reference to advanced chip design). The sales team also developed a "Relationship Mapping" strategy identifying Cadence China contacts for fifteen key CSCC individuals.

15. As a result of the familiarity of certain of Cadence China's sales personnel in China with and knowledge of CSCC's business practices, Cadence China had reason to know that CSCC was an alias for NUDT.

Cadence China's Technical Personnel Had Reason to Know that CSCC was an Alias for NUDT

16. Certain of Cadence China's technical personnel also maintained contact with CSCC by providing, among other things, on-site technical support. Through these contacts and interactions, Cadence China had reason to know that CSCC was an alias for NUDT.

17. For example, certain Cadence China personnel met with two CSCC representatives, both of whom Cadence China had previously identified in training invitation letters as being associated with NUDT. Meeting minutes reflect the need for additional meetings and the assignment of follow-up tasks, including one task assigned jointly to a Cadence China-based engineer and one of the CSCC representatives indicated in the training invitation letters as being associated with NUDT.

18. These Cadence China technical personnel used the same CSCC representative's NUDT email address to set up subsequent meetings and to communicate on other occasions. For instance, on December 28, 2017, a now-former Cadence China engineer wrote to the CSCC representative at his NUDT email address, thanking him for his "great support and close cooperation." The CSCC representative

responded with a technical explanation of the support that Cadence China's employees provided and stated, "Thank you and hope for deeper cooperation."

19. Cadence China's knowledge of CSCC went beyond these meetings and electronic communications. The hardware transactions between Cadence China and CSCC required specific, on-site technical support from Cadence China, including at known NUDT locations, further indicating that certain Cadence China personnel had reason to know that CSCC was an alias for NUDT.

20. For example, in December 2017, a Cadence China field service representative was tasked with a work order to resolve a hardware issue. The CSCC point of contact for the work order was a known NUDT representative, using his NUDT email address. On May 22, 2020, Cadence China-affiliated engineers supervised the installation of equipment at an NUDT site, specifically "North Gate, National University of Defense Technology (NUDT), Sanyi Avenue, Changsha City."

21. Technicians performing site visits had the opportunity to see that Cadence hardware was installed on the NUDT campus. One technician described the site as a "military based campus"; another technician explained that "they don't have email and they don't have internet access at this facility" because it is "military related with very strict rules."

Cadence Personnel Knew About Information Associated with CSCC That Should Have Prompted Further Due Diligence

22. Through their review of CSCC's account as a result of CSCC's poor credit performance, certain Cadence global finance and management personnel knew information about CSCC that should have prompted further due diligence. Despite Cadence's inability to verify information about CSCC in connection with its check of CSCC's credit, Cadence finance and management teams chose to resolve the credit issues at hand, allowing business as usual to go forward, while failing to escalate or otherwise address that information. When confronted with export compliance-related issues, Cadence undertook additional due diligence to address such red flags, including requesting a Letter of Assurance from CSCC in January 2019 to confirm that there was no prohibited end-use and/or end-user involved in transactions with CSCC.

23. On August 25, 2016, a Cadence Vice President in charge of the Asia Pacific region ("VP-AP") wrote to another now-former Senior Vice President that Cadence China was "losing multi-billion gates business" to competitors because of a decision not to ship new hardware to CSCC as a result of a delinquent payment. The VP-AP further stated, "We will get the money back eventually but no more future business. CSCC is fabless maker for the China TianHe supercomputer – fastest in the world 2 years in a row until 2015." After this

exchange, Cadence China went on to make over $43 million in sales to CSCC, with the VP-AP personally approving two of the transactions.

24. The VP-AP continued to note the connection between CSCC and the TianHe supercomputer program to others in Cadence management. On June 9, 2017, he explained to a now-former Cadence SVP, “CSCC is the design arm of the 2nd fastest supercomputer maker (TianHe) in the world. They were #1 until last year.” The now-former SVP responded, “Cool. We can meet their needs. Let’s sign them up.”

25. The VP-AP’s direct relationship with CSCC is illustrated by his expression of frustration in an email sent while Cadence China was trying to complete a loaner transaction in September 2018: “I am sick and tired of receiving complaint calls from CSCC CEO. I am his good friend and I can’t do this forever. If our company doesn’t want their business including HW, SW, and IP altogether, I will ask him to leave me alone and go somewhere else.”

26. A now-former Vice President in Finance also periodically weighed in on credit concerns with CSCC, approving at least three transactions and asking to be kept “in the loop” on another. In September 2019, he reviewed CSCC’s credit issues with another senior Cadence executive, who recommended requiring payment in advance. The now-former Vice President in Finance ultimately authorized payment terms where Cadence China would ship the hardware items after receipt of an initial payment of 70% of the value.

27. Scrutiny of CSCC’s payment history by some Cadence executives continued throughout its sales relationship. In April 2020, when asked to approve another transaction that raised credit concerns, the now-former Vice President in Finance asked whether Cadence had received financials or a credit application from CSCC, or whether CSCC’s financials were posted online. A Cadence credit manager explained that no such information was available; rather, Cadence had conducted credit reviews of CSCC since 2011 and had never had financial information on the company. The credit manager then added, “CSCC is an interesting internet phenomena, there is literally nothing about them in English, and [a finance employee] confirmed she could find nothing in Chinese either. Company is not listed in either D&B [Dun & Bradstreet] or CreditSafe. I recall it was not listed in CRMZ [ticker for CreditRiskMonitor.com, Inc.] either.” The now-former Vice President in Finance suggested that Cadence China could go forward using CSCC’s payment history as support for extending credit. Cadence China went on to make $15.6 million in exports to CSCC after this discussion.

Summary

28. Accordingly, as discussed above, significant information linking CSCC to NUDT should have been apparent to Cadence or Cadence China personnel in multiple roles over a period of several years. This information included Cadence China's communication and interactions with employees associated with both CSCC and NUDT, Cadence China's installations of equipment sold or loaned to CSCC on NUDT's campus, and Cadence's inability to properly confirm CSCC's bona fides. On multiple occasions, before and after NUDT's placement on the Entity List in 2015, Cadence China personnel acknowledged the connections between CSCC and NUDT. As a result, Cadence China had reason to know that CSCC was an alias for NUDT when NUDT was placed on the Entity List on February 18, 2015. Nevertheless, Cadence China continued its sales and loans to CSCC until approximately September 2020. As specified in Charges 1-56, between 2015 and 2020, Cadence China's actions resulted in the unlawful export of EDA hardware, software, and semiconductor design technology, on approximately 56 occasions and totaling approximately $45,305,317.41 to CSCC with reason to know that CSCC was an alias for NUDT.

Cadence's Actual and Attempted Transfers to Phytium

29. In September 2020, years after Cadence China first had reason to know of the ties between CSCC and NUDT, Cadence placed CSCC's sales account on an export hold. Cadence then proceeded to transfer items previously exported to CSCC to Phytium.

30. At the time that Cadence transferred the items to Phytium, certain Cadence and Cadence China personnel had reason to know that CSCC and Phytium were linked and considered, in the words of one Cadence employee, "the same customer." Over the course of Cadence China's relationship with CSCC, Cadence China employees communicated with CSCC employees who were also known to have associations with Phytium, as well as with NUDT. Certain of these CSCC affiliated employees used email addresses with the domain @phytium.com.cn and sometimes referred to themselves directly as Phytium employees. By the time CSCC was placed on the sales and export hold, some Phytium-associated email addresses were identified as contacts for CSCC in Cadence's customer database.

31. In early October 2020, after placing CSCC on an export hold, Cadence began discussing the reassignment of its existing CSCC contracts to Phytium. On October 28, 2020, a now-former Vice President and Deputy General Counsel ("VP-1") provided a now-former sales group director in China with draft

assignment letters for the IP and asked her to obtain relevant contact and location information from Phytium, noting, "of course the email addresses should all be @phytium.com.cn corporate addresses."

32. In November 2020, an operations analyst raised a concern regarding an expiring CSCC hardware loan and noted the need for legal guidance on whether Cadence China could de-install the items or convert them to a permanent import and keep them at the CSCC site. The now-former sales group director in China (explained that the customer had "placed almost $20M orders to Cadence this year" and "all the loaners are fully occupied by their projects." The sales group director added, "If we want to take back the loaners, they are ok with it if we have the back up solution to make sure the seamless transition as their project schedule can not be delayed any more. Otherwise, it will be very difficult." A Vice President in the System & Verification Group responded, "Customer relationship is very important . . . . Our first priority is to keep them happy," and that they should discuss further. One of the copied employees forwarded the email chain to Cadence's VP-1, who asked, "BTW, do you think that any failure to resolve the loan issue in a normal way could affect revenue on the new [hardware] deal? I know it's two different parties, CSCC and Phytium, but we also know they are related with respect to all these transactions."

33. On November 6, 2020, an Engineering Group Director explained the process of transferring CSCC's IP to VP-1: "What I will need to do is to move the "enterprises" in our system from CSCC to Phytium, removing any remaining CSCC contacts and adding the ones from the sheets…will need to ensure all the appropriate Phytium contacts are moved in [the customer database] to Phytium (many are CSCC now)."

34. In January 2021, a Cadence senior materials manager explained, "though we are aware of both CSCC and Phytium are the same customer but just located in different city/province, we will have to send two different document[s] per audit process." The materials manager then sent the two audit letters attached to a single email to a Phytium representative known by Cadence China to be associated with both CSCC and NUDT.

35. Later in January 2021, a Cadence employee prepared a cost estimate for the transfer of nine items of EDA hardware from CSCC to "New lab in Changsha (currently location TBD)." The employee noted in a cover email, whose recipients included a now-former senior group director, that the "cost for Cadence resources is huge" and could impact new emulator installs and servicing for other customers.

36. As detailed above, Cadence China used Phytium-associated email addresses to communicate with CSCC employees, who sometimes referred to themselves as

Phytium employees, and one Cadence employee referred internally to CSCC and Phytium as "the same customer."

37. Notwithstanding having a reason to know that CSCC was an alias of NUDT, Cadence agreed to transfer items previously exported to CSCC to Phytium. Specifically, on November 9, 2020, Cadence signed an agreement to transfer CSCC's IP to Phytium. Cadence subsequently signed an agreement to transfer CSCC's software to Phytium on December 2, 2020. Cadence transferred software and IP pursuant to these agreements between approximately November 11, 2020 and February 1, 2021. Although Cadence prepared an agreement to transfer CSCC's hardware to Phytium, the transfer never took place. Cadence placed Phytium on an export hold as a result of its internal review, and prior to Phytium's addition on the Entity List.

38. Accordingly, as detailed in Charges 57 and 58, between approximately November 11, 2020 and February 1, 2021, Cadence transferred EDA software and semiconductor design technology, specifically IP, and attempted to transfer hardware, classified under ECCNs 3E991, 3D991, 3B991b.2.c, and/or designated as EAR99, to Phytium. Further, as detailed above, the EDA software, semiconductor design technology, and EDA hardware had previously been exported to CSCC in violation of the Regulations. As a result, Cadence's subsequent transfer and assignment of the EDA software and semiconductor design technology to Phytium and attempted transfer of hardware violated General Prohibition Ten, which states that "[y]ou may not sell, transfer, export, reexport, finance, order, buy, remove, conceal, store, use, loan, dispose of, transport, forward, or otherwise service" any item with knowledge [or reason to know] that a violation of the Regulations "has occurred . . . in connection with the item." Cadence discontinued the transfer process prior to Phytium's addition to the Entity List and without completing any of the anticipated hardware transfers.

Software Downloads by Entity Listed Parties

39. As noted above, between September 2016 and December 2021, although Cadence had established compliance processes and procedures for terminating transactions with companies who were later designated on the Entity List, due to certain system-level gaps, JSC Mikron, Huawei, and SMIC were able to download software, subject to the EAR, without the requisite BIS license or other authorization. As a result of Cadence's compliance processes and procedures, the terminated companies did not receive the corresponding license keys from Cadence to unlock and use the majority of the unauthorized software downloads.

40. Each of these companies was added to the Entity List based on a determination by the End User Review Committee that the company was acting contrary to the national security or foreign policy interests of the United States. Pursuant to

Section 744.11 of the Regulations, exports, reexports, and transfers of all items subject to the Regulations to these companies are prohibited except with BIS authorization, and no license exceptions are available. No BIS license was sought or received.

WHEREAS, Respondent has reviewed the Proposed Charging Letter and is aware of the allegations made against it and the administrative sanctions that could be imposed against it if the allegations are found to be true;

WHEREAS, Respondent fully understands the terms of this Agreement and the Order ("Order") that the Assistant Secretary of Commerce for Export Enforcement, or appropriate designee, will issue if he approves this Agreement as the final resolution of this matter;

WHEREAS, Respondent enters into this Agreement voluntarily and with full knowledge of its rights, after having consulted with counsel;

WHEREAS, the Parties enter into this Agreement having taken into consideration the agreement entered between Respondent and the U.S. Department of Justice ("DOJ Agreement");

WHEREAS, Respondent states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

WHEREAS, Respondent admits committing the alleged conduct described in the Proposed Charging Letter; and

WHEREAS, Respondent agrees to be bound by the Order, if issued;

NOW THEREFORE, the Parties hereby agree, for purposes of this Settlement Agreement, as follows:

1. BIS has jurisdiction over Respondent, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.

2. The following sanctions shall be imposed against Respondent:

a. Respondent shall be assessed a civil penalty in the amount of $95,312,000. Respondent shall pay the U.S. Department of Commerce $47,656,000 within 30 days of the date of this Order. Payment shall be made in the manner specified in the attached instructions. Payment of the remaining $47,656,000 shall be suspended until Respondent makes payment of the U.S. Department of Justice ("DOJ") criminal penalty pursuant to the terms of the DOJ Agreement, and thereafter shall be credited towards the total $95,312,000 penalty amount due under this agreement. If Respondent fails to pay the DOJ criminal penalty, then the suspension shall be revoked and the full amount of the suspended penalty shall be imposed and become immediately due.

b. Cadence shall complete two (2) internal audits of its export controls compliance program, including but not limited to its oversight over export controls compliance by Cadence China. The audits shall cover Cadence's compliance with U.S. export control laws (including recordkeeping requirements), with respect to all exports, reexports, or transfers (in country) that are subject to the Regulations. The results of the audits, including any relevant supporting materials, shall be submitted to the U.S. Department of Commerce, Bureau of Industry and Security, Office of Export Enforcement, 160 W. Santa Clara Street, Suite 725, San Jose, CA 95113 ("BIS San Jose Field Office"). The first annual audit shall cover the 12-month period beginning on September 1, 2025, and the related report shall be due to the BIS San Jose Field Office no later than March 1, 2027. The second annual audit shall cover the 12-month period

beginning on September 1, 2026, and the related report shall be due to the BIS San Jose Field Office no later than March 1, 2028. Said audits shall be in substantial compliance with the Export Compliance Program (ECP) sample audit module and shall include an assessment of Cadence's compliance with the Regulations. The ECP sample audit module is available on the BIS web site at https://www.bis.doc.gov/index.php/documents/pdfs/1641-ecp/file. In addition, where said audits identify actual or potential violations of the Regulations, Cadence shall promptly provide copies of the export control documents and supporting documentation to the BIS San Jose Field Office. Cadence may voluntarily disclose violations identified through the audits, copying the BIS San Jose Field Office.

c. Compliance with the terms of the Settlement Agreement and this Order, including the full and timely payment of the civil penalty agreed to in Paragraph 2.a of the Settlement Agreement, the timely completion of the audits and submission of the audit results agreed to in Paragraph 2.b. of the Settlement Agreement, and compliance with the terms of the DOJ Agreement, are hereby made conditions to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Respondent. Failure to make full and timely payment of the civil penalty may result in the denial of all of Respondent's export privileges under the Regulations for one year from the date of the failure to make such payment.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, Respondent hereby waives all rights to further procedural steps in this matter, including, without limitation, any right to: (a) an administrative hearing regarding the allegations in

any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if issued; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if issued. Respondent also waives and will not assert any Statute of Limitations defense, and the Statute of Limitations will be tolled, in connection with any violation of the Export Control Reform Act or the Regulations arising out of the transactions identified in the Proposed Charging Letter or in connection with collection of the civil penalty or enforcement of this Agreement and the Order, if issued, from the date of the Order, until Respondent pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement, has completed the audits and submitted the audit results agreed to in Paragraph 2.b of this Agreement, and has fulfilled its obligations under the DOJ Agreement.

4. BIS agrees that upon successful compliance in full with the terms of this Agreement and the Order, if issued, BIS will not initiate any further administrative proceeding against Respondent in connection with any violation of the Regulations arising out of the transactions specifically detailed in the Proposed Charging Letter.

5. Respondent shall comply with all the terms in the DOJ Agreement.

6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement, or appropriate designee, pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if issued; nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement, or appropriate designee, approves it by issuing the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

9. BIS will make the Proposed Charging Letter, this Agreement, and the Order, if issued, available to the public.

10. Each signatory affirms that he/she has authority to enter into this Settlement Agreement and to bind his/her respective party to the terms and conditions set forth herein.

BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE

/s/ Dan Clutch
Dan Clutch
Acting Director of Export Enforcement

Date: July 27, 2025

CADENCE DESIGN SYSTEMS, INC.

/s/ Marc Taxay
Marc Taxay
Senior Vice President, General Counsel and Corporate Secretary

Date: July 27, 2025

Reviewed and approved by:

/s/ Jonathan Poling
Jonathan Poling
Shiva Aminian
George Pence
Akin Gump Strauss Hauer & Feld LLP
Counsel for Cadence Design Systems, Inc.

Date: July 27, 2025

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Anirudh Devgan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cadence Design Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Anirudh Devgan

Anirudh Devgan
President and Chief Executive Officer
(Principal Executive Officer)

Date: July 29, 2025

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, John M. Wall, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cadence Design Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ John M. Wall
John M. Wall
Senior Vice President and Chief Financial Officer
(Principal Accounting and Financial Officer)

Date: July 29, 2025

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2025 of Cadence Design Systems, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Anirudh Devgan, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Anirudh Devgan
Anirudh Devgan
President and Chief Executive Officer
(Principal Executive Officer)
Date: July 29, 2025

A signed original of this written statement required by Section 906 has been provided to Cadence Design Systems, Inc. and will be retained by Cadence and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2025 of Cadence Design Systems, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John M. Wall, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John M. Wall
John M. Wall
Senior Vice President and Chief Financial Officer
(Principal Accounting and Financial Officer)
Date: July 29, 2025

A signed original of this written statement required by Section 906 has been provided to Cadence Design Systems, Inc. and will be retained by Cadence and furnished to the Securities and Exchange Commission or its staff upon request.