

**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, 2024

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 DESIGN SYSTEMS, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

(State or Other Jurisdiction of  
Incorporation or Organization)

**2655 Seely Avenue, Building 5,      San Jose,      California**  
(Address of Principal Executive Offices)

**00-0000000**

(I.R.S. Employer  
Identification No.)

**95134**  
(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	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>			Emerging Growth Company	<input type="checkbox"/>

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, 2024, approximately 273,820,000 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, 2024	December 31, 2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,058,955	\$ 1,008,152
Receivables, net	564,851	489,224
Inventories	171,508	181,661
Prepaid expenses and other	401,074	297,180
Total current assets	2,196,388	1,976,217
Property, plant and equipment, net	449,422	403,213
Goodwill	2,417,747	1,535,845
Acquired intangibles, net	664,038	336,843
Deferred taxes	892,963	880,001
Other assets	605,183	537,372
Total assets	<u>\$ 7,225,741</u>	<u>\$ 5,669,491</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 349,732	\$ 349,285
Accounts payable and accrued liabilities	505,392	576,558
Current portion of deferred revenue	678,598	665,024
Total current liabilities	1,533,722	1,590,867
Long-term liabilities:		
Long-term portion of deferred revenue	88,823	98,931
Long-term debt	998,935	299,771
Other long-term liabilities	343,369	275,651
Total long-term liabilities	1,431,127	674,353
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Common stock and capital in excess of par value	3,928,477	3,166,964
Treasury stock, at cost	(4,971,955)	(4,604,323)
Retained earnings	5,413,547	4,936,384
Accumulated other comprehensive loss	(109,177)	(94,754)
Total stockholders' equity	4,260,892	3,404,271
Total liabilities and stockholders' equity	<u>\$ 7,225,741</u>	<u>\$ 5,669,491</u>

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

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, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Net income	\$ 229,520	\$ 221,120	\$ 477,163	\$ 462,924
Other comprehensive income (loss), net of tax effects:				
Foreign currency translation adjustments	(1,338)	(2,809)	(13,967)	1,146
Changes in defined benefit plan liabilities	145	142	123	405
Unrealized losses on investments	(187)	(454)	(579)	(424)
Total other comprehensive income (loss), net of tax effects	(1,380)	(3,121)	(14,423)	1,127
Comprehensive income	<u>\$ 228,140</u>	<u>\$ 217,999</u>	<u>\$ 462,740</u>	<u>\$ 464,051</u>

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, 2024

	Common Stock		Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Shares	Par Value and Capital in Excess of Par				
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

Three Months Ended June 30, 2023

	Common Stock		Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Shares	Par Value and Capital in Excess of Par				
Balance, March 31, 2023	272,684	\$ 2,878,749	\$ (3,987,528)	\$ 4,137,044	\$ (87,389)	\$ 2,940,876
Net income	—	—	—	221,120	—	\$ 221,120
Other comprehensive loss, net of taxes	—	—	—	—	(3,121)	\$ (3,121)
Purchase of treasury stock	(1,178)	—	(265,109)	—	—	\$ (265,109)
Equity forward contract	—	(60,000)	—	—	—	\$ (60,000)
Issuance of common stock and reissuance of treasury stock under equity incentive plans, net of forfeitures	325	4,838	4,519	—	—	\$ 9,357
Stock received for payment of employee taxes on vesting of restricted stock	(41)	(2,310)	(8,966)	—	—	\$ (11,276)
Stock-based compensation expense	—	76,608	—	—	—	\$ 76,608
Balance, June 30, 2023	271,790	\$ 2,897,885	\$ (4,257,084)	\$ 4,358,164	\$ (90,510)	\$ 2,908,455

## Six Months Ended June 30, 2024

	Common Stock				Accumulated Other Comprehensive Loss	Total
	Shares	Par Value and Capital in Excess of Par	Treasury Stock	Retained Earnings		
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

## Six Months Ended June 30, 2023

	Common Stock						Total
	Shares	Par Value and Capital in Excess of Par	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive		
					Loss		
Balance, December 31, 2022	272,675	\$ 2,765,673	\$ (3,824,163)	\$ 3,895,240	\$ (91,637)	\$ 2,745,113	
Net income	—	—	—	462,924	—	\$ 462,924	
Other comprehensive income, net of taxes	—	—	—	—	1,127	\$ 1,127	
Purchase of treasury stock	(1,846)	—	(390,119)	—	—	\$ (390,119)	
Equity forward contract	—	(60,000)	—	—	—	\$ (60,000)	
Issuance of common stock and reissuance of treasury stock under equity incentive plans, net of forfeitures	1,297	52,084	25,418	—	—	\$ 77,502	
Stock received for payment of employee taxes on vesting of restricted stock	(336)	(10,768)	(68,220)	—	—	\$ (78,988)	
Stock-based compensation expense	—	150,896	—	—	—	\$ 150,896	
Balance, June 30, 2023	271,790	\$ 2,897,885	\$ (4,257,084)	\$ 4,358,164	\$ (90,510)	\$ 2,908,455	

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, 2024	June 30, 2023
Cash and cash equivalents at beginning of period	\$ 1,008,152	\$ 882,325
Cash flows from operating activities:		
Net income	477,163	462,924
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	87,202	70,432
Amortization of debt discount and fees	684	626
Stock-based compensation	175,698	150,896
(Gain) loss on investments, net	(80,599)	554
Deferred income taxes	(9,506)	(20,171)
Provisions for losses on receivables	614	720
ROU asset amortization and change in operating lease liabilities	(1,410)	(3,543)
Other non-cash items	212	1,834
Changes in operating assets and liabilities, net of effect of acquired businesses:		
Receivables	(49,384)	41,208
Inventories	(15,978)	(16,981)
Prepaid expenses and other	(39,868)	50,793
Other assets	(38,967)	(31,838)
Accounts payable and accrued liabilities	(93,078)	(37,049)
Deferred revenue	(18,599)	1,269
Other long-term liabilities	15,013	9,497
Net cash provided by operating activities	409,197	681,171
Cash flows from investing activities:		
Purchases of investments	(2,095)	(29,212)
Proceeds from the sale and maturity of investments	43,864	1,505
Purchases of property, plant and equipment	(78,800)	(46,655)
Cash paid in business combinations, net of cash acquired	(720,821)	(55,379)
Net cash used for investing activities	(757,852)	(129,741)
Cash flows from financing activities:		
Proceeds from revolving credit facility	—	50,000
Payments on revolving credit facility	—	(150,000)
Proceeds from term loan	700,000	—
Payment of debt issuance costs	(944)	—
Proceeds from issuance of common stock	133,272	77,502
Stock received for payment of employee taxes on vesting of restricted stock	(166,903)	(78,988)
Payments for repurchases of common stock	(250,010)	(450,119)
Net cash provided by (used for) financing activities	415,415	(551,605)
Effect of exchange rate changes on cash and cash equivalents	(15,957)	(8,225)
Increase (decrease) in cash and cash equivalents	50,803	(8,400)
Cash and cash equivalents at end of period	\$ 1,058,955	\$ 873,925
Supplemental cash flow information:		
Cash paid for interest	\$ 21,282	\$ 17,566
Cash paid for income taxes, net	197,475	61,893

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, 2023.

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 balances 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.

Despite continued uncertainty and disruption in the macroeconomic and geopolitical environment, Cadence is not aware of any specific event or circumstance that would require an update to its estimates or judgments or a revision of the carrying value of its assets or liabilities as of July 23, 2024, the date of issuance of this Quarterly Report on Form 10-Q. These estimates may change, as new events or developments occur and additional information is obtained. Actual results could differ materially from these estimates under different assumptions or conditions.

**Recently Adopted Accounting Standards**

Cadence has not recently adopted any accounting standard updates that are material or potentially material to its condensed consolidated financial statements.

**New Accounting Standards Not Yet Adopted**

*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 about significant segment expenses. This standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. Cadence is currently evaluating the impact of adopting this standard on its financial statement disclosures.

*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 is currently evaluating the impact of adopting this standard on its financial statement disclosures.

## NOTE 2. REVENUE

Cadence groups its products and services into five categories related to major design activities. The following table shows the percentage of revenue contributed by each of Cadence's five product categories for the three and six months ended June 30, 2024 and June 30, 2023:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Custom Integrated Circuit ("IC") Design and Simulation	21 %	22 %	21 %	21 %
Digital IC Design and Signoff	27 %	27 %	28 %	26 %
Functional Verification, including Emulation and Prototyping Hardware*	25 %	27 %	25 %	30 %
Intellectual Property ("IP")	13 %	11 %	13 %	11 %
System Design and Analysis	14 %	13 %	13 %	12 %
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, 2024 or June 30, 2023.

Recurring revenue includes revenue recognized over time from Cadence's software arrangements, services, royalties, maintenance on IP licenses and hardware, and operating leases of hardware. Recurring revenue also includes 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 or services. These arrangements 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 emulation and prototyping hardware, individual IP licenses and certain software licenses.

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, 2024 and June 30, 2023:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Revenue recognized over time	85 %	82 %	86 %	79 %
Revenue from arrangements with non-cancelable commitments	3 %	3 %	3 %	3 %
Recurring revenue	88 %	85 %	89 %	82 %
Up-front revenue	12 %	15 %	11 %	18 %
Total	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 most of Cadence's IP license arrangements, Cadence has concluded that the licenses and associated services are distinct from each other. In others, like Cadence's time-based software arrangements, the licenses and certain services are not distinct from each other. Cadence's 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 during 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 prefer to be 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, 2024 and December 31, 2023 were as follows:

	As of	
	June 30, 2024	December 31, 2023
	(In thousands)	
Contract assets	\$ 25,400	\$ 17,554
Deferred revenue	767,421	763,955

Cadence recognized revenue of \$185.9 million and \$510.3 million during the three and six months ended June 30, 2024, and \$162.6 million and \$525.8 million during the three and six months ended June 30, 2023, 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 approximately \$6.0 billion as of June 30, 2024, which included \$0.4 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, 2024, Cadence expected to recognize 56% of the contracted but unsatisfied performance obligations, excluding non-cancelable commitments, as revenue over the next 12 months, 39% over the next 13 to 36 months and the remainder thereafter.

Cadence recognized revenue of \$15.1 million and \$30.1 million during the three and six months ended June 30, 2024, and \$11.6 million and \$26.8 million during the three and six months ended June 30, 2023, 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, 2024 and December 31, 2023 were as follows:

	As of	
	June 30, 2024	December 31, 2023
	(In thousands)	
Accounts receivable	\$ 386,713	\$ 299,814
Unbilled accounts receivable	182,823	193,963
Long-term receivables	11,718	10,755
Total receivables	581,254	504,532
Less allowance for doubtful accounts	(4,685)	(4,553)
Total receivables, net	\$ 576,569	\$ 499,979

Cadence's customers are primarily concentrated within the semiconductor and electronics systems industries. As of June 30, 2024, one customer accounted for approximately 11% of Cadence's total receivables. As of December 31, 2023, no single customer accounted for 10% or more of Cadence's total receivables.

#### NOTE 4. DEBT

Cadence's outstanding debt was as follows:

	June 30, 2024			December 31, 2023		
	(In thousands)					
	Principal	Unamortized Discount	Carrying Value	Principal	Unamortized Discount	Carrying Value
2024 Notes	350,000	(268)	349,732	350,000	(715)	349,285
2025 Term Loan	300,000	(161)	299,839	300,000	(229)	299,771
2026 Term Loan	700,000	(904)	699,096	—	—	—
Total outstanding debt	\$ 1,350,000	\$ (1,333)	\$ 1,348,667	\$ 650,000	\$ (944)	\$ 649,056

#### Revolving Credit Facility

In June 2021, Cadence 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 "2021 Credit Facility"). In September 2022, Cadence amended the 2021 Credit Facility to, among other things, allow Cadence to change its fiscal year to match the calendar year commencing in 2023 and change the interest rate benchmark for loans under the 2021 Credit Facility from the London Inter-Bank Offered Rate ("LIBOR") to Term Secured Overnight Financing Rate ("SOFR"). The material terms of the 2021 Credit Facility otherwise remain unchanged.

The 2021 Credit Facility provides for borrowings up to \$700.0 million, with the right to request increased capacity up to an additional \$350.0 million upon the receipt of lender commitments, for total maximum borrowings of \$1.05 billion. The 2021 Credit Facility expires on June 30, 2026. Any outstanding loans drawn under the 2021 Credit Facility are due at maturity on June 30, 2026, subject to an option to extend the maturity date. Outstanding borrowings may be repaid at any time prior to maturity. Debt issuance costs of \$1.3 million were recorded to other assets in Cadence's condensed consolidated balance sheet at the inception of the agreement and are being amortized to interest expense over the term of the 2021 Credit Facility. As of June 30, 2024, there were no outstanding borrowings under the 2021 Credit Facility.

Interest accrues on borrowings under the 2021 Credit Facility at a rate equal to, at Cadence's option, either (1) SOFR plus a margin between 0.750% and 1.250% 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 0.250% per annum, determined by reference to the credit rating of Cadence's unsecured debt. Interest is payable quarterly. A commitment fee ranging from 0.070% to 0.175% 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 2021 Credit Facility approximates fair value.

The 2021 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 2021 Credit Facility contains financial covenants that require Cadence to maintain a funded debt to EBITDA ratio not greater than 3.25 to 1, with a step up to 3.75 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 3.00 to 1 and 3.50 to 1. As of June 30, 2024, Cadence was in compliance with all financial covenants associated with the 2021 Credit Facility.

#### 2024 Notes

In October 2014, Cadence issued a \$350.0 million aggregate principal amount of 4.375% Senior Notes due October 15, 2024 (the "2024 Notes"). Cadence received net proceeds of \$342.4 million from the issuance of the 2024 Notes, net of a discount of \$1.4 million and issuance costs of \$6.2 million. Both the discount and issuance costs are being amortized to interest expense over the term of the 2024 Notes using the effective interest method. Interest is payable in cash semi-annually in April and October. The 2024 Notes are unsecured and rank equal in right of payment to all of Cadence's existing and future senior indebtedness. As of June 30, 2024 and December 31, 2023, the carrying value of the 2024 Notes was classified as a current liability on Cadence's condensed consolidated balance sheet. As of June 30, 2024, the fair value of the 2024 Notes was approximately \$348.4 million.

Cadence may redeem the 2024 Notes, in whole or in part, at a redemption price equal to the greater of (a) 100% of the principal amount of the notes to be redeemed and (b) the sum of the present values of the remaining scheduled payments of principal and interest, plus any accrued and unpaid interest, as more particularly described in the indenture governing the 2024 Notes.

The indenture governing the 2024 Notes includes customary representations, warranties and restrictive covenants, including, but not limited to, restrictions on Cadence's ability to grant liens on assets, enter into sale and lease-back transactions, or merge, consolidate or sell assets, and also includes customary events of default.

## 2025 Term Loan

In September 2022, Cadence entered into a \$300.0 million three-year senior non-amortizing term loan facility due on September 7, 2025 with a group of lenders led by Bank of America, N.A., as administrative agent (the "2025 Term Loan"). The 2025 Term Loan is unsecured and ranks equal in right of payment to all of Cadence's unsecured indebtedness. Proceeds from the loan were used to fund Cadence's acquisition of OpenEye Scientific Software, Inc. in fiscal 2022. Debt issuance costs associated with the 2025 Term Loan were not material.

Amounts outstanding under the 2025 Term Loan accrue interest at a rate equal to, at Cadence's option, either (1) Term 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) 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. As of June 30, 2024, the interest rate on the 2025 Term Loan was 6.18%. Interest is payable quarterly. Borrowings bear interest at what is estimated to be current market rates of interest. Accordingly, the carrying value of the 2025 Term Loan approximates fair value.

The 2025 Term Loan 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 2025 Term Loan contains a financial covenant that requires Cadence to maintain a funded debt to EBITDA ratio not greater than 3.25 to 1, with a step-up to 3.75 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 3.00 to 1 and 3.50 to 1. As of June 30, 2024, Cadence was in compliance with all financial covenants associated with the 2025 Term Loan.

## 2026 Term Loan

On May 30, 2024, Cadence entered into a \$700.0 million two-year senior non-amortizing term loan facility due on May 30, 2026 with a group of lenders led by Bank of America, N.A., as administrative agent (the "2026 Term Loan"). The 2026 Term Loan is unsecured and ranks equal in right of payment to all of Cadence's unsecured indebtedness. All proceeds from the 2026 Term Loan were used to finance Cadence's acquisition of BETA CAE Systems International AG ("BETA CAE"). Debt issuance costs associated with the 2026 Term Loan were not material.

Amounts outstanding under the 2026 Term Loan accrue interest at a rate equal to, at Cadence's option, either (1) Term SOFR plus a margin of between 0.875% and 1.375% per annum, determined by reference to the credit rating of Cadence's unsecured debt, plus a SOFR adjustment of 0.10%, or (2) base rate plus a margin of between 0.000% and 0.375% per annum, determined by reference to the credit rating of Cadence's unsecured debt. As of June 30, 2024, the interest rate on the 2026 Term Loan was 6.44%. Interest is payable quarterly. Borrowings bear interest at what is estimated to be current market rates of interest. Accordingly, the carrying value of the 2026 Term Loan approximates fair value.

The 2026 Term Loan 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 2026 Term Loan contains a financial covenant that requires Cadence to maintain a funded debt to Consolidated EBITDA ratio not greater than 3.25 to 1, with a step-up to 3.75 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 3.00 to 1 and 3.50 to 1. As of June 30, 2024, Cadence was in compliance with all financial covenants associated with the 2026 Term Loan.

## NOTE 5. ACQUISITIONS

### *Acquisition of BETA CAE*

On May 30, 2024, Cadence acquired all of the outstanding equity of BETA CAE, a system analysis platform provider of multi-domain, engineering simulation solutions. The aggregate purchase consideration for Cadence's acquisition of BETA CAE, net of cash acquired of \$91.3 million, was \$1.14 billion. The aggregate purchase consideration was comprised of \$636.2 million of cash and non-cash consideration of 1.74 million shares of Cadence common stock with an aggregate acquisition date fair value of \$501.8 million. The addition of BETA CAE's technologies and talent is intended to accelerate Cadence's Intelligent System Design™ strategy by expanding its multiphysics system analysis portfolio and enabling entry into the structural analysis space.

In connection with its acquisition of BETA CAE, Cadence paid an additional \$55.8 million to a third-party escrow agent that will be released to certain former BETA CAE shareholders, now employed by Cadence, through the second 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 condensed consolidated income statements.

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

	Fair Value (In thousands)
Current assets	\$ 122,215
Goodwill	827,212
Acquired intangibles	345,000
Other long-term assets	16,890
<b>Total assets acquired</b>	<b>1,311,317</b>
Current liabilities	41,175
Long-term liabilities	40,907
<b>Total liabilities assumed</b>	<b>82,082</b>
<b>Total purchase consideration</b>	<b>\$ 1,229,235</b>

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 BETA CAE were as follows:

	Fair Value (In thousands)	Weighted Average Amortization Period (in years)
Existing technology	\$ 140,000	6.0 years
Agreements and relationships	190,000	15.0 years
Tradenames, trademarks and patents	15,000	7.0 years
<b>Total acquired intangibles with definite lives</b>	<b>\$ 345,000</b>	<b>11.0 years</b>

As of June 30, 2024, the allocation of purchase consideration to the acquired assets and assumed liabilities from BETA CAE 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 contracts with customers and 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.

#### *Acquisition of Invecas, Inc.*

On January 8, 2024, Cadence acquired all of the outstanding equity of Invecas, Inc. ("Invecas"), a provider of design engineering, embedded software and system-level solutions. The aggregate cash consideration for Cadence's acquisition of Invecas, net of cash acquired of \$23.8 million, was \$71.5 million. The acquisition adds a skilled system design engineering team to Cadence, with expertise in providing customers with custom solutions across chip design, product engineering, advanced packaging and embedded software. In connection with its acquisition of Invecas, Cadence paid an additional amount to a third-party escrow agent that will be released to certain former Invecas shareholders, now employed by Cadence, through the first quarter of fiscal 2028. 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 condensed consolidated income statements.

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

	Fair Value (In thousands)
Current assets	\$ 50,608
Goodwill	42,480
Acquired intangibles	15,500
Other long-term assets	24,402
<b>Total assets acquired</b>	<b>132,990</b>
Current liabilities	17,114
Long-term liabilities	20,635
<b>Total liabilities assumed</b>	<b>37,749</b>
<b>Total purchase consideration</b>	<b>\$ 95,241</b>

As of June 30, 2024, the allocation of purchase consideration to certain assets and liabilities was preliminary. Cadence will continue to evaluate certain estimates and assumptions, primarily related to assumed tax liabilities, 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.

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

The definite-lived intangible assets acquired with Cadence's acquisition of Invecas include agreements and relationships of \$15.0 million and tradenames of \$0.5 million. These assets will be amortized over a weighted average life of 6.8 years.

#### *Other Acquisitions*

During the second quarter of fiscal 2024, Cadence completed one other business combination for aggregate cash consideration of \$13.3 million, net of cash acquired. The total purchase consideration was allocated to assets acquired and liabilities assumed based on their respective estimated fair values on the acquisition dates. Cadence recorded \$3.5 million of definite-lived intangible assets with a weighted average amortization period of 6.3 years. Cadence also recognized \$13.1 million of goodwill, which is primarily attributed to the assembled workforce of the acquired business. The goodwill recognized with this acquisition is not expected to be deductible for tax purposes.

#### **Pro Forma Financial Information**

Cadence has not presented pro forma financial information for its fiscal 2024 acquisitions 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 statement. During the three and six months ended June 30, 2024, transaction costs associated with acquisitions were \$3.4 million and \$12.3 million, respectively. During the three and six months ended June 30, 2023, transaction costs associated with acquisitions were \$3.1 million and \$6.0 million, respectively.

### **NOTE 6. GOODWILL AND ACQUIRED INTANGIBLES**

#### **Goodwill**

The changes in the carrying amount of goodwill during the six months ended June 30, 2024 were as follows:

	Gross Carrying Amount (In thousands)
Balance as of December 31, 2023	\$ 1,535,845
Goodwill resulting from acquisitions	882,813
Effect of foreign currency translation	(911)
<b>Balance as of June 30, 2024</b>	<b>\$ 2,417,747</b>



## Acquired Intangibles, Net

Acquired intangibles as of June 30, 2024 were as follows:

	Gross Carrying Amount	Accumulated Amortization	Acquired Intangibles, Net
	(In thousands)		
Existing technology	\$ 472,024	\$ (164,369)	\$ 307,655
Agreements and relationships	395,646	(62,747)	332,899
Tradenames, trademarks and patents	28,940	(5,456)	23,484
Total acquired intangibles	<u>\$ 896,610</u>	<u>\$ (232,572)</u>	<u>\$ 664,038</u>

During the six months ended June 30, 2024, Cadence completed certain projects previously included in in-process technology and transferred \$6.8 million to existing technology.

Acquired intangibles as of December 31, 2023 were as follows:

	Gross Carrying Amount	Accumulated Amortization	Acquired Intangibles, Net
	(In thousands)		
Existing technology	\$ 325,710	\$ (141,659)	\$ 184,051
Agreements and relationships	198,259	(61,395)	136,864
Tradenames, trademarks and patents	13,460	(4,332)	9,128
Total acquired intangibles with definite lives	<u>\$ 537,429</u>	<u>\$ (207,386)</u>	<u>\$ 330,043</u>
In-process technology	6,800	—	6,800
Total acquired intangibles	<u>\$ 544,229</u>	<u>\$ (207,386)</u>	<u>\$ 336,843</u>

Amortization expense from existing technology and maintenance agreements is included in cost of product and maintenance. Amortization expense for the three and six months ended June 30, 2024 and June 30, 2023 by condensed consolidated income statement caption was as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(In thousands)			
Cost of product and maintenance	\$ 13,488	\$ 10,618	\$ 24,836	\$ 20,878
Amortization of acquired intangibles	6,667	4,302	12,074	8,569
Total amortization of acquired intangibles	<u>\$ 20,155</u>	<u>\$ 14,920</u>	<u>\$ 36,910</u>	<u>\$ 29,447</u>

As of June 30, 2024, the estimated amortization expense for intangible assets with definite lives was as follows for the following five fiscal years and thereafter:

	(In thousands)
2024 - remaining period	\$ 53,697
2025	93,905
2026	88,301
2027	85,875
2028	81,455
2029	66,765
Thereafter	194,040
Total estimated amortization expense	<u>\$ 664,038</u>

## 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, 2024 and June 30, 2023 as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(In thousands)			
Cost of product and maintenance	\$ 1,352	\$ 1,035	\$ 2,632	\$ 2,101
Cost of services	1,721	1,317	3,350	2,674
Marketing and sales	16,000	15,686	33,836	30,777
Research and development	54,491	44,807	108,128	89,129
General and administrative	14,005	13,763	27,752	26,215
Total stock-based compensation expense	<u>\$ 87,569</u>	<u>\$ 76,608</u>	<u>\$ 175,698</u>	<u>\$ 150,896</u>

Cadence had total unrecognized compensation expense related to stock option and restricted stock grants of \$495.4 million as of June 30, 2024, which is expected to be recognized over a weighted average vesting period of 1.8 years.

## NOTE 8. STOCK REPURCHASE PROGRAM

Cadence is authorized to repurchase shares of its common stock under a publicly announced program that was most recently increased by its Board of Directors in August 2023. 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.

During the three and six months ended June 30, 2024, Cadence purchased approximately 0.4 million and 0.8 million shares of Cadence stock on the open market for an aggregate purchase price of \$125.0 million and \$250.0 million, respectively, in accordance with its current authorization from its Board of Directors. As of June 30, 2024, approximately \$1.1 billion of Cadence's share repurchase authorization remained available to repurchase shares of Cadence common stock.

During the three and six months ended June 30, 2023, Cadence repurchased approximately 0.6 million and 1.2 million shares of Cadence common stock on the open market for an aggregate purchase price of \$125.0 million and \$250.0 million, respectively.

In June 2023, Cadence also entered into an accelerated share repurchase ("ASR") agreement with HSBC Bank USA, National Association ("HSBC") to repurchase an aggregate of \$200.0 million of Cadence common stock. The ASR agreement was accounted for as two separate transactions: (1) a repurchase of common stock and (2) an equity-linked contract on Cadence's own stock. In June 2023, Cadence received an initial share delivery of approximately 0.6 million shares, which represented the number of shares at a market price equal to \$140.0 million. An equity-linked contract for \$60.0 million, representing the remaining shares to be delivered by HSBC under the ASR agreement, was recorded to stockholders' equity as of June 30, 2023. In August 2023, the ASR agreement settled and resulted in a delivery of approximately 0.3 million additional shares to Cadence. In total, Cadence received approximately 0.9 million shares under the ASR agreement at an average price per share of \$228.26. The shares received were treated as repurchased common stock for purposes of calculating earnings per share.

The shares repurchased under Cadence's repurchase authorizations, which includes shares repurchased on the open market and under an ASR, and the total cost of repurchased shares, including commissions, during the three and six months ended June 30, 2024 and June 30, 2023 were as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(In thousands)			
Shares repurchased	423	1,178	848	1,846
Total cost of repurchased shares	\$ 125,004	\$ 265,109	\$ 250,010	\$ 390,119

**NOTE 9. OTHER INCOME, NET**

Cadence's other income, net, for the three and six months ended June 30, 2024 and June 30, 2023 were as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(In thousands)			
Interest income	\$ 8,885	\$ 7,427	\$ 18,397	\$ 13,800
Gains (loss) on investments	25,205	(647)	80,599	(525)
Gains on securities in Non-Qualified Deferred Compensation ("NQDC") trust	1,697	3,155	6,285	6,305
Losses on foreign exchange	(708)	(37)	(1,039)	(1,080)
Other expense, net	(340)	(1,925)	(724)	(2,243)
Total other income, net	<u>\$ 34,739</u>	<u>\$ 7,973</u>	<u>\$ 103,518</u>	<u>\$ 16,257</u>

For additional information relating to Cadence's investments and the gains on investments, 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, 2024 and June 30, 2023 are as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(In thousands, except per share amounts)			
Net income	\$ 229,520	\$ 221,120	\$ 477,163	\$ 462,924
Weighted average common shares used to calculate basic net income per share	270,912	269,714	270,259	269,607
Stock-based awards	2,608	3,282	3,273	3,471
Weighted average common shares used to calculate diluted net income per share	273,520	272,996	273,532	273,078
Net income per share - basic	\$ 0.85	\$ 0.82	\$ 1.77	\$ 1.72
Net income per share - diluted	\$ 0.84	\$ 0.81	\$ 1.74	\$ 1.70

The following table presents shares of Cadence's common stock outstanding for the three and six months ended June 30, 2024 and June 30, 2023 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, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(In thousands)			
Long-term market-based awards	—	1,830	—	1,828
Options to purchase shares of common stock	229	525	144	429
Non-vested shares of restricted stock	3	6	6	28
Total potential common shares excluded	<u>232</u>	<u>2,361</u>	<u>150</u>	<u>2,285</u>

## 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 \$119.6 million and \$80.6 million as of June 30, 2024 and December 31, 2023, 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 \$108.1 million and \$111.1 million as of June 30, 2024 and December 31, 2023, 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, 2024, Cadence recognized losses of \$0.2 million and \$0.6 million, respectively. For the three and six months ended June 30, 2023, Cadence recognized losses of \$1.0 million and \$1.1 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 \$26.7 million and \$27.2 million as of June 30, 2024 and December 31, 2023, 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, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(In thousands)			
Net gains (losses) recognized on equity securities	\$ 25,351	\$ (647)	\$ 80,749	\$ (525)
Less: Net gains (losses) recognized on equity securities sold	—	—	(20,367)	—
Net gains (losses) recognized on equity securities still held	<u>\$ 25,351</u>	<u>\$ (647)</u>	<u>\$ 60,382</u>	<u>\$ (525)</u>

### 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, 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	\$ 50,624	\$ 165	\$ (612)	\$ 50,177
Total available-for-sale securities	<u>\$ 50,624</u>	<u>\$ 165</u>	<u>\$ (612)</u>	<u>\$ 50,177</u>
	As of December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
Available-for-sale debt securities				
Mortgage-backed and asset-backed securities	\$ 49,653	\$ 375	\$ (243)	\$ 49,785
Total available-for-sale securities	<u>\$ 49,653</u>	<u>\$ 375</u>	<u>\$ (243)</u>	<u>\$ 49,785</u>

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, 2024, the fair values of available-for-sale debt securities, by remaining contractual maturity, were as follows:

	(In thousands)
Due within 1 year	\$ —
Due after 1 year through 5 years	11,227
Due after 5 years through 10 years	15,827
Due after 10 years	23,123
<b>Total</b>	<b>\$ 50,177</b>

As of June 30, 2024, 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, 2024.

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, 2024 and December 31, 2023:

	Fair Value Measurements as of June 30, 2024			
	Total	Level 1	Level 2	Level 3
	(In thousands)			
<u>Assets</u>				
Cash equivalents:				
Money market funds	\$ 403,454	\$ 403,454	\$ —	\$ —
Marketable securities:				
Marketable equity securities	119,551	119,551	—	—
Mortgage-backed and asset-backed securities	50,177	—	50,177	—
Securities held in NQDC trust	85,295	85,295	—	—
Total Assets	<u>\$ 658,477</u>	<u>\$ 608,300</u>	<u>\$ 50,177</u>	<u>\$ —</u>
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	(In thousands)			
<u>Liabilities</u>				
Foreign currency exchange contracts	\$ 11	\$ —	\$ 11	\$ —
Total Liabilities	<u>\$ 11</u>	<u>\$ —</u>	<u>\$ 11</u>	<u>\$ —</u>

Fair Value Measurements as of December 31, 2023				
	Total	Level 1	Level 2	Level 3
	(In thousands)			
<b>Assets</b>				
<b>Cash equivalents:</b>				
Money market funds	\$ 490,983	\$ 490,983	\$ —	\$ —
<b>Marketable securities:</b>				
Marketable equity securities	80,575	80,575	—	—
Mortgage-backed and asset-backed securities	49,785	—	49,785	—
Securities held in NQDC trust	75,671	75,671	—	—
Foreign currency exchange contracts	9,327	—	9,327	—
<b>Total Assets</b>	<b>\$ 706,341</b>	<b>\$ 647,229</b>	<b>\$ 59,112</b>	<b>\$ —</b>

As of December 31, 2023, Cadence did not have any financial liabilities requiring a recurring fair value measurement.

#### 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 2024 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, 2024, Cadence acquired intangible assets of \$364.0 million, primarily through its acquisitions of BETA CAE and Invecas. 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 customer retention rates between 85% and 92%. The present value of operating cash flows from existing customers was determined using discount rates between 10% and 14%.

#### NOTE 13. INVENTORY

Cadence's inventory balances as of June 30, 2024 and December 31, 2023 were as follows:

	As of	
	June 30, 2024	December 31, 2023
	(In thousands)	
<b>Inventories:</b>		
Raw materials	\$ 146,449	\$ 162,754
Work-in-process	2,033	—
Finished goods	23,026	18,907
<b>Total inventories</b>	<b>\$ 171,508</b>	<b>\$ 181,661</b>

## 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. 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 litigation matters and may revise estimates.

### Tax Proceedings

In December 2022, Cadence received a tax audit assessment of approximately \$49 million from the Korea taxing authorities for years 2017-2019. The tax audit assessment is primarily related to value-added taxes. Cadence was required to pay these assessed taxes, prior to being allowed to contest or litigate the assessment in administrative and judicial proceedings. The assessment was paid by Cadence in January 2023 and recorded as a component of other assets in the condensed consolidated balance sheets. Payment of this amount is not an admission that Cadence is subject to such taxes, and Cadence continues to defend its position vigorously. Cadence did not record a reserve for this contingency as of June 30, 2024 or December 31, 2023 as Cadence does not believe a loss is probable. The entire dispute resolution process may take up to eight years.

### 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, 2024 and June 30, 2023.

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, 2024 and June 30, 2023.

## NOTE 15. ACCUMULATED OTHER COMPREHENSIVE LOSS

Cadence's accumulated other comprehensive loss is comprised of the aggregate impact of foreign currency translation gains and losses, changes in defined benefit plan liabilities and unrealized gains and losses on investments, and is presented in Cadence's condensed consolidated statements of comprehensive income.

Accumulated other comprehensive loss was comprised of the following as of June 30, 2024 and December 31, 2023:

	As of	
	June 30, 2024	December 31, 2023
	(In thousands)	
Foreign currency translation loss	\$ (104,645)	\$ (90,678)
Changes in defined benefit plan liabilities	(4,085)	(4,208)
Unrealized gains (losses) on investments	(447)	132
Total accumulated other comprehensive loss	<u>\$ (109,177)</u>	<u>\$ (94,754)</u>

For the three and six months ended June 30, 2024 and June 30, 2023, there were no significant amounts related to foreign currency translation loss, changes in defined benefit plan liabilities or unrealized gains and losses on investments reclassified from accumulated other comprehensive 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’s chief operating decision maker is its CEO, who reviews Cadence’s consolidated results as one operating segment. In making operating decisions, the CEO primarily considers consolidated financial information, accompanied by disaggregated information about revenues by geographic region.

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, 2024 and June 30, 2023:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
(In thousands)				
Americas:				
United States	\$ 507,169	\$ 385,595	\$ 942,692	\$ 819,941
Other Americas	11,660	15,966	39,007	32,084
Total Americas	518,829	401,561	981,699	852,025
Asia:				
China	127,809	174,116	245,038	351,672
Other Asia	197,928	176,894	406,459	360,856
Total Asia	325,737	351,010	651,497	712,528
Europe, Middle East and Africa	152,521	166,804	321,577	321,074
Japan	63,594	57,204	115,011	112,642
Total	\$ 1,060,681	\$ 976,579	\$ 2,069,784	\$ 1,998,269

The following table presents a summary of long-lived assets by geography as of June 30, 2024 and December 31, 2023:

	As of	
	June 30, 2024	December 31, 2023
(In thousands)		
Americas:		
United States	\$ 406,512	\$ 383,807
Other Americas	8,436	10,219
Total Americas	414,948	394,026
Asia:		
China	26,239	29,598
Other Asia	84,905	71,365
Total Asia	111,144	100,963
Europe, Middle East and Africa	67,132	56,449
Japan	1,569	2,572
Total	\$ 594,793	\$ 554,010



## **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, 2023 (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 control laws and regulations, the conflicts in and around Ukraine, the Middle East and other areas of the world, volatility in foreign currency exchange rates, inflation and the rise in interest rates; the impact of government actions; future costs, expenses, tax rates and uses of cash; pending legal, administrative and tax proceedings; restructuring actions and associated benefits; pending acquisitions, the accounting for acquisitions and the 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," "Liquidity and Capital Resources" and "Risk Factors" sections contained in this Quarterly Report, the "Risk Factors" section contained in our Annual 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.*

### **Business Overview**

Cadence is a leading pioneer in electronic system design software and intellectual property ("IP"), building upon more than 35 years of computational software expertise. Since our inception, we have been at the forefront of technology innovation, solving highly complex challenges in the semiconductor and electronic systems industries. We are a global company that provides computational software, special-purpose computational hardware, IP and services to multiple vertical sectors including automotive, artificial intelligence ("AI"), aerospace and defense, high-performance and mobile computing, hyperscalers, wireless communications, industrial internet of things and life sciences.

Our Intelligent System Design™ strategy allows us to deliver essential computational software, hardware and IP that our customers use to turn their design concepts into reality. Our customers include many of the world's most innovative companies that design and build highly sophisticated semiconductor and electronic systems found in products used in everyday life. Our Intelligent System Design strategy allows us to quickly adapt to our customers' dynamic design requirements. Our products and services enable our customers to develop complex and innovative semiconductor and electronic systems, so demand for our technology and expertise is driven by increasing complexity and our customers' need to invest in new designs and products that are highly differentiated. Historically, the industry that provided the tools used by IC engineers was referred to as Electronic Design Automation ("EDA"). Today, our offerings include and extend beyond EDA.

We group our products into categories related to major design activities:

- Custom IC Design and Simulation;
- Digital IC Design and Signoff;
- Functional Verification;
- IP; and
- System Design and Analysis.

For additional information about our products, see the discussion in Item 1, "Business," under the heading "Products and 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."

### **Recent Acquisitions**

Consistent with our Intelligent System Design strategy, during the first quarter of fiscal 2024, we completed our acquisition of Invecas, Inc. ("Invecas"), a leading provider of design engineering, embedded software and system-level solutions. We believe the addition of a skilled engineering team with vast experience in delivering end-to-end system solutions with deep expertise in advanced nodes, mixed-signal, verification, embedded software, packaging and turnkey custom silicon production will enhance our ability to pursue attractive opportunities in the markets we serve. Revenue and cost of revenue associated with contracts assumed with our acquisition of Invecas is primarily classified as services revenue and cost of services in our condensed consolidated income statements.

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. The acquisition of BETA CAE expands our multiphysics system analysis suite with highly complementary products, enabling us to offer a more comprehensive portfolio to customers in the automotive sector and at companies in the aerospace, industrial and healthcare industries. Revenue associated with contracts assumed with our acquisition of BETA CAE is primarily classified as product and maintenance revenue in our System Design and Analysis product category. Cost of revenue associated with these contracts is 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, the rise in interest rates, expanded trade control laws and regulations, and geopolitical conflicts.

We have 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 “Entity List” and regulations governing the sale of certain technologies. Based on our current assessments, we expect the impact of these expanded trade control laws and regulations on our business to be limited.

We also continuously monitor geopolitical conflicts around the world, including the ongoing conflict between Russia and Ukraine and the conflict in the Middle East, and assess their impact on our business. 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 other macroeconomic and geopolitical conditions on our business, see the “Risk Factors” section in our Annual 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, 2024, as compared to the three and six months ended June 30, 2023, reflect the following:

- Growth in revenue from our software, services and IP offerings;
- Decreased revenue from our emulation and prototyping hardware offerings;
- Continued investment in research and development activities and technical sales support, including headcount from acquisitions;
- Incremental costs for professional services associated with acquisitions; and
- Gains from our investments in equity securities.

#### **Revenue**

We primarily generate revenue from licensing our software and IP, selling or leasing our emulation and prototyping hardware technology, 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 our software arrangements, services, royalties, maintenance on IP licenses and hardware, and operating leases of hardware. Recurring revenue also includes 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 or services.

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 emulation and prototyping hardware, individual IP licenses and certain software licenses. 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, 2024 and June 30, 2023:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Revenue recognized over time	85 %	82 %	86 %	79 %
Revenue from arrangements with non-cancelable commitments	3 %	3 %	3 %	3 %
Recurring revenue	88 %	85 %	89 %	82 %
Up-front revenue	12 %	15 %	11 %	18 %
Total	100 %	100 %	100 %	100 %

The percentage of revenue characterized as recurring compared to revenue characterized as up-front may vary between fiscal quarters. On an annual basis, or over the course of twelve consecutive months, the overall mix of revenue has historically been relatively consistent, but we expect revenue characterized as up-front to increase as a percentage of total annual revenue due to growth from arrangements where revenue is recognized at a point in 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, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Recurring revenue	87 %	87 %	84 %	84 %	84 %
Up-front revenue	13 %	13 %	16 %	16 %	16 %
Total	100 %	100 %	100 %	100 %	100 %

For additional information about the fluctuations in our revenue, see the discussion under the heading "Revenue by Period" below.

#### Revenue by Period

The following table shows our revenue for the three months ended June 30, 2024 and June 30, 2023 and the change in revenue between periods:

	Three Months Ended		Change	
	June 30, 2024	June 30, 2023	Amount	Percentage
(In millions, except percentages)				
Product and maintenance	\$ 960.5	\$ 922.8	\$ 37.7	4 %
Services	100.2	53.8	46.4	86 %
Total revenue	\$ 1,060.7	\$ 976.6	\$ 84.1	9 %

The following table shows our revenue for the six months ended June 30, 2024 and June 30, 2023 and the change in revenue between periods:

	Six Months Ended		Change	
	June 30, 2024	June 30, 2023	Amount	Percentage
(In millions, except percentages)				
Product and maintenance	\$ 1,873.9	\$ 1,886.5	\$ (12.6)	(1)%
Services	195.9	111.8	84.1	75 %
Total revenue	\$ 2,069.8	\$ 1,998.3	\$ 71.5	4 %

Our revenue in any given period is significantly affected by the mix of software, hardware and IP products generating revenue and whether the revenue is recognized over time or at a point in time, primarily upon completion of delivery. During the three and six months ended June 30, 2023, hardware installations were relatively high in comparison to historical levels due to increased production capacity and our ability to fulfill customer orders that had been subject to longer than normal lead times. As a result, up-front revenue from our emulation and prototyping offerings classified as product and maintenance revenue decreased during the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023.

During the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, the decrease in up-front revenue from our emulation and prototyping hardware offerings was offset by growth in revenue from our software and IP offerings driven by new and existing customers' continued investment in complex designs for their products.

Services revenue increased during the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, primarily due to increased revenue from our design service offerings, which were supplemented by our acquisition of Invecas. 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, 2024 or June 30, 2023.

#### *Revenue by Product Category*

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

	Three Months Ended				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Custom IC Design and Simulation	21 %	22 %	22 %	22 %	22 %
Digital IC Design and Signoff	27 %	29 %	29 %	28 %	27 %
Functional Verification, including Emulation and Prototyping Hardware	25 %	25 %	24 %	26 %	27 %
IP	13 %	12 %	13 %	11 %	11 %
System Design and Analysis	14 %	12 %	12 %	13 %	13 %
Total	100 %	100 %	100 %	100 %	100 %

Revenue by product category fluctuates from period to period based on demand for our products and services, our available resources and our ability to deliver and support them. For example, during the first half of fiscal 2023, we experienced growth in our Functional Verification product category due to increased production capacity and our ability to fulfill ongoing customer demand for our emulation and prototyping hardware. 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 and, if that proves to be the case, the revenue allocation in the table above would differ.

#### *Revenue by Geography*

	Three Months Ended		Change	
	June 30, 2024	June 30, 2023	Amount	Percentage
(In millions, except percentages)				
United States	\$ 507.2	\$ 385.6	\$ 121.6	32 %
Other Americas	11.7	16.0	(4.3)	(27)%
China	127.8	174.1	(46.3)	(27)%
Other Asia	197.9	176.9	21.0	12 %
Europe, Middle East and Africa ("EMEA")	152.5	166.8	(14.3)	(9)%
Japan	63.6	57.2	6.4	11 %
Total revenue	\$ 1,060.7	\$ 976.6	\$ 84.1	9 %

	Six Months Ended		Change	
	June 30, 2024	June 30, 2023	Amount	Percentage
(In millions, except percentages)				
United States	\$ 942.7	\$ 819.9	\$ 122.8	15 %
Other Americas	39.0	32.1	6.9	21 %
China	245.0	351.7	(106.7)	(30)%
Other Asia	406.5	360.9	45.6	13 %
EMEA	321.6	321.1	0.5	— %
Japan	115.0	112.6	2.4	2 %
Total revenue	<u>\$ 2,069.8</u>	<u>\$ 1,998.3</u>	<u>\$ 71.5</u>	<u>4 %</u>

During the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, revenue in the United States increased as the result of growth in revenue from our hardware, IP and software offerings, while revenue growth in Other Asia was primarily driven by growth in revenue from our software and IP offerings. Revenue in China decreased primarily due to a decrease in revenue from our hardware offerings.

#### Revenue by Geography as a Percent of Total Revenue

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
United States	48 %	39 %	45 %	41 %
Other Americas	1 %	2 %	2 %	2 %
China	12 %	18 %	12 %	17 %
Other Asia	19 %	18 %	20 %	18 %
EMEA	14 %	17 %	15 %	16 %
Japan	6 %	6 %	6 %	6 %
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

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, 2024	June 30, 2023	Amount	Percentage
(In millions, except percentages)				
Cost of product and maintenance	\$ 94.4	\$ 74.2	\$ 20.2	27 %
Cost of services	44.9	22.6	22.3	99 %

  

	Six Months Ended		Change	
	June 30, 2024	June 30, 2023	Amount	Percentage
(In millions, except percentages)				
Cost of product and maintenance	\$ 169.8	\$ 174.5	\$ (4.7)	(3)%
Cost of services	94.7	46.9	47.8	102 %

### Cost of Product and Maintenance

Cost of product and maintenance includes costs associated with the sale and lease of our emulation and prototyping hardware 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 and maintenance-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 technology or IP.

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

	Three Months Ended		Change	
	June 30, 2024	June 30, 2023	Amount	Percentage
(In millions, except percentages)				
Product and maintenance-related costs	\$ 80.9	\$ 63.6	\$ 17.3	27 %
Amortization of acquired intangibles	13.5	10.6	2.9	27 %
Total cost of product and maintenance	<u>\$ 94.4</u>	<u>\$ 74.2</u>	<u>\$ 20.2</u>	<u>27 %</u>

  

	Six Months Ended		Change	
	June 30, 2024	June 30, 2023	Amount	Percentage
(In millions, except percentages)				
Product and maintenance-related costs	\$ 145.0	\$ 153.6	\$ (8.6)	(6)%
Amortization of acquired intangibles	24.8	20.9	3.9	19 %
Total cost of product and maintenance	<u>\$ 169.8</u>	<u>\$ 174.5</u>	<u>\$ (4.7)</u>	<u>(3)%</u>

The changes in product and maintenance-related costs for the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, were due to the following:

	Change	
	Three Months Ended	Six Months Ended
(In millions)		
Emulation and prototyping hardware costs	\$ 17.0	\$ (8.8)
Other items	0.3	0.2
Total change in product and maintenance-related costs	<u>\$ 17.3</u>	<u>\$ (8.6)</u>

Costs associated with our emulation and prototyping hardware products include components, assembly, testing, applicable reserves and overhead. These costs make our cost of emulation and prototyping hardware products higher, as a percentage of revenue, than our cost of software and IP products. Emulation and prototyping hardware costs increased during the three months ended June 30, 2024, as compared to the three months ended June 30, 2023, primarily due to increased reserves for inventory. Emulation and prototyping hardware costs decreased during the six months ended June 30, 2024, as compared to the six months ended June 30, 2023, primarily due to decreased installations of emulation and prototyping hardware products, partially offset by an increase in reserves for inventory.

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, our annual merit compensation cycle, stock-based compensation, foreign exchange rate movements, acquisition-related costs, volatility in variable compensation programs that are driven by operating results, and charitable donations.

Many of our operating expenses are transacted in various foreign currencies. We recognize lower expenses in periods when the United States dollar strengthens in value against other currencies and we recognize higher expenses when the United States 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, 2024 and June 30, 2023 were as follows:

	Three Months Ended		Change	
	June 30, 2024	June 30, 2023	Amount	Percentage
(In millions, except percentages)				
Marketing and sales	\$ 186.7	\$ 167.1	\$ 19.6	12 %
Research and development	370.7	354.4	16.3	5 %
General and administrative	63.4	54.6	8.8	16 %
Total operating expenses	<u>\$ 620.8</u>	<u>\$ 576.1</u>	<u>\$ 44.7</u>	8 %

  

	Six Months Ended		Change	
	June 30, 2024	June 30, 2023	Amount	Percentage
(In millions, except percentages)				
Marketing and sales	\$ 367.3	\$ 333.7	\$ 33.6	10 %
Research and development	749.7	704.7	45.0	6 %
General and administrative	132.2	108.1	24.1	22 %
Total operating expenses	<u>\$ 1,249.2</u>	<u>\$ 1,146.5</u>	<u>\$ 102.7</u>	9 %

Our operating expenses, as a percentage of total revenue, for the three and six months ended June 30, 2024 and June 30, 2023 were as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Marketing and sales	18 %	17 %	18 %	17 %
Research and development	35 %	36 %	36 %	35 %
General and administrative	6 %	6 %	6 %	5 %
Total operating expenses	<u>59 %</u>	<u>59 %</u>	<u>60 %</u>	<u>57 %</u>

### Marketing and Sales

The increase in marketing and sales expense for the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, was due to the following:

	Change	
	Three Months Ended	Six Months Ended
	(In millions)	
Salary, benefits and other employee-related costs	\$ 12.7	\$ 23.2
Facilities and other infrastructure costs	2.1	4.3
Professional services	2.9	3.7
Stock-based compensation	0.3	3.1
Other items	1.6	(0.7)
Total change in marketing and sales expense	\$ 19.6	\$ 33.6

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, 2024, as compared to the three and six months ended June 30, 2023, primarily due to our continued investment in attracting and retaining talent dedicated to technical sales support, including additional headcount from the acquisitions completed in both fiscal 2023 and the first half of fiscal 2024. Facilities and other infrastructure costs included in marketing and sales expense increased during the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, primarily due to our growing workforce. 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, 2024, as compared to the three and six months ended June 30, 2023, was due to the following:

	Change	
	Three Months Ended	Six Months Ended
	(In millions)	
Stock-based compensation	\$ 9.7	\$ 19.0
Salary, benefits and other employee-related costs	2.1	15.5
Facilities and other infrastructure costs	4.0	8.3
Professional services	1.6	3.4
Other items	(1.1)	(1.2)
Total change in research and development expense	\$ 16.3	\$ 45.0

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, 2024, as compared to the three and six months ended June 30, 2023, primarily due to our continued investment in attracting and retaining talent for research and development activities, including additional headcount from the acquisitions completed in fiscal 2023 and the first half of fiscal 2024. Facilities and other infrastructure costs included in research and development expense increased during the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, 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 increase in general and administrative expense for the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, was due to the following:

	Change	
	Three Months Ended	Six Months Ended
	(In millions)	
Professional services	\$ 9.3	\$ 15.4
Foreign service tax	—	5.0
Salary, benefits and other employee-related costs	(0.9)	2.2
Other items	0.4	1.5
Total change in general and administrative expense	\$ 8.8	\$ 24.1

Professional services increased during the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, primarily due to increased legal and consulting services associated with acquisition-related activities. Also during the six months ended June 30, 2024, as compared to the six months ended June 30, 2023, we experienced an increase in foreign service tax, primarily because we did not benefit from foreign service tax refunds as we did during the same period in fiscal 2023.

### Restructuring

We have initiated restructuring plans in recent years, most recently in fiscal 2023, to better align our resources with our business strategy. Because the restructuring charges and related benefits are derived from management's estimates made during the formulation of the restructuring plans, based on then-currently available information, 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, 2024, and the three and six months ended June 30, 2023 was as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Operating margin	28 %	31 %	26 %	31 %

Operating margin decreased during the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, primarily due to the mix of products and services sold during each respective period. In addition, our acquisitions in fiscal 2023 and the first half of fiscal 2024 resulted in incremental expenses, including amortization of acquired intangibles, that exceeded incremental revenue during the three and six months ended June 30, 2024. We expect our operating margin to be impacted by our recent acquisitions because the incremental operating expenses, including amortization of the acquired intangibles, are expected to exceed the incremental revenue for the remainder of fiscal 2024.

## Interest Expense

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
(In millions)				
<b>Contractual cash interest expense:</b>				
2024 Notes	3.8	3.8	\$ 7.6	\$ 7.6
2025 Term Loan	4.7	4.5	9.4	8.3
2026 Term Loan	4.0	—	4.0	—
2021 Credit Facility	0.4	0.4	0.4	1.7
<b>Amortization of debt discount:</b>				
2024 Notes	0.2	0.2	0.4	0.4
2025 Term Loan	0.1	0.2	0.1	0.2
<b>Other</b>	<b>(0.3)</b>	<b>(0.2)</b>	<b>(0.3)</b>	<b>(0.1)</b>
<b>Total interest expense</b>	<b>\$ 12.9</b>	<b>\$ 8.9</b>	<b>\$ 21.6</b>	<b>\$ 18.1</b>

Interest expense increased during the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, primarily due to the interest expense related to the 2026 Term Loan, and an increase in interest expense for the 2025 Term Loan, which is subject to variable interest rates. We expect higher interest expense in fiscal 2024, as compared to fiscal 2023, primarily due to additional interest expense related to our 2026 Term Loan. For additional information relating to our debt arrangements, see Note 4 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, 2024 and June 30, 2023:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
(In millions, except percentages)				
Provision for income taxes	\$ 86.2	\$ 77.3	\$ 148.6	\$ 157.0
Effective tax rate	27.3 %	25.9 %	23.7 %	25.3 %

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 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.

In 2021, the Organisation for Economic Co-operation and Development 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%. Many non-U.S. tax jurisdictions, including Ireland and Hungary, have either recently enacted legislation to adopt certain components of the Pillar Two Model Rules beginning in fiscal 2024 or announced their plans to enact legislation in future years. 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, 2024.

Our provision for income taxes for the three and six months ended June 30, 2023 was primarily attributable to federal, state and foreign income taxes on our then anticipated fiscal 2023 income. We also recognized tax benefits of \$8.9 million and \$25.8 million related to stock-based compensation that vested or was exercised during the respective periods.

In March 2024, we received a best judgment tax audit assessment of approximately \$24.5 million from the Israel Tax Authority ("ITA") for the tax years 2017 and 2018. The best judgment tax audit assessment is primarily related to transfer pricing and withholding taxes. We disagree with the ITA's position and have appealed the tax assessment.

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. We currently expect that our fiscal 2024 effective tax rate will be approximately 25.1%. We expect that our quarterly effective tax rates will vary from our fiscal 2024 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, 2024	December 31, 2023	Change
	(In millions)		
Cash and cash equivalents	\$ 1,059.0	\$ 1,008.2	\$ 50.8
Net working capital	662.7	385.4	277.3

### Cash and Cash Equivalents

As of June 30, 2024, our principal sources of liquidity consisted of approximately \$1,059.0 million of cash and cash equivalents as compared to \$1,008.2 million as of December 31, 2023.

Our primary sources of cash and cash equivalents during the six months ended June 30, 2024 were proceeds from borrowings, cash generated from operations, proceeds from the issuance of common stock resulting from stock purchases under our employee stock purchase plan and stock options exercised during the period, and proceeds from the sale of investments.

Our primary uses of cash and cash equivalents during the six months ended June 30, 2024 were payments related to employee salaries and benefits, operating expenses, cash paid for acquired businesses, payment of employee taxes on vesting of restricted stock, repurchases of our common stock, purchases of inventory, and purchases of property, plant and equipment.

Approximately 74% of our cash and cash equivalents were held by our foreign subsidiaries as of June 30, 2024. 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

	Six Months Ended		
	June 30, 2024	June 30, 2023	Change
	(In millions)		
Cash provided by operating activities	\$ 409.2	\$ 681.2	\$ (272.0)

Cash flows from 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 provided by operating activities are significantly influenced by business levels and the payment terms set forth in our customer agreements. The decrease in cash flows from operating activities for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023, was primarily due to the timing of cash receipts from our customers and an increase in disbursements for operating assets and liabilities.

## Cash Flows Used for Investing Activities

	Six Months Ended		
	June 30, 2024	June 30, 2023	Change
	(In millions)		
Cash used for investing activities	\$ (757.9)	\$ (129.7)	\$ (628.2)

Cash used for investing activities increased during the six months ended June 30, 2024, as compared to the six months ended June 30, 2023, primarily due to increases in payments for business combinations and purchases of property, plant and equipment, partially offset by an increase in proceeds from the sale and maturity 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 Used for Financing Activities

	Six Months Ended		
	June 30, 2024	June 30, 2023	Change
	(In millions)		
Cash provided by (used for) financing activities	\$ 415.4	\$ (551.6)	\$ 967.0

Cash from financing activities increased the six months ended June 30, 2024, as compared to the six months ended June 30, 2023, primarily due to an increase in net proceeds from borrowings, a decrease in repurchases of common stock and increased proceeds from the issuance of our common stock. These factors were partially offset by an increase in payments of employee taxes on vesting of restricted stock.

## Other Factors Affecting Liquidity and Capital Resources

### Revolving Credit Facility

In June 2021, we 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, as amended in September 2022. The 2021 Credit Facility provides for borrowings up to \$700.0 million, with the right to request increased capacity up to an additional \$350.0 million upon receipt of lender commitments, for total maximum borrowings of \$1.05 billion. The 2021 Credit Facility expires on June 30, 2026. Any outstanding loans drawn under the 2021 Credit Facility are due at maturity on June 30, 2026, 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 2021 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, 2024, there were no borrowings outstanding under the 2021 Credit Facility, and we were in compliance with all financial covenants associated with such credit facility.

### 2024 Notes

In October 2014, we issued a \$350.0 million aggregate principal amount of 4.375% Senior Notes due October 15, 2024 (the "2024 Notes"). Interest is payable in cash semi-annually. The 2024 Notes are unsecured and rank equal in right of payment to all of our existing and future senior indebtedness. As of June 30, 2024, we were in compliance with all covenants associated with the 2024 Notes.

### 2025 Term Loan

In September 2022, we entered into a \$300.0 million three-year senior non-amortizing term loan facility due on September 7, 2025 with a group of lenders led by Bank of America, N.A., as administrative agent (the "2025 Term Loan"). The 2025 Term Loan is unsecured and ranks equal in right of payment to all of our unsecured indebtedness. Interest rates associated with the 2025 Term Loan are variable, so interest expense is impacted by changes in interest rates. Interest is payable quarterly. As of June 30, 2024, we were in compliance with all financial covenants associated with the 2025 Term Loan.

### 2026 Term Loan

In May 2024, we entered into a \$700.0 million two-year senior non-amortizing term loan facility due on May 30, 2026 with a group of lenders led by Bank of America, N.A., as administrative agent (the "2026 Term Loan"). The 2026 Term Loan is unsecured and ranks equal in right of payment to all of our unsecured indebtedness. Interest rates associated with the 2026 Term Loan are variable, so interest expense is impacted by changes in interest rates. Interest is payable quarterly. As of June 30, 2024, we were in compliance with all financial covenants associated with the 2026 Term Loan.

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 that was most recently increased by our Board of Directors in August 2023. 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, 2024, approximately \$1.1 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.

### *California Legislation*

In June 2024, the State of California enacted legislation that, for a three-year period beginning in fiscal 2024, will limit our utilization of California research and development tax credits to \$5 million annually. We expect the California tax law change to increase our cash paid for income taxes for fiscal 2024 by approximately \$36.1 million.

### *Other Liquidity Requirements*

During the six months ended June 30, 2024, 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, 2024. 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 2024.

	Notional Principal (In millions)	Weighted Average Contract Rate
Forward Contracts:		
European Union euro	\$ 173.1	0.93
British pound	150.2	0.80
Japanese yen	124.5	156.36
Israeli shekel	58.6	3.72
Swedish krona	41.7	10.65
South Korean won	40.4	1,362.06
Chinese renminbi	27.1	7.23
Indian rupee	25.6	83.70
Canadian dollar	25.4	1.37
Taiwan dollar	16.4	32.34
Singapore dollar	2.1	1.35
Total	\$ 685.1	
Estimated fair value	\$ —	

As of December 31, 2023, our foreign currency exchange contracts had an aggregate principal amount of \$697.9 million, and an estimated fair value of \$9.3 million.

We have performed sensitivity analyses as of June 30, 2024 and December 31, 2023, 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 \$14.5 million and \$18.4 million as of June 30, 2024 and December 31, 2023, 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 \$16.9 million and \$20.4 million as of June 30, 2024 and December 31, 2023, 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 2021 Credit Facility, 2025 Term Loan and 2026 Term Loan. 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, 2024.

Our investments in debt securities had a fair value of approximately \$50.2 million and \$49.8 million as of June 30, 2024 and December 31, 2023, respectively, that may decline in value if market interest rates rise. Such variability in market interest rates may result in a negative impact on the results of our investment activities. As of June 30, 2024 and December 31, 2023, 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 approximately \$2.4 million and \$2.6 million, respectively.

Interest rates under our 2021 Credit Facility, 2025 Term Loan and 2026 Term Loan are variable, so interest expense could be adversely affected by changes in interest rates, particularly for periods when we maintain a balance outstanding under the revolving credit facility. As of June 30, 2024, there were no borrowings outstanding under our 2021 Credit Facility, \$300.0 million of borrowings outstanding under our 2025 Term Loan and \$700.0 million of borrowings outstanding under our 2026 Term Loan.

Interest rates for our 2021 Credit Facility, 2025 Term Loan and 2026 Term Loan 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 2021 Credit Facility and made no prepayments on our 2025 Term Loan or 2026 Term Loan, each quarter point change in interest rates would result in a \$5.1 million change in annual interest expense on our indebtedness under our 2021 Credit Facility, 2025 Term Loan and 2026 Term Loan. For an additional description of the 2021 Credit Facility, 2025 Term Loan and 2026 Term Loan, 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 are potentially 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, 2024.

Based on their evaluation as of June 30, 2024, 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, 2024 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.

### **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, 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 five of the risk factors in our Annual Report. The “Risk Factors” section in our Annual Report otherwise remains current in all material respects. The risk factors described in our Annual Report and this Quarterly Report 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 have experienced varied operating results, and our operating results for any particular fiscal period are affected by the timing of revenue recognition, particularly for our emulation and prototyping hardware, IP and certain software products.***

Historical results of operations should not be viewed as reliable indicators of our future performance. Various factors affect our operating results, and some of them are not within our control. Our operating results for any period are affected by the mix of products and services sold in a given period and the timing of revenue recognition, particularly for our emulation and prototyping hardware, IP products and certain software licenses where revenue is recognized at a point in time rather than over time. In addition, we have recorded net losses in the past and may record net losses in the future. Also, our cash flows from operating activities have and will continue to fluctuate due to a number of factors, including the timing of our billings, collections, disbursements and tax payments.

A substantial portion of the product revenue related to our hardware business and our IP offerings is recognized upon delivery, and our forecasted revenue results are based, in part, on our expectations of hardware and IP to be delivered in a particular quarter. Therefore, changes in hardware and IP bookings or deliveries relative to expectations will have a more immediate impact on our revenue than changes in software or services bookings, for which revenue is generally recognized over time.

As we continue to expand our IP offerings, a portion of the revenue related to our IP bookings will be deferred until we complete and deliver the licensed IP to our customers. As a result, costs related to the research and development of IP may be incurred prior to the recognition of the related revenue.

Revenue related to our hardware and IP products is inherently difficult to predict because sales of our hardware and IP products depend on the commencement of new projects for the design and development of complex ICs and systems by our customers, our customers' willingness to expend capital to deploy our new and existing hardware or IP products in those projects and the availability of our new and existing hardware or IP products for delivery. Therefore, our hardware or IP sales may be delayed or may decrease if our customers delay or cancel projects because their spending is constrained or if there are problems or delays with the supply, delivery or installation of our hardware or IP products or our hardware suppliers. Moreover, the market environment for hardware and IP is highly competitive, and our customers may choose to purchase a competitor's hardware or IP product based on cost, performance or other factors. These factors may result in lower revenue, which would have an adverse effect on our business, results of operations and cash flows.

A substantial portion of our software licenses yield revenue recognized over time, which may make it difficult for us to rapidly increase our revenue in future fiscal periods and means that a decrease in orders in a given period would negatively affect our revenue in future periods.

We plan our operating expenses based on forecasted revenue, expected business needs and other factors such as inflation. These expenses and the effect of long-term commitments are relatively fixed in the short term. Bookings and the related revenue are harder to forecast in a difficult economic environment. If we experience a shortfall in bookings, our operating results could differ from our expectations because we may not be able to quickly reduce our expenses in response to short-term business changes. Our operating expenses are also impacted by economic conditions, such as inflation. Unexpected increases in inflation could cause our expenses to increase at a rate faster than our product pricing to recover such increases.

The methods, estimates and judgments that we use in applying our accounting policies have a significant impact on our results of operations (see “Critical Accounting Estimates” under Part II, Item 7, “Management's Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report). Such methods, estimates and judgments are subject to substantial risks, uncertainties and assumptions, and factors may arise over time that may lead us to change our methods, estimates and judgments. Changes in those methods, estimates and judgments could significantly affect our results of operations.



***As we continue to acquire and invest in companies or technologies, we may not realize the expected business or financial benefits and these acquisitions could prove difficult to integrate, disrupt our business, dilute stockholder value and adversely affect our operating results and the market value of our common stock.***

As part of our business strategy, we invest in, and acquire complementary businesses, joint ventures, services and technologies and IP rights, some of which may be material to our financial condition and operating results. We continue to engage in investments and acquisitions and evaluate such opportunities and expect to continue to make such investments and acquisitions in the future. There can be no guarantee that we will be able to find and identify desirable investment or acquisition targets, and we may not be successful in entering into an agreement with any particular target.

Acquisitions and other transactions, arrangements and investments involve numerous risks and potential operating difficulties and expenditures, including:

- the failure to realize, or a delay in realizing, anticipated benefits or synergies, including as a result of any conditions placed upon approvals from governmental authorities;
- the failure to complete transactions on a timely basis or at all, including due to a failure to obtain required approvals on a timely basis, or at all, from governmental authorities;
- potential identified or unknown security vulnerabilities in acquired companies, technologies or products that expose us to additional security risks or delay our ability to integrate them into our organization and offerings;
- brand or reputational harm;
- in the case of acquisitions with large greenhouse gas emissions, the failure or perceived failure to achieve our publicly disclosed greenhouse gas emissions reduction target;
- the failure to understand, compete and operate effectively in markets where we have limited experience or where competitors may have stronger market positions;
- the failure to integrate, combine or manage acquired products, infrastructure, technologies and businesses effectively or to obtain customer acceptance of multiple platforms on a temporary or permanent basis;
- difficulties in integrating and assimilating acquired employees, which may lead to retention risk with respect to both acquired and existing employees;
- the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries;
- diversion of financial resources and management's attention from day-to-day business;
- overlapping customers and product sets that impact our ability to maintain revenue at historical rates;
- unanticipated costs or assumed liabilities, including those related to an acquired company's disclosure controls and procedures, internal control over financial reporting, cybersecurity, taxes and other compliance programs, whether discovered during due diligence or thereafter;
- contingent payments in connection with acquisitions in the future where we may be required to make certain contingent payments without deriving the value we expect to derive from an acquisition in excess of such payments or at all;
- unwillingness of customers, suppliers or other business partners of an acquired business to continue licensing or do business with us, or delays in such activities;
- difficulties managing any strategic investment or collaboration that we do not control or for which we do not have sole decision-making authority;
- impairment charges or other adverse accounting outcomes related to acquisitions or strategic investments;
- the failure or cessation of operations by entities in which we made strategic investments or collaboration agreements;
- the loss of some or all of the value of our investment;
- additional stock-based compensation issued or assumed in connection with the acquisition, including the impact on stockholder dilution and our results of operations; and
- the tax effects of any such acquisitions including related integration and business operation changes, and assessment of the impact on the realizability of our future tax assets or liabilities

Any of these risks could harm our business or negatively impact our results of operations. In addition, to facilitate acquisitions or investments, we may seek additional equity or debt financing, which may not be available on terms favorable to us or at all, which may affect our ability to complete subsequent acquisitions or investments, and which may affect the risks of owning our common stock. For example, we have and may in the future finance acquisitions or investments by issuing equity or convertible securities, or use such securities as consideration, which have and may in the future cause our existing stockholders may be diluted. We also have and may in the future finance acquisitions or investments through debt financing, and we may face constraints related to the terms (including restrictive covenants) of, and repayment obligation related to, the incurrence of indebtedness. Acquisitions or investments may also require the expenditure of substantial cash resources. These arrangements may impact our liquidity, financial position and results of operations or increase dilution of our stockholders' equity interests in the company, all of which could adversely affect the market price of our common stock. Acquisitions are also often dilutive to margins and earnings, at least initially. In addition, in certain cases we may be required to consolidate one or more of our strategic investee's financial results into ours. Fluctuations in any such investee's financial results, due to general market conditions, bank failures or otherwise, could negatively affect our consolidated financial condition, results of operations, cash flows or the price of our common stock.

Our ability to acquire other businesses or technologies, make strategic investments or integrate acquired businesses effectively may be impaired by trade tensions and increased global scrutiny of foreign investments and acquisitions and investments in the technology sector. The United States and several other countries have adopted, or are considering adopting, restrictions on transactions involving foreign investments. Antitrust authorities in the United States and a number of countries have also reviewed acquisitions and investments in the technology industry with increased scrutiny. Governments may continue to adopt or tighten restrictions of this nature, some of which may apply to acquisitions, investments or integrations of businesses by us, and such restrictions or government actions could negatively impact our business and financial results.

***Our debt obligations expose us to risks that could adversely affect our business, operating results or financial condition, and could prevent us from fulfilling our obligations under such indebtedness.***

We have significant outstanding indebtedness, as well as the ability to access additional borrowings under our revolving credit facility. Subject to the limits contained in the credit agreement governing our revolving credit facility, the indenture that governs the 4.375% Senior Notes due October 15, 2024 (the "2024 Notes"), the loan agreement governing our senior non-amortizing term loan facility due September 7, 2025 (the "2025 Term Loan"), the loan agreement governing our senior non-amortizing term loan facility due May 30, 2026 (the "2026 Term Loan") and our other debt instruments, we may be able to incur substantial additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, share repurchases or for other purposes. If we do so, the risks related to our level of debt could intensify. As of June 30, 2024, both our 2024 Notes and 2025 Term Loan will mature in the next 15 months, which could require us to consume a significant portion of our liquidity or raise additional financing in adverse capital markets conditions.

Specifically, our level of debt could have important consequences, including the following:

- making it more difficult for us to satisfy our obligations to service our debt as described above;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring a substantial portion of our cash flows (including U.S. cash) to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes and potentially requiring repatriation of cash from outside the U.S.;
- increasing our vulnerability to adverse economic and industry conditions;
- exposing us to the risk of increased interest rates as certain of our borrowings are at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete;
- placing us at a disadvantage compared to other, less leveraged competitors and competitors that have greater access to capital resources;
- limiting our interest deductions for U.S. income tax purposes; and
- increasing our cost of borrowing.

In addition, if we incur any additional indebtedness that ranks equally with the 2024 Notes, then subject to any collateral arrangements we may enter into, the holders of that debt will be entitled to share ratably in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding up of our company.

***The terms of our debt agreements restrict our current and future operations, particularly our ability to respond to changes or to take certain actions.***

The agreements governing our revolving credit facility, 2025 Term Loan, 2026 Term Loan and 2024 Notes contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest, including restrictions on our ability to incur liens or additional indebtedness and guarantee indebtedness, enter into transactions with affiliates, alter the businesses we conduct, consolidate, merge or sell all or substantially all of our assets and to enter into sale and leaseback transactions. In addition, the restrictive covenants in the agreements governing our revolving credit facility, 2025 Term Loan and 2026 Term Loan require us to maintain specified financial ratios. Our ability to meet those financial ratios can be affected by events beyond our control, and we may be unable to meet them.

A breach of the covenants or restrictions under the agreements governing our revolving credit facility, 2025 Term Loan, 2026 Term Loan and 2024 Notes could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the credit agreement governing our revolving credit facility would permit the lenders under our revolving credit facility to terminate all commitments to extend further credit. In the event our lenders or note holders accelerate the repayment of our borrowings, we may not have sufficient assets to repay that indebtedness.

As a result of these restrictions, we may be limited in how we conduct our business, unable to raise additional debt or equity financing to operate during general economic or business downturns or unable to compete effectively, take advantage of new business opportunities or otherwise grow in accordance with our strategy. In addition, our financial results, our substantial indebtedness and our credit ratings could adversely affect the availability and terms of our financing.

***Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.***

Borrowings under our revolving credit facility, 2025 Term Loan and 2026 Term Loan are at variable rates of interest and expose us to interest rate risk. When interest rates increase, our debt service obligations increase even though the amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, could correspondingly decrease. We may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.

Our revolving credit facility utilizes, at our option, either (1) Term Secured Overnight Financing Rate ("SOFR"), plus a margin between 0.750% and 1.250% per annum, plus a SOFR adjustment of 0.10% or (2) the base rate plus a margin between 0.000% and 0.250% per annum, to calculate the amount of accrued interest on any borrowings. The 2025 Term Loan utilizes, at our option, either (1) Term SOFR, plus a margin between 0.625% and 1.125% per annum, plus a SOFR adjustment of 0.10% or (2) base rate plus a margin between 0.000% and 0.125% per annum, to calculate the amount of accrued interest on borrowings. The 2026 Term Loan utilizes, at our option, either (1) Term SOFR, plus a margin of between 0.875% and 1.375% per annum, plus a SOFR adjustment of 0.10%, or (2) base rate plus a margin between 0.000% and 0.375% per annum, to calculate the amount of accrued interest on borrowings. In each case, the applicable margin within the specified ranges is determined by reference to the credit rating of our unsecured debt. Accordingly, a credit rating downgrade would increase the applicable interest rates. Assuming all loans were fully drawn and we were to fully exercise our right to increase borrowing capacity under our revolving credit facility and we made no prepayments on our 2025 Term Loan or our 2026 Term Loan, each quarter point change in interest rates would result in a \$5.1 million change in annual interest expense.

## **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 August 2, 2023. 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, 2024:

Period	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid Per Share <sup>(2)</sup>	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program <sup>(3)</sup>	Approximate Dollar Value of Shares that May Yet Be Purchased Under Publicly Announced Plan or Program <sup>(1)</sup> (In millions)
April 1, 2024 - April 30, 2024	149,072	\$ 297.82	137,641	\$ 1,211
May 1, 2024 - May 31, 2024	184,679	\$ 287.16	164,314	\$ 1,163
June 1, 2024 - June 30, 2024	131,195	\$ 304.93	121,498	\$ 1,127
Total	464,946	\$ 295.59	423,453	

(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 \$1.0 billion on August 2, 2023.

### **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, 2024, 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	Total Shares of Common Stock to be Sold	Expiration Date
			Rule 10b5-1*		
Thomas P. Beckley, Senior Vice President and General Manager of the Custom IC and PBC Group	Adoption	5/1/2024	X	Up to 72,427	3/31/2025

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

**Item 6. Exhibits**

Exhibit Number	Exhibit Title	Incorporated by Reference				Provided Herewith
		Form	File No.	Exhibit No.	Filing Date	
<a href="#">3.1</a>	<a href="#">The Registrant's Restated Certificate of Incorporation, as filed with the Secretary of State of the State of Delaware on May 3, 2024.</a>	8-K	000-15867	3.1	5/6/2024	
<a href="#">3.2</a>	<a href="#">The Registrant's Amended and Restated Bylaws, effective as of November 2, 2023.</a>	8-K	000-15867	3.1	11/3/2023	
<a href="#">10.1</a>	# <a href="#">The Registrant's Amended and Restated Employee Stock Purchase Plan.</a>	DEF 14A	000-15867	Appendix A	3/21/2024	
<a href="#">10.2</a>	*# <a href="#">Form of Incentive Stock Award Agreement for Non-Executive Employees and Consultants, as currently in effect under the Registrant's Omnibus Equity Incentive Plan.</a>					X
<a href="#">10.3</a>	*# <a href="#">Form of Restricted Stock Unit Agreement for Non-Executive Employees and Consultants, as currently in effect under the Registrant's Omnibus Equity Incentive Plan.</a>					X
<a href="#">10.4</a>	*# <a href="#">Transition and Release Agreement, dated May 2, 2024, between the Registrant and Neil Zaman.</a>					X
<a href="#">10.5</a>	<a href="#">Loan Agreement, dated May 30, 2024, by and among the Registrant, Bank of America, N.A. and the other lenders party thereto.</a>	8-K	000-15867	10.1	6/3/2024	
<a href="#">31.1</a>	* <a href="#">Certification of the Registrant's Chief Executive Officer, Anirudh Devgan, pursuant to Rule 13a-14 of the Securities Exchange Act of 1934.</a>					X
<a href="#">31.2</a>	* <a href="#">Certification of the Registrant's Chief Financial Officer, John M. Wall, pursuant to Rule 13a-14 of the Securities Exchange Act of 1934.</a>					X
<a href="#">32.1</a>	† <a href="#">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.</a>					X
<a href="#">32.2</a>	† <a href="#">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.</a>					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.

# Indicates management contract or compensatory plan or arrangement covering executive officers or directors of the Registrant.

## 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 23, 2024

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

DATE: July 23, 2024

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

## 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 contained in the appendix attached hereto (the “**Appendix**”) (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 or clawback policy 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) or any recoupment otherwise required by applicable laws, regulations or stock exchange listing standards; 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 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 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 Appendix, 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 your right to resign for "good reason" or "constructive termination" (or similar term) under any plan of, or agreement with, the Company, any Subsidiary, 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 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.

**Appendix.** Notwithstanding any provisions in this Agreement, the grant of this Award will be subject to any additional terms and conditions set forth in any Appendix to this Agreement for the Participant's country. Moreover, if the Participant relocates to one of the countries included in the Appendix, 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 Appendix 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.

[Remainder of Page Left Intentionally Blank]

**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:  
[ ], 2024

Acknowledged and Agreed:

By:

\_\_\_\_\_

Name:

Date:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## **APPENDIX**

### **TERMS AND CONDITIONS**

This Appendix includes 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 this Appendix have the meanings set forth in the Plan and/or the Agreement.

### **NOTIFICATIONS**

This Appendix 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 May 2024. 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 this Appendix 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 Incentive Stock Award or sells any Shares obtained upon such vesting.

In addition, the notifications contained in this Appendix 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 this Appendix 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.

## **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](http://www.nbb.be), under the caption *Kredietcentrales / Centrales des crédits*.

**Stock Exchange Act.** 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" imposes a 0.15% annual tax on the value of the qualifying securities held in a Belgian or foreign securities account. The tax will not apply unless the total value of securities held in such account exceeds EUR 1 million on average 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 "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 C\$100,000 at any time during the year. Thus, such rights must be reported – generally at a nil cost – if the C\$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 restrictions in the People's Republic of China (“**PRC**”), the Participant understands and agrees that the Company reserves the right to require the sale of the Shares issued to the Participant upon vesting of the Award, either (i) immediately upon the vesting of the Award, (ii) no later than ninety (90) days after the date the Participant ceases to be an Employee of the Company or a Related Entity or Affiliate, or (iii) within any other such time frame as may be permitted by the Company, or required by the PRC State Administration of Foreign Exchange, subject to insider-trading restrictions and/or market-abuse laws.

By accepting the Award, the Company is authorized to instruct its Designated Broker to assist with a mandatory sale of such Shares (on the Participant's behalf pursuant to this authorization), subject to insider-trading restrictions and/or market-abuse laws, and the Participant expressly authorizes the Company's Designated Broker to complete the sale of such Shares. Upon any such sale of the Shares, the proceeds, less any broker's fees or commissions, will be remitted to me 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.

## **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 12,500 must be reported to the German Federal Bank (Bundesbank). If the Participant acquires Shares with a value in excess of this amount, the Employer will report the acquisition of the Shares to Bundesbank. If the Participant otherwise makes or receives a payment in excess of this amount (e.g., if Shares are withheld to cover applicable Tax-Related Items or if the Participant sell Shares via a foreign broker, bank or service provider and receive 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](http://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 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 this Appendix and has reviewed the Plan and the Agreement (including this Appendix) in their entirety and fully understands and accept all provisions of the Plan and the Agreement (including this Appendix).

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; Appendix; 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.

## **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 50,000,000. Such report will be due by March 15th 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.

## **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.

## **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 US\$5,000,000 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 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 contained in the appendix attached hereto (the “**Appendix**”) (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 or clawback policy 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) or any recoupment otherwise required by applicable laws, regulations or stock exchange listing standards; 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 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 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 Appendix, 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 your right to resign for “good reason” or “constructive termination” (or similar term) under any plan of, or agreement with, the Company, any Subsidiary, 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.

Appendix. Notwithstanding any provisions in this Agreement, the grant of this Award will be subject to any additional terms and conditions set forth in any Appendix to this Agreement for the Participant's country. Moreover, if the Participant relocates to one of the countries included in the Appendix, 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 Appendix 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: [●], 2024

**Acknowledged and Agreed:**

By: \_\_\_\_\_  
Name:  
  
  
Date: \_\_\_\_\_

## **APPENDIX**

### **TERMS AND CONDITIONS**

This Appendix includes 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 this Appendix have the meanings set forth in the Plan and/or the Agreement.

### **NOTIFICATIONS**

This Appendix 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 **May 2024**. 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 this Appendix 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 this Appendix 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 this Appendix 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.

**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](http://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" imposes a 0.15% annual tax on the value of the qualifying securities held in a Belgian or foreign securities account. The tax will not apply unless the total value of securities held in such account exceeds EUR 1 million on average 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 (iii) 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 C\$100,000 at any time during the year. Thus, such rights must be reported – generally at a nil cost – if the C\$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.

## **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 12,500 must be reported to the German Federal Bank (Bundesbank). If the Participant acquires Shares with a value in excess of this amount, the Employer will report the acquisition of the Shares to Bundesbank. If the Participant otherwise makes or receives a payment in excess of this amount (e.g., if Shares are withheld to cover applicable Tax-Related Items or if the Participant sell Shares via a foreign broker, bank or service provider and receive 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](http://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 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 this Appendix 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 this Appendix and has reviewed the Plan and the Agreement (including this Appendix) in their entirety and fully understands and accept all provisions of the Plan and the Agreement (including this Appendix).

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; Appendix; 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.

## **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 50,000,000. Such report will be due by March 15th 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.

## **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 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.

## **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 US\$5,000,000 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.

## TRANSITION AND RELEASE AGREEMENT

This Transition and Release Agreement (this “*Agreement*”) is entered into between Neil Zaman (“*Executive*”) and Cadence Design Systems, Inc. (“*Cadence*” or the “*Company*”). This Agreement is subject to the terms of the Cadence Design Systems, Inc. Executive Severance Plan (this “*Plan*”) except to the extent of any inconsistency, in which case the terms of this Agreement shall govern. Capitalized terms used herein that are not otherwise defined shall have the meanings set forth in the Plan.

**1. TRANSITION COMMENCEMENT DATE.** As of May 6, 2024, Executive will no longer hold the position of Senior Vice President and Chief Revenue Officer and will be relieved of all of Executive’s authority and responsibilities in that position. Executive will be paid (a) any earned but unpaid base salary for Executive’s services to the Company prior to the Transition Commencement Date (as defined below) and any properly incurred and outstanding expense reimbursements in accordance with the Company’s expense reimbursement policies; and (b) other earned but unpaid vested amounts or benefits as of the Transition Commencement Date under the compensation, incentive and benefit plans of the Company in which Executive participates. The payment of the foregoing amounts shall be made to Executive by no later than the second regular payroll date following the Transition Commencement Date or as required under applicable state law. As of the first day of the month following the Transition Commencement Date, Executive will no longer participate in Cadence’s medical, dental, and vision insurance plans in accordance with the terms and condition of such plans (except to the extent that Executive elects to continue coverage pursuant to COBRA), and will not be eligible for a bonus for any services rendered after that date.

**2. TRANSITION PERIOD.** The period from May 13, 2024 (the “*Transition Commencement Date*”) to the date when Executive’s employment with Cadence under this Agreement terminates (the “*Termination Date*”) is called the “*Transition Period*” in this Agreement. Executive’s Termination Date will be the earliest to occur of:

- a. the date on which Executive resigns from all employment with Cadence;
- b. the date on which Cadence terminates Executive’s employment due to a material breach by Executive of Executive’s duties or obligations under this Agreement after written notice delivered to Executive identifying such breach and Executive’s failure to cure such breach, if curable, within 30 days following delivery of such notice; or
- c. May 12, 2025.

**3. DUTIES AND OBLIGATIONS DURING THE TRANSITION PERIOD AND AFTERWARDS.**

a. During the Transition Period, Executive will assume the position of Senior Advisor. In this position, Executive will render those services requested by Cadence’s Chief Executive Officer on an as-needed basis at mutually-convenient times. Executive’s time rendering those services shall not exceed 20 hours per month. Except as otherwise provided in Section 3(b), Executive’s obligations hereunder will not preclude Executive from accepting and holding full- time employment elsewhere so long as such employment does not interfere or conflict with Executive’s obligations under this Agreement. Neither party expects that Executive will resume employment with Cadence in the future at a level that exceeds the level set forth in this Section 3(a), and it is the parties’ intent that Executive will

have experienced a “separation from service” as defined in Section 409A of the Code as of the Transition Commencement Date.

b. As an employee of Cadence, as well as in other positions Executive may have held with Cadence, Executive has obtained extensive and valuable knowledge and information concerning Cadence’s business (including confidential information relating to Cadence and its operations, intellectual property, assets, contracts, customers, personnel, plans, marketing plans, research and development plans and prospects). Executive acknowledges and agrees that it would be virtually impossible for Executive to work as an employee, consultant or advisor in any business in which Cadence engages on the Transition Commencement Date, including the electronic design automation (“**EDA**”) industry, without inevitably disclosing confidential and proprietary information belonging to Cadence. Accordingly, during the Transition Period, Executive will not, directly or indirectly, provide services, whether as an employee, consultant, independent contractor, agent, sole proprietor, partner, joint venturer, corporate officer or director, on behalf of any corporation, limited liability company, partnership, or other entity or person or successor thereto that (i) is engaged in any business in which Cadence or any of its affiliates is engaged on the Transition Commencement Date or has been engaged at any time during the 12-month period immediately preceding the Transition Commencement Date, whether in the EDA industry or otherwise, anywhere in the world (a “**Cadence Business**”), or (ii) produces, markets, distributes or sells any products, directly or indirectly through intermediaries, that are competitive with Cadence or any of its affiliates. As used in this Section 3(b), the term “**EDA industry**” means the research, design or development of electronic design automation software, electronic design verification and memory models, design IP, emulation hardware and related products, such products containing hardware, software and both hardware and/or software products, designs or solutions for, and all intellectual property embodied in the foregoing, or in commercial electronic design and/or maintenance services, such services including all intellectual property embodied in the foregoing. If, during the Transition Period, Executive receives an offer of employment or consulting from any person or entity that engages in whole or in part in a Cadence Business, then Executive must first obtain written approval from Cadence’s Chief Executive Officer (the “**CEO**”) and Senior Vice President, Global Human Resources before accepting said offer.

c. During the Transition Period, Executive will be prohibited, to the fullest extent allowed by applicable law, and except with the written advance approval of Cadence’s CEO (or the CEO’s successor(s)), from voluntarily or involuntarily, for any reason whatsoever, directly or indirectly, individually or on behalf of persons or entities not now parties to this Agreement: (i) encouraging, inducing, attempting to induce, recruiting, attempting to recruit, soliciting or attempting to solicit for employment, contractor or consulting opportunities anyone who is employed at that time, or was employed during the previous one year, by Cadence or any Cadence affiliate; (ii) interfering or attempting to interfere with the relationship or prospective relationship of Cadence or any Cadence affiliate with any former, present or future client, customer, joint venture partner, or financial backer of Cadence or any Cadence affiliate; or (iii) soliciting, diverting or accepting business, in any line or area of business engaged in by Cadence or any Cadence affiliate, from any former or present client, customer or joint venture partner of Cadence or any Cadence affiliate (other than on behalf of Cadence), except that Executive may solicit or accept business, in a line of business engaged in by Cadence or a Cadence affiliate, from a former or present client, if and only if Executive had previously provided consulting services in such line of business, to such client, prior to ever being employed by Cadence, but in no event may Executive violate Section 3(b). The restrictions contained in Section 3(c)(i) shall also be in effect for a period of one year following the Termination Date. This Section 3(c) does not alter any of the obligations the Executive may have under the Employee Proprietary Information and Inventions Agreement dated August 19, 2014.

d. Executive will fully cooperate with Cadence in all matters relating to Executive's employment, including the winding up of work performed in Executive's prior position and the orderly transition of such work to other Cadence employees. Executive also agrees to participate as a witness in any litigation or regulatory proceeding to which the Company or any of its affiliates is a party at the request of the Company upon delivery to Executive of reasonable advance notice. With respect to the cooperation described in the preceding sentences, the Company will reimburse Executive for all reasonable and documented expenses incurred by Executive in the course of such cooperation.

e. Executive will not make any statement, written or oral, that disparages Cadence or any of its affiliates, or any of Cadence's or its affiliates' products, services, policies, business practices, employees, executives, officers, or directors, past, present or future. Cadence will instruct its current executive officers and members of its Board of Directors not to make any statement, written or oral, that disparages Executive. The restrictions described in this Section 3(e) shall not apply to any statements made in response to a subpoena or other compulsory legal process. Nothing herein shall prevent Executive from discussing or disclosing information regarding unlawful acts in the workplace, such as harassment, discrimination or any other conduct that Executive has reason to believe is unlawful.

f. Within 15 days following the Transition Commencement Date, Executive will return to the Company all hard and soft copies of records, documents, materials and files in Executive's possession or control, which contain or relate to confidential, proprietary or sensitive information obtained by Executive in conjunction with Executive's employment with the Company, as well as all other Company-owned property (e.g., badge, office keys, and Company's supplied equipment).

g. Notwithstanding Section 10, the parties agree that damages would be an inadequate remedy for Cadence in the event of a breach or threatened breach by Executive of Section 3(b), Section 3(c) or Section 3(e). In the event of any such breach or threatened breach by Executive, Cadence may, either with or without pursuing any potential damage remedies, obtain from a court of competent jurisdiction, and enforce, an injunction prohibiting Executive from violating this Agreement and requiring Executive to comply with the terms of this Agreement.

**4. TRANSITION COMPENSATION AND BENEFITS.** In consideration of, and subject to, Executive's execution and non-revocation of this Agreement, including Section 8, and compliance with its terms (including, without limitation, Section 3), and as compensation for Executive's services during the Transition Period, Cadence will provide the following payments and benefits to Executive (to which Executive would not otherwise be entitled):

a. within 60 days following the Transition Commencement Date, all of the unvested equity compensation awards (including stock options, restricted stock and restricted stock units) that vest solely based on continued service over time and that are outstanding and held by Executive on the Transition Commencement Date shall vest and become exercisable to the same extent such awards would have vested and become exercisable pursuant to their terms had Executive continued to serve as an executive of the Company from the Transition Commencement Date through May 12, 2025, and there shall be no further vesting of those equity compensation awards during or after the Transition Period, notwithstanding any provision in any equity compensation award to the contrary, except as otherwise provided by Section 7.

b. provided Executive continues to perform Executive's obligations under this Agreement through March 15, 2025, the portion of Executive's unvested restricted stock award granted

on March 15, 2024 that is scheduled to vest on March 15, 2025 based on achievement of a 2024 revenue goal shall vest on March 15, 2025 to the extent justified by the satisfaction of such revenue goal;

c. Executive's status and service pursuant to this Agreement shall be considered a continuation of employee status and continuous service solely for purposes of the equity compensation awards previously granted to Executive by the Company and outstanding on the Transition Commencement Date, provided that for any awards not described in Sections 4(a) and 4(b), there shall be no further vesting of such awards during or after the Transition Period except as otherwise provided by Section 7; and

d. if Executive elects to continue coverage under Cadence's medical, dental, and vision insurance plans pursuant to COBRA following the Transition Commencement Date, Cadence will pay Executive's COBRA premiums during the Transition Period.

Except as set forth in this Agreement, Executive will receive no other compensation or benefits (including pursuant to any equity awards) from Cadence in consideration of Executive's services during the Transition Period or the termination of Executive's employment. Executive acknowledges that all bonuses and awards, including equity awards, that were delivered to Executive subject to the Cadence Design Systems, Inc. Clawback Policy, as amended from time to time, shall remain subject to such policy.

## **5. FIRST TERMINATION PAYMENT AND BENEFITS.**

a. Provided that Executive does not resign from employment with Cadence under this Agreement and Cadence does not terminate Executive's employment with Cadence pursuant to Section 2(b), and in consideration for, and subject to, Executive's execution and acceptance of and adherence to this Agreement and Executive's further execution and delivery of a Release of Claims in the form of Attachment 1 hereto on or within seven days after November 13, 2024, and as compensation for Executive's services during the Transition Period, Cadence will provide to Executive the following termination payment, to which Executive would not otherwise be entitled, in each case, so long as the revocation period of the Release of Claims (as defined in Attachment 1) has expired prior to the date of payment:

i. a lump-sum payment of \$575,000, less applicable tax deductions and withholdings, payable within 30 days following November 13, 2024; and

ii. for a period of six months, a monthly payment of \$4,000 (less tax withholdings or other deductions, if applicable), payable in accordance with Cadence's regular payroll schedule, commencing on the first pay date that is more than 30 days following November 13, 2024.

b. If the Company should terminate Executive's employment with the Company due to a breach by Executive of Executive's duties or obligations under this Agreement, Executive shall promptly refund to the Company any and all amounts theretofore paid to Executive pursuant to Section 5(a).

## **6. SECOND TERMINATION PAYMENT AND BENEFITS; REFUND OF PAYMENTS.**

a. Provided that Executive does not resign from employment with Cadence under this Agreement and Cadence does not terminate Executive's employment with Cadence pursuant to Section 2(b), no later than the 60th day following the Termination Date, and in consideration for, and subject to, Executive's execution and acceptance of and adherence to this Agreement and Executive's further execution and non-revocation of a Release of Claims in the form of Attachment 2 no later than 45 days following the Termination Date, the Company will provide to Executive the following termination payment, to which Executive would not otherwise be entitled, so long as the revocation period of the Release of Claims (as defined in Attachment 2) has expired prior to the date of payment: a lump-sum payment of \$575,000, less applicable tax deductions and withholdings.

b. Notwithstanding anything in this Agreement to the contrary, to the extent that the Company in good faith determines that any payment resulting from Executive's termination of employment provided for in this Agreement constitutes a "deferral of compensation" and that Executive is a "specified employee," both within the meaning of Section 409A of the Code, no such amounts shall be payable to Executive pursuant to the Agreement prior to the earlier of (i) Executive's death following the Transition Commencement Date or (ii) the date that is six months following the date of Executive's "separation from service" with the Company (within the meaning of Section 409A of the Code).

**7. CHANGE IN CONTROL.** If a Change in Control occurs prior to or within three months following the Transition Commencement Date, then:

a. in addition to the amount of the payment described in Section 5(a)(i), Executive shall receive an additional amount equal to \$287,500, which amount is 50% of the amount paid in Section 5(a)(i) and shall be paid at the same time as the payment under Section 5(a)(i);

b. in addition to the amount of the payment described in Section 6(a), Executive shall be entitled to an additional amount equal to \$287,500, which amount is 50% of the amount paid in Section 6(a) and shall be paid at the same time as the payment under Section 6(a); and

c. in addition to the acceleration described in Section 4(a) and Section 4(b), any unvested equity compensation awards that do not vest on the Transition Commencement Date shall vest in full immediately prior to the effective time of the Change in Control; provided, however, that the determination of performance for any unvested equity compensation awards that vest based on performance goals shall be in accordance with the terms of the applicable award agreements. Any acceleration of vesting pursuant to Section 7(c) shall have no effect on any other provisions of the equity compensation awards or the plans governing such awards.

## **8. GENERAL RELEASE OF CLAIMS.**

a. Executive hereby irrevocably, fully and finally releases Cadence, its parent, subsidiaries, affiliates, directors, officers, agents and employees ("**Releasees**") from all causes of action, claims, suits, demands or other obligations or liabilities, whether known or unknown, suspected or unsuspected, that Executive ever had or now has as of the time that Executive signs this Agreement which relate to Executive's hiring, Executive's employment with the Company, the termination of Executive's employment with the Company, Executive's wages or compensation (including equity awards) and claims asserted in shareholder derivative actions or shareholder class actions against the Company and its officers and Board, to the extent those derivative or class actions relate to the period during which Executive was employed by the Company. The claims released include, but are not limited to, any claims arising from or related to Executive's employment with Cadence, such as claims arising under (as



amended) Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1974, the Americans with Disabilities Act, the Equal Pay Act, the Fair Labor Standards Act, the National Labor Relations Act, the California Pregnancy Disability Leave law, the California Family Rights Act, the Healthy Workplace Healthy Family Act of 2014, the California Labor Code, the Employee Retirement Income Security Act of 1974 (“**ERISA**”), the state and federal Worker Adjustment and Retraining Notification Act, and the California Business and Professions Code; any other local, state, federal, or foreign law governing employment; and the common law of contract and tort (collectively, the “**Released Claims**”). In no event, however, shall any Released Claims include:

- i. any amounts or benefits to which Executive is or becomes entitled pursuant to the provisions of this Agreement;
- ii. claims for workers’ compensation benefits under any of the Company’s workers’ compensation insurance policies or funds;
- iii. claims related to Executive’s COBRA rights or vested benefits under an employee benefit plan that is subject to ERISA;
- iv. any rights that Executive has or may have to be indemnified by the Company pursuant to any contract, statute, or common law principle;
- v. Executive’s right to file and pursue a civil action or complaint under the California Fair Employment and Housing Act; and
- vi. any other rights or claims that Executive has or may have that cannot, as a matter of law, be waived.

b. Executive represents and warrants that Executive has not filed any claim, charge or complaint against any of the Releasees based upon any Released Claims.

c. Executive acknowledges that the payments provided in this Agreement constitute adequate consideration for the release set forth in this Section 8.

d. Executive intends that this release of claims cover all claims described above, whether or not known to Executive. Executive further recognizes the risk that, subsequent to the execution of this Agreement, Executive may incur loss, damage or injury which Executive attributes to the claims encompassed by this release. Executive expressly assumes this risk by signing this Agreement and voluntarily and specifically waives any rights conferred by Section 1542 of the Civil Code of the State of California (“**Section 1542**”), which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Executive waives all rights under Section 1542 or any other law or statute of similar effect in any jurisdiction with respect to the Released Claims. Executive acknowledges that Executive understands the

significance and specifically assumes the risk regarding the consequences of such release and such specific waiver of Section 1542.

e. Executive represents and warrants that there has been no assignment or other transfer of any interest in any Released Claim.

f. Notwithstanding this Section 8, nothing in this Agreement prevents Executive from filing any non-legally waivable claim (including a challenge to the validity of this Agreement) with the Equal Employment Opportunity Commission (“**EEOC**”) or comparable state or local agency or participating in (or cooperating with) any investigation or proceeding conducted by the EEOC or comparable state or local agency or cooperating in any such investigation or proceeding; however, Executive understands and agrees that Executive is waiving any and all rights to recover any monetary or personal relief from a Releasee as a result of such EEOC or comparable state or local agency or proceeding or subsequent legal actions. Further, nothing in this Agreement prohibits or restricts Executive from (i) filing a charge or complaint with, or cooperating in any investigation with, the Securities and Exchange Commission, the Financial Industry Regulatory Authority, the U.S. National Labor Relations Board, or any other governmental agency, entity or authority (each, a “**Government Agency**”), or (ii) exercising any rights Executive may have under Section 7 of the U.S. National Labor Relations Act. This Agreement does not limit Executive’s right to receive an award for information provided to a Government Agency.

**9. REVIEW OF AGREEMENT; REVOCATION OF ACCEPTANCE.** Executive has been given at least 21 days in which to review and consider this Agreement, although Executive is free to accept this Agreement anytime within that 21-day period; however, if Executive signs this Agreement before the expiration of 21 days after Executive’s receipt of this Agreement, Executive has knowingly and voluntarily waived any longer consideration period than the one provided to Executive and such earlier signature was not induced by Cadence through fraud, misrepresentation or a threat to withdraw or alter this Agreement prior to the expiration of such 21-day period. Executive has been advised, and hereby is advised in writing, to consult with an attorney about the Agreement. Executive fully understands the final and binding effect of this Agreement, and the only promises made to Executive to sign this Agreement are those stated herein. Executive is signing this Agreement knowingly, voluntarily and of Executive’s own free will with the full intent of releasing the Releasees of all claims. Executive acknowledges and agrees that Executive has carefully read this Agreement and that Executive understands and agrees to each of the terms of this Agreement. If Executive accepts this Agreement, Executive will have an additional seven days from the date that Executive signs this Agreement to revoke that acceptance, which Executive may effect by means of a written notice sent to the CEO. If this seven-day period expires without a timely revocation, this Agreement will become final and effective on the eighth day following the date of Executive’s signature, which eighth day will be the effective date this Agreement. Notwithstanding anything herein to the contrary, if the period during which Executive may execute this Agreement commences in one calendar year and ends in a subsequent calendar year, such amounts or benefits shall be paid or provided in the subsequent calendar year to the extent required by Section 409A of the Code.

**10. ARBITRATION.** Subject to Section 3(g), all claims, disputes, questions, or controversies arising out of or relating to Executive’s employment (including any separation therefrom), the terms or conditions of such employment, or this Agreement (including without limitation the construction or application of any of the terms, provisions, or conditions of this Agreement), will be resolved exclusively in final and binding arbitration in accordance with the applicable Arbitration Rules and Procedures, or successor rules then in effect, of JAMS which are available at <https://www.jamsadr.com/rules-employment-arbitration/english>. The arbitration will be held in the San Jose,

California, metropolitan area, and will be conducted and administered by JAMS or, in the event JAMS does not then conduct arbitration proceedings, a similarly reputable arbitration administrator. Executive and Cadence will select a mutually acceptable, neutral arbitrator from among the JAMS panel of arbitrators. Except as provided by this Agreement, the Federal Arbitration Act will govern the administration of the arbitration proceedings. Executive and Cadence will each be allowed to engage in adequate discovery, the scope of which will be determined by the arbitrator consistent with the nature of the claim(s) in dispute and the efficient nature of arbitration. The arbitrator will have the authority to entertain a motion to dismiss and/or a motion for summary judgment by any party and will apply the standards governing such motions under the Federal Rules of Civil Procedure. The arbitrator will render a written award and supporting opinion that will set forth the arbitrator's findings of fact and conclusions of law. Judgment upon the award may be entered in any court of competent jurisdiction. Cadence will pay the arbitrator's fees, as well as all administrative fees, associated with the arbitration. Each party will be responsible for paying its own attorneys' fees and costs (including expert witness fees and costs, if any). However, in the event a party prevails at arbitration on a statutory claim that entitles the prevailing party to reasonable attorneys' fees as part of the costs, then the arbitrator may award those fees to the prevailing party in accordance with that statute. Further, this arbitration agreement shall not apply to: (a) claims for unemployment and workers' compensation benefits; (b) sexual harassment and sexual assault disputes arising under federal, state, local, or tribal law, unless Executive elects to arbitrate such disputes; (c) claims brought before the Equal Employment Opportunity Commission or similar state or local agency, if Executive is required to exhaust Executive's administrative remedies; provided, that any appeal from an award or denial of an award by any such agency or any further action upon receipt of a right-to-sue letter shall be arbitrated pursuant to the terms of this Agreement; and (d) any other claim, which by law cannot be subject to mandatory arbitration.

**11. NO ADMISSION OF LIABILITY.** Nothing in this Agreement will constitute or be construed in any way as an admission of any liability or wrongdoing whatsoever by Cadence or Executive.

**12. INTEGRATED AGREEMENT.** This Agreement is intended by the parties to be a complete and final expression of their rights and duties respecting the subject matter of this Agreement, and supersedes Executive's rights to any other payments or benefits under the Plan or any other agreement or arrangement with the Company (including any equity award agreements). Except as expressly provided herein, nothing in this Agreement is intended to negate Executive's agreement to abide by the Company's policies while serving as a Company employee, including but not limited to the Company's Employee Handbook, Sexual Harassment Policy and Code of Business Conduct, or Executive's continuing obligations under Executive's Employee Proprietary Information and Inventions Agreement, or any other agreement governing the disclosure and/or use of proprietary information, which Executive signed while working with Cadence or its predecessors; nor to waive any of Executive's obligations under state and federal trade secret laws.

**13. FULL SATISFACTION OF COMPENSATION OBLIGATIONS; ADEQUATE CONSIDERATION.** Executive agrees that the payments and benefits provided herein satisfy in full all obligations of the Company to Executive arising out of or in connection with Executive's employment through the Termination Date and separation thereof, including, without limitation, all compensation, salary, bonuses, reimbursement of expenses, and benefits.

**14. TAXES AND OTHER WITHHOLDINGS.** Notwithstanding any other provision of this Agreement, the Company may withhold from amounts payable hereunder all federal, state, local and foreign taxes and other amounts that are required to be withheld by applicable laws or regulations, and the

withholding of any amount shall be treated as payment thereof for purposes of determining whether Executive has been paid amounts to which Executive is entitled.

**15. WAIVER.** Neither party shall, by mere lapse of time, without giving notice or taking other action hereunder, be deemed to have waived any breach by the other party of any of the provisions of this Agreement. Further, the waiver by either party of a particular breach of this Agreement by the other shall neither be construed as, nor constitute, a continuing waiver of such breach or of other breaches of the same or any other provision of this Agreement.

**16. MODIFICATION.** This Agreement may not be modified unless such modification is embodied in writing, signed by the party against whom the modification is to be enforced. Notwithstanding anything herein or in the Plan to the contrary, the Company may, in its sole discretion, amend this Agreement (which amendment shall be effective upon its adoption or at such other time designated by the Company) at any time prior to a Change in Control as may be necessary to avoid the imposition of the additional tax under Section 409A(a)(1)(B) of the Code; provided, however, that any such amendment shall not materially reduce the benefits provided to Executive pursuant to this Agreement without the Executive's consent.

**17. NOTICES.** All notices and other communications required or permitted to be given under this Agreement shall be in writing and shall be considered effective either (a) upon personal service, or (b) upon delivery by depositing such notice in the U.S. Mail, postage prepaid, return receipt requested and, if addressed to the Company, in the care of the Senior Vice President, Global Human Resources at the Company's principal corporate address and, if addressed to Executive, at her most recent address shown on the Company's corporate records or at any other address that Executive may specify in any appropriate notice to the Company with an electronic mail copy sent to Executive at Zam69sls@yahoo.com.

**18. ASSIGNMENT AND SUCCESSORS.** The Company shall have the right to assign its rights and obligations under this Agreement to an entity that, directly or indirectly, acquires all or substantially all of the assets of the Company. The rights and obligations of the Company under this Agreement shall inure to the benefit and shall be binding upon the successors and assigns of Cadence. Executive shall not have any right to assign Executive's obligations under this Agreement and shall only be entitled to assign Executive's rights under this Agreement upon Executive's death, solely to the extent permitted by this Agreement, or as otherwise agreed to in writing by the Company.

**19. SEVERABILITY.** In the event that any part of this Agreement is found to be void or unenforceable, all other provisions of the Agreement will remain in full force and effect.

**20. GOVERNING LAW.** This Agreement will be governed and enforced in accordance with the laws of the State of California.

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## EXECUTION OF AGREEMENT

The parties execute this Agreement to evidence their acceptance of it.

Dated: May 2, 2024

**NEIL ZAMAN**

By: /s/ Neil Zaman

Dated: May 2, 2024

**CADENCE DESIGN SYSTEMS, INC.**

By: /s/ Christina Jones

Name: Christina Jones

Title: SVP, Global HR

## ATTACHMENT 1

### RELEASE OF CLAIMS

1. For valuable consideration, I irrevocably, fully and finally release Cadence, its parent, subsidiaries, affiliates, directors, officers, agents and employees (“**Releasees**”) from all causes of action, claims, suits, demands or other obligations or liabilities, whether known or unknown, suspected or unsuspected, that I ever had or now have as of the time that I sign this Release of Claims which relate to my hiring or employment with the Company, wages or compensation (including equity awards), the termination of my employment with the Company and claims asserted in shareholder derivative actions or shareholder class actions against the Company and its officers and Board of Directors, to the extent those derivative or class actions relate to the period during my employment with the Company. The claims released include, but are not limited to, any claims arising from or related to my employment with Cadence, such as claims arising under (as amended) Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1974, the Americans with Disabilities Act, the Equal Pay Act, the Fair Labor Standards Act, the National Labor Relations Act, the California Pregnancy Disability Leave law, the California Family Rights Act, the Healthy Workplace Healthy Family Act of 2014, the California Labor Code, ERISA, the state and federal Worker Adjustment and Retraining Notification Act, and the California Business and Professions Code; any other local, state, federal, or foreign law governing employment; and the common law of contract and tort (collectively, the “**Released Claims**”). In no event, however, shall any Released Claims include:

- a. any amounts or benefits which I am or become entitled to receive pursuant to the provisions of my Transition and Release Agreement with Cadence that survive the termination of my full-time employment;
- b. claims for workers’ compensation benefits under any of the Company’s workers’ compensation insurance policies or funds;
- c. claims related to my COBRA rights or vested benefits under an employee benefit plan that is subject to ERISA;
- d. any rights that I have or may have to be indemnified by Cadence pursuant to any contract, statute, or common law principle;
- e. my right to file and pursue a civil action or complaint under the California Fair Employment and Housing Act; and
- f. any other rights or claims that I have or may have that cannot, as a matter of law, be waived.

2. I intend that this Release of Claims cover all claims described above, whether or not known to me. I further recognize the risk that, subsequent to the execution of this Release of Claims, I may incur loss, damage or injury which I attribute to the claims encompassed by this Release. I expressly assume this risk by signing this Release of Claims and voluntarily and specifically waive any rights conferred by Section 1542 of the Civil Code of the State of California (“**Section 1542**”), which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE

RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

3. I waive all rights under Section 1542 or any other law or statute of similar effect in any jurisdiction with respect to the Released Claims. I acknowledge that I understand the significance and specifically assume the risk regarding the consequences of such release and such specific waiver of Section 1542.

4. I represent and warrant that there has been no assignment or other transfer of any interest in any Released Claim.

5. Nothing in this Release of Claims prevents me from filing any non-legally waivable claim (including a challenge to the validity of this Release of Claims) with the EEOC or comparable state or local agency or participating in (or cooperating with) any investigation or proceeding conducted by the EEOC or comparable state or local agency or cooperating in any such investigation or proceeding; however, I understand and agree that I am waiving any and all rights to recover any monetary or personal relief from a Releasee as a result of such EEOC or comparable state or local agency or proceeding or subsequent legal actions. Further, nothing in this Agreement prohibits or restricts me from filing a charge or complaint with, or cooperating in any investigation with, any Government Agency. This Release of Claims does not limit my right to receive an award for information provided to a Government Agency.

6. I acknowledge that Cadence has given me at least 21 days in which to review and consider this Release of Claims, although I am free to accept this Agreement anytime within that 21-day period; however, if I sign this Agreement before the expiration of such 21-day period, I have knowingly and voluntarily waived any longer consideration period than the one provided to me and such earlier signature was not induced by Cadence through fraud, misrepresentation or a threat to withdraw or alter this Release of Claims prior to the expiration of such 21-day period. I have been advised, and hereby am advised in writing, to consult with an attorney about this Release of Claims. I fully understand the final and binding effect of this Release of Claims, and the only promises made to me to sign this Release of Claims are those stated herein and in the Agreement to which this Release of Claims is attached. I am signing this Release of Claims knowingly, voluntarily and of my own free will with the full intent of releasing the Releasees of all claims. I acknowledge and agree that I have carefully read this Release of Claims and that I understand and agree to each of the terms of this Release of Claims. If I accept this Release of Claims, I will have an additional seven days from the date that I sign this Release of Claims to revoke that acceptance, which I may effect by means of a written notice sent to the CEO. If this seven-day period expires without a timely revocation, this Release of Claims will become final and effective on the eighth day following the date of my signature.

Dated:

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Sign Name

## ATTACHMENT 2

### RELEASE OF CLAIMS

1. For valuable consideration, I irrevocably, fully and finally release Cadence, its parent, subsidiaries, affiliates, directors, officers, agents and employees (“*Releasees*”) from all causes of action, claims, suits, demands or other obligations or liabilities, whether known or unknown, suspected or unsuspected, that I ever had or now have as of the time that I sign this wages or compensation (including equity awards), which relate to my hiring or employment with the Company, the termination of my employment with the Company, my wages or compensation (including equity awards) and claims asserted in shareholder derivative actions or shareholder class actions against the Company and its officers and Board of Directors, to the extent those derivative or class actions relate to the period during my employment with the Company. The claims released include, but are not limited to, any claims arising from or related to my employment with Cadence, such as claims arising under (as amended) Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1974, the Americans with Disabilities Act, the Equal Pay Act, the Fair Labor Standards Act, the National Labor Relations Act, the California Fair Employment and Housing Act, the California Pregnancy Disability Leave law, the California Family Rights Act, the Healthy Workplace Healthy Family Act of 2014, the California Labor Code, ERISA, the state and federal Worker Adjustment and Retraining Notification Act, and the California Business and Professions Code; any other local, state, federal, or foreign law governing employment; and the common law of contract and tort (collectively, the “*Released Claims*”). In no event, however, shall any Released Claims include:

- a. any amounts or benefits which I am or become entitled to receive pursuant to the provisions of my Transition and Release Agreement with Cadence that survive the termination of my full-time employment;
- b. claims for workers’ compensation benefits under any of the Company’s workers’ compensation insurance policies or funds;
- c. claims related to my COBRA rights or vested benefits under an employee benefit plan that is subject to ERISA;
- d. any rights that I have or may have to be indemnified by Cadence pursuant to any contract, statute, or common law principle; and
- e. any other rights or claims that I have or may have that cannot, as a matter of law, be waived.

2. I intend that this Release of Claims cover all claims described above, whether or not known to me. I further recognize the risk that, subsequent to the execution of this Release of Claims, I may incur loss, damage or injury which I attribute to the claims encompassed by this Release. I expressly assume this risk by signing this Release of Claims and voluntarily and specifically waive any rights conferred by Section 1542 of the Civil Code of the State of California (“*Section 1542*”), which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE



MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

3. I waive all rights under Section 1542 or any other law or statute of similar effect in any jurisdiction with respect to the Released Claims. I acknowledge that I understand the significance and specifically assume the risk regarding the consequences of such release and such specific waiver of Section 1542.

4. I represent and warrant that there has been no assignment or other transfer of any interest in any claim by me that is covered by this Release of Claims.

5. Nothing in this Release of Claims prevents me from filing any non-legally waivable claim (including a challenge to the validity of this Release of Claims) with the EEOC or comparable state or local agency or participating in (or cooperating with) any investigation or proceeding conducted by the EEOC or comparable state or local agency or cooperating in any such investigation or proceeding; however, I understand and agree that I am waiving any and all rights to recover any monetary or personal relief from a Releasee as a result of such EEOC or comparable state or local agency or proceeding or subsequent legal actions. Further, nothing in this Agreement prohibits or restricts me from filing a charge or complaint with, or cooperating in any investigation with, any Government Agency. This Release of Claims does not limit my right to receive an award for information provided to a Government Agency.

6. I acknowledge that Cadence has given me at least 21 days in which to review and consider this Release of Claims, although I am free to accept this Agreement anytime within that 21-day period; however, if I sign this Agreement before the expiration of such 21-day period, I have knowingly and voluntarily waived any longer consideration period than the one provided to me and such earlier signature was not induced by Cadence through fraud, misrepresentation or a threat to withdraw or alter this Release of Claims prior to the expiration of such 21-day period. I have been advised, and hereby am advised in writing, to consult with an attorney about this Release of Claims. I fully understand the final and binding effect of this Release of Claims, and the only promises made to me to sign this Release of Claims are those stated herein and in the Agreement to which this Release of Claims is attached. I am signing this Release of Claims knowingly, voluntarily and of my own free will with the full intent of releasing the Releasees of all claims. I acknowledge and agree that I have carefully read this Release of Claims and that I understand and agree to each of the terms of this Release of Claims. If I accept this Release of Claims, I will have an additional seven days from the date that I sign this Release of Claims to revoke that acceptance, which I may effect by means of a written notice sent to the CEO. If this seven-day period expires without a timely revocation, this Release of Claims will become final and effective on the eighth day following the date of my signature.

Dated:

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Sign Name

**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 23, 2024

**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 23, 2024

**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, 2024 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 23, 2024

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.

**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, 2024 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 23, 2024

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.