

Cadence Design Systems, Inc.
Condensed Consolidated Balance Sheets
January 1, 2022 and January 2, 2021
(In thousands)
(Unaudited)

	<u>January 1, 2022</u>	<u>January 2, 2021</u>
Current assets:		
Cash and cash equivalents	\$ 1,088,940	\$ 928,432
Receivables, net	337,596	338,487
Inventories	115,721	75,956
Prepaid expenses and other	173,512	135,712
Total current assets	<u>1,715,769</u>	<u>1,478,587</u>
Property, plant and equipment, net	305,911	311,125
Goodwill	928,358	782,087
Acquired intangibles, net	233,265	210,590
Deferred taxes	763,770	732,290
Other assets	439,226	436,106
Total assets	<u>\$ 4,386,299</u>	<u>\$ 3,950,785</u>
Current liabilities:		
Accounts payable and accrued liabilities	\$ 417,283	\$ 349,951
Current portion of deferred revenue	553,942	446,857
Total current liabilities	<u>971,225</u>	<u>796,808</u>
Long-term liabilities:		
Long-term portion of deferred revenue	101,148	107,064
Long-term debt	347,588	346,793
Other long-term liabilities	225,663	207,102
Total long-term liabilities	<u>674,399</u>	<u>660,959</u>
Stockholders' equity	2,740,675	2,493,018
Total liabilities and stockholders' equity	<u>\$ 4,386,299</u>	<u>\$ 3,950,785</u>

Cadence Design Systems, Inc.
Condensed Consolidated Income Statements
For the Three Months and Years Ended January 1, 2022 and January 2, 2021
(In thousands, except per share amounts)
(Unaudited)

	<u>Three Months Ended</u>		<u>Years Ended</u>	
	<u>January 1, 2022</u>	<u>January 2, 2021</u>	<u>January 1, 2022</u>	<u>January 2, 2021</u>
Revenue:				
Product and maintenance	\$ 719,849	\$ 723,233	\$ 2,812,947	\$ 2,536,617
Services	53,187	36,676	175,297	146,274
Total revenue	<u>773,036</u>	<u>759,909</u>	<u>2,988,244</u>	<u>2,682,891</u>
Costs and expenses:				
Cost of product and maintenance	47,714	55,111	222,647	231,026
Cost of services	21,979	18,425	84,359	74,472
Marketing and sales	148,068	146,502	560,262	516,460
Research and development	288,953	290,309	1,134,277	1,033,732
General and administrative	65,743	49,264	189,018	154,425
Amortization of acquired intangibles	4,979	4,775	19,640	18,009
Restructuring	(80)	10,544	(1,048)	9,215
Total costs and expenses	<u>577,356</u>	<u>574,930</u>	<u>2,209,155</u>	<u>2,037,339</u>
Income from operations	195,680	184,979	779,089	645,552
Interest expense	(4,251)	(4,873)	(16,980)	(20,749)
Other income, net	2,625	6,083	6,326	7,945
Income before provision for income taxes	194,054	186,189	768,435	632,748
Provision for income taxes	17,475	12,451	72,480	42,104
Net income	<u>\$ 176,579</u>	<u>\$ 173,738</u>	<u>\$ 695,955</u>	<u>\$ 590,644</u>
Net income per share - basic	<u>\$ 0.65</u>	<u>\$ 0.63</u>	<u>\$ 2.54</u>	<u>\$ 2.16</u>
Net income per share - diluted	<u>\$ 0.63</u>	<u>\$ 0.62</u>	<u>\$ 2.50</u>	<u>\$ 2.11</u>
Weighted average common shares outstanding - basic	<u>273,066</u>	<u>273,985</u>	<u>273,504</u>	<u>273,728</u>
Weighted average common shares outstanding - diluted	<u>278,253</u>	<u>280,173</u>	<u>278,858</u>	<u>279,641</u>

Cadence Design Systems, Inc.
Condensed Consolidated Statements of Cash Flows
For the Years Ended January 1, 2022 and January 2, 2021
(In thousands)
(Unaudited)

	Years Ended	
	January 1, 2022	January 2, 2021
Cash and cash equivalents at beginning of year	\$ 928,432	\$ 705,210
Cash flows from operating activities:		
Net income	695,955	590,644
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	142,308	145,653
Amortization of debt discount and fees	1,219	1,053
Stock-based compensation	210,090	197,268
(Gain) loss on investments, net	(580)	4,954
Deferred income taxes	(43,178)	(26,117)
Provisions for losses on receivables	525	1,628
ROU asset amortization and change in operating lease liabilities	(11,606)	4,483
Other non-cash items	427	773
Changes in operating assets and liabilities, net of effect of acquired businesses:		
Receivables	2,014	(25,934)
Inventories	(39,027)	(25,685)
Prepaid expenses and other	(34,342)	(31,167)
Other assets	(7,133)	(71,606)
Accounts payable and accrued liabilities	67,356	18,394
Deferred revenue	100,731	110,173
Other long-term liabilities	16,199	10,408
Net cash provided by operating activities	<u>1,100,958</u>	<u>904,922</u>
Cash flows from investing activities:		
Proceeds from the sale of non-marketable investments	128	217
Purchases of property, plant and equipment	(65,298)	(94,813)
Purchases of intangible assets	(1,583)	-
Cash paid in business combinations, net of cash acquired	(226,201)	(197,562)
Net cash used for investing activities	<u>(292,954)</u>	<u>(292,158)</u>
Cash flows from financing activities:		
Proceeds from revolving credit facility	-	350,000
Payment on revolving credit facility	-	(350,000)
Payment of debt issuance costs	(1,285)	-
Proceeds from issuance of common stock	87,772	74,803
Stock received for payment of employee taxes on vesting of restricted stock	(117,982)	(110,028)
Payments for repurchases of common stock	(612,297)	(380,064)
Net cash used for financing activities	<u>(643,792)</u>	<u>(415,289)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(3,704)</u>	<u>25,747</u>
Increase in cash and cash equivalents	<u>160,508</u>	<u>223,222</u>
Cash and cash equivalents at end of year	<u>\$ 1,088,940</u>	<u>\$ 928,432</u>

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Operating Margin
As of February 22, 2022
(Unaudited)

	Three Months Ending	Year Ending
	April 2, 2022	December 31, 2022
	Forecast	Forecast
GAAP operating margin as a percent of total revenue	30% - 31%	27.5% - 29%
Reconciling items to non-GAAP operating margin as a percent of total revenue:		
Stock-based compensation expense	7%	8%
Amortization of acquired intangibles	2%	2%
Acquisition and integration-related costs	1%	0%
Non-GAAP operating margin as a percent of total revenue†	40% - 41%	37.5% - 39%

†The non-GAAP measures presented in the table above should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP.

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Diluted Net Income Per Share
As of February 22, 2022
(Unaudited)

	Three Months Ending April 2, 2022 Forecast	Year Ending December 31, 2022 Forecast
Diluted net income per share on a GAAP basis	\$0.70 to \$0.74	\$2.46 to \$2.56
Stock-based compensation expense	0.22	0.97
Amortization of acquired intangibles	0.06	0.19
Acquisition and integration-related costs	0.01	0.03
Income tax effect of non-GAAP adjustments	0.01	0.05
Diluted net income per share on a non-GAAP basis†	\$1.00 to \$1.04	\$3.70 to \$3.80

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Net Income
As of February 22, 2022
(Unaudited)

(\$ in millions)	Three Months Ending April 2, 2022 Forecast	Year Ending December 31, 2022 Forecast
Net income on a GAAP basis	\$193 to \$204	\$685 to \$713
Stock-based compensation expense	61	268
Amortization of acquired intangibles	17	52
Acquisition and integration-related costs	4	8
Income tax effect of non-GAAP adjustments	3	15
Net income on a non-GAAP basis†	\$278 to \$289	\$1,028 to \$1,056

†The non-GAAP measures presented in the table above should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP.