

REFINITIV

# DELTA REPORT

## 10-Q

CDNS - CADENCE DESIGN SYSTEMS IN  
10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	5760
CHANGES	250
DELETIONS	1397
ADDITIONS	4113

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 **September 30, 2023** **March 31, 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

cdnslogoa02.jpg

CADENCE DESIGN SYSTEMS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of  
Incorporation or Organization)

00-0000000

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

2655 Seely Avenue, Building 5, San Jose, California

(Address of Principal Executive Offices)

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 [September 30, 2023](#) [March 31, 2024](#), approximately [272,062,000](#) [272,134,000](#) shares of the registrant's common stock, \$0.01 par value, were outstanding.

CADENCE DESIGN SYSTEMS, INC.  
INDEX

	<u>Page</u>
<b>PART I. FINANCIAL INFORMATION</b>	
Item 1. <a href="#">Financial Statements:</a>	
<a href="#">Condensed Consolidated Balance Sheets as of <a href="#">September 30, 2023</a> <a href="#">March 31, 2024</a> and <a href="#">December 31, 2022</a> <a href="#">December 31, 2023</a></a>	<a href="#">1</a>
<a href="#">Condensed Consolidated Income Statements for the three and nine months ended <a href="#">September 30, 2023</a> <a href="#">March 31, 2024</a> and <a href="#">October 1, 2022</a> <a href="#">March 31, 2023</a></a>	<a href="#">2</a>
<a href="#">Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended <a href="#">September 30, 2023</a> <a href="#">March 31, 2024</a> and <a href="#">October 1, 2022</a> <a href="#">March 31, 2023</a></a>	<a href="#">3</a>
<a href="#">Condensed Consolidated Statements of Stockholders' Equity for the three and nine months ended <a href="#">September 30, 2023</a> <a href="#">March 31, 2024</a> and <a href="#">October 1, 2022</a> <a href="#">March 31, 2023</a></a>	<a href="#">4</a>
<a href="#">Condensed Consolidated Statements of Cash Flows for the <a href="#">nine</a> <a href="#">three</a> months ended <a href="#">September 30, 2023</a> <a href="#">March 31, 2024</a> and <a href="#">October 1, 2022</a> <a href="#">March 31, 2023</a></a>	<a href="#">6</a> <a href="#">5</a>
<a href="#">Notes to Condensed Consolidated Financial Statements</a>	<a href="#">6</a>
Item 2. <a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	<a href="#">21</a>
Item 3. <a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	<a href="#">32</a> <a href="#">31</a>
Item 4. <a href="#">Controls and Procedures</a>	<a href="#">33</a>
<b>PART II. OTHER INFORMATION</b>	
Item 1. <a href="#">Legal Proceedings</a>	<a href="#">35</a> <a href="#">34</a>
Item 1A. <a href="#">Risk Factors</a>	<a href="#">35</a> <a href="#">34</a>
Item 2. <a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	<a href="#">35</a> <a href="#">34</a>
Item 3. <a href="#">Defaults Upon Senior Securities</a>	<a href="#">36</a> <a href="#">34</a>
Item 4. <a href="#">Mine Safety Disclosures</a>	<a href="#">36</a> <a href="#">34</a>
Item 5. <a href="#">Other Information</a>	<a href="#">36</a> <a href="#">34</a>
Item 6. <a href="#">Exhibits</a>	<a href="#">38</a> <a href="#">36</a>
<a href="#">Signatures</a>	<a href="#">39</a> <a href="#">38</a>

**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements**

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

	As of	
	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 961,982	\$ 882,325
Receivables, net	426,505	486,710
Inventories	163,693	128,005
Prepaid expenses and other	272,283	209,727
Total current assets	1,824,463	1,706,767
Property, plant and equipment, net	379,776	371,451
Goodwill	1,500,442	1,374,268
Acquired intangibles, net	347,617	354,617
Deferred taxes	874,805	853,691
Other assets	504,272	476,277
Total assets	<u>\$ 5,431,375</u>	<u>\$ 5,137,071</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Revolving credit facility	\$ —	\$ 100,000
Accounts payable and accrued liabilities	598,261	557,158
Current portion of deferred revenue	665,906	690,538
Total current liabilities	1,264,167	1,347,696
Long-term liabilities:		
Long-term portion of deferred revenue	100,609	91,524
Long-term debt	648,801	648,078
Other long-term liabilities	303,904	304,660
Total long-term liabilities	1,053,314	1,044,262
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Common stock and capital in excess of par value	3,077,954	2,765,673
Treasury stock, at cost	(4,463,484)	(3,824,163)
Retained earnings	4,612,485	3,895,240
Accumulated other comprehensive loss	(113,061)	(91,637)
Total stockholders' equity	3,113,894	2,745,113
Total liabilities and stockholders' equity	<u>\$ 5,431,375</u>	<u>\$ 5,137,071</u>

As of

	March 31, 2024	December 31, 2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,012,418	\$ 1,008,152
Receivables, net	389,865	489,224
Inventories	185,784	181,661
Prepaid expenses and other	341,865	297,180
Total current assets	1,929,932	1,976,217
Property, plant and equipment, net	433,016	403,213
Goodwill	1,575,107	1,535,845
Acquired intangibles, net	334,644	336,843
Deferred taxes	886,576	880,001
Other assets	562,855	537,372
Total assets	<u>\$ 5,722,130</u>	<u>\$ 5,669,491</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 349,507	\$ 349,285
Accounts payable and accrued liabilities	456,608	576,558
Current portion of deferred revenue	659,628	665,024
Total current liabilities	1,465,743	1,590,867
Long-term liabilities:		
Long-term portion of deferred revenue	87,003	98,931
Long-term debt	299,805	299,771
Other long-term liabilities	301,983	275,651
Total long-term liabilities	688,791	674,353
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Common stock and capital in excess of par value	3,331,547	3,166,964
Treasury stock, at cost	(4,840,181)	(4,604,323)
Retained earnings	5,184,027	4,936,384
Accumulated other comprehensive loss	(107,797)	(94,754)
Total stockholders' equity	3,567,596	3,404,271
Total liabilities and stockholders' equity	<u>\$ 5,722,130</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		Nine Months Ended		Three Months Ended	
		September	October	September	October 1,	March 31,	March 31,
		30, 2023	1, 2022	30, 2023	October 1, 2022		
Revenue:	Revenue:						
Product and maintenance	Product and maintenance	\$ 965,840	\$ 845,788	\$ 2,852,372	\$ 2,494,317		
Product and maintenance							
Product and maintenance							
Services	Services	57,254	56,766	168,991	167,524		
Total revenue	Total revenue	1,023,094	902,554	3,021,363	2,661,841		
Costs and expenses:	Costs and expenses:						
Cost of product and maintenance							
Cost of product and maintenance							
Cost of product and maintenance	Cost of product and maintenance	85,813	62,351	260,269	203,863		
Cost of services	Cost of services	23,768	25,249	70,642	74,245		
Marketing and sales	Marketing and sales	176,215	152,925	509,951	432,407		
Research and development	Research and development	369,642	323,629	1,074,353	901,121		
General and administrative	General and administrative	58,556	73,688	166,688	174,051		
Amortization of acquired intangibles	Amortization of acquired intangibles	4,612	3,946	13,181	13,543		
Restructuring	Restructuring	11,582	14	11,582	42		
Total costs and expenses	Total costs and expenses	730,188	641,802	2,106,666	1,799,272		
Income from operations	Income from operations	292,906	260,752	914,697	862,569		
Interest expense	Interest expense	(9,059)	(5,463)	(27,196)	(13,852)		
Other income (expense), net	Other income (expense), net	16,106	(3,017)	32,363	(13,879)		
Other income, net							
Income before provision for income taxes	Income before provision for income taxes	299,953	252,272	919,864	834,838		

Provision for income taxes	Provision for income taxes	45,632	65,967	202,619	226,278
Net income	Net income	\$ 254,321	\$ 186,305	\$ 717,245	\$ 608,560
Net income per share – basic	Net income per share – basic	\$ 0.94	\$ 0.69	\$ 2.66	\$ 2.24
Net income per share – diluted	Net income per share – diluted	\$ 0.93	\$ 0.68	\$ 2.63	\$ 2.21
Weighted average common shares outstanding – basic	Weighted average common shares outstanding – basic	269,229	271,131	269,480	271,694
Weighted average common shares outstanding – diluted	Weighted average common shares outstanding – diluted	272,427	274,957	272,859	275,683

See notes to condensed consolidated financial statements.

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

		Three Months Ended		Nine Months Ended		Three Months Ended	
		September	October	September	October	March 31,	March 31,
		30, 2023	1, 2022	30, 2023	1, 2022	2024	2023
Net income	Net income	\$ 254,321	\$ 186,305	\$ 717,245	\$ 608,560		
Other comprehensive loss, net of tax effects:							
Other comprehensive income (loss), net of tax effects:							
Foreign currency translation adjustments							
Foreign currency translation adjustments							
Foreign currency translation adjustments	Foreign currency translation adjustments	(21,692)	(40,768)	(20,546)	(90,764)		

Changes in defined benefit plan liabilities	Changes in defined benefit plan liabilities	132	15	537	1,942
Unrealized losses on investments		(991)	—	(1,415)	—
Total other comprehensive loss, net of tax effects		(22,551)	(40,753)	(21,424)	(88,822)
Unrealized gains (losses) on investments					
Total other comprehensive income (loss), net of tax effects					
Comprehensive income	Comprehensive income	\$ 231,770	\$ 145,552	\$ 695,821	\$ 519,738

See notes to condensed consolidated financial statements.

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

	Three Months Ended September 30, 2023					
	Common Stock					
	Shares	Par Value and Capital in Excess of Par	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, June 30, 2023	271,790	\$ 2,897,885	\$ (4,257,084)	\$ 4,358,164	\$ (90,510)	\$ 2,908,455
Net income	—	—	—	254,321	—	\$ 254,321
Other comprehensive loss, net of taxes	—	—	—	—	(22,551)	\$ (22,551)
Purchase of treasury stock	(811)	—	(125,008)	—	—	\$ (125,008)
Equity forward contract		61,688	(61,688)			\$ —
Issuance of common stock and reissuance of treasury stock under equity incentive plans, net of forfeitures	1,230	39,810	14,029	—	—	\$ 53,839
Stock received for payment of employee taxes on vesting of restricted stock	(147)	(9,461)	(33,733)	—	—	\$ (43,194)
Stock-based compensation expense	—	88,032	—	—	—	\$ 88,032
Balance, September 30, 2023	272,062	\$ 3,077,954	\$ (4,463,484)	\$ 4,612,485	\$ (113,061)	\$ 3,113,894
Three Months Ended October 1, 2022						



	Common Stock										
	Par Value and Capital in Excess of Par			Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total				
	Shares										
Balance, July 2, 2022	273,870	\$	2,590,893	\$	(3,352,827)	\$	3,468,543	\$	(81,380)	\$	2,625,229
Net income	—		—		—		186,305		—	\$	186,305
Other comprehensive loss, net of taxes	—		—		—		—		(40,753)	\$	(40,753)
Purchase of treasury stock	(959)		—		(150,013)		—		—	\$	(150,013)
Equity forward contract	—		17,965		(17,965)		—		—	\$	—
Issuance of common stock and reissuance of treasury stock under equity incentive plans, net of forfeitures	1,574		23,095		30,363		—		—	\$	53,458
Stock received for payment of employee taxes on vesting of restricted stock	(169)		(7,772)		(31,777)		—		—	\$	(39,549)
Stock-based compensation expense	—		73,451		—		—		—	\$	73,451
Balance, October 1, 2022	274,316	\$	2,697,632	\$	(3,522,219)	\$	3,654,848	\$	(122,133)	\$	2,708,128

	Nine Months Ended September 30, 2023						
	Common Stock						
	Par Value and Capital		Treasury Stock	Retained Earnings	Accumulated Other Comprehensive		
	in Excess of Par	Loss			Total		
	Shares						
Balance, December 31, 2022	272,675	\$ 2,765,673	\$(3,824,163)	\$ 3,895,240	\$ (91,637)	\$ 2,745,113	
Net income	—	—	—	717,245	—	\$ 717,245	
Other comprehensive loss, net of taxes	—	—	—	—	(21,424)	\$ (21,424)	
Purchase of treasury stock	(2,657)	—	(515,127)	—	—	\$ (515,127)	
Equity forward contract		1,688	(61,688)	—	—	\$ (60,000)	
Issuance of common stock and reissuance of treasury stock under equity incentive plans, net of forfeitures	2,527	91,894	39,447	—	—	\$ 131,341	
Stock received for payment of employee taxes on vesting of restricted stock	(483)	(20,229)	(101,953)	—	—	\$ (122,182)	
Stock-based compensation expense	—	238,928	—	—	—	\$ 238,928	
Balance, September 30, 2023	272,062	\$ 3,077,954	\$(4,463,484)	\$ 4,612,485	\$ (113,061)	\$ 3,113,894	
	Nine Months Ended October 1, 2022						

Nine Months Ended October 1, 2022

		Common Stock					
		Par Value			Accumulated		
		and Capital			Other		
		in Excess			Treasury	Retained	Comprehensive
		Shares	of Par	Stock	Earnings	Loss	Total
Balance, January 1, 2022		276,796	\$2,467,701	\$(2,740,003)	\$3,046,288	\$ (33,311)	\$2,740,675
Three Months Ended March 31, 2024							
Three Months Ended March 31, 2024							
Three Months Ended March 31, 2024							
		Common Stock					
		Par Value					
		Par Value					
		Par Value					
		and Capital					
		and Capital					
		and Capital					
		in Excess					
		in Excess					
		in Excess					
		Shares					
		Shares					
		Shares					
			of Par	Stock	Earnings	Loss	Total
Balance, December 31, 2023							
Net income	Net income	—	—	—	608,560	—	\$ 608,560
Other comprehensive loss, net of taxes	Other comprehensive loss, net of taxes	—	—	—	—	(88,822)	\$ (88,822)
Purchase of treasury stock	Purchase of treasury stock	(4,664)	—	(720,062)	—	—	\$ (720,062)
Equity forward contract		—	(12,035)	(17,965)	—	—	\$ (30,000)
Issuance of common stock and reissuance of treasury stock under equity incentive plans, net of forfeitures							
Issuance of common stock and reissuance of treasury stock under equity incentive plans, net of forfeitures							

Issuance of common stock and reissuance of treasury stock under equity incentive plans, net of forfeitures	Issuance of common stock and reissuance of treasury stock under equity incentive plans, net of forfeitures	2,738	60,327	43,353	—	—	\$ 103,680
Stock received for payment of employee taxes on vesting of restricted stock	Stock received for payment of employee taxes on vesting of restricted stock	(554)	(15,551)	(87,542)	—	—	\$ (103,093)
Stock-based compensation expense	Stock-based compensation expense	—	197,190	—	—	—	\$ 197,190
Balance, October 1, 2022		<u>274,316</u>	<u>\$2,697,632</u>	<u>\$(3,522,219)</u>	<u>\$3,654,848</u>	<u>\$ (122,133)</u>	<u>\$2,708,128</u>
Balance, March 31, 2024							

		Three Months Ended March 31, 2023					
		Three Months Ended March 31, 2023					
		Three Months Ended March 31, 2023					
	Common Stock						
	Par Value						
	Par Value						
	Par Value						
	and Capital						
	and Capital						
	and Capital						
	in Excess						
	in Excess						
	in Excess						
	Shares						
	Shares						
	Shares		of Par	Stock	Earnings	Loss	Total
Balance,							
December 31, 2022							
Net income							
Other comprehensive income, net of taxes							
Purchase of treasury stock							

Issuance of common stock and reissuance of treasury stock under equity incentive plans, net of forfeitures
Issuance of common stock and reissuance of treasury stock under equity incentive plans, net of forfeitures
Issuance of common stock and reissuance of treasury stock under equity incentive plans, net of forfeitures
Stock received for payment of employee taxes on vesting of restricted stock
Stock-based compensation expense
Balance, March 31, 2023

See notes to condensed consolidated financial statements.

CADENCE DESIGN SYSTEMS, INC. CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (In thousands) (Unaudited)					
		Nine Months Ended		Three Months Ended	
		September		March 31,	
		30, 2023	October 1, 2022	2024	March 31, 2023
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	\$ 882,325	\$1,088,940		
Cash flows from operating activities:	Cash flows from operating activities:				
Net income	Net income	717,245	608,560		
Net income					
Net income					
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:				

Depreciation and amortization				
Depreciation and amortization				
Depreciation and amortization	Depreciation and amortization	106,783	98,178	
Amortization of debt discount and fees	Amortization of debt discount and fees	942	810	
Stock-based compensation	Stock-based compensation	238,928	197,190	
(Gain) loss on investments, net		(12,732)	4,777	
Gain on investments, net				
Deferred income taxes	Deferred income taxes	(23,506)	(49,834)	
Provisions for losses on receivables	Provisions for losses on receivables	1,692	471	
ROU asset amortization and change in operating lease liabilities	ROU asset amortization and change in operating lease liabilities	(2,684)	(883)	
Other non-cash items	Other non-cash items	1,962	158	
Changes in operating assets and liabilities, net of effect of acquired businesses:	Changes in operating assets and liabilities, net of effect of acquired businesses:			
Receivables				
Receivables				
Receivables	Receivables	50,024	(57,309)	
Inventories	Inventories	(47,293)	(8,020)	
Prepaid expenses and other	Prepaid expenses and other	33,307	30,596	
Other assets	Other assets	(26,580)	17,644	
Accounts payable and accrued liabilities	Accounts payable and accrued liabilities	43,111	24,514	
Deferred revenue	Deferred revenue	(14,628)	113,712	
Other long-term liabilities	Other long-term liabilities	10,514	(2,305)	
Net cash provided by operating activities	Net cash provided by operating activities	1,077,085	978,259	

Cash flows from investing activities:	Cash flows from investing activities:		
Purchases of investments	Purchases of investments	(145,150)	(1,000)
Purchases of investments	Purchases of investments		
Proceeds from the sale and maturity of investments	Proceeds from the sale and maturity of investments	64,174	—
Purchases of property, plant and equipment	Purchases of property, plant and equipment	(68,634)	(86,295)
Purchases of intangible assets	Purchases of intangible assets	—	(1,000)
Cash paid in business combinations, net of cash acquired	Cash paid in business combinations, net of cash acquired		
Cash paid in business combinations, net of cash acquired	Cash paid in business combinations, net of cash acquired		
Cash paid in business combinations, net of cash acquired	Cash paid in business combinations, net of cash acquired	(163,963)	(586,163)
Net cash used for investing activities	Net cash used for investing activities	(313,573)	(674,458)
Cash flows from financing activities:	Cash flows from financing activities:		
Proceeds from term loan	Proceeds from term loan	—	300,000
Proceeds from revolving credit facility	Proceeds from revolving credit facility		
Proceeds from revolving credit facility	Proceeds from revolving credit facility	50,000	450,000
Payments on revolving credit facility	Payments on revolving credit facility	(150,000)	(300,000)
Payment of debt issuance costs	Payment of debt issuance costs	—	(425)
Proceeds from issuance of common stock	Proceeds from issuance of common stock		
Proceeds from issuance of common stock	Proceeds from issuance of common stock	131,341	103,682
Stock received for payment of employee taxes on vesting of restricted stock	Stock received for payment of employee taxes on vesting of restricted stock	(122,182)	(103,093)
Payments for repurchases of common stock	Payments for repurchases of common stock	(575,127)	(750,062)

Net cash used for financing activities	Net cash used for financing activities	(665,968)	(299,898)
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	(17,887)	(66,792)
Increase (decrease) in cash and cash equivalents		79,657	(62,889)
Increase in cash and cash equivalents			
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	\$ 961,982	\$ 1,026,051
Supplemental cash flow information:	Supplemental cash flow information:		
Supplemental cash flow information:			
Supplemental cash flow information:			
Cash paid for interest			
Cash paid for interest			
Cash paid for interest	Cash paid for interest	\$ 22,226	\$ 8,508
Cash paid for income taxes, net	Cash paid for income taxes, net	104,721	148,151

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, 2022** **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** **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**, **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**

In fiscal 2022, Cadence's Board of Directors approved a change in its fiscal year end from the Saturday closest to **is** December 31, of each year to **December 31** of each year. The **and its** fiscal year change became effective with Cadence's 2023 fiscal year, which began on January 1, 2023. Cadence's fiscal quarters **now** end on

March 31, June 30, and September 30. No transition report is required in connection with this change.

#### 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 October 23, 2023 April 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

There have been no recent Cadence has not recently adopted any accounting standard updates that are material or potentially material to Cadence. 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 nine months ended September 30, 2023 March 31, 2024 and October 1, 2022 March 31, 2023:

		Three Months											
		Ended		Nine Months Ended		Three Months Ended							
		September	October	September	October								
		30,	1,	30,	1,								
		2023	2022	2023	2022								
Custom Integrated Circuit ("IC") Design and Simulation	Custom Integrated Circuit ("IC") Design and Simulation												
Digital IC Design and Signoff	Digital IC Design and Signoff												
Functional Verification, including Emulation and Prototyping Hardware*	Functional Verification, including Emulation and Prototyping Hardware*												



Intellectual Property ("IP")	Intellectual Property ("IP")	11 %	12 %	11 %	13 %	Intellectual Property ("IP")				
System Design and Analysis	System Design and Analysis	13 %	12 %	12 %	11 %	System Design and Analysis				
Total	Total	100 %	100 %	100 %	100 %	Total				
							12 %		11 %	
							12 %		12 %	
							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 nine** months ended **September 30, 2023**, **March 31, 2024** or **October 1, 2022**, **March 31, 2023**.

Approximately 85% of Cadence's annual revenue is characterized as recurring revenue. 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 and individual IP licenses.

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

The following table shows the percentage of Cadence's revenue that is classified as recurring or up-front for the three **and nine** months ended **September 30, 2023**, **March 31, 2024** and **October 1, 2022**, **March 31, 2023**:

		Three Months					Three Months Ended			
		Ended		Nine Months Ended						
		September	October	September	October					
		30, 2023	1, 2022	30, 2023	1, 2022				March 31, 2024	March 31, 2023
Revenue recognized over time	Revenue recognized over time	83 %	81 %	80 %	82 %	Revenue recognized over time			87 %	77 %
Revenue from arrangements with non-cancelable commitments	Revenue from arrangements with non-cancelable commitments	2 %	3 %	3 %	2 %	Revenue from arrangements with non-cancelable commitments			3 %	3 %
Recurring revenue	Recurring revenue	85 %	84 %	83 %	84 %	Recurring revenue			90 %	80 %
Up-front revenue	Up-front revenue	15 %	16 %	17 %	16 %	Up-front revenue			10 %	20 %
Total	Total	100 %	100 %	100 %	100 %	Total			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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 were as follows:

		As of	
		March 31, 2024	December 31, 2023
		As of	
		September 30, 2023	December 31, 2022
		(In thousands)	
		(In thousands)	
Contract assets	Contract assets	\$ 14,353	\$ 22,766
Contract assets	Contract assets		
Deferred revenue	Deferred revenue	766,515	782,062

Cadence recognized revenue of \$106.6 million and \$632.4 million \$324.4 million during the three and nine months ended September 30, 2023 March 31, 2024, and \$63.9 million and \$488.9 million \$363.2 million during the three and nine months ended October 1, 2022 March 31, 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 \$5.4 billion \$6.0 billion as of September 30, 2023 March 31, 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 September 30, 2023 March 31, 2024, Cadence expected to recognize 54% 56% of the contracted but unsatisfied performance obligations, excluding non-cancelable commitments, as revenue over the next 12 months. months, 38% over the next 13 to 36 months and the remainder thereafter.

Cadence recognized revenue of \$13.5 million and \$40.3 million \$15.0 million during the three and nine months ended September 30, 2023 March 31, 2024, and \$12.1 million and \$35.2 million \$15.2 million during the three and nine months ended October 1, 2022 March 31, 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 were as follows:

		As of		As of	
		September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
		(In thousands)		(In thousands)	
Accounts receivable	Accounts receivable	\$ 264,580	\$ 314,666		
Unbilled accounts receivable	Unbilled accounts receivable	164,827	174,334		
Long-term receivables	Long-term receivables	9,009	2,735		
Total receivables	Total receivables	438,416	491,735		
Less allowance for doubtful accounts	Less allowance for doubtful accounts	(2,902)	(2,290)		
Total receivables, net	Total receivables, net	\$ 435,514	\$ 489,445		

Cadence's customers are primarily concentrated within the semiconductor and electronics systems industries. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, no single customer accounted for 10% or more of Cadence's total receivables.

#### NOTE 4. DEBT

Cadence's outstanding debt as of September 30, 2023 and December 31, 2022 was as follows:

	<div>September 30, 2023</div> <div>December 31, 2022</div>							<div>March 31, 2024</div>		<div>December 31, 2023</div>				
	(In thousands)							(In thousands)						
	Principal							Principal	Discount	Unamortized Carrying Value	Principal	Discount	Unamortized Carrying Value	
	<div>Unamortized Carrying</div> <div>Principal Discount Value</div>							<div>Unamortized Carrying</div> <div>Principal Discount Value</div>						
Revolving Credit Facility	\$ —	\$ —	\$ —	\$100,000	\$ —	\$100,000								
2024 Notes														
2024 Notes														
2024 Notes	2024 Notes	350,000	(936)	349,064	350,000	(1,581)	348,419							
2025 Term Loan	2025 Term Loan	300,000	(263)	299,737	300,000	(341)	299,659							
Total outstanding debt	Total outstanding debt	\$650,000	\$ (1,199)	\$648,801	\$750,000	\$ (1,922)	\$748,078							

#### 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 March 31, 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 **September 30, 2023** **March 31, 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. **The As of March 31, 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 March 31, 2024, the fair value of the 2024 Notes was approximately \$345.7 million as of September 30, 2023 \$347.4 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. 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 September 30, 2023 March 31, 2024, the interest rate on the 2025 Term Loan was 6.18% 6.17%. 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 September 30, 2023 March 31, 2024, Cadence was in compliance with all financial covenants associated with the 2025 Term Loan.

## NOTE 5. ACQUISITIONS

On September 6, 2023 January 8, 2024, Cadence acquired all of the serializer/deserializer ("SerDes") and memory interface physical layer ("Memory") IP business from Rambus outstanding equity of Invecas, Inc. ("Rambus" Invecas) for an, a provider of design engineering, embedded software and system-level solutions. The aggregate cash consideration for Cadence's acquisition of \$108.6 million Invecas, net of cash acquired of \$23.8 million, was \$71.5 million. Memory 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 SerDes IP design embedded software. Subject to service and integration continues other conditions, Cadence expects to be integral recognize expense for consideration paid to certain former Invecas shareholders, now employed by Cadence, through the design first quarter of artificial intelligence, data center and hyperscale applications, CPU architectures and networking devices. The addition of the Rambus IP and seasoned team accelerates Cadence's Intelligent System Design strategy and strengthens Cadence's IP technology portfolio, fiscal 2028.

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

	Fair Value	
	(In thousands)	
Current assets	\$	1,460 50,608
Goodwill		80,999 42,480
Acquired intangibles		26,000 15,500
Other long-term assets		2,798 24,402
Total assets acquired		111,257 132,990
Current liabilities		2,531 17,114
Long-term liabilities		142 20,635
Total liabilities assumed		2,673 37,749
Total purchase consideration	\$	108,584 95,241

TheAs of March 31, 2024, the allocation of purchase consideration to certain assets and liabilities has not been finalized. 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 recorded goodwill is attributed to intangible assets that do not qualify for separate recognition, including the acquired assembled workforce, and will be deductible for tax purposes.

Definite-lived intangible assets acquired with Cadence's acquisition allocation of the SerDes and Memory business from Rambus were as follows:

	Weighted Average Amortization	
	Fair Value	Period
	(In thousands)	(in years)
Existing technology	\$ 16,700	5.0 years
Agreements and relationships	9,300	7.0 years
Total acquired intangibles with definite lives	\$ 26,000	5.7 years

On May 4, 2023, Cadence acquired all of the outstanding equity of Pulsic, Ltd. ("Pulsic"), a longtime provider of production-proven technology for floor-planning, placement, and routing of custom ICs. The addition of Pulsic's technologies and experienced team supports Cadence's Intelligent System Design strategy and strengthens Cadence's Custom IC Design and Simulation technology portfolio. The aggregate cash consideration for Cadence's acquisition of Pulsic, net of cash acquired of \$3.8 million, was \$56.1 million. Subject to service and other conditions, Cadence expects to recognize expense for consideration paid to certain former Pulsic shareholders, now employed by Cadence, through the second quarter of fiscal 2025.

The total purchase consideration was allocated to the assets acquired and liabilities assumed with Cadence's acquisition of Pulsic based on their respective fair values on may change materially as additional information about conditions existing at the acquisition date as follows:

	Fair Value
	(In thousands)
Current assets	\$ 4,369
Goodwill	47,448
Acquired intangibles	12,400
Other long-term assets	89
Total assets acquired	64,306
Current liabilities	1,553
Long-term liabilities	2,885
Total liabilities assumed	4,438
Total purchase consideration	\$ 59,868

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.

Definite-livedThe definite-lived intangible assets acquired with Cadence's acquisition of Pulsic were as follows:

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.	Fair Value	Weighted Average Amortization
	(In thousands)	Period
		(in years)
Existing technology	\$ 8,000	6.2 years
Agreements and relationships	4,100	8.0 years
Tradenames, trademarks and patents	300	6.0 years
Total acquired intangibles with definite lives	\$ 12,400	6.8 years

#### Pro Forma Financial Information

Cadence has not presented pro forma financial information for the businesses acquired during fiscal 2023 its acquisition of Invecas because the results of operations for these businesses Invecas 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 nine months ended September 30, 2023 March 31, 2024 and March 31, 2023, transaction costs associated with acquisitions were \$4.3 million \$9.0 million and \$10.3 million, respectively. During the three and nine months ended October 1, 2022, transaction costs associated with acquisitions were \$3.6 million and \$10.1 million \$2.9 million, respectively.

#### NOTE 6. GOODWILL AND ACQUIRED INTANGIBLES

##### Goodwill

The changes in the carrying amount of goodwill during the nine three months ended September 30, 2023 March 31, 2024 were as follows:

		Gross Carrying Amount
		(In thousands)
Balance as of <b>December 31, 2022</b>	December 31, 2023	\$ 1,374,268 1,535,845
Goodwill resulting from acquisitions		128,447 42,480
Effect of foreign currency translation		(2,273) (3,218)
Balance as of <b>September 30, 2023</b>	March 31, 2024	\$ 1,500,442 1,575,107

#### Acquired Intangibles, Net

Acquired intangibles as of **September 30, 2023** March 31, 2024 were as follows, excluding intangibles that were fully amortized as of December 31, 2022: follows:

		Gross Carrying Amount	Accumulated Amortization	Acquired Intangibles, Net
		Gross Carrying Amount	Accumulated Amortization	Acquired Intangibles, Net
		(In thousands)	(In thousands)	
Existing technology	Existing technology	\$ 323,359	\$ (129,807)	\$ 193,552
Agreements and relationships	Agreements and relationships	194,625	(56,671)	137,954
Tradenames, trademarks and patents	Tradenames, trademarks and patents	13,242	(3,931)	9,311
Total acquired intangibles with definite lives		531,226	(190,409)	340,817
In-process technology		6,800	—	6,800
Total acquired intangibles	Total acquired intangibles	\$ 538,026	\$ (190,409)	\$ 347,617
Total acquired intangibles				
Total acquired intangibles				

In-process technology as of September 30, 2023 consisted of acquired projects that, if completed, will contribute to Cadence's existing product offerings. As of September 30, 2023, these projects were expected to be completed during the first quarter of fiscal 2024. During the three and nine months ended **September 30, 2023** March 31, 2024, there were no transfers from Cadence completed certain projects previously included in in-process technology and transferred \$6.8 million to existing technology.

Acquired intangibles as of **December 31, 2022** December 31, 2023 were as follows, excluding intangibles that were fully amortized as of January 1, 2022: follows:

		Gross Carrying Amount	Accumulated Amortization	Acquired Intangibles, Net
		Gross Carrying Amount	Accumulated Amortization	Acquired Intangibles, Net
		(In thousands)	(In thousands)	
Existing technology	Existing technology	\$ 479,796	\$ (278,851)	\$ 200,945
Agreements and relationships	Agreements and relationships	274,624	(137,847)	136,777

Tradenames, trademarks and patents	Tradenames, trademarks and patents	12,979	(2,884)	10,095
Total acquired intangibles with definite lives	Total acquired intangibles with definite lives	\$ 767,399	\$ (419,582)	\$ 347,817
In-process technology	In-process technology	6,800	—	6,800
Total acquired intangibles	Total acquired intangibles	\$ 774,199	\$ (419,582)	\$ 354,617

Amortization expense from existing technology and maintenance agreements is included in cost of product and maintenance. Amortization expense for the three and nine months ended **September 30, 2023**, **March 31, 2024** and **October 1, 2022**, **March 31, 2023** by condensed consolidated income statement caption was as follows:

		Three Months Ended		Nine Months Ended		Three Months Ended	
		September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022	March 31, 2024	March 31, 2023
		(In thousands)				(In thousands)	
Cost of product and maintenance	Cost of product and maintenance	\$ 10,991	\$ 8,867	\$ 31,869	\$ 30,906		
Amortization of acquired intangibles	Amortization of acquired intangibles	4,612	3,946	13,181	13,543		
Total amortization of acquired intangibles	Total amortization of acquired intangibles	\$ 15,603	\$ 12,813	\$ 45,050	\$ 44,449		

As of **September 30, 2023**, **March 31, 2024**, the estimated amortization expense for intangible assets with definite lives was as follows for the following five fiscal years and thereafter:

	(In thousands)	(In thousands)
2023 - remaining period	\$ 16,309	
2024	63,382	
2024 - remaining period		
2025	50,658	
2026	44,879	
2027	42,438	
2028	38,371	
2029		
Thereafter	84,780	



Total	Total	
estimated	estimated	
amortization	amortization	
expense	expense	\$ 340,817

#### NOTE 7. STOCK-BASED COMPENSATION

Stock-based compensation expense is reflected in Cadence's condensed consolidated income statements for the three and nine months ended September 30, 2023 March 31, 2024 and October 1, 2022 March 31, 2023 as follows:

		Three Months Ended		Nine Months Ended	
		September	October	September	October
		30,	1,	30,	1,
		2023	2022	2023	2022
		(In thousands)			
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31,		March 31,	March 31,
		2024		2024	2023
		(In thousands)			
Cost of product and maintenance	Cost of product and maintenance	\$ 1,191	\$ 1,046	\$ 3,292	\$ 2,751
Cost of services	Cost of services	1,516	1,331	4,190	3,494
Marketing and sales	Marketing and sales	18,042	14,991	48,819	39,650
Research and development	Research and development	53,013	43,327	142,142	115,516
General and administrative	General and administrative	14,270	12,756	40,485	35,779
Total stock-based compensation expense	Total stock-based compensation expense	\$ 88,032	\$ 73,451	\$ 238,928	\$ 197,190

Cadence had total unrecognized compensation expense related to stock option and restricted stock grants of \$621.5 million \$567.5 million as of September 30, 2023 March 31, 2024, which will be recognized over a weighted average vesting period of 2.0 years.

#### NOTE 8. STOCK REPURCHASE PROGRAM

In August 2023, Cadence's Board of Directors increased the prior authorization to repurchase shares of Cadence common stock by authorizing an additional \$1.0 billion. The actual timing and amount of repurchases are subject to business and market conditions, corporate and regulatory requirements, stock price, acquisition opportunities and other factors.

During the three and nine months ended September 30, 2023, Cadence repurchased approximately 0.5 million and 1.8 million shares on the open market, for an aggregate purchase price of \$125 million and \$375 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 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.

As of September 30, 2023 March 31, 2024, approximately \$1.5 billion \$1.3 billion of Cadence's share repurchase authorization remained available to repurchase shares of Cadence common stock.

The shares repurchased under Cadence's repurchase authorizations and the total cost of repurchased shares, including commissions, during the three and nine months ended September 30, 2023, March 31, 2024 and October 1, 2022, March 31, 2023 were as follows:

		Three Months Ended		Nine Months Ended	
		September	October	September	October
		30,	1,	30,	1,
		2023*	2022**	2023	2022
		(In thousands)			
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31,		March 31,	
		2024		2024	
				March 31,	
				2023	
		(In thousands)			
Shares	Shares				
repurchased	repurchased	811	959	2,657	4,664
Total cost of	Total cost of				
repurchased	repurchased				
shares	shares	\$ 185,008	\$ 180,013	\$ 575,127	\$ 750,062

\*Includes 276 thousand shares and \$60 million equity forward contract from the June 2023 ASR settled in August 2023.

\*\*Includes 109 thousand shares and \$30 million equity forward contract from the June 2022 ASR settled in September 2022.

#### NOTE 9. RESTRUCTURING

In August 2023, Cadence initiated a restructuring plan (the "2023 Restructuring Plan") designed to better align its resources with its business strategy. The charges incurred with the 2023 Restructuring Plan during the three and nine months ended September 30, 2023, are comprised of severance payments and termination benefits related to headcount reductions and are included in restructuring on Cadence's condensed consolidated income statements.

In addition to headcount reductions, Cadence is evaluating certain facilities for closure as part of the 2023 Restructuring Plan. During the three and nine months ended September 30, 2023, no facility-related restructuring charges were incurred, and charges in future periods for the facilities under consideration are not expected to exceed \$5 million.

The following table presents activity for the 2023 Restructuring Plan during the nine months ended September 30, 2023:

	Severance and Benefits
	(In thousands)
Balance as of December 31, 2022	\$ —
Restructuring charges	11,582
Cash payments	(2,620)
Effect of foreign currency translation	(117)
Balance as of September 30, 2023	\$ 8,845

All liabilities for severance and related benefits under the 2023 Restructuring Plan are included in accounts payable and accrued liabilities on Cadence's condensed consolidated balance sheets as of September 30, 2023. Cadence expects to make cash payments to settle these liabilities through the first half of fiscal 2024.

#### NOTE 10. OTHER INCOME, (EXPENSE), NET

Cadence's other income, (expense), net, for the three and nine months ended September 30, 2023, March 31, 2024 and October 1, 2022 are March 31, 2023 were as follows:

--	--

	Three Months Ended		Nine Months Ended	
	September 30,	October 1,	September 30,	October 1,
	2023	2022	2023	2022
	(In thousands)			
Interest income	\$ 8,453	\$ 3,051	\$ 22,253	\$ 4,941
Gains (losses) on marketable equity investments	14,339	(408)	14,960	(1,993)
Losses on non-marketable equity investments	(1,050)	(1,246)	(2,225)	(2,786)
Gains (losses) on securities in Non-Qualified Deferred Compensation ("NQDC") trust	(1,749)	(2,885)	4,556	(11,977)
Losses on foreign exchange	(3,568)	(1,299)	(4,649)	(1,418)
Other expense, net	(319)	(230)	(2,532)	(646)
Total other income (expense), net	\$ 16,106	\$ (3,017)	\$ 32,363	\$ (13,879)

	Three Months Ended	
	March 31,	March 31,
	2024	2023
	(In thousands)	
Interest income	\$ 9,512	\$ 6,373
Gains on investments	55,394	123
Gains on securities in Non-Qualified Deferred Compensation ("NQDC") trust	4,588	3,150
Losses on foreign exchange	(331)	(1,043)
Other expense, net	(384)	(319)
Total other income, net	\$ 68,779	\$ 8,284

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 11.10. 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 nine months ended September 30, 2023 March 31, 2024 and October 1, 2022 March 31, 2023 are as follows:

	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,	October 1,	September 30,	October 1,	March 31,	March 31,
	2023	2022	2023	2022	2024	2023
	(In thousands, except per share amounts)				(In thousands, except per share amounts)	
Net income	\$ 254,321	\$ 186,305	\$ 717,245	\$ 608,560		

Weighted average common shares used to calculate basic net income per share	Weighted average common shares used to calculate basic net income per share	269,229	271,131	269,480	271,694
Stock-based awards	Stock-based awards	3,198	3,826	3,379	3,989
Weighted average common shares used to calculate diluted net income per share	Weighted average common shares used to calculate diluted net income per share	272,427	274,957	272,859	275,683
Net income per share - basic	Net income per share - basic	\$ 0.94	\$ 0.69	\$ 2.66	\$ 2.24
Net income per share - diluted	Net income per share - diluted	\$ 0.93	\$ 0.68	\$ 2.63	\$ 2.21

The following table presents shares of Cadence's common stock outstanding for the three and nine months ended September 30, 2023 March 31, 2024 and October 1, 2022 March 31, 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				Three Months Ended	
		Ended		Nine Months Ended			
		September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022	March 31, 2024	March 31, 2023
		(In thousands)				(In thousands)	
Long-term market-based awards	Long-term market-based awards	1,866	1,761	1,841	1,485		
Options to purchase shares of common stock	Options to purchase shares of common stock	262	514	373	678		
Non-vested shares of restricted stock	Non-vested shares of restricted stock	807	26	288	63		

Total	Total				
potential	potential				
common	common				
shares	shares				
excluded	excluded	2,935	2,301	2,502	2,226

## NOTE 12.11. 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 (expense), net in Cadence's condensed consolidated income statements. The carrying value of marketable equity investments was \$58.4 million \$93.6 million and \$4.5 million \$80.6 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

#### Marketable Debt Securities

The following is a summary of Cadence's available-for-sale debt securities recorded within prepaid expenses and other on the condensed consolidated balance sheet as of September 30, 2023:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
<u>Available-for-sale securities</u>				
Mortgage-backed and asset-backed securities	\$ 44,042	\$ 6	\$ (1,421)	\$ 42,627
Total available-for-sale securities	\$ 44,042	\$ 6	\$ (1,421)	\$ 42,627

Gross unrealized gains and losses are recorded as a component of accumulated other comprehensive loss on Cadence's condensed consolidated balance sheets.

As of September 30, 2023, 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	8,366
Due after 5 years through 10 years	14,174
Due after 10 years	20,087
Total	\$ 42,627

As of September 30, 2023, Cadence does not intend to sell any of its available-for-sale securities in an unrealized loss position, and it is more likely than not that Cadence will hold the securities until maturity or a recovery of the cost basis.

#### 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 \$112.6 million \$109.6 million and \$117.7 million \$111.1 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Cadence records its proportionate share of net income from the investee, offset by amortization of basis differences, to other income (expense), net in Cadence's condensed consolidated income statements. For the three and nine months ended September 30, 2023 March 31, 2024 and March 31, 2023, Cadence recognized losses of \$1.0 million \$0.4 million and \$2.2 million, respectively. For the three and nine months ended October 1, 2022, Cadence recognized losses of \$1.2 million and \$2.5 million \$0.1 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 \$2.2 million \$27.1 million and \$2.3 million \$27.2 million as of

September 30, 2023, March 31, 2024 and December 31, 2022, 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	
	March 31, 2024	March 31, 2023
	(In thousands)	
Net gains recognized on equity securities	\$ 55,398	\$ 123
Less: Net gains recognized on equity securities sold	(20,367)	—
Net gains recognized on equity securities still held	\$ 35,031	\$ 123

#### 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 March 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
<u>Available-for-sale debt securities</u>				
Mortgage-backed and asset-backed securities	\$ 51,268	\$ 206	\$ (466)	\$ 51,008
Total available-for-sale securities	\$ 51,268	\$ 206	\$ (466)	\$ 51,008

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

Gross unrealized gains and losses are recorded as a component of accumulated other comprehensive loss on Cadence's condensed consolidated balance sheets.

As of March 31, 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	10,856
Due after 5 years through 10 years	16,564
Due after 10 years	23,588
Total	\$ 51,008

As of March 31, 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 13.12. 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 **nine** **three** months ended **September 30, 2023** **March 31, 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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**:

		Fair Value Measurements as of September 30, 2023				Fair Value Measurements as of March 31, 2024					
					Level						
		Total	Level 1	Level 2	3	Total	Level 1	Level 2	Level 3		
		(In thousands)				(In thousands)					
Assets	Assets										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash equivalents:	Cash equivalents:										
Cash											

Marketable equity securities					
Marketable equity securities	Marketable equity securities	58,411	58,411	—	—
Mortgage-backed and asset-backed securities	Mortgage-backed and asset-backed securities	42,627	—	42,627	—
Securities held in NQDC trust	Securities held in NQDC trust	67,324	67,324	—	—
Securities held in NQDC trust					
Securities held in NQDC trust					
Total Assets	Total Assets	\$612,665	\$570,038	\$42,627	\$ —
Total Assets					
Total Assets					

Total	Level 1	Level 2	Level 3
(In thousands)			

Liabilities
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts



Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Foreign currency exchange contracts
Total
Liabilities

	Total	Level 1	Level 2	Level 3	
	(In thousands)				
<u>Liabilities</u>					
Foreign currency exchange contracts	\$ 10,102	\$ —	\$ 10,102	\$ —	
Total Liabilities	\$ 10,102	\$ —	\$ 10,102	\$ —	
	Fair Value Measurements as of December 31, 2022				
	Total	Level 1	Level 2	Level 3	
	(In thousands)				
<u>Assets</u>					
Cash equivalents:					
Cash equivalents:					
Cash equivalents:					
Cash equivalents:					
Cash equivalents:					
Cash equivalents:					
Cash equivalents:					
Cash equivalents:					
Cash equivalents:					
Cash equivalents:					
Cash equivalents:					
Cash equivalents:					
Cash equivalents:					

Fair Value Measurements as of December 31, 2023				Level
Total	Level 1	Level 2		3
(In thousands)				

Cash equivalents:						
Cash equivalents:						
Cash equivalents:						
Cash equivalents:						
Cash equivalents:						
Cash equivalents:						
Cash equivalents:						
Cash equivalents:						
Cash equivalents:						
Money market funds	Money market funds	\$548,373	\$548,373	\$	—	\$
Money market funds						
Money market funds						
Marketable securities:						
Marketable equity securities	Marketable equity securities	4,490	4,490	—	—	—
Marketable equity securities						
Marketable equity securities						
Mortgage-backed and asset-backed securities						
Securities held in NQDC trust	Securities held in NQDC trust	55,605	55,605	—	—	—
Foreign currency exchange contracts	Foreign currency exchange contracts	5,306	—	5,306	—	—
Total Assets	Total Assets	\$613,774	\$608,468	\$	5,306	\$

As of December 31, 2022, Cadence did not have any financial liabilities requiring a recurring fair value measurement.

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

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

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 **nine three** months ended **September 30, 2023** **March 31, 2024**, Cadence acquired intangible assets of **\$38.4 million** **\$15.5 million**. 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 rates between 10% and 13% annually, before applying an assumed royalty rate between 25% and 30%.

For agreements and relationships, the fair value was determined by using the multi-period excess earnings method. This method reflects the present value of the projected cash flows that are expected to be generated from existing customers, less charges representing the contribution of other assets to those cash flows. Projected income from existing customer relationships was determined using a customer retention rates between 80% and 90% rate of 85%. The present value of operating cash flows from existing customers was determined using a discount rates between 13.5% and 15% rate of 14.0%.

NOTE 14. 13. INVENTORY

Cadence's inventory balances as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** were as follows:

		As of		As of	
		September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
		(In thousands)		(In thousands)	
Inventories:	Inventories:				
Raw materials	Raw materials	\$ 154,097	\$113,982		
Raw materials	Raw materials				
Work-in-process	Work-in-process				
Finished goods	Finished goods	9,596	14,023		
Total inventories	Total inventories	\$ 163,693	\$128,005		

NOTE 15. 14. COMMITMENTS AND CONTINGENCIES

Acquisition of BETA CAE Systems International AG

On March 2, 2024, Cadence entered into a definitive agreement to acquire all of the outstanding equity of BETA CAE Systems International AG ("BETA CAE"), a system analysis platform provider of multi-domain, engineering simulation solutions. 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. The acquisition is expected to close during Cadence's second quarter of fiscal 2024.

At close, Cadence will pay aggregate consideration based on an enterprise value of \$1.24 billion (the "Purchase Price"), with 60% of the Purchase Price to be paid in cash and 40% to be paid through the issuance of Cadence common stock to current BETA CAE shareholders. Cadence intends to fund the cash consideration through a combination of cash on hand and borrowings under existing and/or new debt facilities.

The agreement contains warranties, covenants, closing conditions and indemnities customary for acquisitions of this nature. Among other conditions, the transaction is conditioned on the expiration or termination of the applicable waiting period under the Hart-Scott Rodino Antitrust Improvements Act of 1976, as amended, and receipt of other required approvals under antitrust and foreign direct investment laws of certain other specified jurisdictions.

The agreement also provides for customary termination rights for the parties, including the right to terminate the agreement due to the failure to obtain required regulatory approvals on or prior to May 31, 2024 (subject to two automatic extensions until November 29, 2024, the "Longstop Date"). Under the terms of the agreement, Cadence will be required to pay a reverse termination fee of up to \$60 million in the event the agreement is terminated due to the failure to obtain such required regulatory approvals on or prior to the Longstop Date.

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 \$49 million from the Korea taxing authorities for years 2017-2019. The tax audit assessment is primarily related to value-added taxes. Cadence is 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 September 30, 2023 March 31, 2024 or December 31, 2022 December 31, 2023 as Cadence does not believe a loss is probable because it believes it will ultimately prevail in full, probable. The entire dispute resolution process may take from one 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 nine months ended September 30, 2023 March 31, 2024 and October 1, 2022 March 31, 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.

In connection with a litigation campaign launched in April 2022 by Bell Semiconductor LLC ("Bell Semi"), a patent monetization entity, some customers sought defense and indemnification against claims of patent infringement asserted by Bell Semi in various district court litigation and at the U.S. International Trade Commission. Bell Semi alleged that the customers' use of one or more features of certain Cadence products infringed one or more of six patents held by Bell Semi. Cadence offered to defend some of its customers consistent with the terms of the applicable license agreements. On July 25, 2023, Cadence and Bell Semi reached a settlement agreement involving the six patents-in-suit. The settlement amount was not material to Cadence.

Cadence did not incur any material losses from indemnification claims during the three and nine months ended September 30, 2023 March 31, 2024 and October 1, 2022 March 31, 2023.

#### NOTE 16. 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

		As of	
		September	December
		30,	31,
		2023	2022
		As of	As of
		March 31,	December 31,
		2024	2023
		(In thousands)	
Foreign currency	Foreign currency		
translation loss	translation loss	\$ (106,409)	\$ (85,863)
Changes in defined	Changes in defined		
benefit plan	benefit plan		
liabilities	liabilities	(5,237)	(5,774)
Unrealized losses on investments		(1,415)	—

Unrealized gains (losses) on investments			
Total	Total		
accumulated	accumulated		
other	other		
comprehensive	comprehensive		
loss	loss	\$ (113,061)	\$ (91,637)

For the three and nine months ended September 30, 2023 March 31, 2024 and October 1, 2022 March 31, 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 17. 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 nine months ended September 30, 2023 March 31, 2024 and October 1, 2022 March 31, 2023:

		Three Months Ended		Nine Months Ended		Three Months Ended	
		September	October	September			
		30,	1,	30,	October 1,	March 31,	March 31,
		2023	2022	2023	2022	2024	2023
		(In thousands)				(In thousands)	
Americas:	Americas:						
United States	United States	\$ 421,547	\$392,222	\$1,241,488	\$1,174,734		
United States	United States						
United States	United States						
Other Americas	Other Americas	15,800	15,165	47,884	39,010		
Total Americas	Total Americas	437,347	407,387	1,289,372	1,213,744		
Asia:	Asia:						
China	China						
China	China						
China	China	172,022	148,325	523,694	401,460		
Other Asia	Other Asia	197,831	156,250	558,687	466,891		
Total Asia	Total Asia	369,853	304,575	1,082,381	868,351		
Europe, Middle East and Africa	Europe, Middle East and Africa	158,194	142,983	479,268	431,660		
Japan	Japan	57,700	47,609	170,342	148,086		
Total	Total	\$1,023,094	\$902,554	\$3,021,363	\$2,661,841		

The following table presents a summary of long-lived assets by geography as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

	As of	
	September 30, 2023	December 31, 2022
	(In thousands)	
Americas:		
United States	\$ 364,932	\$ 347,822
Other Americas	10,169	7,548
Total Americas	375,101	355,370
Asia:		
China	41,386	51,667
Other Asia	70,743	73,329
Total Asia	112,129	124,996
Europe, Middle East and Africa	51,291	56,959
Japan	2,820	4,505
Total	\$ 541,341	\$ 541,830

#### NOTE 18. SUBSEQUENT EVENT

On October 2, 2023, Cadence acquired all of the outstanding equity of Intrinsix Corporation ("Intrinsix") from CEVA, Inc. The acquisition enhances Cadence's system and IC design services resources with the addition of a team with expertise in advanced nodes, radio frequency, mixed-signal and security algorithms. The acquisition also expands Cadence's reach in key high-growth verticals, including aerospace and defense. The aggregate cash consideration of approximately \$35 million will be allocated to the assets acquired and liabilities assumed based on their estimated fair values on the acquisition date. Cadence expects to complete the initial accounting for its acquisition of Intrinsix during the fourth quarter of fiscal 2023.

	As of	
	March 31, 2024	December 31, 2023
	(In thousands)	
Americas:		
United States	\$ 404,492	\$ 383,807
Other Americas	9,465	10,219
Total Americas	413,957	394,026
Asia:		
China	27,949	29,598
Other Asia	84,454	71,365
Total Asia	112,403	100,963
Europe, Middle East and Africa	55,583	56,449
Japan	2,000	2,572
Total	\$ 583,943	\$ 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, 2022** **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, **the** 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 charges and 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,” and “Liquidity and Capital Resources” sections contained in this Quarterly Report, the “Risk Factors” section contained in our Annual Report, and our subsequent Quarterly Reports on Form 10-Q, 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 leader leading pioneer in electronic system design software and intellectual property (“IP”), building upon more than 30 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 apply 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 underlying 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 deliver computational software, hardware and intellectual property (“IP”) that turn quickly adapt to our customers' dynamic design concepts into reality. We enable our customers to develop electronic products. Our products and services are designed to give our customers a competitive edge in their development of integrated circuits (“ICs”), systems-on-chip (“SoCs”), and increasingly sophisticated electronic devices and systems. Our products and services do this by optimizing performance, minimizing power consumption, shortening the time to bring our customers' products to market, improving engineering productivity and reducing their design, development and manufacturing costs.

Our strategy is to provide the technology necessary for our customers to develop products across a variety of vertical markets including consumer, hyperscale computing, mobile, 5G communications, automotive, aerospace and defense, industrial, healthcare and life sciences requirements. Our products and services enable our customers to develop complex and innovative semiconductor and electronic products, systems, so demand for our technology and expertise is driven by increasing complexity and our customers' investment need to invest in new designs and products, 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.”

## Fiscal Year End Recent Acquisition

In Consistent with our Intelligent System Design strategy, during the first quarter of fiscal 2022, 2024, we completed our Board acquisition of Directors approved Invecas, Inc. (“Invecas”), a change 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 fiscal year end from the Saturday closest to December 31 of each year to December 31 of each year. The fiscal year change became effective beginning with our 2023 fiscal year, which began on January 1, 2023. Our fiscal quarters now end on March 31, June 30, and September 30, condensed consolidated income statements.

## Macroeconomic and Geopolitical Environment

Because we operate globally, our business is subject to the effects of expanded trade control laws and regulations, geopolitical conflict economic downturns or recessions in and around Ukraine, Israel and other areas of the world, regions in which we do business, volatility in foreign currency exchange rates relative to the United States ("U.S.") dollar, and the rise in interest rates. rates, expanded trade control laws and regulations, and geopolitical conflicts.

We have been impacted by the continued expansion of trade control laws and regulations, that include including certain export control restrictions concerning advanced node IC production in China, the inclusion of additional Chinese technology companies on the Bureau of Industry and Security ("BIS") "Entity List" and regulations governing the sale of certain technologies. 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, and their effects on our business. During the first half of fiscal 2022, due to including the ongoing conflict between Russia and Ukraine and the corresponding sanctions imposed by conflict in the United States Middle East, and other countries, we terminated assess their impact on our operations in Russia. The termination of our operations in Russia has business. These conflicts have not materially limited our ability to develop or support our products and has have not had a material impact on our results of operations, financial condition, liquidity or cash flows. We do not have operations or employees in Ukraine.

More recently, the conflict in the Middle East has had an impact on our employees and our customers in that region of the world. It is too early to determine the full extent of the impact this conflict could have on our business and our operations, and our assessment of the potential impacts is ongoing.

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" sections section in our Annual Report and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (the "Q1 Report"). 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 nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended October 1, 2022 March 31, 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; support, including headcount from acquisitions;
- Incremental costs for professional services associated with acquisitions; and
- Restructuring activities designed to better align Gains from our resources with our business strategy. 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.

Approximately 85% of our annual revenue is characterized as recurring revenue. 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 and individual IP licenses. The percentage of our recurring and up-front revenue and fluctuations in revenue within our geographies are impacted by delivery of hardware and IP products to our customers in any single fiscal period.

The following table shows the percentage of our revenue that is classified as recurring or up-front for the three and nine months ended September 30, 2023 March 31, 2024 and October 1, 2022 March 31, 2023:



		Three Months				Three Months Ended			
		Ended		Nine Months Ended					
		September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022				
								March 31, 2024	March 31, 2023
Revenue recognized over time	Revenue recognized over time	83 %	81 %	80 %	82 %	Revenue recognized over time		87 %	77 %
Revenue from arrangements with non-cancelable commitments	Revenue from arrangements with non-cancelable commitments	2 %	3 %	3 %	2 %	Revenue from arrangements with non-cancelable commitments		3 %	3 %
Recurring revenue	Recurring revenue	85 %	84 %	83 %	84 %	Recurring revenue		90 %	80 %
Up-front revenue	Up-front revenue	15 %	16 %	17 %	16 %	Up-front revenue		10 %	20 %
Total	Total	100 %	100 %	100 %	100 %	Total		100 %	100 %

While the percentage of revenue characterized as recurring compared to revenue characterized as up-front may vary between fiscal quarters, the overall mix of revenue is relatively consistent on an annual basis or over the course of twelve consecutive months. 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					Trailing Twelve Months Ended				
		September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	October 1, 2022	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Recurring revenue	Recurring revenue	84 %	84 %	84 %	85 %	86 %	Recurring revenue	87 %	84 %	84 %	84 %
Up-front revenue	Up-front revenue	16 %	16 %	16 %	15 %	14 %	Up-front revenue	13 %	16 %	16 %	16 %
Total	Total	100 %	100 %	100 %	100 %	100 %	Total	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 **September 30, 2023** **March 31, 2024** and **October 1, 2022** **March 31, 2023** and the change in revenue between periods:

	Three Months						Three Months							
	Ended				Change		Ended				Change			
	September		October		Amount	Percentage	March		Amount	Percentage				
	30,		1,				31,							
	2023		2022				2023							
(In millions, except percentages)						(In millions, except percentages)								
Product and maintenance	Product and maintenance	\$ 965.8	\$ 845.8	\$ 120.0	14	%	Product and maintenance	\$ 913.4	\$ 963.7	\$ (50.3)	(5)	(5)	%	
Services	Services	57.3	56.8	0.5	1	%	Services	95.7	58.0	58.0	37.7	65	65	%
Total revenue	Total revenue	\$ 1,023.1	\$ 902.6	\$ 120.5	13	%	Total revenue	\$ 1,009.1	\$ 1,021.7	\$ (12.6)	(1)	(1)	%	

The following table shows our revenue for 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, upon completion of delivery. During the three months ended **September 30, 2023** **March 31, 2023**,

hardware installations were relatively high in comparison to historical levels due to increased production capacity and October 1, 2022 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 the change in revenue between periods:

	Nine Months Ended		Change	
	September 30,	October 1,	Amount	Percentage
	2023	2022		
	(In millions, except percentages)			
Product and maintenance	\$ 2,852.4	\$ 2,494.3	\$ 358.1	14 %
Services	169.0	167.5	1.5	1 %
Total revenue	\$ 3,021.4	\$ 2,661.8	\$ 359.6	14 %

Product prototyping offerings classified as product and maintenance revenue growth decreased during the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended October 1, 2022, March 31, 2023.

The decrease in up-front revenue from our emulation and prototyping hardware offerings was primarily due to our customers continuing to invest partially offset by growth in revenue from software driven by new and existing customers' continued investment in complex designs for their products, that include including the design of electronic systems for consumer, hyperscale computing, mobile, 5G communications, automotive, aerospace and defense, industrial and healthcare, life sciences.

Services revenue increased during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, primarily due to increased revenue from our Cadence-managed cloud-based and design service offerings. Services revenue may fluctuate from period to period based on the timing of fulfillment of our services and IP performance obligations.

No single customer accounted for 10% or more of total revenue during the three and nine months ended September 30, 2023 March 31, 2024 or October 1, 2022 March 31, 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						Three Months Ended				
		September	June	March	December	October		March	December	September	June	March
		30, 2023	30, 2023	31, 2023	31, 2022	1, 2022		31, 2024	31, 2023	30, 2023	30, 2023	31, 2023
Custom IC Design and Simulation	Custom IC Design and Simulation	22 %	22 %	20 %	22 %	22 %	Custom IC Design and Simulation	22 %	22 %	22 %	22 %	20 %
Digital IC Design and Signoff	Digital IC Design and Signoff	28 %	27 %	25 %	28 %	29 %	Digital IC Design and Signoff	29 %	29 %	28 %	27 %	25 %
Functional Verification, including Emulation and Prototyping Hardware	Functional Verification, including Emulation and Prototyping Hardware	26 %	27 %	32 %	25 %	25 %	Functional Verification, including Emulation and Prototyping Hardware	25 %	24 %	26 %	27 %	32 %
IP	IP	11 %	11 %	11 %	12 %	12 %	IP	12 %	13 %	11 %	11 %	11 %
System Design and Analysis	System Design and Analysis	13 %	13 %	12 %	13 %	12 %	System Design and Analysis	12 %	12 %	13 %	13 %	12 %
Total	Total	100 %	100 %	100 %	100 %	100 %	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 quarter 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	
	September 30,	October 1,	Amount	Percentage
	2023	2022		
	(In millions, except percentages)			
United States	\$ 421.6	\$ 392.2	\$ 29.4	7 %
Other Americas	15.8	15.2	0.6	4 %
China	172.0	148.3	23.7	16 %
Other Asia	197.8	156.3	41.5	27 %
Europe, Middle East and Africa ("EMEA")	158.2	143.0	15.2	11 %
Japan	57.7	47.6	10.1	21 %
Total revenue	\$ 1,023.1	\$ 902.6	\$ 120.5	13 %

		Nine Months Ended		Change			Three Months Ended				Change			
		September 30, 2023	October 1, 2022	Amount	Percentage		March 31, 2024	March 31, 2023	Amount		Percentage			
		(In millions, except percentages)						(In millions, except percentages)						
United States	United States	\$ 1,241.5	\$1,174.7	\$ 66.8	6 %	United States	\$ 435.5	\$ 434.3	\$ 1.2	—	—	%		
Other Americas	Other Americas	47.9	39.0	8.9	23 %	Other Americas	27.4	16.1	11.3	11.3	70	70 %		
China	China	523.7	401.5	122.2	30 %	China	117.2	177.6	(60.4)	(60.4)	(34)	(34)%		
Other Asia	Other Asia	558.7	466.9	91.8	20 %	Other Asia	208.5	184.0	24.5	24.5	13	13 %		
EMEA		479.3	431.6	47.7	11 %									
Europe, Middle East and Africa ("EMEA")						Europe, Middle East and Africa ("EMEA")	169.1	154.3	14.8		10	%		
Japan	Japan	170.3	148.1	22.2	15 %	Japan	51.4	55.4	55.4	(4.0)	(4.0)	(7)	(7)%	
Total revenue	Total revenue	\$ 3,021.4	\$2,661.8	\$359.6	14 %	Total revenue	\$1,009.1	\$1,021.7	\$ (12.6)	(1)	(1)	%		

During the three months ended **September 30, 2023** **March 31, 2024**, as compared to the three months ended **October 1, 2022** **March 31, 2023**, revenue growth in each of our six geographies was primarily driven by increased revenue from our software offerings, resulting from our customers' continued investment in new, complex designs for their products. Also, during the three months ended September 30, 2023, as compared to the three months ended October 1, 2022, revenue growth from our emulation and prototyping hardware offerings contributed to the growth experienced in the United States and China Other Asia and Japan.

During **was impacted by** the nine months ended September 30, 2023, as compared to the nine months ended October 1, 2022, revenue growth decrease in the United States, Other Americas, Other Asia, EMEA and Japan was primarily driven by increased revenue from our software offerings. Revenue growth in China during the nine months ended September 30, 2023, as compared to the nine months ended October 1, 2022, was primarily due to increased revenue from our emulation and prototyping hardware offerings. This growth was driven by increased production capacity to address continued demand Growth in revenue from our customers software offerings contributed to growth in China for our emulation Other Asia and prototyping hardware offerings. EMEA.

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

		Three Months Ended				Three Months Ended			
		September 30, 2023		October 1, 2022		September 30, 2023		October 1, 2022	
		March 31, 2024		March 31, 2023					
United States	United States	41 %	43 %	41 %	44 %	United States	43 %	42 %	
Other Americas	Other Americas	2 %	2 %	2 %	1 %	Other Americas	3 %	2 %	
China	China	17 %	17 %	17 %	15 %	China	12 %	17 %	
Other Asia	Other Asia	19 %	17 %	18 %	18 %	Other Asia	20 %	18 %	
EMEA	EMEA	15 %	16 %	16 %	16 %	EMEA	17 %	15 %	
Japan	Japan	6 %	5 %	6 %	6 %	Japan	5 %	6 %	
Total	Total	100 %	100 %	100 %	100 %	Total	100 %	100 %	

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

#### Cost of Revenue

The following tables show our cost of revenue for the three and nine months ended September 30, 2023 and October 1, 2022 and the change in cost of revenue between periods:

		Three Months Ended		Change	
		September 30, 2023	October 1, 2022	Amount	Percentage
		(In millions, except percentages)			
Cost of product and maintenance		\$ 85.8	\$ 62.4	\$ 23.4	38 %
Cost of services		23.8	25.2	(1.4)	(6)%

		Three Months Ended		Change	
		September 30, 2023	October 1, 2022	Amount	Percentage
		(In millions, except percentages)			
Cost of product and maintenance	Cost of product and maintenance	\$ 75.4	\$ 100.2	\$ (24.8)	(25) %
Cost of services	Cost of services	49.8	24.2	25.6	106 %

#### 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	
	September 30, 2023	October 1, 2022	Amount	Percentage
	(In millions, except percentages)			
Product and maintenance-related costs	\$ 74.8	\$ 53.5	\$ 21.3	40 %
Amortization of acquired intangibles	11.0	8.9	2.1	24 %
Total cost of product and maintenance	\$ 85.8	\$ 62.4	\$ 23.4	38 %

							Three Months						
	Nine Months Ended				Change		Ended				Change		
	September		October		Amount	Percentage	March		Amount	Percentage			
	30,		1,				31,						
	2023		2022				2024				2023		
(In millions, except percentages)						(In millions, except percentages)							
Product and maintenance-related costs	Product and maintenance-related costs	\$ 228.4	\$173.0	\$ 55.4	32	%	Product and maintenance-related costs	\$ 64.1	\$ 89.9	\$ (25.8)	(29)	(29)	%
Amortization of acquired intangibles	Amortization of acquired intangibles	31.9	30.9	1.0	3	%	Amortization of acquired intangibles	11.3	10.3	1.0	10	10	%
Total cost of product and maintenance	Total cost of product and maintenance	\$ 260.3	\$203.9	\$ 56.4	28	%	Total cost of product and maintenance	\$ 75.4	\$ 100.2	\$ (24.8)	(25)	(25)	%

The changes in product and maintenance-related costs for the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended October 1, 2022 March 31, 2023, were due to the following:

	Change	
	Three Months Ended	Nine Months Ended
	(In millions)	
Emulation and prototyping hardware costs	\$ 20.1	\$ 47.8
Salary, benefits and other employee-related costs	1.0	5.5
Other items	0.2	2.1
Total change in product and maintenance-related costs	\$ 21.3	\$ 55.4

	Change
	Three Months Ended
	(In millions)
Emulation and prototyping hardware costs	\$ (26.2)
Other items	0.4
Total change in product and maintenance-related costs	\$ (25.8)

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 decreased during the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended October 1, 2022 March 31, 2023, primarily due to increased revenue from decreased installations of emulation and prototyping hardware products.

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

#### Cost of Services

Cost of services primarily includes employee salary, benefits and other employee-related costs to perform work on revenue-generating projects, and costs to maintain the infrastructure necessary to manage a services organization, 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, 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 mid-year promotion and pay raise 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 nine months ended September 30, 2023 March 31, 2024 and October 1, 2022 March 31, 2023 were as follows:

	Three Months Ended		Change	
	September 30, 2023	October 1, 2022	Amount	Percentage
	(In millions, except percentages)			
Marketing and sales	\$ 176.2	\$ 152.9	\$ 23.3	15 %
Research and development	369.6	323.6	46.0	14 %
General and administrative	58.6	73.7	(15.1)	(20)%
Total operating expenses	\$ 604.4	\$ 550.2	\$ 54.2	10 %

							Three Months							
	Nine Months Ended				Change		Ended				Change			
	September		October		Amount	Percentage	March		March		Amount	Percentage		
	30, 2023	1, 2022	31, 2024	31, 2023										
(In millions, except percentages)						(In millions, except percentages)								
Marketing and sales	Marketing and sales	\$ 510.0	\$ 432.4	\$ 77.6	18	%	Marketing and sales	\$ 180.6	\$ 166.7	\$ 13.9	8	8	%	
Research and development	Research and development	1,074.4	901.1	173.3	19	%	Research and development	379.0	350.3	28.7	28.7	8	8	%
General and administrative	General and administrative	166.7	174.1	(7.4)	(4)	%	General and administrative	68.7	53.5	15.2	15.2	28	28	%
Total operating expenses	Total operating expenses	\$ 1,751.1	\$ 1,507.6	\$ 243.5	16	%	Total operating expenses	\$ 628.3	\$ 570.5	\$ 57.8	10	10	10	%

Our operating expenses, as a percentage of total revenue, for the three and nine months ended September 30, 2023 March 31, 2024 and October 1, 2022 March 31, 2023 were as follows:

Three Months Ended	Nine Months Ended	Three Months Ended
--------------------	-------------------	--------------------

		September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022		March 31, 2024	March 31, 2023
Marketing and sales	Marketing and sales	17 %	17 %	17 %	16 %	Marketing and sales	18 %	16 %
Research and development	Research and development	36 %	36 %	35 %	34 %	Research and development	37 %	35 %
General and administrative	General and administrative	6 %	8 %	6 %	7 %	General and administrative	7 %	5 %
Total operating expenses	Total operating expenses	59 %	61 %	58 %	57 %	Total operating expenses	62 %	56 %

#### Marketing and Sales

The increase in marketing and sales expense for the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended October 1, 2022 March 31, 2023, was due to the following:

	Change	
	Three Months Ended	Nine Months Ended
	(In millions)	
Salary, benefits and other employee-related costs	\$ 15.2	\$ 45.5
Marketing programs and events	0.4	9.6
Stock-based compensation	3.1	9.2
Facilities and other infrastructure costs	2.3	6.9
Travel and sales meetings	1.2	5.7
Other items	1.1	0.7
Total change in marketing and sales expense	\$ 23.3	\$ 77.6

	Change
	Three Months Ended
	(In millions)
Salary, benefits and other employee-related costs	\$ 10.5
Stock-based compensation	2.7
Facilities and other infrastructure costs	2.1
Marketing programs and events	(2.2)
Other items	0.8
Total change in marketing and sales expense	\$ 13.9

Salary, benefits and other employee-related costs and stock-based compensation included in marketing and sales expense increased during the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended October 1, 2022 March 31, 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 2022 2023 and the first quarter of fiscal 2023. Costs related to marketing programs and events, travel and sales meetings increased during the three and nine months ended September 30, 2023, as compared to the three and nine months ended October 1, 2022, primarily due to an increased number of in-person meetings and events. 2024. 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 nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended October 1, 2022 March 31, 2023, was due to the following:

	Change
--	--------

	Three Months Ended	Nine Months Ended
	(In millions)	
Salary, benefits and other employee-related costs	\$ 26.6	\$ 119.4
Stock-based compensation	9.7	26.6
Facilities and other infrastructure costs	4.6	14.3
Professional services	2.2	5.1
Materials and other pre-production costs	2.1	4.5
Travel	0.6	4.0
Other items	0.2	(0.6)
Total change in research and development expense	\$ 46.0	\$ 173.3

	Change
	Three Months Ended
	(In millions)
Salary, benefits and other employee-related costs	\$ 13.4
Stock-based compensation	9.3
Facilities and other infrastructure costs	4.3
Other items	1.7
Total change in research and development expense	\$ 28.7

Salary, benefits and other employee-related costs and stock-based compensation included in research and development expense increased during the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended October 1, 2022 March 31, 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 both fiscal 2022 and fiscal 2023. Facilities and other infrastructure costs included in research and development expense increased during the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended October 1, 2022 March 31, 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 decrease increase in general and administrative expense for the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended October 1, 2022 March 31, 2023, was due to the following:

	Change
	Three Months Ended
	Nine Months Ended
	(In millions)
Salary, benefits and other employee-related costs	\$ 3.2
Stock-based compensation	1.5
Foreign service tax	4.0
Professional services	1.8
Contributions to non-profit organizations	(25.0)
Other items	(0.6)
Total change in general and administrative expense	\$ (15.1)



Salary, benefits and other employee-related costs and stock-based compensation included	Change
	Three Months Ended
	(In millions)
Professional services	\$ 6.1
Foreign service tax	5.0
Salary, benefits and other employee-related costs	3.1
Other items	1.0
Total change in general and administrative expense	\$ 15.2

Professional services increased during the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended October 1, 2022 March 31, 2023, primarily due to additional headcount, increased legal and consulting services associated with acquisition-related activities. Also during the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended October 1, 2022 March 31, 2023, we experienced an increase in foreign service tax, primarily because we did not benefit from any foreign service tax refunds like as we did during the same period in fiscal 2022.

During the three and nine months ended September 30, 2023, as compared to the three and nine months ended October 1, 2022, contributions to non-profit organizations decreased, primarily due to the timing of our periodic contributions to support charitable initiatives, including the Cadence Giving Foundation. 2023.

### Restructuring

In August We have initiated restructuring plans in recent years, most recently in fiscal 2023, we initiated a restructuring plan (the "2023 Restructuring Plan") designed to better align our resources with our business strategy. During the three and nine months ended September 30, 2023, we incurred \$11.6 million of costs comprised of severance and other termination benefits related to headcount reductions. These costs are included in restructuring in our condensed consolidated income statements.

Inclusive of the 2023 Restructuring Plan, we are evaluating certain facilities for closure. Restructuring charges for the facilities under consideration are not expected to exceed \$5 million. Restructuring costs related to facility closures will be primarily comprised of accelerated Right-of-Use ("ROU") asset amortization, interest accretion on lease liabilities after the facility is vacated, lease buyout costs and certain contractual costs to maintain facilities during the period after abandonment. We record accelerated ROU asset amortization over the period beginning from when the decision is made to abandon the facility until the facility is fully vacated and we have no intention to further utilize the leased space. Other facilities-related restructuring charges are generally recorded in the period in which the affected facilities are vacated.

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 nine months ended September 30, 2023 March 31, 2024, and the three and nine months ended October 1, 2022 March 31, 2023 was as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Operating margin	29 %	29 %	30 %	32 %

	Three Months Ended	
	March 31, 2024	March 31, 2023
Operating margin	25 %	32 %

Operating margin decreased during the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended October 1, 2022 March 31, 2023, primarily due to the mix of products and services sold during each respective period. In addition, our acquisitions in fiscal 2022 acquisitions 2023 and the first quarter of fiscal 2024 resulted in incremental expenses, including acquisition of acquired intangibles, that exceeded incremental revenue during the three and nine months ended September 30, 2023 March 31, 2024.

### Interest Expense

		Three Months Ended		Nine Months Ended		Three Months Ended	
		September		September			
		30,	October 1,	30,	October 1,	March 31,	March 31,
		2023	2022	2023	2022	2024	2023
		(In millions)				(In millions)	
Contractual cash interest expense:	Contractual cash interest expense:						
2024	2024						
Notes	Notes	3.8	3.8	\$ 11.4	\$ 11.4		
2024 Notes							
2024 Notes							
2025	2025						
Term Loan	Term Loan	4.6	0.9	13.0	0.9		
Revolving credit facility		0.2	0.7	1.9	1.1		
2021 Credit Facility							
Amortization of debt discount:	Amortization of debt discount:						
2024 Notes							
2024 Notes							
2024	2024						
Notes	Notes	0.3	0.2	0.7	0.6		
2025	2025						
Term Loan	Term Loan	0.1	—	0.2	—		
Other	Other	0.1	(0.1)	—	(0.1)		
Total interest expense	Total interest expense	\$ 9.1	\$ 5.5	\$ 27.2	\$ 13.9		

Interest expense increased decreased during the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended October 1, 2022 March 31, 2023, primarily due to a decrease in borrowings under our the 2021 Credit Facility, partially offset by an increase in interest expense for the 2025 Term Loan, which are is subject to variable interest rates. 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 nine months ended September 30, 2023 March 31, 2024 and October 1, 2022 March 31, 2023:

		Three Months Ended		Nine Months Ended		Three Months Ended	
		September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022	March 31, 2024	March 31, 2023
		(In millions, except percentages)				(In millions, except percentages)	
Provision for income taxes	Provision for income taxes	\$ 45.6	\$ 66.0	\$ 202.6	\$ 226.3		

Effective tax rate	Effective tax rate	15.2 %	26.1 %	22.0 %	27.1 %	Effective tax rate	20.1 %	24.8 %
--------------------	--------------------	--------	--------	--------	--------	--------------------	--------	--------

Our provision for income taxes for the three and nine months ended September 30, 2023 March 31, 2024 was primarily attributable to federal, state and foreign income taxes on our anticipated fiscal 2023 2024 income. We also recognized a tax benefits benefit of \$21.0 million and \$46.8 million \$22.8 million related to stock-based compensation that vested or was exercised during each the period.

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 months ended March 31, 2024.

Our provision for income taxes for the three and nine months ended October 1, 2022 March 31, 2023 was primarily attributable to federal, state and foreign income taxes on our then anticipated fiscal 2022 2023 income. We also recognized a tax benefit of \$18.0 million and \$36.9 million \$16.9 million related to stock-based compensation that vested or was exercised during each the period.

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 intend to appeal 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 2023 2024 effective tax rate will be approximately 23% 25.0%. We expect that our quarterly effective tax rates will vary from our fiscal 2023 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			As of		Change
		September 30, 2023	December 31, 2022	Change	March 31, 2024	December 31, 2023	
		(In millions)			(In millions)		
Cash and cash equivalents	Cash and cash equivalents	\$ 962.0	\$ 882.3	\$ 79.7			
Net working capital	Net working capital	560.3	359.1	201.2			

### Cash and Cash Equivalents

As of September 30, 2023 March 31, 2024, our principal sources of liquidity consisted of approximately \$962.0 million \$1,012.4 million of cash and cash equivalents as compared to \$882.3 million \$1,008.2 million as of December 31, 2022 December 31, 2023.

Our primary sources of cash and cash equivalents during the nine three months ended September 30, 2023 March 31, 2024 were 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, and proceeds from our revolving credit facility, investments.

Our primary uses of cash and cash equivalents during the nine three months ended September 30, 2023 March 31, 2024 were payments related to employee salaries and benefits, operating expenses, payment of employee taxes on vesting of restricted stock, repurchases of our common stock, cash paid for acquired businesses, payments on our revolving credit facility, purchases of investments, payment of employee taxes on vesting of restricted stock, and purchases of property, plant and equipment.

Approximately 66% 73% of our cash and cash equivalents were held by our foreign subsidiaries as of September 30, 2023 March 31, 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. The increase in our net working capital as of **September 30, 2023** March 31, 2024, as compared to **December 31, 2022** December 31, 2023, is primarily due to the timing of **cash receipts from customers** and **disbursements made for operating investing** and financing activities.

#### Cash Flows from Operating Activities

	Nine Months Ended		
	September 30, 2023	October 1, 2022	Change
	(In millions)		
Cash provided by operating activities	\$ 1,077.1	\$ 978.3	\$ 98.8

	Three Months Ended		
	March 31, 2024	March 31, 2023	Change
	(In millions)		
Cash provided by operating activities	\$ 253.2	\$ 267.4	\$ (14.2)

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 **increase** **decrease** in cash flows from operating activities for the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, as compared to the **nine** **three** months ended **October 1, 2022** **March 31, 2023**, was primarily due to **improved results from operations** and the timing of cash receipts from customers and the timing of cash disbursements **including cash used** for **interest operating assets** and **taxes**. **liabilities**.

#### Cash Flows Used for Investing Activities

	Nine Months Ended		
	September 30, 2023	October 1, 2022	Change
	(In millions)		
Cash used for investing activities	\$ (313.6)	\$ (674.5)	\$ 360.9

	Three Months Ended		
	March 31, 2024	March 31, 2023	Change
	(In millions)		
Cash used for investing activities	\$ (79.8)	\$ (35.7)	\$ (44.1)

Cash used for investing activities **decreased** **increased** during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, as compared to the **nine** **three** months ended **October 1, 2022** **March 31, 2023**, primarily due to **decreases** **increases** in **cash used** payments for business combinations and purchases of property, plant and equipment, partially offset by **increases** **an increase** in **cash used** for purchases proceeds from the sale and maturity of **equity and debt securities**. **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

	Nine Months Ended		
	September 30, 2023	October 1, 2022	Change
	(In millions)		

Cash used for financing activities	\$	(666.0)	\$	(299.9)	\$	(366.1)
------------------------------------	----	---------	----	---------	----	---------

	Three Months Ended			
	March 31,	March 31,		
	2024	2023	Change	
	(In millions)			
Cash used for financing activities	\$ (159.4)	\$ (197.4)	\$ 38.0	

Cash used for financing activities **increased** **decreased** during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, as compared to the **nine** **three** months ended **October 1, 2022** **March 31, 2023**, primarily due to a decrease in payments on our revolving credit facility and increased proceeds from **debt**, the issuance of our common stock. These factors were partially offset by **a decrease** **an increase** in payments for repurchases of our common employee taxes on vesting of restricted stock.

## Other Factors Affecting Liquidity and Capital Resources

### Pending Acquisition

On March 2, 2024, we entered into a definitive agreement to acquire all of the outstanding equity of BETA CAE Systems International AG ("BETA CAE"), a leading system analysis platform provider of multi-domain, engineering simulation solutions. The acquisition is expected to close during our second quarter of fiscal 2024.

At close, we will pay aggregate consideration of \$1.24 billion, with 60% of the consideration to be paid in cash and 40% to be paid through the issuance of our common stock to current BETA CAE shareholders. We intend to fund the cash consideration through a combination of cash on hand and borrowings under existing and/or new debt facilities.

The agreement also provides for customary termination rights for the parties, including the right to terminate the agreement due to the failure to obtain required regulatory approvals on or prior to May 31, 2024 (subject to two automatic extensions until November 29, 2024, the "Longstop Date"). Under the terms of the agreement, we will be required to pay a reverse termination fee of up to \$60 million in the event the agreement is terminated due to the failure to obtain such required regulatory approvals on or prior to the Longstop Date.

### Stock Repurchase Program

In August 2023, our Board of Directors increased the prior authorization to repurchase shares of our common stock by authorizing an additional \$1.0 billion. The actual timing and amount of repurchases are subject to business and market conditions, corporate and regulatory requirements, stock price, acquisition opportunities and other factors. Our repurchase authorization does not obligate us to acquire a minimum amount of shares, does not have an expiration date and may be modified, suspended or terminated without prior notice. As of **September 30, 2023** **March 31, 2024**, approximately **\$1.5 billion** **\$1.3 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.

### 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"). **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 **September 30, 2023** **March 31, 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"). We 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. 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 **September 30, 2023** **March 31, 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 **September 30, 2023** **March 31, 2024**, we were in compliance with all financial covenants associated with the 2025 Term Loan.

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

## Other Liquidity Requirements

During the **nine three** months ended **September 30, 2023** **March 31, 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 **September 30, 2023** **March 31, 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 **November 2023** **May 2024**.

		Notional Principal	Weighted Average Contract Rate
		(In millions)	(In millions)
Forward Contracts:	Forward Contracts:		
European Union euro	European Union euro	\$ 173.9	0.91
European Union euro			
European Union euro			
British pound			
Japanese yen	Japanese yen	87.5	143.68
British pound		67.3	0.79
Israeli shekel	Israeli shekel	59.6	3.73
Canadian dollar			
South Korean won	South Korean won	41.0	1308
Canadian dollar		31.7	1.34
Indian rupee	Indian rupee	29.0	83.09

Chinese renminbi			
Swedish krona	Swedish krona	22.9	10.78
Chinese renminbi		17.8	7.25
Taiwan dollar	Taiwan dollar	11.8	31.85
Other		4.3	N/A
Singapore dollar			
Total	Total	\$	546.8
Estimated fair value	Estimated fair value	\$	10.1
Estimated fair value			
Estimated fair value			

As of **December 31, 2022** **December 31, 2023**, our foreign currency exchange contracts had an aggregate principal amount of **\$489.0 million**, **\$697.9 million**, and an estimated fair value of **\$5.3 million** **\$9.3 million**.

We have performed sensitivity analyses as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **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 **\$3.9 million** **\$15.8 million** and **\$4.2 million** **\$18.4 million** as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **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 **\$6.3 million** **\$18.4 million** and **\$7.2 million** **\$20.4 million** as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **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 and 2025 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 **September 30, 2023** **March 31, 2024**.

Our investments in debt securities had a fair value of approximately **\$42.6 million** **\$51.0 million** and **\$49.8 million** as of **September 30, 2023** **March 31, 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 **September 30, 2023** **March 31, 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 **\$2.3 million**. As of **December 31, 2022** **\$2.5 million** and **\$2.6 million**, we did not hold investments in debt securities, respectively.

Interest rates under our 2021 Credit Facility and 2025 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 **September 30, 2023** **March 31, 2024**, there were no borrowings outstanding under our 2021 Credit Facility and \$300.0 million of borrowings outstanding under our 2025 Term Loan.

Interest rates for our 2021 Credit Facility and 2025 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, each quarter point change in interest rates would result in a \$3.4 million change in annual interest expense on our indebtedness under our 2021 Credit Facility and 2025 Term Loan. For an additional description of the 2021 Credit Facility and 2025 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 September 30, 2023 March 31, 2024.

Based on their evaluation as of September 30, 2023 March 31, 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 September 30, 2023 March 31, 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**

From time to time, we are involved in various disputes and legal proceedings 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. At least quarterly, we review the status of each significant matter and assess 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, we accrue 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 our judgments using the best information available at the time. As additional information becomes available, we reassess the potential liability related to pending claims and legal proceedings and may revise estimates. For additional 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. and the "Risk Factors" sections in our Annual Report and our Q1 Report.

On April 27, 2022, Bell Semiconductor LLC ("Bell Semi"), a patent monetization entity, began filing a series of patent infringement lawsuits against certain technology companies alleging that certain semiconductor devices designed using certain design tools offered by EDA vendors, including Cadence, infringe upon one or more patents held by Bell Semi and Bell Semi seeking monetary damages, attorneys' fees and costs, and a permanent injunction prohibiting the defendants from using allegedly infringing EDA design tools.

On April 29, 2022, Bell Semi also began filing a series of complaints with the U.S. International Trade Commission ("ITC") alleging violations of Section 337 of the Tariff Act of 1930 and seeking limited exclusion orders preventing the respondents from importing into the United States semiconductor devices designed using certain design tools offered by EDA vendors, including Cadence, and cease-and-desist orders prohibiting respondents from importing, selling, offering for sale, marketing, advertising, distributing, or transferring products (except for exportation) made using certain design tools offered by EDA vendors, including Cadence. The ITC instituted three investigations but Bell Semi subsequently terminated one of the investigations. On May 8, 2023, Bell Semi filed motions to voluntarily withdraw the pending ITC investigations.

Cadence was not named as a respondent or defendant in any of the aforementioned actions; however, certain respondents and defendants are Cadence customers and sought defense and indemnity from Cadence regarding Bell Semi's allegations. Cadence offered to defend some of its customers consistent with the terms of the applicable license agreements.

On November 18, 2022, Cadence and another EDA vendor jointly filed an action in the U.S. District Court for the District of Delaware for declaratory judgment of invalidity and non-infringement as to each of the six patents asserted by Bell Semi in the aforementioned actions. Bell Semi's motion to dismiss the declaratory judgment actions was denied on April 27, 2023. On November 28, 2022, Cadence and another EDA vendor also filed a motion for preliminary injunction in the U.S. District Court for the District of Delaware seeking to enjoin Bell Semi from proceeding with its litigation campaign. Motions for preliminary injunction were denied without prejudice on April 27, 2023. Bell Semi responded to the declaratory judgment complaint on May 11, 2023.

On July 25, 2023, Cadence and Bell Semi reached a settlement agreement involving the six patents-in-suit, and on August 1, 2023, Cadence dismissed its action against Bell Semi.

### **Item 1A. Risk Factors**



Our operations and financial results are subject to various risks and uncertainties, including those described in the "Risk Factors" sections in our Annual Report and our Q1 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. The "Risk Factors" section in our Annual Report as updated in our Q1 Report, remains remain current in all material respects. The risk factors described in our Annual Report and subsequent SEC filings 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.

## 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.

During the three months ended September 30, 2023, we repurchased approximately 0.5 million shares on the open market, for an aggregate purchase price of \$125 million.

In June 2023, we also entered into an accelerated share Our repurchase ("ASR") agreement with HSBC Bank USA, National Association ("HSBC") authorization does not obligate us to repurchase an aggregate of \$200 million of our common stock. The ASR agreement was accounted for as two separate transactions: (1) acquire a repurchase of common stock; and (2) an equity-linked contract on our stock. Under the ASR agreement, we received an initial share delivery of approximately 0.6 million shares, which represented the number minimum amount of shares, at a market price equal to \$140 million. An equity-linked contract for \$60 million, representing the remaining shares to does not have an expiration date and may be delivered by HSBC under the ASR agreement, was recorded to stockholders' equity as of September 30, 2023. In August 2023, the ASR agreement settled and resulted in a delivery to us of approximately 0.3 million additional shares. In total, we repurchased approximately 0.9 million shares under the ASR agreement at an average price per share of \$228.26. modified, suspended or terminated without prior notice.

As of September 30, 2023, approximately \$1.5 billion of the share repurchase authorization remained available to repurchase shares of our common stock.

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 September 30, 2023 March 31, 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)
July 1, 2023 - July 31, 2023	163,423	\$ 237.44	155,640	\$ 590
August 1, 2023 - August 31, 2023	603,921	\$ 223.80	482,370	\$ 1,543
September 1, 2023 - September 30, 2023	191,029	\$ 237.21	172,622	\$ 1,502
Total	958,373	\$ 228.80	810,632	

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)
January 1, 2024 - January 31, 2024	148,956	\$ 274.60	144,186	\$ 1,337
February 1, 2024 - February 29, 2024	277,635	\$ 297.63	139,761	\$ 1,295
March 1, 2024 - March 31, 2024	463,868	\$ 301.60	140,734	\$ 1,252
Total	890,459	\$ 295.84	424,681	

(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 **September 30, 2023** **March 31, 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		Expiration Date
				Sold		
Karna Nisewaner, CVP, Chin-Chi Teng, Senior Vice President and General Counsel and Corporate Secretary Manager of the Digital & Signoff Group	Adoption	8/9/2023 3/7/2024	X	Up to 7,072 52,187		9/ 8/30/2024
Anirudh Devgan, Paul Cunningham, Senior Vice President and Chief Executive Officer ang General Manager of the System Verification Group	Adoption  Termination <sup>(1)</sup>	9/13/2023 3/12/2024	X	Up to 109,381 <sup>(2)</sup>		5/30/2024
Anirudh Devgan, President and Chief Executive Officer	Adoption <sup>(1)</sup>	9/13/2023	X	Up to 203,474 <sup>(3)</sup>		12/31/2024
Alberto Sangiovanni- Vincentelli, Director	Adoption	9/13/2023	X	Up to 37,000 8,450		12/19/2024 6/6/2025

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

(1) Represents the modification, as described in Rule 10b5-1(c)(1)(iv) under the Exchange Act, of a Rule 10b5-1 trading plan adopted on June 14, 2023. As a result of this modification, the subject plan is deemed terminated and a new plan is deemed adopted as of the modification date.

(2) Includes up to 109,381 shares subject to Performance Stock Awards previously granted to Dr. Devgan subject to vesting and release to Dr. Devgan during the period from August 25, 2023 to March 15, 2024 upon the satisfaction of the applicable total shareholder return hurdles and relative total shareholder return threshold. The actual number of shares that will vest in connection with these awards is not yet determinable. In addition, the actual number of shares that will be released to Dr. Devgan in connection with these awards and could have been sold under the Rule 10b5-1 trading arrangement would have been net of the number of shares withheld to satisfy tax withholding obligations arising from the vesting of such shares.

(3) Includes up to 100,766 shares subject to Performance Stock Awards previously granted to Dr. Devgan subject to vesting and release to Dr. Devgan during the period from September 15, 2023 to March 15, 2024 upon the satisfaction of the applicable total shareholder return hurdles and relative total shareholder return threshold. The actual number of shares that will vest in connection with these awards is not yet determinable. In addition, the actual number of shares that will be released to Dr. Devgan in connection with these awards and sold under the Rule 10b5-1 trading arrangement will be net of the number of shares withheld to satisfy tax withholding obligations arising from the vesting of such shares and is not yet determinable.

### Item 6. Exhibits

Incorporated by Reference

Exhibit Number	Exhibit Title	Form	File No.	Exhibit No.	Filing Date	Provided Herewith
<a href="#">2.1</a>	* <a href="#">Share Purchase Agreement related to BETA CAE Systems International AG and BETA CAE Systems SA, dated March 2, 2024.</a>					X
<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, 2019.</a>	10-Q	000-15867	3.01	7/22/2019	
<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	3.01	11/3/2023	
<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

#			Incorporated by Reference				Provided
			Form	File No.	Exhibit No.	Filing Date	
Exhibit Number		Exhibit Title					Herewith
10.01	*	Form of Incentive Stock Award Agreement for Non-Executive Employees and Consultants, as currently in effect under the Registrant's Omnibus Equity Incentive Plan.					X
10.02	*	Form of Restricted Stock Unit Agreement for Non-Executive Employees and Consultants, as currently in effect under the Registrant's Omnibus Equity Incentive Plan.					X
31.01	*	Certification Portions of the Registrant's Chief Executive Officer, Anirudh Devgan, pursuant to Rule 13a-14 exhibit, marked by brackets, have been omitted because the omitted information (i) is not material and (ii) is the type of information that the Securities Exchange Act of 1934.					X
31.02	*	Certification of the Registrant's Chief Financial Officer, John M. Wall, pursuant to Rule 13a-14 of the Securities Exchange Act of 1934.					X
32.01	†	Certification of the Registrant's Chief Executive Officer, Anirudh Devgan, pursuant to 18 U.S.C. Section 1350, registrant treats as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.02	†	Certification of the Registrant's Chief Financial Officer, John M. Wall, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					
101.SCH	*	Inline XBRL Taxonomy Extension Schema Document.					X
101.CAL	*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	*	Inline XBRL Definition Linkbase Document.					X
101.LAB	*	Inline XBRL Taxonomy Extension Label Linkbase Document.					X
101.PRE	*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					X
104		Cover Page Interactive Data File - The cover page from this Quarterly Report on Form 10-Q is formatted in Inline XBRL (included as Exhibit 101).					X

private or  
confidential.

\* Filed herewith.  
† Furnished herewith.



SIGNATURES

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

CADENCE DESIGN SYSTEMS, INC.  
(Registrant)

DATE: April 23, 2024

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

DATE: April 23, 2024

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

Exhibit 2.1

Execution Version

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [\*\*\*], HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) TREATED AS PRIVATE OR CONFIDENTIAL BY THE REGISTRANT.

**2 March 2024**

**THE SELLERS**

details of whom are set out in Schedule 1

and

**CADENCE DESIGN SYSTEMS, INC.**

(as Buyer)

and

**NAMID LTD**

(as the Seller Representative)

---

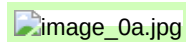
**SHARE PURCHASE AGREEMENT**

related to

**BETA CAE SYSTEMS INTERNATIONAL AG**

and

**BETA CAE SYSTEMS SA**

image\_0a.jpg

99 Bishopgate

London EC2M 3XF

United Kingdom

Tel: +44.20.7710.10000

www.lw.com

## TABLE OF CONTENTS

Clause	Page
1. DEFINITIONS AND INTERPRETATION	1
2. SALE OF SHARES AND EIL SHARES	19
3. CONSIDERATION	20
4. PRE-COMPLETION OBLIGATIONS	21
5. COMPLETION	23
6. COMPLETION ACCOUNTS	24
7. RETENTION ACCOUNTS	25
8. POST-COMPLETION OBLIGATIONS	25
9. WARRANTIES AND UNDERTAKINGS OF THE SELLERS	26
10. WARRANTIES AND UNDERTAKINGS OF THE BUYER	28
11. RESTRICTIONS ON BUYER STOCK; SHELF REGISTRATION	31
12. SELLER REPRESENTATIVE	33
13. MATTERS AMONG THE SELLERS	34
14. SELLER ACKNOWLEDGEMENTS	34
15. INDEMNITIES	35
16. TAX COVENANT	35
17. CONFIDENTIALITY AND ANNOUNCEMENTS	35
18. TERMINATION	37
19. FURTHER ASSURANCE	37
20. ENTIRE AGREEMENT AND REMEDIES	37
21. POST-COMPLETION EFFECT OF AGREEMENT	38
22. WAIVER AND VARIATION	39
23. INVALIDITY	39
24. ASSIGNMENT	39
25. PAYMENTS, SET OFF AND DEFAULT INTEREST	40
26. NOTICES	41
27. COSTS	42
28. RIGHTS OF THIRD PARTIES	42
29. COUNTERPARTS	42
30. GOVERNING LAW AND JURISDICTION	42
31. PROCESS AGENT	43
SCHEDULE 1	44
PARTICULARS OF THE SELLERS	
SCHEDULE 2	46
PARTICULARS OF THE COMPANY AND THE SUBSIDIARIES	
SCHEDULE 3	56
PRE-COMPLETION OBLIGATIONS	
SCHEDULE 4	61
CONDITIONS	

---

<b>SCHEDULE 5</b>	<b>67</b>
<b>COMPLETION OBLIGATIONS</b>	
<b>SCHEDULE 6</b>	<b>71</b>
<b>WARRANTIES OF THE SELLERS</b>	
<b>SCHEDULE 7</b>	<b>103</b>
<b>LIMITATIONS ON SELLER LIABILITY</b>	
<b>SCHEDULE 8</b>	<b>111</b>
<b>TAX COVENANT</b>	
<b>SCHEDULE 9</b>	<b>115</b>
<b>COMPLETION ACCOUNTS</b>	
<b>SCHEDULE 10</b>	<b>122</b>
<b>FORM OF COMPLETION ACCOUNTS</b>	
<b>SCHEDULE 11</b>	<b>127</b>
<b>RETENTION ACCOUNTS</b>	
<b>SCHEDULE 12</b>	<b>130</b>
<b>RESTRICTIVE COVENANTS</b>	
<b>SCHEDULE 13</b>	<b>132</b>
<b>BUYER WARRANTIES</b>	
<b>SCHEDULE 14</b>	<b>134</b>
<b>RETENTION POOL</b>	

---



**THIS AGREEMENT** is made on 2 March 2024

## **BETWEEN**

- (1) Each person whose name and address is set out in Schedule 1 (the “**Sellers**”);
- (2) **CADENCE DESIGN SYSTEMS, INC.**, a Delaware corporation with file number 2122896 of 2655 Seely Avenue, Building 5, San Jose, California 95134, USA (the “**Buyer**”); and
- (3) **NAMID LTD**, a company incorporated in England and Wales (registered no. 09911024) whose registered office is at Sterling House, Fulbourne Road, London E17 4EE, UK, solely in its capacity as the Seller Representative (the “**Seller Representative**”).

## **WHEREAS**

- (A) As at the date of this Agreement, each Seller holds such number and class of shares in the Company (as defined below) as is set out next to his, her or its name in Part 1 of Schedule 1.
- (B) The Sellers wish to sell and the Buyer wishes to acquire the entire issued share capital of the Company subject to the terms of this Agreement.
- (C) One of the Sellers, EIL (as defined below) also wishes to sell and the Buyer wishes to acquire 7,820 ordinary shares of BETA Greece (as defined below), a subsidiary of the Company, being all the shares held in that entity by EIL, subject to the terms of this Agreement.
- (D) Concurrently with the execution of this Agreement, [\*\*\*], [\*\*\*], [\*\*\*] and [\*\*\*] have each executed a New Employment Agreement (as defined below), each to become effective upon, and subject to the occurrence of, Completion.

## **IT IS AGREED THAT**

### **1. DEFINITIONS AND INTERPRETATION**

#### **1.1** In this Agreement, unless the context otherwise requires:

“**Accounts**” means the consolidated accounts of the Group, in each case, comprising a balance sheet as at, and a profit and loss account and a cash flow statement for the accounting reference period ended on, the Accounts Date together with (i) the “annex to consolidated financial statements 2022” giving explanatory notes in respect of the 31 December 2022 Accounts and (ii) the corrected balance sheet as at the Accounts Date;

“**Accounts Date**” means 31 December 2022, 31 December 2021 and 31 December 2020;

“**Accredited Investor**” has the meaning given in Clause 11.2;

“**Acronym**” means Acronym International Ltd, a company incorporated in England and Wales (registered no. 09914157) whose registered office is at Sterling House, Fulbourne Road, London E17 4EE, UK;

“**Affiliate**” means:

(a) in relation to the Corporate Sellers:

- (i) any subsidiary or holding company of such body corporate, and any subsidiary of any such holding company, in each case from time to time but shall exclude any investee or portfolio company of it or any of its Affiliates;

- (ii) any Fund of which that person is a general partner, trustee, nominee, investment manager or investment advisor;
  - (iii) any general partner, limited partner, trustee, nominee or manager of, or holder of interests (whether directly or indirectly) in, that person; and
  - (iv) any Affiliate of any of the foregoing; and
- (b) in relation to any other person:
- (i) in the case of a person who is an individual, any spouse, civil partner, co-habitee, lineal descendants by blood or adoption (and including step-descendants), parents or siblings (by blood or adoption), step parents and/or step siblings (provided paragraph (iv) below shall not apply to any parent, sibling, step parent or step sibling) or any person or persons acting in its or their capacity as trustee or trustees of a trust of which such individual is a settler, in each case from time to time;
  - (ii) in the case of a person which is a body corporate, any subsidiary undertaking or parent undertaking of that person and any subsidiary of any such parent company;
  - (iii) in the case of a person which is a limited partnership, the general partner(s) of the person or their nominees or a nominee or trustee for the person; and
  - (iv) any Affiliate of any person in paragraphs (i) to (iii) above,

and in all cases excluding each Group Company;

**“Agreed Form”** means, in relation to a document, the form of that document agreed in writing (including by email) by or on behalf of the Buyer and the Seller Representative as being in “Agreed Form”;

**“Authority”** means any competent governmental, quasi-governmental, administrative, supervisory, trade or regulatory, judicial, determinative, disciplinary, arbitral, enforcement or tax raising body, authority, agency, board, commission, department, court or tribunal of any jurisdiction and whether supranational, national, regional or local or national securities exchange;

**“Balancing Payment”** has the meaning given in paragraph 2.1 (as applicable) of Schedule 11;

**“Bank Account”** means, in respect of a payment to a person, the account as such person shall notify to the relevant payer(s) at least five (5) Business Days before the relevant due date for such payment;

**“Base Consideration”** means USD 1,240,000,000;

**“BETA Greece”** means BETA CAE Systems Studies, Software Development and Mechanical Constructions SA (mark designation BETA CAE Systems SA), a Greek company with registered number 058283904000 and having its registered office at Ano Scholari, Municipality Thermis;

**“BETA US”** means BETA CAE Systems USA, Inc.;

**“BETA US 401(k) Plan”** means the Beta CAE Systems USA Inc 401(k) Plan;

**“Business Day”** means any day other than a Saturday, Sunday or public holiday in the City of London, United Kingdom and/or San Francisco, California, United States of America and/or New York, New York, United States of America and/or Zurich, Switzerland;

**“Business Warranties”** means the Warranties other than the Fundamental Warranties and the Tax Warranties;

**“Business Warranty Claim”** means a Claim by the Buyer in respect of a Business Warranty (including pursuant to the indemnification provision in Clause 15.1(a));

**“Buyer 401(k) Plan”** has the meaning set forth in Clause 8.4;

**“Buyer Fundamental Warranties”** means the warranties set out in paragraphs 1.1, 1.2, 1.3, 1.6, 1.7 and 3.1 of Schedule 13;

**“Buyer Group”** means the Buyer and any subsidiary or holding company of the Buyer, and any subsidiary of any such holding company, in each case from time to time including, for the avoidance of doubt, the Group Companies from Completion;

**“Buyer Material Adverse Change”** means any change, effect, event, occurrence, state of facts or development that with respect to the Buyer:

- (a) prevents or materially impedes the ability of the Buyer to perform any of its material covenants or obligations under this Agreement or any other Transaction Document to which the Buyer is (or at Completion will be) a party, or to consummate the Transaction; or
- (b) has, or would reasonably be expected to have, a material adverse effect on the business, condition, assets, liabilities, operations, financial condition or results of operations of the Buyer and its Subsidiaries taken as a whole, provided, however, that none of the following shall be deemed, either alone or in combination, to constitute, and none of the following shall be taken into account in determining whether there has been, will be, would or could be, or could or would reasonably be expected to have or result in, a Buyer Material Adverse Change for purposes of this subparagraph (b):
  - (i) changes in the market price or trading volume of Buyer Stock, changes in credit ratings or analyst recommendations or ratings with respect to the Buyer or any failure by the Buyer to meet any internal or published projections, forecasts or revenue or earnings predictions (it being understood that the underlying facts or causes giving rise or contributing to such changes or failure may be taken into account in determining whether there has been or would reasonably be expected to be a Buyer Material Adverse Change);
  - (ii) any adverse change, effect, event, occurrence, state of facts or development to the extent attributable to the public announcement or pendency of the transactions contemplated by this Agreement;
  - (iii) any adverse change, effect, event, occurrence, state of facts or development attributable to conditions generally affecting:
    - (A) the industries in which the Buyer or any of its Subsidiaries operates;
    - (B) national, regional, local, international, or global political, economic, or regulatory conditions; and/or

- (C) interest rates or the financial or commodity markets (including any changes in credit, financial, commodities, securities, or banking markets);
- (iv) strikes, work stoppages or other labour disputes;
- (v) any adverse change, effect, event, occurrence, state of facts or development resulting from or relating to the taking of any action expressly required by this Agreement or at the express written request of any Seller or the Group Companies;
- (vi) any adverse change, effect, event, occurrence, state of facts or development arising from or relating to any change in GAAP or other accounting requirements or principles or any change in applicable Laws, rules or regulations; or
- (vii) any adverse change, effect, event, occurrence, state of facts or development arising in connection with natural or manmade disasters or acts of nature (including earthquakes, hurricanes, tsunamis, typhoons, lightning, hail storms, blizzards, tornados, droughts, floods, cyclones, arctic frosts, mudslides, or wildfires), epidemics, pandemics, disease outbreaks or the worsening thereof (including COVID-19) or other acts of God, hostilities, civil unrest, acts of war (whether or not declared), sabotage or terrorism or military actions or any escalation or material worsening of any such hostilities, civil unrest, acts of war, sabotage or terrorism or military actions existing or underway as of the date hereof.

provided further that any adverse change, effect, event, occurrence, state of facts or development referred to in clauses (b) (iii), (iv), (vi) and (vii) above may be taken into account in determining whether there has been a Material Adverse Change to the extent, and only to the extent, that it has had a disproportionate impact on the Buyer and its Subsidiaries relative to other persons operating in the industries in which the Buyer and its Subsidiaries operate (in which case only such incremental disproportionate impact may be taken into account in determining whether there has been a Buyer Material Adverse Change);

**“Buyer Stock”** means the common stock, USD 0.01 per share par value, of Buyer;

**“Buyer Stock Price”** means such price (in USD) as represents the average of the daily volume-weighted average sales price per share of Buyer Stock on Nasdaq, as such daily volume-weighted average sales price per share is reported by Bloomberg L.P., calculated to four decimal places and determined without regard to after-hours trading or any other trading outside the regular trading session trading hours, for each of the thirty (30) consecutive trading days ending on and including the third trading day immediately preceding the Completion Date;

**“Buyer Warranties”** means the warranties set out in Schedule 13;

**“Cash”** means:

- (a) cash in hand;
- (b) cash credited to any account with a financial institution;

- (c) cash equivalents, including payments made by cheques or debit cards which are yet to be received in cleared funds for so long as any such cash equivalents are not subject to any Encumbrance, less amounts for cheques written that have not yet been presented for payment (outstanding cheques) and/or outgoing deposits or wires that have not yet been drawn down;
- (d) any investments or securities which have a maturity date of three (3) months or less or otherwise can be liquidated into cash by a Group Company in three (3) months or less; and
- (e) any cash deposits made by a Group Company in the ordinary and usual course of business and held by a third party by way of security, including:
  - (i) any cash deposits made by a Group Company in the ordinary and usual course of business and held by a Group Company or, by, or on behalf of a financial institution or credit card issuer as security for any credit card issued to any Group Company and/or any of its directors, officers, or employees (irrespective of the term of duration); and
  - (ii) any cash rental deposit made by a Group Company in the ordinary and usual course of business and held by any third party as security for any Group Company's obligations under any Lease,

and all accrued interest thereon, but excluding any (i) Trapped Cash and (ii) any investment funds or "fund units" held by the Group Companies;

**"Cash Balances"** means the aggregate amount of Cash held by or on behalf of (including any deposits described in limb (d) and (e) of "Cash" which are held by a third party and to which a Group Company is beneficially entitled) a Group Company as shown in the books and records of the Group Companies as at the Effective Time, calculated in accordance with Schedule 9 and as set out in the Completion Accounts;

**"Claim"** means any claim by the Buyer against any Seller in respect of any of the Warranties, or any other claim made by the Buyer under, pursuant to, or for breach of this Agreement including any Tax Covenant Claim or pursuant to the indemnification provisions in Clause 15;

**"Claims Retention Account"** means an interest-bearing deposit account with the Retention Agent established in respect of the Claims Retention Amount;

**"Claims Retention Account Release Date"** means the date which is 12 months after the Completion Date;

**"Claims Retention Amount"** means USD 62,000,000 in cash;

**"Company"** means BETA CAE Systems International AG, a Swiss company limited by shares with registered number CHE-211.996.475 and having its registered office at Platz 4, 6039 Root D4, Switzerland;

**"Completion"** means completion of the sale and purchase of the Shares and the EIL Shares in accordance with Clause 5;

**"Completion Accounts"** has the meaning given in Schedule 9;

**"Completion Accounts Retention Account"** means an interest-bearing deposit account with the Retention Agent established in respect of the Completion Accounts Retention Amount;

**“Completion Accounts Retention Amount”** means USD 7,500,000 in cash;

**“Completion Date”** means the date on which Completion takes place;

**“Completion Schedule”** has the meaning given in Clause 4.2;

**“Conditions”** has the meaning given in paragraph 1.1 of Schedule 4;

**“Connected Persons”** means, in respect of a person, its directors, officers and (other than with respect to Clause 9.9) employees;

**“Confidential Information”** has the meaning given in Clause 17.1;

**“Consideration”** has the meaning given in Clause 3.1;

**“Consultant”** has the meaning given in paragraph 1.4 of Schedule 3;

**“Corporate Seller”** means any Seller other than an Individual Seller;

**“Data Partners”** has the meaning given in paragraph 19.1 of Schedule 6;

**“Data Privacy Obligations”** has the meaning given in paragraph 19.1 of Schedule 6;

**“Data Room”** means each of the electronic data rooms hosted by Datasite with the names “JUNGFRAU” and “JUNGFRAU CLEAN ROOM” at [\*\*\*] CST and [\*\*\*] CST, respectively on [\*\*\*], copies of the contents of which are contained on the Data Room USB Stick as set out in the indices in Agreed Form;

**“Data Rooms USB Stick”** means the USB memory stick containing the contents of the Data Rooms in Agreed Form;

**“Disclosed”** means disclosed with sufficient detail to enable a buyer to identify the nature and scope of the matter disclosed;

**“Disclosure Letter”** means the disclosure letter dated the date hereof, written and delivered by the Sellers to the Buyer immediately before the signing of this Agreement;

**“Draft Completion Accounts”** has the meaning given in paragraph 1 of Schedule 9;

**“Due Amount”** means any amount due from any Seller on a Claim being settled in accordance with paragraph 3.6 of Schedule 11;

**“EAR”** means the Export Administration Regulations administered by the U.S. Commerce Department’s Bureau of Industry and Security (including but not limited to the foreign direct products rules under the EAR);

**“Effective Time”** means 11:59pm on the date prior to the Completion Date;

**“EIL”** means Ellandron Investments Ltd., a company limited by shares, with registered office at Trident Trust Company (B.V.I.) Limited, Trident Chambers, P.O. Box 146, Road Town, Tortola VG1110, British Virgin Islands with BVI company number: 213810;

**“EIL Share Transfer Agreement”** means the transfer agreement for the EIL Shares in Agreed Form;

**“EIL Shares”** means 7,820 ordinary shares held by EIL in BETA Greece;

**“ELUCO”** means ELUCO Holding AG, a company registered in Switzerland whose registered office is at c/o Marcus Waldispühl, Rechtsanwalt, Töpferstrasse 5, 6004 Luzern, Switzerland;

**“Encumbrance”** means any interest or equity of any person (including any right to acquire, option or right of pre-emption), any mortgage, charge, pledge, lien, assignment, hypothecation, security interest (including any created by Law), title retention, or any other security agreement or arrangement having a similar affect;

**“Estimated Cash Balances”** means the Sellers’ good faith estimate of the Cash Balances, to be notified by the Seller Representative to the Buyer pursuant to Clause 4.2;

**“Estimated Third Party Debt”** means the Sellers’ good faith estimate of the Third Party Debt, to be notified by the Seller Representative to the Buyer pursuant to Clause 4.2;

**“Estimated Transaction Bonuses”** means the Transaction Bonuses which are set out in the Completion Schedule;

**“Estimated Transaction Costs”** means the Transaction Costs which are set out in the Completion Schedule;

**“Estimated Working Capital”** means the Sellers’ good faith estimate of the Working Capital, to be notified by the Seller Representative to the Buyer pursuant to Clause 4.2;

**“Estimated Working Capital Adjustment”** means the amount, if any, by which the Working Capital Target exceeds the Estimated Working Capital;

**“Exchange Act”** means the Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder, as amended;

**“Exchange Rate”** means with respect to a particular currency for a particular day, the closing mid-point spot rate of exchange for that currency into USD on such date as quoted by Bloomberg as at the close of business in London, United Kingdom as at such date;

**“Fund”** means any person, trust, or fund holding shares for investment purposes;

**“Fundamental Pre-Completion Covenant”** means each of the following paragraphs of Schedule 3:

- (a) 1.1(b);
- (b) 1.1(e)(i);
- (c) 1.1(e)(x);
- (d) 1.1(e)(xi);
- (e) 1.1(e)(xii);
- (f) 1.1(e)(xiv);
- (g) 1.1(e)(xv) (provided that for these purposes, paragraph 1.1(e)(xv) as set out in Schedule 3 shall be deemed to be replaced with “sells, assigns, transfers or disposes of all or materially all of the Group Company Intellectual Property;”);
- (h) 1.1(e)(xvii); and

(i) 1.1(e)(xxvii)(provided that for these purposes, paragraph 1.1(e)(xxvii) as set out in Schedule 3 shall be deemed to be replaced with “changes residence for Tax purposes;”); and

(j) paragraph 1.1(e)(xxxviii) of Schedule 3 with respect to (a)-(i) above;

“**Fundamental Warranties**” means the Warranties in paragraphs 2.1, 2.2, 2.3, 2.6, 2.7, 2.9, 2.10, 2.11, 2.13, 3.1, 3.2, 4.1, 4.2, 4.3, 17, and 22 of Schedule 6;

“**Fundamental Warranty Claim**” means a claim by the Buyer in respect of a Fundamental Warranty (including pursuant to the indemnification provision in Clause 15.1(a), but solely to the extent relating to a Fundamental Warranty and not, for the avoidance of doubt, a Business Warranty or Tax Warranty);

“**GAAP**” means, with respect to the Accounts, the requirements of Swiss law, in particular Article 963b para 3 and Article 957 of the Swiss Code of Obligations on commercial accounting and financial reporting;

“**Group**” means the Company and each of the Subsidiaries;

“**Group Company**” means any member of the Group;

“**Group Information Schedule**” means Schedule 2 setting out, among other things, particulars of the Company and each Group Company;

“**Holdback Agreements**” means the Holdback Agreements to be entered into between the Buyer and each of [\*\*\*] and [\*\*\*] in Agreed Form;

“**Holdback Consideration**” has the meaning given to that term in the Holdback Agreements;

“**Holdback Consideration Retention Account**” means the interest-bearing deposit account with the Retention Agent established in respect of the Holdback Consideration;

“**Individual Seller**” means a Seller who is a natural person;

“**Initial Consideration**” means:

(a) the Base Consideration;

(b) *plus* the Estimated Cash Balances;

(c) *minus* the Estimated Third Party Debt;

(d) *minus* the Estimated Working Capital Adjustment;

“**Initial Coverage**” has the meaning given in paragraph 1.3 of Schedule 7;

“**Investor Suitability Questionnaire**” means the investor suitability questionnaire in Agreed Form;

“**Irrecoverable VAT**” means any amount in respect of VAT which a person (or the representative member of the VAT group of which such person is a member) has incurred which neither that person nor any other member of such VAT group is able to recover (by



way of credit, repayment, refund or otherwise) from any relevant Tax Authority pursuant to and determined in accordance with any relevant law;

**“Key Employees”** means [\*\*\*], [\*\*\*], [\*\*\*], and [\*\*\*];

**“Kiupi”** means Kiupi Ltd, a company incorporated in England and Wales (registered no. 09911054) whose registered office is at Sterling House, Fulbourne Road, London E17 4EE, UK;

**“Knowledge Group”** means the Related Sellers, the Key Employees and [\*\*\*];

**“Land Transaction Returns”** has the meaning given in paragraph 15.18 of Schedule 6;

**“Land Transfer Taxes”** has the meaning given in paragraph 15.18 of Schedule 6;

**“Laws”** means all applicable legislation, statutes (including subordinate legislation), directives, regulations, judgments, decisions, directives, decrees, orders, instruments, by-laws, and other legislative measures or decisions having the force of law, treaties, conventions and other agreements between states, or between states and the European Union or other supranational bodies, common law, rules of customary law and equity and all civil or other codes and all other laws of, or having effect and force of law in, any jurisdiction from time to time;

**“Longstop Date”** means 11:59 p.m. Eastern Time on 31 May 2024; provided that:

- (a) if (i) on or prior to 11:59 p.m. Eastern Time on 31 May 2024 all Conditions are satisfied (other than those Conditions that by their terms are to be satisfied at Completion, but provided that such Conditions shall then be capable of being satisfied if Completion were to take place on such date) but for one or more Regulatory Conditions and (ii) neither the Buyer nor any of its Representatives has materially breached any of its obligations under Schedule 4 or the warranty in paragraph 1.4 of Schedule 13 (provided that for these purposes, such warranty shall be deemed to be qualified in all respects by the Buyer's awareness), in any such case, where such breach has caused the failure of any Regulatory Condition to be satisfied by such date, the Longstop Date shall automatically extend to 11:59 p.m. Eastern Time on 30 August 2024; and
- (b) if (i) the Longstop Date has been extended pursuant to paragraph (a) above and (ii) (A) on or prior to 11:59 p.m. Eastern Time on 30 August 2024 all Conditions are satisfied (other than those Conditions that by their terms are to be satisfied at Completion, but provided that such Conditions shall then be capable of being satisfied if Completion were to take place on such date) but for one or more Regulatory Conditions and (B) neither the Buyer nor any of its Representatives has materially breached any of its obligations under Schedule 4 or the warranty in paragraph 1.4 of Schedule 13 (provided that for these purposes, such warranty shall be deemed to be qualified in all respects by the Buyer's awareness), in any such case, where such breach has caused the failure of any Regulatory Condition to be satisfied by such date, the Longstop Date shall automatically extend to 11:59 p.m. Eastern Time on 29 November 2024,

or such later time and date as may be agreed in writing between the Seller Representative and the Buyer;

**“Malicious Code”** has the meaning given in paragraph 8.14 of Schedule 6;

**“Material Adverse Change”** means any change, effect, event, occurrence, state of facts or development that:

- 
- (a) with respect to the Sellers, prevents or materially impedes the ability of the Sellers to perform any of their material covenants or obligations under this Agreement or any other Transaction Document to which such Seller or Group Company is (or at Completion will be) a party, or to consummate the Transaction; or
  - (b) with respect to the Group Companies, has, or would reasonably be expected to have, a material adverse effect on the business, condition, assets, liabilities, operations, financial condition or results of operations of the Group Companies taken as a whole, provided, however, that none of the following shall be deemed, either alone or in combination, to constitute, and none of the following shall be taken into account in determining whether there has been, will be, would or could be, or could or would reasonably be expected to have or result in, a Material Adverse Change for purposes of this subparagraph (b):
    - (i) any failure by the Group Companies to meet any internal or published projections, forecasts or revenue or earnings predictions (it being understood that the underlying facts or causes giving rise or contributing to such failure may be taken into account in determining whether there has been or would reasonably be expected to be a Material Adverse Change);
    - (ii) any adverse change, effect, event, occurrence, state of facts or development to the extent attributable to the public announcement or pendency of the transactions contemplated by this Agreement;
    - (iii) any adverse change, effect, event, occurrence, state of facts or development attributable to conditions generally affecting:
      - (A) the industries in which any of the Group Companies operates;
      - (B) national, regional, local, international, or global political, economic, or regulatory conditions; and/or
      - (C) interest rates or the financial or commodity markets (including any changes in credit, financial, commodities, securities, or banking markets);
    - (iv) strikes, work stoppages or other labour disputes;
    - (v) any adverse change, effect, event, occurrence, state of facts or development resulting from or relating to the taking of any action expressly required by this Agreement or at the express written request of the Buyer;
    - (vi) any adverse change, effect, event, occurrence, state of facts or development arising from or relating to any change in GAAP or other accounting requirements or principles or any change in applicable Laws, rules or regulations; or
    - (vii) any adverse change, effect, event, occurrence, state of facts or development arising in connection with natural or manmade disasters or acts of nature (including earthquakes, hurricanes, tsunamis, typhoons, lightning, hail storms, blizzards, tornados, droughts, floods, cyclones, arctic frosts, mudslides, or wildfires), epidemics, pandemics, disease outbreaks or the worsening thereof (including COVID-19) or other acts of God, hostilities, civil unrest, acts of war (whether or not declared), sabotage or terrorism or military actions or any escalation or material worsening of any such hostilities, civil unrest, acts of

war, sabotage or terrorism or military actions existing or underway as of the date hereof,

provided further that any adverse change, effect, event, occurrence, state of facts or development referred to in clauses (b) (iii), (iv), (vi) and (vii) above may be taken into account in determining whether there has been a Material Adverse Change to the extent, and only to the extent, that it has had a disproportionate impact on the Group Companies relative to other persons operating in the industries in which the Group Companies operate (in which case only such incremental disproportionate impact may be taken into account in determining whether there has been a Material Adverse Change);

**“Material Completion Obligation”** means:

- (a) in respect of the Sellers, any obligations in paragraph 1.1, paragraph 1.2 and paragraphs 1.3(c), (d)(i), (d)(ii), (d)(iii), (e), (f), (g), (h), (i) and (j) of Schedule 5; and
- (b) in respect of the Buyer, any obligations in paragraph 2.1 of Schedule 5;

**“Material Contract”** has the meaning given in paragraph 11.1 of Schedule 6;

**“Material Customer”** has the meaning given in paragraph 23.1 of Schedule 6;

**“Material Lease”** means any Lease with an annual expenditure of USD 100,000 or more and/or which is necessary for the efficient operation of the Group’s business;

**“Material Property”** means any Property with a market value in excess of USD 1,000,000 and/or which is necessary for the efficient operation of the Group’s business;

**“NAMID”** means NAMID Ltd, a company incorporated in England and Wales (registered no. 09911024) whose registered office is at Sterling House, Fulbourne Road, London E17 4EE, UK;

**“Nasdaq”** means the Nasdaq Global Select Market, any successor stock exchange operated by The Nasdaq Stock Market LLC or any successor thereto;

**“New Employment Agreement”** means an offer letter and other employment agreements or amendments to existing employment agreements, which shall include: (a) (i) assignments of intellectual property; (ii) waivers of moral rights (to the extent permitted by applicable law); and (iii) confidentiality agreements; (b) non-competition and non-solicitation obligations; and (c) acknowledgement of the Buyer’s code of business conduct and anti-corruption policies (in each case in a form reasonably acceptable to each of the employees entering into such agreements and to the Buyer);

**“Non-U.S. Person”** has the meaning given in Clause 11.2;

**“Order”** means, with respect to any person, any order, injunction, judgment, decision, determination, award, writ, ruling, stipulation, restraint assessment or decree or other similar requirement of, or entered, enacted, adopted, promulgated or applied by, an Authority in each case which is legally binding on such person;

**“Organizational Documents”** means the certificates of incorporation, certificates of formation, certificates of registration, articles, by-laws, limited liability company agreements or other organizational documents of the applicable entity;

**"Paying Agent"** means Computershare Trust Company, N.A.;

**"Paying Agent Agreement"** means the agreement between the Buyer, Computershare Inc., the Paying Agent and the Seller Representative relating to the Paying Agent Completion Wire in Agreed Form;

**"Paying Agent's Bank Account"** means such account of the Paying Agent as the Paying Agent shall notify to the Buyer and the Seller Representative at least five (5) Business Days before the relevant due date for a relevant payment;

**"Paying Agent Completion Wire"** means the amount payable to the Paying Agent's Bank Account under Clause 3.3(a)(i), as set out in the Completion Schedule;

**"Permits"** has the meaning given in paragraph 21.1 of Schedule 6;

**"Permitted Rights"** means, in respect of each Seller, any Affiliate of such Seller or a Connected Person of such Seller:

- (a) all rights, remedies, claims, proceedings, suits or actions that exist or may exist at Completion (i) pursuant to any New Employment Agreement or (ii) in respect of any unpaid remuneration, benefits or expenses in connection with such person's employment or engagement (excluding any payments for any activities as board members not expressly provided for under the written terms of employment but including any contractual right to reimbursement of any properly incurred and reasonably documented out-of-pocket costs and expenses in connection with any ordinary course activities as board member); and
- (b) any other amounts expressly due to be paid to such person under any of the Transaction Documents;

**"Properties"** means the properties of the Group, certain details of which are set out in Section 12.1 of the Disclosure Letter;

**"Prospectus"** has the meaning given in Clause 11.3;

**"R&D Sponsor"** has the meaning given in paragraph 8.7 of Schedule 6;

**"Records"** has the meaning given in Clause 10.12;

**"Registrable Securities"** means the shares of Buyer Stock issued in connection with the Completion pursuant to this Agreement as part of the Stock Consideration; provided, however, that shares of Buyer Stock shall cease to be Registrable Securities hereunder if and when (a) such Registrable Securities have been sold, transferred or otherwise disposed of pursuant to an effective registration statement registering such Registrable Securities (or the resale thereof) under the Securities Act, (b) such Registrable Securities have been sold, transferred or otherwise disposed of pursuant to Rule 144 of the Securities Act ("Rule 144") or (c) the date when all Registrable Securities covered by the Registration Statement first become eligible for sale pursuant to Rule 144 without volume limitation;

**"Registration Statement"** has the meaning given in Clause 11.3;

**"Regulatory Conditions"** has the meaning given in paragraph 1.2 of Schedule 4;

**"Related Person"** has the meaning given in paragraph 22 of Schedule 6;

---

**“Related Person Transactions Warranty”** has the meaning given in paragraph 1.3(a) of Schedule 4;

**“Related Seller”** means in relation to:

- (a) Ellandron Investment Ltd., [\*\*\*];
- (b) Acronym International Ltd., [\*\*\*];
- (c) ELUCO Holding AG, [\*\*\*];
- (d) KIUPI Ltd., [\*\*\*]; and
- (e) NAMID Ltd., [\*\*\*];

**“Released Person”** has the meaning given in Clause 10.10(b);

**“Relevant Allocation”** has the meaning given in Clause 3.2;

**“Relevant Claim”** means a claim under, or in respect of a breach of, Clause 15.1(b);

**“Relevant Proportion”** means, in respect of each Seller, the percentage set out against such Seller's name as its Relevant Proportion in column (5) of Schedule 1;

**“Relief”** has the meaning given in Schedule 8;

**“Reporting Accountants”** has the meaning given in paragraph 2.1 of Schedule 9;

**“Representatives”** means:

- (a) in relation to the Buyer, any member of the Buyer Group and their respective directors, officers, employees, agents, consultants, advisers, auditors and accountants; and
- (b) in relation to any other person, its Affiliates and its and their respective directors, officers, employees, agents, consultants, advisers, auditors and accountants;

**“Retention Accounts”** means the Completion Accounts Retention Account, the Claims Retention Account and the Holdback Consideration Retention Account;

**“Retention Agent”** means Computershare Trust Company, N.A.;

**“Retention Agent Agreement”** means the agreement between the Seller Representative, the Buyer and the Retention Agent relating to the Completion Accounts Retention Account, the Claims Retention Account and the Holdback Consideration Retention Account in Agreed Form;

**“Retention Pool Amount”** means the amount set out in Schedule 14;

**“Sales Tax”** has the meaning given in paragraph 15.22 of Schedule 6;

**“SEC”** shall mean the United States Securities and Exchange Commission;

**“SEC Documents”** has the meaning given in paragraph 1.7 of Schedule 13;

**“Securities Act”** shall mean the Securities Act of 1933, and the rules and regulations promulgated thereunder, as amended;

13

---

**“Seller Guarantee”** means any guarantees, bonds, credit support arrangements, indemnities, and letters of comfort of any nature given to a third party by any Seller or an Affiliate of any Seller in respect of any obligation of any Group Company;

**“Seller Retention Pool Contribution”** means the amount set out in Schedule 14;

**“Selling Holder Questionnaire”** means the selling holder questionnaire in Agreed Form;

**“Shares”** means the entire issued share capital of the Company, comprising:

- (a) 32 preferential shares of CHF 1.00 par value each in the Company; and
- (b) 4,100,008 ordinary shares of CHF 1.00 par value each in the Company;

**“Stock Consideration”** has the meaning given in Clause 3.3(a)(v);

**“Stock Consideration Value”** means USD 496,000,000;

**“Subsidiary”** means the companies whose details are set out in Part 2 of Schedule 2 and any other subsidiary undertaking of the Company from time to time;

**“Surviving Provisions”** means Clauses 1, 17, 18, 20 and 22 to 30 (inclusive) and paragraphs 1.1 and 1.18 to 1.20 (inclusive) of Schedule 4;

**“Tax”** means:

- (a) all forms of tax, levy, impost, contribution, duty, liability, subsidy and charge in the nature of taxation (including public social security contribution of any kind and employment-related contribution, whether employee or employer contribution and payment under the Corporation Tax (Instalment Payments) Regulations 1998) and all related withholdings or deductions of any nature; and
- (b) all related fines, penalties, charges and interest or other measure of a similar nature,

whether directly or primarily chargeable against, recoverable from or attributable to any Group Company or another person and regardless of whether any Group Company has, or may have, any right of reimbursement against any other person (and **“Taxes”** and **“Taxation”** shall be construed accordingly);

**“Tax Authority”** means a taxing or other governmental (local or central), federal, state or municipal authority (whether within or outside Switzerland) competent to impose a liability for or to collect Tax or make any decision or ruling on any matter relating to Tax;

**“Tax Claim”** means a Tax Warranty Claim or a Tax Covenant Claim;

**“Tax Covenant”** means the covenant relating to Taxation set out at paragraph 2 of Schedule 8;

**“Tax Covenant Claim”** means a claim by the Buyer in respect of the Tax Covenant;

**“Tax Return”** means any return, declaration, report, notice, claim for refund, information or statement relating to Tax, including any schedule, supplement or attachment thereto, including any amendment thereof;

**“Tax Warranties”** means the Warranties in paragraph 15 of Schedule 6;

14

---

**“Tax Warranty Claim”** means a claim by the Buyer in respect of a Tax Warranty (including pursuant to the indemnification provision in Clause 15.1(a));

**“Third Party Claim”** has the meaning given in paragraph 14 of Schedule 7;

**“Third Party Debt”** means the aggregate amount (expressed as a positive number) of all loans or other financing or borrowing liabilities, together with accrued interest, other than trading debt or liabilities arising in the ordinary course of business, owed by a Group Company to or for the benefit of a third party (excluding amounts owed between any Group Company or any amounts owed to the Sellers or an Affiliate of any Seller), including (without double-counting) the amounts owed by Group Companies to or for the benefit of a third party in respect of the following:

- (a) any borrowings by any Group Company from any bank, financial institution or other similar entity including in the form of loans, letters of credits, factoring and overdrafts;
- (b) any indebtedness of any Group Company arising under any bond, note, loan stock, debenture, commercial paper or similar instrument;
- (c) any obligations of any Group Company under any conditional sale, title retention, forward sale or purchase or any similar agreement or arrangement creating obligations to make payments with respect to the deferred purchase price of property acquired or used by the Group (other than customary trade credit given in the ordinary and usual course of business) excluding any VAT (other than any Irrecoverable VAT);
- (d) any indebtedness under any finance leases to the extent the amount of the liability would be treated as a finance lease in accordance with the requirements of Swiss law, in particular Article 963b para 3 and Article 957 of the Swiss Code of Obligations on commercial accounting and financial reporting;
- (e) any indebtedness for monies borrowed or raised under any other transaction that has the commercial effect of borrowing;
- (f) any dividends declared but unpaid and owed to any third party (other than dividends due to another member of the Group or to the Buyer as owner of the Shares following Completion);
- (g) the positive amount, determined on a jurisdiction-by-jurisdiction basis with respect to each particular type of Tax (including, for the avoidance of doubt, after taking into account any relevant Relief arising prior to Completion to the extent such Relief actually reduces such Tax at a “more likely than not” or higher level of comfort), of any Tax liabilities (including corporate income and corporation Tax liabilities) that are either due and payable or treated as accrued tax liabilities pursuant to the accounting policies in accordance with which the Completion Accounts are to be prepared under this Agreement (and such

Tax liabilities shall be determined in respect of any Straddle Periods as if the taxable period of each Group Company ended on the end of the day on the Completion Date);

- (h) any Transaction Costs;
- (i) any Transaction Bonuses;
- (j) all employer contributions (payable for itself and its employees) due in respect of any pension, allowance, lump sum or other similar benefit on death, disability, retirement or termination of employment (whether voluntary or not) for the benefit of any of the

15

Group's employees, former employees or any of their respective dependants (for the avoidance of doubt to include any spouse or registered partner) which were not provided in the period up until the Effective Time (and any employer Tax or social security charges, employer National Insurance contributions, apprenticeship levy or other employer Taxes, payable by a Group Company as a consequence);

- (k) any funding deficit in relation to defined benefit pensions and occupational pension funds;
- (l) any outstanding amount due to a finance provider in respect of receivables that have been sold to such finance provider by a member of the Group (other than in the ordinary and usual course of business);
- (m) any deferred or contingent consideration payable in connection with the acquisition of any share capital, business acquisition (including by way of an asset acquisition), or undertaking, or any other incurred but unpaid third party transaction costs incurred in connection therewith, excluding any VAT (other than any Irrecoverable VAT), except to the extent there is an escrow or holdback related to such acquisition by which a Group Company or a third party is retaining sufficient cash to make payment in respect of any such deferred or contingent consideration or costs;
- (n) any severance and related similar items or amounts due to terminated or former employees (and any employer Tax or social security charges, employer National Insurance contributions, apprenticeship levy or other employer Taxes, payable by a Group Company as a consequence);
- (o) any obligation of the Group guaranteeing or securing any obligation of any third party that constitutes indebtedness under any of the foregoing;
- (p) any accrued but unpaid patent fees;
- (q) any break fees or prepayment penalties or other premiums, fees, costs or expenses which may be incurred by any Group Company in relation to the repayment or termination of any item in limbs (a), (b), (c), (d), (e), (l) and (o) above on the Effective Time and any future end of life payments in relation to any finance leases where the underlying asset will be required by the Group following the Effective Time, excluding any VAT (other than any Irrecoverable VAT);
- (r) any committed but unpaid donations; and
- (s) any contractually accrued but unpaid interest on any of the foregoing up to the Effective Time,



in each case calculated in accordance with Schedule 9 and as set out in the Completion Accounts;

**“Third Party Guarantees”** means any guarantees, bonds, credit support arrangements, indemnities, and letters of comfort of any nature given to a third party by any Group Company in respect of any obligation of any Seller or an Affiliate of any Seller other than to the extent given in respect of such Seller’s (or its Affiliates’) role as an employee, officer, or director of a Group Company;

**“Transaction”** means the sale and purchase of the Shares and the EIL Shares as contemplated by this Agreement;

16

**“Transaction Bonuses”** means the amount of any bonuses, incentives or commission paid or made or declared to be treated as paid or made, or to be paid or made (including any employer Tax or social security charges, employer National Insurance contributions, apprenticeship levy or other employer Taxes, payable by a Group Company as a consequence of such bonus, incentive or commission) to any director, officer, employee, or agent of any Group Company at any time by any Group Company in connection with, or as a result of, the Transaction, to the extent agreed, committed to or incurred by the Group on or prior to Completion, excluding any VAT (other than any Irrecoverable VAT);

**“Transaction Costs”** means the amount of (a) any professional or other fees and expenses (for the avoidance of doubt, including disbursements and any third party fees, costs and expenses) agreed to be paid or owing by or on behalf of a Group Company (to the extent agreed, committed to or incurred by the Group on or prior to Completion, including on behalf of any Seller or its Affiliates) in connection with the Transaction Documents, the Transaction or the transfer of the Shares or the EIL Shares that have not been satisfied as of Completion, excluding any VAT (other than any Irrecoverable VAT) and excluding any fees or expenses incurred by or on behalf of the Buyer Group, and (b) the Seller Retention Pool Contribution;

**“Transaction Documents”** means this Agreement and any other documents in Agreed Form or required to be entered into pursuant to this Agreement;

**“Trapped Cash”** means:

- (a) any escrows or holdbacks related to acquisitions by which a Group Company is retaining cash it has agreed to pay as part of a purchase price on the acquisition;
- (b) any investments or securities which have a maturity date in excess of three (3) months or cannot otherwise be liquidated by the Company in three (3) months or less; and/or
- (c) any restricted cash or cash reserves or security required by any Group Company’s insurers, banks or vendors, other than items to be treated as cash as identified in the Specific Policies in Schedule 9;

**“TUPE”** has the meaning given in paragraph 10.11 of Schedule 6;

**“US Tax Code”** means the Internal Revenue Code of 1986, as amended;

**“VAT”** means:

- (a) any value added tax imposed by the Value Added Tax Act 1994;

- (b) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and
- (c) any other tax of a similar nature (whether imposed in the United Kingdom or a member state of the European Union or Switzerland in substitution for, or levied in addition to, such tax referred to in paragraphs (a) and (b) above, or imposed elsewhere, including, for the avoidance of doubt, any Japanese Consumption Tax);

**“W&I Insurer”** means Ryan Transactional Risk;

**“W&I Policy”** means the representations and warranty insurance policy in the name of the Buyer with Marsh USA LLC as broker and the W&I Insurer as underwriter in respect of the Transaction bound on or about the date of this Agreement;

17

---

**“W&I Subrogation Waiver”** has the meaning given in Clause 10.4;

**“Warranties”** means the warranties set out in Clause 9 and Schedule 6;

**“Warranty Claim”** means a Business Warranty Claim, a Fundamental Warranty Claim, and/or a Tax Warranty Claim;

**“Working Capital”** means the aggregate amount of current assets less the aggregate amount of current liabilities of the Group Companies as at the Effective Time, calculated in accordance with Schedule 9 and as set out in the Completion Accounts and excluding any item included in calculating the Cash Balances or Third Party Debt;

**“Working Capital Adjustment”** means the amount, if any, by which the Working Capital Target exceeds the Working Capital;

**“Working Capital Target”** means -[\*\*\*] CHF (minus [\*\*\*] CHF); and

**“Working Hours”** means 9:30 am to 5:30 pm (based on the time at the location of the address of the recipient of a relevant notice for purposes of Clause 26 or the address being inspected for purposes of paragraph 1.3 of Schedule 3) on a Business Day.

1.2 In this Agreement, unless the context otherwise requires:

- (a) “undertaking” and “group undertaking” shall be construed in accordance with section 1161 of the Companies Act 2006, “holding company” and “subsidiary” shall be construed in accordance with section 1159 of the Companies Act 2006 and “subsidiary undertaking” and “parent undertaking” shall be construed in accordance with section 1162 of the Companies Act 2006 and, for the purposes of the membership requirement in sub-sections 1159(1)(b) and (c), a company will be treated as a member of another company even if its shares in that other company are registered in the name of: (i) its nominee; or (ii) another person or such person’s nominee by way of security or in connection with the taking of security;
- (b) every reference to a particular Law shall be construed also as a reference to all other Laws made under the Law referred to and to all such Laws as amended, re-enacted, consolidated or replaced or as their application or interpretation is affected by other Laws from time to time and whether before or after Completion provided that, as between the parties, no such amendment or modification after the date of this Agreement shall apply for the purposes of this Agreement to the extent that it would impose any new or extended obligation, liability or restriction on, or otherwise adversely affect the rights of, any party;

- (c) references to Clauses and Schedules are references to clauses of and schedules to this Agreement, references to paragraphs are references to paragraphs of the Schedule in which the reference appears and references to this Agreement include the Schedules;
- (d) unless the context requires otherwise, references to the singular shall include the plural and vice versa and references to one gender include any other gender;
- (e) references to a “party” means a party to this Agreement and includes its successors in title, personal representatives and permitted assigns;
- (f) references to a “person” includes any individual, partnership, body corporate, corporation sole or aggregate, state or agency of a state, and any unincorporated

18

---

association or organisation, in each case whether or not having separate legal personality;

- (g) references to a “company” includes any company, corporation or other body corporate wherever and however incorporated or established;
- (h) references to the phrase “to the extent that” are a matter of degree and are not synonymous with “if”;
- (i) references to “dollars”, “US dollars”, “USD” or “\$” are references to the lawful currency from time to time of the United States of America;
- (j) for the purposes of applying a reference to a monetary sum expressed in USD, an amount in a different currency shall be deemed to be an amount in USD translated at the Exchange Rate at the relevant date;
- (k) references to times of the day are to London time unless otherwise stated;
- (l) references to writing shall include any modes of reproducing words in a legible and non-transitory form;
- (m) references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court official or any other legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates in that jurisdiction to the English legal term;
- (n) words introduced by the word “other” shall not be given a restrictive meaning because they are preceded by words referring to a particular class of acts, matters or things;
- (o) general words shall not be given a restrictive meaning because they are followed by words which are particular examples of the acts, matters or things covered by the general words and the words “includes” and “including” shall be construed without limitation;
- (p) where this Agreement requires any party to reimburse or indemnify another party for any cost, expense or liability, references to such “costs”, “expenses” and/or “liabilities” (or similar phrases or expressions) incurred by a person shall not include any amount in respect of VAT other than Irrecoverable VAT; and

(q) a procuring obligation, where used in the context of any Seller in respect of a Group Company, means that such Seller undertakes to exercise its voting rights and use reasonable endeavours to use such powers as are vested in such Seller from time to time as a shareholder, director, officer or employee of any Group Company (and which is not inconsistent with such Seller's fiduciary duties or any applicable Law, if any) in attempting to ensure compliance with that obligation.

1.3 The headings and sub-headings in this Agreement are inserted for convenience only and shall not affect the construction of this Agreement.

1.4 Each of the schedules to this Agreement shall form part of this Agreement.

1.5 References to a document (including this Agreement) include such document as amended or varied in accordance with its terms.

19

---

1.6 All warranties, representations, indemnities, covenants, agreements and obligations given or entered into by more than one Seller under this Agreement are, unless otherwise stated, given severally in respect of themselves and their obligations and actions only and are not given jointly or jointly and severally.

## 2. SALE OF SHARES AND EIL SHARES

2.1 On the terms set out in this Agreement:

(a) each Seller shall sell and the Buyer shall purchase the Shares set out against such Seller's name in Part 1 of Schedule 1; and

(b) EIL shall sell and the Buyer shall purchase the EIL Shares,

in each case, with effect from Completion, with full title guarantee, free from all Encumbrances, together with all rights attaching to such Shares and EIL Shares as at Completion (including all dividends and distributions declared, paid or made in respect of the Shares and the EIL Shares after the Completion Date).

2.2 Each Seller irrevocably waives any right of pre-emption or other restriction on transfer in respect of the Shares and the EIL Shares conferred on it under any agreement, the Company's Organizational Documents, or otherwise, in connection with the sale of the Shares and the EIL Shares pursuant to this Agreement.

## 3. CONSIDERATION

3.1 The aggregate purchase price for the sale of the Shares and the EIL Shares under this Agreement (the "Consideration") shall be the amount in USD equal to:

(a) the Base Consideration;

(b) *plus* the Cash Balances;

(c) *minus* the Third Party Debt; and

(d) *minus* the Working Capital Adjustment.

3.2 Each Seller agrees that the Consideration shall be allocated among the Sellers in accordance with their respective Relevant Proportions (each Seller's allocation being its "**Relevant Allocation**"), but the Buyer shall not be concerned with, or have any liability whatsoever to the Sellers with respect to, such allocation or for any failure by any Seller or any other person to allocate such sum among the Sellers (except to the extent the Buyer makes any instructions to the Paying Agent which are contrary to the provisions of this Agreement and specifically the terms of this Clause 3). The Sellers, including EIL in its capacity as the holder of the EIL Shares, agree that the Consideration attributable to the EIL Shares is USD [\*\*\*]. All payments to be made to the Sellers in respect of the Consideration (other than the Stock Consideration) shall be made in USD by way of electronic transfer in immediately available funds on the due date for payment in accordance with this Agreement.

3.3 The Consideration shall be satisfied as follows:

(a) at Completion:

(i) the Buyer shall, pursuant to the direction in Clause 3.4, pay an amount in cash equal to (A) the sum of each Seller's Relevant Allocation of the Initial

20

---

Consideration and (B) the sum of all cash amounts payable pursuant to Clause 3.4 to the Paying Agent's Bank Account, less any amounts agreed to be deducted under Clauses 3.3(a)(ii) to (v);

(ii) the Buyer shall deduct from the Relevant Allocation of the Initial Consideration payable in respect of each Seller under Clause 3.3(a)(i) an amount in cash equal to such Seller's Relevant Allocation of the Completion Accounts Retention Amount, and instead pay the aggregate Completion Accounts Retention Amount to the Completion Accounts Retention Account;

(iii) the Buyer shall deduct from the Relevant Allocation of the Initial Consideration payable in respect of each Seller under Clause 3.3(a)(i) an amount in cash equal to such Seller's Relevant Allocation of the Claims Retention Amount and instead pay the aggregate Claims Retention Amount to the Claims Retention Account;

(iv) the Buyer shall deduct from the Relevant Allocation of the Initial Consideration payable in respect of each of [\*\*\*] and [\*\*\*] under Clause 3.3(a)(i) an amount in cash equal to such Seller's Holdback Consideration as set out in such Seller's Holdback Agreement and instead pay the aggregate Holdback Consideration to the Holdback Consideration Retention Account in accordance with the terms of the Holdback Agreements; and

(v) the Buyer shall deduct from the Relevant Allocation of the Initial Consideration payable in respect of each Seller under Clause 3.3(a)(i) an amount equal to such Seller's Relevant Allocation of the Stock Consideration Value, and instead shall procure that its transfer agent causes the number of shares of Buyer Stock having a value (based on the Buyer Stock Price) equal to such Seller's Relevant Allocation of the Stock Consideration Value (such shares, the "**Stock Consideration**") to be issued (in uncertificated book-entry form) to such Seller. The number of shares of Buyer Stock to be issued to each Seller as Stock Consideration under this Clause 3.3(a)(v) shall, subject to Clause 3.4 below, be rounded down to the nearest whole number; and

(b) following Completion, further payments (if any) shall be made as required in accordance with Clause 6 in connection with the Completion Accounts.

- 3.4 No certificates representing fractional Buyer Stock will be issued hereunder, but in lieu thereof, the Buyer shall procure that at Completion each Seller that would otherwise be entitled to a fraction of a share of Buyer Stock (after aggregating all fractional shares of Buyer Stock that otherwise would be received by such Seller) shall receive an amount of cash (rounded to the nearest whole cent), without interest, equal to the product of (a) such fraction of a share of Buyer Stock and (b) the Buyer Stock Price. This cash payment (if any) shall be added to the Initial Consideration and shall be paid to the Paying Agent's Bank Account at Completion in accordance with Clause 3.3(a)(i).
- 3.5 Except as set out below, each Seller irrevocably and unconditionally directs and authorizes the Buyer to pay all cash amounts payable to it under this Agreement by the Buyer to the Paying Agent's Bank Account on its behalf. To the extent that the Buyer is required to make a payment to a Seller and the Paying Agent is no longer operating the Paying Agent's Bank Account on behalf of the Sellers, the payment shall be made directly to such Seller in accordance with Clause 25.1.

21

- 
- 3.6 Where any payment is made by any Seller or the Buyer in satisfaction of a liability arising under this Agreement (including the payment of any Due Amount to the Buyer from the Claims Retention Account), it shall to the extent lawful be treated by the Buyer and the Sellers as an adjustment to the Consideration paid to such Seller in respect of its Shares or EIL in respect of the EIL Shares, as applicable.

- 3.7 The Consideration shall, subject to any further adjustment pursuant to Clause 3.6, be adopted for all Tax reporting purposes.

#### 4. PRE-COMPLETION OBLIGATIONS

- 4.1 During the period from the date of this Agreement to Completion each Seller shall perform its obligations as set out in Schedule 3.
- 4.2 No later than ten (10) Business Days after the Buyer has notified the Seller Representative in writing that the last of the Regulatory Conditions is satisfied or waived, the Seller Representative shall provide the Buyer with a schedule in writing (the "**Completion Schedule**") setting out the details of:
- (a) the amount of the Paying Agent Completion Wire;
  - (b) the Estimated Cash Balances;
  - (c) the Estimated Third Party Debt;
  - (d) the Estimated Working Capital;
  - (e) the Initial Consideration;
  - (f) the amount of the estimated Transaction Bonuses (together with the applicable currency/ies and payee(s));
  - (g) the amount of the estimated Transaction Costs (together with the applicable currency/ies, payee(s) and account details); and
  - (h) each Seller's Relevant Allocation of the Consideration, including each Seller's Relevant Allocation of the Stock Consideration and the cash portion of the Consideration,

together with reasonable supporting information for the calculation of the above items, for the Buyer's review. The Seller Representative shall consult in good faith with the Buyer in respect of, and, if and to the extent agreed by the Seller Representative (acting reasonably and in good faith), incorporate, any reasonable comments of the Buyer in respect of the Completion Schedule. Following any changes that may result from such consultation (if and to the extent agreed by the Seller Representative (acting reasonably and in good faith)), such Completion Schedule shall be final and binding, except in the case of manifest error or misstatement.

- 4.3 Unless otherwise directed by the Buyer in writing no later than five (5) Business Days prior to the Completion Date, effective as of the day immediately prior to the Completion Date, BETA US shall terminate the BETA US 401(k) Plan, and the Company shall provide the Buyer at least one day prior to Completion with resolutions duly adopted by the board of directors of BETA US evidencing such termination. The form and substance of such resolutions shall be subject to prior review and approval by the Buyer (such approval not to be unreasonably withheld, conditioned or delayed).

22

- 4.4 Prior to the Completion Date, the Buyer shall, and [\*\*\*] and [\*\*\*] shall procure that each of their respective Related Sellers shall, enter into good faith discussions as to whether such Related Sellers will continue to work for, and be employed by, the Buyer Group post-Completion. If it is agreed that they will, such Related Seller and the relevant member of the Buyer Group shall enter into New Employment Agreements which, if entered into prior to Completion, shall become effective upon Completion.

- 4.5 During the period from the date of this Agreement to Completion, the Sellers shall, and shall procure that the Group Companies and their respective directors, officers and employees shall, use their reasonable endeavours to give, the Buyer and its Representatives reasonable access during Working Hours, on reasonable advance written notice, but not so as to cause unreasonable disruption to the ongoing business of any Group Company, to such directors and employees and financial information, forecasts and other information (other than commercially sensitive information and materials, and any information or materials that are subject to any confidentiality restrictions in favour of third parties) to assist the Buyer in obtaining a valuation of the Indian assets in relation to the transaction value in the prescribed manner under Indian Tax laws to determine the applicability of Indian indirect transfer Tax provisions.

- 4.6 Following the signing of this Agreement and prior to Completion, the Sellers shall amend the articles of association of BETA Greece to remove Article 7 par. 5 and effect the related announcement in the Greek commercial registry, and shall provide to the Buyer a copy of the minutes of the general meeting at which such amendment was approved.

- 4.7 Prior to Completion, in respect of the Group's lease of the Shanghai office premises, the Sellers shall use commercially reasonable endeavours to obtain the landlord's written consent to the indirect change of control of the tenant arising as a result of Completion.

- 4.8 During the period from the date of this Agreement to Completion, the Buyer shall use reasonable endeavours to prepare the Registration Statement and Prospectus such that the Registration Statement may be filed with the SEC promptly following Completion in accordance with Clause 11.3.

## 5. COMPLETION

- 5.1 Completion shall be subject to the Conditions being satisfied (or waived) in accordance with Schedule 4.

5.2 Completion shall take place electronically by the exchange of PDF copies, except for the transfer of the Shares, which shall take place at the offices of Homburger AG, Prime Tower, Hardstrasse 201, 8005 Zurich, Switzerland (or at any other place as agreed in writing by the Seller Representative and the Buyer) on:

- (a) the fifteenth (15<sup>th</sup>) Business Day after the last of the Regulatory Conditions to be satisfied or waived is satisfied or waived, provided that, once the Completion Schedule is finalized, the Buyer may, by giving written notice to the Seller Representative, elect an earlier date, which date shall be no earlier than two (2) Business Days after delivery of such written notice to the Seller Representative in accordance with Clause 26; or
- (b) any other date agreed in writing by the Seller Representative and the Buyer,

such date being the “**Scheduled Completion Date**”, provided that unless the Buyer has agreed in writing, in no event shall Completion take place within the last two weeks of any fiscal quarter of the Buyer or the Buyer Group (in which event Completion shall instead take place

23

---

on the first Business Day of the next fiscal quarter of the Buyer or the Buyer Group, subject to the Conditions being satisfied or waived in accordance with this Agreement as of such date).

5.3 At Completion:

- (a) each Seller shall do or procure the carrying out of all those things listed in paragraph 1 of Schedule 5; and
- (b) the Buyer shall do or procure the carrying out of all those things listed in paragraph 2 of Schedule 5.

5.4 All documents and items delivered and payments received in connection with Completion shall be held by the recipient to the order of the person delivering or making them subject to Clause 5.5.

5.5 Without limiting each party's obligations under Clause 5.3, simultaneously with:

- (a) the delivery of all documents and items required to be delivered as Material Completion Obligations;
- (b) the receipt of all payments required to be made;
- (c) the receipt of the shares of Buyer Stock required to be issued; and
- (d) the performance of all other obligations required to be performed as Material Completion Obligations at Completion,

(and in the case of Clause 5.7(b), other than any such delivery, payment or performance to the extent such is not practicable), all such documents, items and payments shall cease to be held to the order of the person delivering or making them, shall be released and Completion shall be deemed to have taken place.

5.6 No party shall be obliged to complete the sale and purchase of any of the Shares or the EIL Shares unless the sale and purchase of all of the Shares and all of the EIL Shares is completed simultaneously.

5.7 Without prejudice to any other rights and remedies a party may have, if the Buyer or any Seller does not comply with all of its Material Completion Obligations on the Scheduled Completion Date, the Buyer (in the case of non-compliance by any Seller) and



the Seller Representative (in the case of non-compliance by the Buyer) shall each be entitled by notice in writing to each other party, at its discretion:

- (a) to defer Completion to any subsequent Business Day falling not more than twenty (20) Business Days after the Scheduled Completion Date or any later date set for Completion in accordance with this Clause 5.7(a)(iii). In such event:
  - (i) if the deferral is the result of non-compliance by the Buyer, the Seller Representative may, at their election provide the Buyer with an updated Completion Schedule in accordance with the requirements of Clause 4.2 (other than in respect of timing), which shall then constitute the Completion Schedule for the purposes of this Agreement in lieu of any prior Completion Schedule;
  - (ii) if the deferral is the result of non-compliance by any Seller, the Sellers shall, if requested by the Buyer, upon such request provide the Buyer with an updated

24

Completion Schedule in accordance with the requirements of Clause 4.2 (other than in respect of timing), which shall then constitute the Completion Schedule for the purposes of this Agreement in lieu of any prior Completion Schedule; and

- (iii) this Clause 5.7 shall also apply to Completion so deferred. The date for the deferred Completion shall be determined by the relevant party in good faith having regard, if applicable, to any reasonable time requirements for the Sellers to issue an updated Completion Schedule and for the Buyer to take such changes into account for the purposes of fulfilling its obligations under Clause 5.3;
- (b) so far as practicable, to complete the sale and purchase of the Shares and the EIL Shares in accordance with Clause 5.3 and Schedule 5; or
- (c) provided Completion has been deferred in accordance with Clause 5.7(a) at least once by the party in compliance, to terminate this Agreement by notice in writing to each other party, following which Clause 18 shall apply.

## 6. COMPLETION ACCOUNTS

6.1 In respect of the Completion Accounts, the parties shall comply with the requirements set out in Schedule 9.

6.2 Within five (5) Business Days, starting on the day after the Completion Accounts become binding in accordance with the provisions of Schedule 9, the following payments shall be made:

- (a) if the Consideration is less than the Initial Consideration, the Sellers shall repay to the Buyer an amount in cash equal to such difference, in accordance with paragraph 2 of Schedule 11; or
- (b) if the Consideration is greater than the Initial Consideration, the Buyer shall pay to the Sellers an amount in cash equal to such difference, in accordance with paragraph 2 of Schedule 11.

## 7. RETENTION ACCOUNTS

Each Seller and the Buyer shall perform its obligations as set out in Schedule 11.

## 8. POST-COMPLETION OBLIGATIONS

### 8.1 The Buyer shall:

- (a) as soon as reasonably practicable following Completion, procure, to the extent not paid on or prior to the Completion Date, the payment by each relevant Group Company of the Estimated Transaction Costs (subject to receipt of related invoices) to the persons entitled to such amounts;
- (b) by no later than the next scheduled monthly payroll following Completion, procure, to the extent not paid on or prior to the Completion Date, the payment by each relevant Group Company of the Estimated Transaction Bonuses to the persons entitled to such amounts, provided that if such date is not at least five (5) Business Days following the Completion Date, such payment will occur in the next subsequently scheduled monthly payroll; and

25

- (c) following Completion, procure, to the extent not already paid, the payment by each relevant Group Company of all other Transaction Costs and Transaction Bonuses promptly as they become due and payable (and in the case of Transaction Costs, subject to receipt of an invoice) to the persons entitled to such amounts,

and the Buyer shall procure that each relevant Group Company shall deduct and withhold from any such payment such amount as the relevant Group Company is required by Law to deduct and withhold for, or on account of, Tax. The Buyer shall procure that each relevant Group Company accounts to the appropriate Tax Authority for amounts so deducted or withheld in accordance with applicable Law. The Buyer shall promptly provide the Seller Representative with reasonable evidence of all payments, deductions and withholdings made, and amounts accounted for to any Tax Authority, pursuant to this Clause 8.1.

### 8.2 In respect of:

- (a) Third Party Guarantees, each Seller shall use commercially reasonable efforts to ensure that, as soon as reasonably practicable after Completion, each Group Company is released from all Third Party Guarantees given by it to the extent it is in respect of personal obligations of such Seller or any Affiliate of such Seller; and
- (b) Seller Guarantees, the Buyer shall, and shall procure that each Group Company shall, use commercially reasonable efforts to ensure that, as soon as reasonably practicable after Completion, each Seller is released from all Seller Guarantees given by it in respect of obligations of any Group Company including, without limitation to the extent within its powers by offering another person as a suitable replacement guarantor.

The Parties undertake to cooperate in order to identify the most appropriate solutions and to facilitate the replacement of the Third Party Guarantees and the Seller Guarantees.

### 8.3 From Completion, each Seller agrees to be bound by the undertakings set forth in Schedule 12.

### 8.4 Effective as of the Completion Date, the Buyer shall procure that all employees of the Group who participated in the BETA US 401(k) Plan as of immediately prior to Completion shall be eligible to participate in a 401(k) plan sponsored by the Buyer (any such plan, a “Buyer 401(k) Plan”) in accordance with the terms and conditions of such Buyer 401(k) Plan. The Buyer shall recognize all service employees had with any of the Group Companies for purposes of vesting under each Buyer 401(k) Plan and each Buyer

401(k) Plan shall accept the rollover of such employees' balances from the BETA US 401(k) Plan, including, to the extent permitted by the Buyer 401(k) Plan, outstanding promissory notes relating to plan loans.

## **9. WARRANTIES AND UNDERTAKINGS OF THE SELLERS**

9.1 Each Seller severally (and not jointly and severally), subject to Clause 9.3 below, in proportion to such Seller's Relevant Proportion warrants to the Buyer that each of the Warranties is true and accurate as at the date of this Agreement.

9.2 Subject to and conditional upon Completion, each Seller severally (and not jointly and severally), subject to Clause 9.3 below, in proportion to such Seller's Relevant Proportion warrants to the Buyer that:

- (a) each of the Fundamental Warranties will be true and accurate as at Completion as if repeated immediately prior to Completion and on the basis that any reference made to the date of this Agreement (whether express or implied) in any Warranty shall be considered a reference to the Completion Date; and

26

- (b) the Business Warranties and Tax Warranties will, collectively, be true and accurate as at Completion (as if repeated immediately prior to Completion and on the basis that any reference made to the date of this Agreement (whether express or implied) in any Warranty shall be considered a reference to the Completion Date) to such extent which, when taking into account all failures of any such Warranties to be true and accurate, does not have a Material Adverse Effect.

9.3 Each Warranty in paragraph 2 of Schedule 6 is given by each Seller severally in respect of itself and its Shares only (and not in respect of any other Seller or any other Seller's Shares), save that in the case of EIL, each Warranty in paragraph 2 of Schedule 6 is given by EIL severally in respect of itself and the EIL Shares only (and not in respect of any other Seller or any other Seller's Shares).

9.4 Each Warranty shall be construed as being separate and independent and shall not be expanded or limited by reference to any other matter or term of this Agreement, including the terms of any other Warranty. Each Warranty is qualified by any fact, matter, event or circumstance Disclosed in respect of that Warranty in the Disclosure Letter.

9.5 Warranties qualified by the expression "so far as the Sellers are aware" (or any similar expression) are deemed to be given by each Seller only on the basis of the actual knowledge of each Seller as of the date of this Agreement, in each case after having made reasonable enquiries of the Knowledge Group.

9.6 Notwithstanding any other provision of this Agreement, the provisions of this Clause 9 and Schedule 7 shall operate to limit, exclude, or qualify as the case may be, the liability of each Seller in respect of any Claim.

9.7 Without limiting any claim for fraud, each Seller acknowledges and agrees that:

- (a) the Buyer Warranties made by the Buyer and the warranties made by the Buyer in any other Transaction Document are the exclusive warranties made by the Buyer relating to the Buyer Group (including any warranty relating to financial condition, results of operations, assets or liabilities of the Buyer Group); and
- (b) other than the Buyer Warranties and the warranties made by the Buyer in any other Transaction Document, the Buyer has disclaimed (and no Seller has not relied on) any other express or implied warranties made by any person with respect to the

Buyer Group or otherwise with respect to the subject matter of this Agreement.

- 9.8 The Sellers have not relied on the advice of the Buyer nor any of its Affiliates, nor any of their respective officers, directors, employees, consultants or professional advisors, and each Seller acknowledges that no such party has acted as a fiduciary to such Seller or offered deal arrangement services.
- 9.9 Each Seller acknowledges and agrees that on and from Completion, except in the case of fraud and without prejudice to any matter agreed in the Transaction Documents, such Seller and such Seller's Affiliates and Connected Persons have no rights or remedies against (and have not assigned any rights or remedies against) and the Seller shall not, and shall procure that such persons shall not, bring or make any claim, proceeding, suit or action:
- (a) in connection with any information, opinion or advice supplied or given (or omitted to be supplied or given) in connection with any of the Transaction Documents against any current or former directors, officers, employees, and agents of any Group Company (each of whom shall be entitled to enforce this Clause 9.9 under the

27

---

Contracts (Rights of Third Parties) Act 1999) on whom it may have relied before agreeing to any terms of, or entering into, any Transaction Document; and

- (b) against any Group Company in respect of any matter arising prior to or at Completion (including any dividends declared but unpaid), other than in respect of Permitted Rights,

in each case with effect from Completion, and each such Seller hereby irrevocably releases, waives, forfeits and/or extinguishes (and shall procure that each of its Affiliates and Connected Persons releases, waives, forfeits and/or extinguishes) any such claim, proceeding, suit or action.

- 9.10 During the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement in accordance with Clause 18 and Completion, and subject to applicable Law, the Sellers shall procure that the Company gives, and causes its Representatives to give, the Buyer and its Representatives reasonable access during Working Hours, on reasonable advance written notice, but not so as to cause unreasonable disruption to the ongoing business of any Group Company, to such information of the Group Companies, other than commercially sensitive materials (including technical data to the extent commercially sensitive) or those subject to any confidentiality restrictions in favour of third parties, as and solely to the extent that the Buyer or its Representatives reasonably require in order to (i) comply with its obligations under this Agreement and / or (ii) plan for post-Completion integration; provided, that, all reasonable and documented out-of-pocket costs incurred by any Seller or any Group Company in so doing shall be for the account of the Buyer.
- 9.11 Except for the Warranties, or any warranties made by Sellers in any other Transaction Document, none of the Sellers, any of their respective Affiliates, or any of their respective Representatives, has made, or is making, any warranty of any kind or nature whatsoever, oral or written, express or implied, relating to the Sellers, the Group Companies or any of their respective Affiliates to the Buyer or any of its Affiliates or their respective Representatives, and the Sellers, on behalf of themselves and their respective Affiliates, hereby disclaim any such other warranties, and no such person shall be liable in respect of the accuracy or completeness of any information provided to the Buyer or any of its Affiliates or their respective Representatives.

## 10. WARRANTIES AND UNDERTAKINGS OF THE BUYER

- 10.1 The Buyer warrants to the Sellers that each of the Buyer Warranties is true and accurate as at the date of this Agreement and, subject to and conditional upon Completion, that each of the Buyer Fundamental Warranties will be true and accurate as at the Completion Date as if repeated immediately prior to Completion and on the basis that any reference made to the date of this Agreement (whether express or implied) in any Buyer Warranty shall be considered a reference to the Completion Date.
- 10.2 Each of the Buyer Warranties shall be construed as being separate and independent and shall not be expanded or limited by reference to any other matter or term of this Agreement, including the terms of any other Buyer Warranty.
- 10.3 Except for the Buyer Warranties, or warranties made by Buyer in any other Transaction Document, neither the Buyer nor any of its Affiliates, nor any of their respective Representatives, has made, or is making, any warranty of any kind or nature whatsoever, oral or written, express or implied, relating to the Buyer or any of its Affiliates to the Sellers or any of their respective Affiliates or their respective Representatives, and the Buyer, on behalf of

28

---

itself and its Affiliates, hereby disclaims any such other warranties, and no such person shall be liable in respect of the accuracy or completeness of any information provided to the Sellers or any of the respective Affiliates or their respective Representatives.

10.4 The Buyer:

- (a) shall not agree to any waiver, amendment or variation of any term in the W&I Policy under which the W&I Insurer waives its rights to take subrogated action against the Sellers and its Affiliates and their respective officers, directors and employees upon the terms set out in the W&I Policy (except to the extent attributable to fraud by the Sellers) (the "**W&I Subrogation Waiver**") (or do anything which has a similar effect) without the prior written consent of the Seller Representative;
- (b) shall not novate or otherwise assign its rights with respect to the W&I Subrogation Waiver (or do anything which has similar effect) or do anything which causes the W&I Subrogation Waiver not to have full force and effect under its terms; and
- (c) shall, without limitation to any right of the Seller separately to enforce such terms, use reasonable endeavours to enforce any W&I Subrogation Waiver, and the Policy shall expressly state that Sellers are third party beneficiaries of the W&I Subrogation Waiver with rights to enforce that waiver (provided, subject to Clause 10.5, that the W&I Policy may be amended or waived by the parties thereto without requiring the consent of any such third party),

and the Buyer warrants to the Sellers as at the date of this Agreement that the Sellers' solicitors have been provided with a genuine and complete copy of the substantially final version of the W&I Policy (including, for the avoidance of doubt, the W&I Subrogation Waiver).

- 10.5 The Buyer shall not agree to any amendment or variation to, or waiver of any term of the W&I Policy which amendment, variation or waiver would increase the liability of a Seller under this Agreement or any other Transaction Document without the prior written consent of the Sellers; provided, however, for the avoidance of doubt, that the foregoing shall not in any way limit the Buyer's or its Affiliates' rights to notice, make, administer, adjust, negotiate or settle any claims under the W&I Policy (provided that any such settlement does not permit the W&I Insurer to take subrogated action against any Seller and/or any of its Affiliates or its or its Affiliates' respective officers, directors and employees other than pursuant to the terms of the W&I Policy, including in the event of fraud by the Sellers).

- 10.6 The Buyer shall comply with the terms of the W&I Policy and shall not transfer, novate, assign or otherwise alienate any of its rights thereunder (or do anything which has similar effect), or do anything or omit to do anything that causes or is expected to cause any right under the W&I Policy to lapse or otherwise not have full force or effect, in each case other than to the extent that such failure to comply, action or omission of the Buyer would not increase the liability of a Seller under this Agreement or any other Transaction Document, and other than in respect of providing notice, making, administering, adjusting, negotiating or settling any claim under the W&I Policy (provided that any such settlement does not permit the W&I Insurer to take subrogated action against any Seller and/or any of its Affiliates or its or its Affiliates' respective officers, directors and employees other than pursuant to the terms of the W&I Policy, including in the event of fraud by the Sellers).
- 10.7 The Buyer acknowledges and agrees that the Buyer is solely responsible for paying or procuring the payment of any premium, cost, fee, expense or Tax under or in connection with the W&I Policy.

29

- 
- 10.8 Without limiting any Claim for fraud, the Buyer acknowledges and agrees that:
- (a) the Warranties made by the Sellers (as qualified by the Disclosure Letter) and any warranties made by Sellers in any other Transaction Document are the exclusive warranties made by the Sellers relating to the Sellers and any Group Company (including any warranty relating to financial condition, results of operations, assets or liabilities of the Group Companies);
  - (b) other than the Warranties, the Sellers have disclaimed (and the Buyer has not relied on) any other express or implied warranties made by any person with respect to the Sellers, any Group Company or otherwise with respect to the subject matter of this Agreement; and
  - (c) the Sellers are not, directly or indirectly, and no other person on behalf of the Sellers is, making any warranties regarding any pro-forma financial information, financial projections, estimates or budgets, future revenues, future results from operations or future cash flows, or, other than in respect of the impact of the Transaction as set out in the Warranties, the future condition (whether financial or other) of any Group Company or the businesses or assets thereof, or other forward-looking statements of any Group Company.
- 10.9 The Buyer has not relied on the advice of the Sellers or their legal, tax or financial advisors. The Buyer acknowledges that any financial projections that may have been provided to it are based on assumptions of future operating results based on assumptions about certain events (many of which are beyond the control of the Sellers). The Buyer understands that no assurances or representations can be given that the actual results of the operations of any Group Company will conform to the projected results for any period.
- 10.10 The Buyer acknowledges and agrees that on and from Completion except in the case of fraud and without prejudice to any matter agreed in the Transaction Documents:
- (a) no Group Company shall have rights or remedies against (and has not assigned any rights or remedies against), and shall procure that no Group Company shall bring or make any claim, proceeding, suit or action against, any Seller in respect of any matter arising prior to or at Completion, other than in respect of Permitted Rights, in each case with effect from Completion, and the Buyer shall procure that each Group Company releases, waives, forfeits and/or extinguishes any such claim, proceeding, suit or action; and

- (b) no member of the Buyer Group shall have any rights or remedies, and shall procure that no member of the Buyer Group shall bring or make any claim, proceeding, suit or action, against any current or former directors, officers, employees, and agents of any Group Company, except for any Seller or Related Seller, (each a “Released Person”) in connection with any information, opinion or advice supplied or given (or omitted to be supplied or given) in connection with any of the Transaction Documents, except to the extent expressly agreed in the Transaction Documents. Each Released Person shall be entitled to enforce this Clause 10.10(b) under the Contracts (Rights of Third Parties) Act 1999.

10.11 As soon as reasonably practicable following Completion, the Buyer undertakes to the Sellers that it shall establish a retention pool for employees of the Group (other than the Sellers) with an aggregate dollar value equal to the aggregate of the Retention Pool Amount and the Seller Retention Pool Contribution (the “Retention Pool”). The Retention Pool shall be allocated as follows:

30

- (a) an aggregate amount equal to the Retention Pool Amount shall be allocated to those employees of the Group (other than the Sellers) as nominated by the Buyer, provided that the Buyer shall consult with and take into account the reasonable requests of, the Seller Representative on the allocation of such portion of the Retention Pool; and
- (b) an aggregate amount equal to the Seller Retention Pool Contribution shall be allocated to those employees of the Group (other than the Sellers) as nominated by the Seller Representative, provided that the Seller Representative shall consult with and take into account the reasonable requests of, the Buyer on the allocation of the Seller Retention Pool Contribution.

All payments from the Retention Pool to the employees of the Group shall be subject to deductions or withholdings for or on account of Tax as required by applicable Law. It is the intention of the parties that the Retention Pool is established promptly following the Completion Date subject to any applicable tax structuring discussions.

10.12 For the period of six (6) years following Completion:

- (a) the Buyer shall use commercially reasonable efforts to retain and maintain in accordance with its corporate policy related to preservation of records all books or records relating to the legal, regulatory, Tax or financial affairs of any Group Company (including any material notices, correspondence, books of account or other material documents or electronic records relating to such matters) in the possession or under the control of any Group Company as of Completion to the extent pertaining to any period prior to Completion (“Records”); and
- (b) the Buyer shall, and shall procure that each other member of the Buyer Group shall, permit, upon reasonable advance written notice and during normal business hours, but not so as to cause unreasonable disruption to the ongoing business of any member of the Buyer Group, any Seller (or any Representative of any Seller) the right to inspect all Records but solely to the extent that the relevant Seller reasonably requires access to such Records to comply with Law or for other Tax, regulatory or accounting purposes, other than privileged materials, in each case subject to applicable Law and receipt of such undertakings as to confidentiality as the Buyer may reasonably require (and in the case of any Records that are subject to any confidentiality restrictions in favour of third parties, subject to the relevant Seller (or any Representative of such Seller) entering into back-to-back confidentiality undertakings on terms substantially consistent with the applicable confidentiality restrictions) and provided that all reasonable out-of-pocket costs incurred by the Buyer in so doing shall be for the account of the relevant Seller.

## 11. RESTRICTIONS ON BUYER STOCK; SHELF REGISTRATION



11.1 The Buyer Stock issued pursuant to the terms of this Agreement will be issued in a transaction exempt from registration under the Securities Act (by reason of Section 4(a)(2) of the Securities Act and/or Rule 506 of Regulation D promulgated under the Securities Act and/or Regulation S promulgated under the Securities Act) and therefore may not be re-offered or resold other than in conformity with the registration requirements of the Securities Act and such other applicable rules and regulations or pursuant to an exemption therefrom. The Buyer Stock to be issued pursuant to the terms of this Agreement will be “restricted securities” within the meaning of Rule 144 under the Securities Act and may not be offered, sold, pledged, assigned or otherwise transferred (a) other than pursuant to an effective registration statement with respect thereto under the Securities Act and any applicable U.S. state securities laws at such time or (b) an exemption from such registration exists, and in either case the Buyer

31

---

receives an opinion of counsel to the Buyer or the holder of such securities (which counsel and opinion are reasonably satisfactory to the Buyer), that such securities may be offered, sold, pledged, assigned or transferred in the manner contemplated. The Buyer Stock issued hereunder will be noted with respect to such restrictions.

11.2 Notwithstanding anything to the contrary in this Agreement, a Seller shall receive the Stock Consideration under Clause 3.3(a)(v) only if such Seller provides a duly completed Investor Suitability Questionnaire to allow the Buyer to issue the Buyer Stock to such person in a manner that satisfies the requirements of Rule 506 of Regulation D or Regulation S under the Securities Act, including certifications to the Buyer:

- (a) (i) that such Seller is and will be, as of the Effective Time, an “accredited investor” (as such term is defined in Rule 501 of Regulation D under the Securities Act); (ii) as to the basis on which such Seller is an accredited investor; and (iii) that the Stock Consideration is being acquired for such Seller's account for investment only and not with a view towards, or with any intention of, a distribution or resale thereof (a person who satisfies all of the preceding requirements, an “**Accredited Investor**”); or
- (b) that such Seller is not, and will not be at the Effective Time, a U.S. Person as defined in Rule 902(k) of Regulation S under the Securities Act and is not acquiring the Stock Consideration for the account or benefit of any U.S. Person (a “**Non-U.S. Person**”), in each case, unless such requirements are waived in writing by the Buyer.

11.3 Promptly, and in any event within five (5) Business Days following the Completion, the Buyer shall file with the SEC a shelf registration statement on Form S-3 or, if Form S-3 is not available to the Buyer, another appropriate form (including any amendments or supplements, the “**Registration Statement**”) and the prospectus (including any amendments or supplements, the “**Prospectus**”) forming part of the Registration Statement in compliance with Rule 415 under the Securities Act covering the resale on a continuous basis of all of the Registrable Securities. Such Registration Statement shall be an “automatic resale registration statement” as defined pursuant to Rule 462(e) if the Buyer so qualifies, and to the extent the Buyer does not so qualify, the Buyer shall use commercially reasonable efforts to have the Registration Statement declared effective under the Securities Act as soon as reasonably practicable after such Registration Statement is filed with the SEC. The Buyer shall use commercially reasonable efforts to keep the Registration Statement effective for a period of one year following the Completion Date or, if sooner, the date on which all shares of the Buyer Stock subject to the Registration Statement cease to be Registrable Securities hereunder.

11.4 As a condition to its obligations under Clause 11.3, the Buyer may require each Holder of Registrable Securities as to which any registration is being effected to (a) furnish the Buyer with such information regarding such person that is necessary to satisfy the disclosure requirements relating to the registration and the distribution of such securities under the Securities Act and the rules and



regulations promulgated thereunder as the Buyer may from time to time reasonably request in writing, including a properly completed and executed Selling Holder Questionnaire (which shall include acknowledgment of the Holder of Registrable Securities' obligations hereunder and under the applicable securities laws as shall be reasonably necessary to facilitate the resale of the Registrable Securities), and (b) promptly notify the Buyer in writing of any changes in the information set forth in the applicable Selling Holder Questionnaire after it is prepared regarding the Holder of Registrable Securities. The Registration Statement and Prospectus shall only include the Registrable Securities of Buyer Stock recipients for whom the Buyer has received properly completed Selling Holder Questionnaires on or before the third(3rd) Business Day prior to the Completion Date. None of the information supplied (or to be supplied) by or on behalf of any of the Holders of Registrable Securities for inclusion or incorporation by reference in the applicable Registration

Statement or Prospectus will, at the time the Registration Statement becomes effective under the Securities Act (or with respect to any post-effective amendments or supplements thereto, at the time such post-effective amendments or supplements become effective under the Securities Act), contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading. For the purposes of this Clause 11, a **"Holder of Registrable Securities"** refers solely to a Seller that is a holder of Registrable Securities as of or following the Completion Date.

- 11.5 The Buyer shall have the right at any time, upon notice (with immediate effect) to the Holders of Registrable Securities, to (a) delay the filing of the Registration Statement or a request for acceleration of the effective date for the shortest period of time reasonably possible, but in no event more than sixty (60) days, which delay cannot occur more than two (2) times in any one-year period, or (b) suspend the use of the Registration Statement or the Prospectus after effectiveness and require that the Holders of Registrable Securities immediately cease sales of shares pursuant to any Registration Statement or Prospectus in the event that (i) the Buyer is or may be in possession of material non-public information, the failure of which to disclose in the Registration Statement or the Prospectus could result in a violation of securities laws, (ii) there is a contemplated financing, acquisition, disposition, corporate reorganization, merger, or other similar transaction or other material event or circumstance affecting the Buyer or its securities or (iii) any other event occurs that makes any statement of a material fact made in such Registration Statement or Prospectus, including any document incorporated by reference therein, untrue or that requires the making of any additions or changes in such Registration Statement or Prospectus in order to make the statements therein not misleading. If the Buyer suspends the use of the Registration Statement or Prospectus and requires the Holders of Registrable Securities to cease sales of shares pursuant to this Clause 11.5, the Buyer shall, as promptly as reasonably practicable following the termination of the circumstance which entitled the Buyer to do so, take such actions as may be reasonably necessary to terminate such suspension and give written notice to all Holders of Registrable Securities authorizing them to resume sales pursuant to such Registration Statement and the Prospectus. If as a result thereof any Registration Statement or Prospectus has been amended to comply with the requirements of the Securities Act, the Buyer shall enclose such revised Registration Statement or Prospectus with the notice to Holders of Registrable Securities given pursuant to this Clause 11.5, and the Holders of Registrable Securities shall make no offers or sales of shares pursuant to such Registration Statement other than by means of such revised Prospectus. The Buyer need not specify the nature of the event giving rise to any delay or suspension in any notice to Holders of Registrable Securities. The provisions of this Clause 11.5 shall be in addition to any employee insider trading or similar policies of general application maintained by Buyer as may be applicable to a Holder of Registrable Securities that is an employee of Buyer.

- 11.6 With a view to making available the benefits of certain rules and regulations of the SEC that may permit the sale of the Registrable Securities to the public without registration, following Completion for so long as any Registrable Securities remain outstanding, the Buyer agrees to use its commercially reasonable efforts to:
- (a) file with the SEC in a timely manner all periodic reports required of the Buyer under the Exchange Act; and
  - (b) furnish at the Buyer's expense legal opinions or instruction letters regarding the removal of restrictive legends in connection with a sale under Rule 144.
- 11.7 The Buyer's obligations under this Clause 11 shall terminate one year following the Completion Date.

## 12. SELLER REPRESENTATIVE

- 12.1 Subject to Clause 12.3, each Seller hereby irrevocably appoints NAMID Ltd to act as its representative in respect of any matters which this Agreement identifies are to be done by the Seller Representative or on such Seller's behalf, including (without limitation) for the purpose of:
- (a) delivering payment instructions to the Buyer in connection with the payment of the Consideration;
  - (b) accepting notices on its behalf in accordance with Clause 26;
  - (c) granting any consent, waiver or approval as specified under this Agreement;
  - (d) agreeing the Completion Accounts in accordance with Schedule 9; and/or
  - (e) executing joint instructions to the Retention Agent.
- 12.2 The Seller Representative shall consult with each Seller and take into account the views of each Seller before taking any steps or actions or deciding not to take any steps or actions in accordance with the authority granted to the Seller Representative under this Agreement.
- 12.3 If the Sellers agree in writing to appoint another person to fill the role of Seller Representative, the Sellers shall promptly notify the Buyer of the identity of such other person, following which such other person shall be the Seller Representative for the purposes of this Agreement.
- 12.4 If there is no Seller Representative at any time, references to the Seller Representative in this Agreement (except in this Clause 12) will be construed as references to the Sellers collectively.
- 12.5 Each Seller:
- (a) agrees that the Seller Representative, in exercising the powers and authorities conferred by this Clause 12 and/or the Transaction Documents upon such Seller Representative, shall not be acting, or be construed as acting, as the agent or trustee on behalf of any Seller;
  - (b) agrees that the Seller Representative shall be entitled to take any and all actions that may be necessary or desirable, as determined by the Seller Representative in its sole discretion in carrying out any steps or actions required by it under this

Agreement, and shall have no liability whatsoever to any Seller in relation to the exercise of those powers and authorities, except in the case of fraud by the Seller Representative; and

- (c) agrees that it shall be bound by any steps or actions taken or any agreement entered into by the Seller Representative to the extent it was acting in accordance with a power granted to it under this Agreement.

12.6 The Buyer shall (a) be entitled to deal exclusively with the Seller Representative on all matters relating to this Agreement and the other Transaction Documents (with respect to matters regarding the Sellers) which are set out herein as being a matter which the Seller Representative is entitled to deal with and (b) have the right to rely, without independent investigation or verification, upon all decisions, communications or writings made, given or executed by the Seller Representative (with respect to matters regarding the Sellers) and actions taken or omitted to be taken by the Seller Representative pursuant to this Agreement, in each case to the extent within the Seller Representatives' powers in accordance with this

---

Agreement. Each Seller agrees not to institute any action, proceeding, or claim against the Buyer, the Buyer Group or any of their respective Representatives alleging that the Seller Representative did not have the authority to act on behalf of each Seller in connection with any such action, omission or execution.

### 13. MATTERS AMONG THE SELLERS

13.1 Each Seller irrevocably and unconditionally:

- (a) agrees that the allocation of the Consideration between the Sellers in accordance with Clause 3.2 is in accordance with the Company's Organizational Documents, and accordingly each Seller agrees and consents to the allocation of the Consideration as set out in this Agreement and its respective Relevant Allocation of the Consideration and waives any rights it may have under any agreement governing the distribution of proceeds on any sale of all or any part of the share capital of the Company;
- (b) agrees and consents to the entering into of this Agreement and the Transaction and releases each other Seller from any breach by such Seller of any part of the Company's Organizational Documents, by reason of the entering into of this Agreement or any of the Transaction Documents or the consummation of any part of the Transaction; and
- (c) agrees that no other Seller shall have any liability to it to settle or make payment towards any Tax liability arising on the consideration receivable by it (in whatever form), and that it has not been induced by, or relied on any, representation or warranty in relation to any Taxation payable or Relief which may be available, made by any other Seller.

### 14. SELLER ACKNOWLEDGEMENTS

- 14.1 Each Seller acknowledges that neither the Group Companies nor any of their affiliates, any of their respective officers, directors, employees, consultants or professional advisers (together, the "**Company Parties**") are acting as a fiduciary or financial adviser or investment adviser to such Seller, or have offered deal arrangement services, and have not given such Seller any investment advice, opinion, recommendation or other information on whether the sale of their Shares is prudent.
- 14.2 Each Seller acknowledges that if they wish to be advised on the terms of the sale or purchase of their Shares or otherwise then they must seek their own advice, and in particular tax advice, from a suitably qualified professional.

**14.3 Each Seller acknowledges that:**

- (a) the Company and/or the Buyer currently may have, and later may come into possession of, information with respect to the Company that is not known to the Seller and that may be material to a decision to sell their Shares (“**Excluded Information**”);
- (b) they have determined to sell their Shares notwithstanding their lack of knowledge of the Excluded Information;
- (c) none of the Company Parties shall have any liability to the Seller, and the Seller hereby irrevocably waives and releases any and all claims that they might have against any of the Company Parties, respectively, whether under applicable securities laws or otherwise, with respect to the non-disclosure of such Excluded Information in connection with any sale of their Shares and the transactions contemplated by this Agreement;

35

- (d) the Company Parties have not made any representations or warranties in connection with the sale of any Shares and they are not relying on any Company Party in making any decision to sell; and
- (e) they have received all the information they consider necessary or appropriate for deciding whether to enter into this Agreement and have had an opportunity to ask questions and receive full answers from the Company concerning, among other things, its financial condition, its management, its prior activities and any other information which they consider relevant or appropriate.

**15. INDEMNITIES**

**15.1** Each Seller (severally, and not jointly and severally, in proportion to such Seller’s Relevant Proportion) undertakes to indemnify, and to keep indemnified, the Buyer and each member of the Buyer Group against, and to pay on demand (on a dollar for dollar basis) all losses which are suffered or incurred by any of them arising as a result of the following matters:

- (a) any Business Warranty Claim, Tax Warranty Claim or Fundamental Warranty Claim; and
- (b) any claim by or on behalf of any current, former or purported security holder of any Group Company against the Buyer or any Group Company with respect to the transactions contemplated by this Agreement, including any claim that such person is entitled to receive, in respect of securities held or alleged to be held by such person in any Group Company, any amounts in excess of the amounts indicated in the Completion Schedule.

**16. TAX COVENANT**

The provisions of Schedule 8 shall apply with effect from Completion (except for paragraph 6 of Schedule 8, which shall apply with effect from the date of this Agreement).

**17. CONFIDENTIALITY AND ANNOUNCEMENTS**

**17.1** Subject to Clause 17.4, each party:

- (a) shall treat, and shall procure that its Affiliates treat, as strictly confidential:

- (i) the provisions of this Agreement and the other Transaction Documents (including the identities of the parties to such agreements), their subject matter and any documents referred to therein, and the process of their negotiation; and
  - (ii) in the case of each Seller, any information received or held by such Seller or any of its Representatives which relates to (x) the Buyer Group or (y) following Completion, any Group Company; and
  - (iii) in the case of the Buyer, any information received or held by the Buyer Group which relates to any of the Sellers, (together “Confidential Information”); and
- (b) shall not, and shall procure that its Affiliates shall not, except with the prior written consent of the party to whom the Confidential Information relates (which shall not be unreasonably withheld or delayed), make use of (except for the purposes of

36

performing its obligations or exercising its rights under this Agreement or any other Transaction Document or in the case of any Affiliate of a Seller, in the performance of his/her duties as an employee of any Group Company or any member of the Buyer Group) or disclose to any person (other than its Representatives in accordance with Clause 17.2) any Confidential Information.

17.2 Each party undertakes that it shall, and it shall procure that its Affiliates shall, only disclose Confidential Information to its Representatives where it is reasonably required for the purposes of performing its obligations or exercising its rights under this Agreement or any other Transaction Document and only where such recipients are informed of the confidential nature of the Confidential Information and the provisions of this Clause 17 and instructed to comply with this Clause 17 as if they were a party to it.

17.3 No party shall (and shall procure that each of its Affiliates and, in the case of the Sellers, the Group Companies shall not) make any public announcement or other public statements (including in any media interviews, conferences, investor or analyst meetings, professional or trade publications, any print media) concerning the subject matter of this Agreement without the prior written consent of the Buyer on the one hand and the Seller Representative on the other (which consent shall not be unreasonably withheld, delayed or conditioned), except:

- (a) as such announcement or statement may be required by applicable Law or the rules or regulations of any applicable securities exchange or other Authority to which the relevant party is subject, in which case the party required to make the announcement or statement will use its reasonable efforts to allow each other party reasonable time to comment on such announcement or statement in advance of such release or issuance;
- (b) to the extent such announcement or statement contains information that is consistent with any other announcement or statement previously issued or made in accordance with this Clause 17.3.

17.4 Clauses 17.1, 17.2 and 17.3 shall not apply if and to the extent:

- (a) the information was in the public domain before it was received by the relevant party or, after it was received by the relevant party, entered the public domain other than as a result of a breach of this Agreement by any party (or its Representatives) (provided, that the foregoing will not apply to information described in Clauses 17.1(a)(i) or 17.1(a)(ii)(y));

- (b) the party using or disclosing Confidential Information or making such announcement:
  - (i) can demonstrate that such disclosure or announcement is required by Law or by any Authority having applicable jurisdiction; or
  - (ii) is disclosing such Confidential Information to a Tax Authority for the purposes of the efficient management of the Tax affairs of the disclosing Party or an Affiliate of the disclosing Party; or
- (c) disclosure is made by the Buyer to the W&I Insurer, provided such information is disclosed on a confidential basis.

17.5 The provisions of this Clause 17 shall survive termination of this Agreement or Completion, as the case may be.

17.6 Notwithstanding anything to the contrary in this Clause 17, the Buyer shall be permitted to make any public statements regarding this Agreement and the Transaction as the Buyer, in its

37

---

reasonable discretion, may determine appropriate (including in any media interviews, conferences, investor or analyst meetings, professional or trade publications, any print media or securities or stock exchange filings), provided that any such public statement shall not name or otherwise refer to, any Seller, any Seller's Related Persons or any Seller's ultimate beneficial owner(s) or controllers.

## 18. TERMINATION

18.1 Written notice to terminate this Agreement may be given:

- (a) by the Buyer or the Seller Representative in accordance with Clause 18.2 or paragraph 1.15 of Schedule 4; or
- (b) by either the Buyer or the Seller Representative in accordance with Clause 5.7(c).

18.2 If any Regulatory Condition:

- (a) is not satisfied (or waived in accordance with this Agreement) by the Longstop Date; or
- (b) otherwise becomes incapable of being satisfied due to a final, non-appealable Order issued by an Authority of competent jurisdiction prohibiting the consummation of the Transaction (and is not waived in accordance with this Agreement),

then either the Seller Representative or the Buyer may by notice to the other party terminate this Agreement; provided that the Seller Representative will not be entitled to terminate this Agreement pursuant to this Clause 18.2 in the event any Seller has materially breached any of its obligations under Schedule 4 or the warranties in paragraphs 2.4, 3.5 or 13.4 of Schedule 6 (provided that for these purposes, each such warranty shall be deemed to be qualified in all respects by the expression "so far as the Sellers are aware"), in any such case, where such breach is a substantial cause of the failure of any Regulatory Condition to be satisfied by the Longstop Date or otherwise becoming incapable of being satisfied.

18.3 If notice of termination is given in accordance with Clause 18.1 or 18.2, then this Agreement shall cease to have effect immediately upon delivery of such notice of termination, except that the Surviving Provisions and any rights or liabilities that have accrued prior to that time shall continue in full force and effect.

## 19. FURTHER ASSURANCE

Each party shall execute and deliver or procure the execution and delivery of, all such documents, and shall do all such things, as any other party may reasonably require for the purpose of giving full effect to the provisions of this Agreement and to secure for each party the full benefit of the rights, powers and remedies conferred upon it under this Agreement.

## 20. ENTIRE AGREEMENT AND REMEDIES

20.1 This Agreement and the other Transaction Documents together set out the entire agreement between the parties relating to the subject matter of this Agreement and the matters described in the other Transaction Documents and, save to the extent expressly set out in this Agreement or any other Transaction Document, supersede and extinguish any prior drafts, agreements, undertakings, representations, warranties, promises, assurances and arrangements of any nature whatsoever, whether or not in writing, relating thereto.

38

20.2 Each party acknowledges and agrees that in entering into this Agreement and the Transaction Documents it has not relied and is not relying on, and shall have no claim or remedy in respect of, any statement, representation, warranty, undertaking, assurance, promise, understanding or other provision made, whether by a party to this Agreement or not, whether written or oral, express or implied and whether negligently or innocently made, which is not expressly set out in this Agreement or any other Transaction Document.

20.3 Save as expressly set out in this Agreement (including paragraph 1.5 of Schedule 12) or any other Transaction Document, the only right or remedy of any party in relation to any statement, representation, warranty, undertaking, assurance, promise, understanding or other provision set out in this Agreement or any other Transaction Document shall be for breach of this Agreement or the relevant Transaction Document to the exclusion of all other rights and remedies (including those in tort or arising under statute) and, in respect of any breach of this Agreement or any Transaction Document, the only remedy shall be a claim for damages in respect of such breach. Save as expressly set out in this Agreement, no party shall be entitled to rescind or terminate this Agreement in any circumstances whatsoever at any time, whether before or after Completion, and each party waives any rights of rescission or termination it may have.

20.4 If there is any conflict between the terms of this Agreement and any other agreement, this Agreement shall prevail (as between the parties to this Agreement and as between each Seller and any of its Affiliates on the one hand and any members of the Buyer Group on the other) unless:

- (a) such other agreement expressly states that it overrides this Agreement in the relevant respect; and
- (b) each Seller and the Buyer are either also parties to that other agreement or otherwise expressly agree in writing that such other agreement shall override this Agreement in that respect.

20.5 Except where expressly provided otherwise, the rights, powers, privileges and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers, privileges or remedies provided by Law.

20.6 Nothing in this Agreement shall exclude or limit any liability for or remedy in respect of fraud.

## 21. POST-COMPLETION EFFECT OF AGREEMENT

21.1 Notwithstanding Completion, each provision of this Agreement and any other Transaction Document not performed at or before Completion but which remains capable of performance (including those provisions which are expressly stated to survive termination of this Agreement), the Warranties and all covenants, indemnities and other undertakings and assurances contained in or entered into pursuant to this Agreement or any other Transaction Document will remain in full force and effect and, except as otherwise expressly provided, without limit in time.

21.2 Notwithstanding anything to the contrary herein, other than in the event of fraud, if the Transaction is completed:

- (a) the Buyer Warranties that are not Buyer Fundamental Warranties shall expire and be of no further force or effect as of the Completion; and
- (b) the Buyer Fundamental Warranties shall survive for a period of five (5) years from the Completion Date; provided no Seller shall have recourse against the Buyer if (i) the

39

---

Buyer has satisfied its obligations set forth in paragraph 2.1(a) to (e) (inclusive) of Schedule 5 and (ii) the Stock Consideration, when issued, is duly authorised, validly issued, fully paid and nonassessable and, subject to securities Laws, free of any Encumbrance (other than any Encumbrances imposed by or created as a result of the circumstances of the Sellers).

## 22. WAIVER AND VARIATION

22.1 A failure or delay by a party to exercise any right or remedy provided under this Agreement or by Law, whether by conduct or otherwise, shall not constitute a waiver of that or any other right or remedy, nor shall it preclude or restrict any further exercise of that or any other right or remedy. No single or partial exercise of any right or remedy provided under this Agreement or by Law, whether by conduct or otherwise, shall preclude or restrict the further exercise of that or any other right or remedy.

22.2 A waiver of any right or remedy under this Agreement shall only be effective if given in writing and shall not be deemed a waiver of any subsequent breach or default. It is acknowledged and agreed that the Seller Representative may waive any right or remedy under this Agreement on behalf of the Sellers.

22.3 A party that waives a right or remedy provided under this Agreement or by Law in relation to another party does not affect its rights in relation to any other party.

22.4 No variation or amendment of this Agreement shall be valid unless it is in writing and duly executed by the Buyer and each of the Sellers. Unless expressly agreed between the Buyer and the Sellers, no variation or amendment shall constitute a general waiver of any provision of this Agreement, nor shall it affect any rights or obligations under or pursuant to this Agreement which have already accrued up to the date of variation or amendment and the rights and obligations under or pursuant to this Agreement shall remain in full force and effect except and only to the extent that they are varied or amended.

## 23. INVALIDITY

Where any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the Laws of any jurisdiction then such provision shall be deemed to be severed from this Agreement and, if possible, replaced with a lawful provision



which, as closely as possible, gives effect to the intention of the parties under this Agreement and, where permissible, that shall not affect or impair the legality, validity or enforceability in that, or any other, jurisdiction of any other provision of this Agreement.

## **24. ASSIGNMENT**

24.1 Except as provided in this Clause 24 or as the parties specifically agree in writing, no person shall assign, transfer, charge or otherwise deal with all or any of its rights under this Agreement nor grant, declare, create or dispose of any right or interest in it.

24.2 Subject to Clause 24.3, the Buyer may assign the benefit of (and in the case of Clause 24.2(a), charge or otherwise grant security over) this Agreement and/or of any other Transaction Document to which it is a party, in whole or in part, to, and it may be enforced by:

- (a) any member of the Buyer Group or any Affiliate of the Buyer (provided if any assignee under this Clause 24.2(a) ceases to be a member of the Buyer Group or an Affiliate of the Buyer, any rights under this Agreement and/or any other Transaction Document which have been assigned to it shall be promptly assigned to, or made the

40

---

subject of a trust in favour of, another member of the Buyer Group or an Affiliate of the Buyer); or

- (b) any bank or financial institution lending money or making other banking facilities available to the Buyer for the acquisition of the Shares, by way of security, or any refinancing thereof.

24.3 Any assignment made pursuant to Clause 24.2 or 24.3 shall be on the basis that:

- (a) each Seller may discharge its obligations under this Agreement to the assignor until it receives notice of the assignment;
- (b) the liability of each Seller to any assignee shall not be greater than its liability to the Buyer; and
- (c) the Buyer will remain jointly and severally liable for any obligations under this Agreement.

24.4 This Agreement shall be binding on and continue for the benefit of the successors and assignees of each party.

## **25. PAYMENTS, SET OFF AND DEFAULT INTEREST**

25.1 Except as otherwise provided in this Agreement, any payment to be made pursuant to this Agreement by the Buyer to any Seller shall be made to the Bank Account of such Seller and any payment to be made pursuant to this Agreement by any Seller to the Buyer shall be made to the Bank Account of the Buyer, in each case by way of electronic transfer in immediately available funds on or before the due date for payment. Receipt of such sum in such account on or before the due date for payment shall be a good discharge by the payer of its obligation to make such payment.

25.2 Subject to Clause 25.4, all payments made by any party under this Agreement, or any other Transaction Document, shall be made free from any set-off, counterclaim or other deduction or withholding of any nature whatsoever, except for deductions or withholdings required to be made by Law. If any such deductions or withholdings for or on account of Tax are required by Law to be made from any payments payable by any Seller(s) under this Agreement in respect of any Tax Covenant Claim, any indemnity or for breach of this Agreement (other than any payment of interest) the amount of the payment shall be increased by the Seller(s) by such amount as will, after the deduction or withholding has been made, leave the Buyer or relevant member of the Buyer Group

with the same net after-tax amount as it would have been entitled to receive in the absence of any such requirement to make a deduction or withholding.

- 25.3 If any sum payable under this Agreement by any Seller(s) under this Agreement in respect of any Tax Covenant Claim (other than any payment of interest) is subject to Tax in the hands of the Buyer or relevant member of the Buyer Group (as applicable) (or would be subject to Tax but for the availability of a Relief) (other than by deduction or withholding), the Seller(s) shall pay such additional amount as shall ensure that the net after-tax amount received by the Buyer or relevant member of the Buyer Group (as applicable) shall be the amount that the payee would have received if the payment had not been subject to Tax.
- 25.4 To the extent that the Buyer shall have transferred (by whatever means, including by way of a declaration of trust or anything that amounts in substance to a transfer) the benefit in whole or in part of this Agreement or shall have changed its tax residence or the permanent establishment to which the rights under this Agreement are allocated then the liability of the

41

---

Seller(s) under Clauses 25.2 and 25.3 shall be limited to that (if any) which it would have been had no such transfer or change taken place.

- 25.5 Where any Seller or the Buyer default in the payment when due of any damages or other sum payable by virtue of this Agreement or any other Transaction Document the liability of such Seller or the Buyer (as the case may be) shall be increased to include an amount equal to interest on such sum from the date when payment is due to the date of actual payment (both before and after judgment) at that annual rate which is 2.5% per annum above the base lending rate of HSBC Bank plc from time to time in effect during such period. Such interest shall accrue from day to day and be compounded quarterly and shall be payable without prejudice to any other remedy available to any other party (as the case may be) in respect of such default.

## 26. NOTICES

- 26.1 Any notice or other communication given under this Agreement or in connection with the matters contemplated herein shall, except where otherwise specifically provided, be in writing in the English language, addressed as provided in Clause 26.2 and served:
- (a) by hand to the relevant address, in which case it shall be deemed to have been given upon delivery to that address provided that any notice delivered outside Working Hours shall be deemed given at the start of the next period of Working Hours;
  - (b) by courier (or if from any place outside the country where the relevant address is located, by air courier) to the relevant address, in which case it shall be deemed to have been given three (3) Business Days after its delivery to a representative of the courier; or
  - (c) by e-mail to the relevant email address, in which case it shall, subject to no automated notification of delivery failure being received by the sender, be deemed to have been given when sent provided that any email sent outside Working Hours shall be deemed given at the start of the next period of Working Hours.
- 26.2 Notices under this Agreement shall be sent for the attention of the person and to the address or e-mail address, subject to Clause 26.3, as set out below:

**For the Seller Representative:**

Name: NAMID Ltd  
For the attention of: Dimitrios Angelis  
Address: Sterling House, Fulbourne Road,  
London E17 4EE, United Kingdom  
E-mail address: [\*\*\*]

with a copy (which shall not constitute notice) to:

Name: Milbank LLP  
For the attention of: Dr. Michael Bernhardt  
Address: Mainzer Straße 74, 60311 Frankfurt am Main, Germany  
E-mail address: mbernhardt@milbank.com

**For the Buyer:**

Name: Cadence Design Systems, Inc.  
For the attention of: Office of the General Counsel and Brent Nesbitt

42

---

Address: 2655 Seely Avenue, Building 5  
San Jose, California 95134, United States of America  
E-mail address: [\*\*\*] and [\*\*\*]

with a copy (which shall not constitute notice) to:

Name: Latham & Watkins LLP  
For the attention of: Mark Bekheit; Emily Cridland  
Address: 140 Scott Drive  
Menlo Park, California 94025, United States of America  
E-mail address: [Mark.Bekheit@lw.com](mailto:Mark.Bekheit@lw.com) and [Emily.Cridland@lw.com](mailto:Emily.Cridland@lw.com)

26.3 Any party to this Agreement may notify each other party of any change to its address or other details specified in Clause 26.2 provided that such notification shall be in writing and only be effective on the date specified in such notice or five (5) Business Days after the notice is given, whichever is later.

**27. COSTS**

27.1 Except as otherwise provided in this Agreement, each party shall bear its own costs and expenses arising out of or in connection with the preparation, negotiation and implementation of this Agreement and all other Transaction Documents.

27.2 The Buyer shall bear and pay all stamp duty, stamp duty reserve tax, stamp duty land tax and any other similar documentary, registration or transfer Taxes arising as a result of the execution of this Agreement or the transfer of Shares pursuant to this Agreement except in the case of breach of the Warranties set out in paragraph 2.9, 2.10, 2.11 or 17 of Schedule 6 in which case the Seller(s) will be responsible for any Swiss securities transfer stamp duty (*Umsatzabgabe*) pursuant to the Swiss Stamp Duty Act and associated interest and penalties resulting from or in connection with such breach of Warranty.

27.3 The Buyer shall bear and pay all fees and expenses charged by the Paying Agent in connection with serving as Paying Agent and/or Retention Agent in connection with the Transaction.

## 28. RIGHTS OF THIRD PARTIES

28.1 The specified third party beneficiaries of the undertakings referred to in Clauses 9.9(a) and 10.10(b) shall, in each case, have the right to enforce the relevant terms by reason of the Contracts (Rights of Third Parties) Act 1999.

28.2 Except as provided in Clause 28.1, a person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

28.3 Each party warrants to each other party that their respective rights to terminate, rescind or agree any amendment, variation, waiver or settlement under this Agreement are not subject to the consent of any person that is not a party to this Agreement.

## 29. COUNTERPARTS

This Agreement may be executed in any number of counterparts. Each counterpart shall constitute an original of this Agreement but all the counterparts together shall constitute but one and the same instrument.

43

---

## 30. GOVERNING LAW AND JURISDICTION

30.1 This Agreement and any non-contractual rights or obligations arising out of or in connection with it shall be governed by and construed in accordance with the laws of England and Wales.

30.2 The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any Disputes (except as provided in paragraph 3 of Schedule 9), and waive any objection to proceedings before such courts on the grounds of venue or on the grounds that such proceedings have been brought in an inappropriate forum.

30.3 For the purposes of this Clause, "Dispute" means any dispute, controversy, claim or difference of whatever nature arising out of, relating to, or having any connection with this Agreement, including a dispute regarding the existence, formation, validity, interpretation, performance, breach or termination of this Agreement and also including any dispute relating to any non-contractual rights or obligations arising out of, relating to, or having any connection with this Agreement.

## 31. PROCESS AGENT

Without prejudice to any other permitted mode of service, the parties agree that service of any claim form, notice or other document for the purpose of or in connection with any action or proceeding in England or Wales arising out of or in any way relating to this Agreement shall be duly served upon the Buyer if it is delivered personally or sent by recorded or special delivery post (or any substantially similar form of mail) to Maxis 1, Western Rd, Bracknell RG12 1RT, United Kingdom, marked for the attention of Cadence Design Systems Limited or such other person and address in England or Wales as such party shall notify all the other parties in writing from time to time, whether or not such claim form, notice or other document is forwarded to the Buyer or received by the Buyer.

44

---

**SCHEDULE 1**

**PARTICULARS OF THE SELLERS**

**Part 1**

	(1) Seller Name (Related Seller Name)	(2) Address	(3) Email address	(4) Number and Class of Shares held	(5) Relevant Proportion
1.	Ellandron Investments Ltd. ([***)]	[***)]	[***)]	[***)]	[***)]%
2.	Acronym International Ltd. ([***)]	[***)]	[***)]	[***)]	[***)]%
3.	ELUCO Holding AG ([***)]	[***)]	[***)]	[***)]	[***)]%
4.	KIUPI Ltd. ([***)]	[***)]	[***)]	[***)]	[***)]%
5.	NAMID Ltd. ([***)]	[***)]	[***)]	[***)]	[***)]%
	<b>TOTAL</b>			<b>CADENCE DESIGN SYSTEMS, INC. (Registrant)</b>  4,100,008 ordinary shares  32 preferential shares	[***)]%

**Part 2**

DATE:	October 23, 2023			By:	/s/ Anirudh Devgan
	(1) Name (Related Seller Name)	(2) Address	(3) Email address	(4) Number EIL Shares held	(5) Relevant Proportion
1.	Ellandron Investment Ltd. (["**"])	["**"]	["**"]	["**"]	["**"]%
					Anirudh Devgan
TOTAL			7,820 ordinary shares		President and Chief Executive Officer ["**"]%

46

SCHEDULE 2

PARTICULARS OF THE COMPANY AND THE SUBSIDIARIES

Part 1  
The Company

DATE: Company Name	October 23, 2023
Registered Number	
Registered Office	[***]
Date and Place of Incorporation	[***]
Directors	[***]
Secretary	[***]
Authorized Share Capital	Senior Vice President [***]
Issued Share Capital	[***]
Shareholders and Chief Financial Officer Shares Held	[***]
Accounting Reference Date	[***]
Auditors	[***]
Tax Residence	[***]

By: /s/ John M.  
WallBETA  
CAE  
Systems  
International  
AG

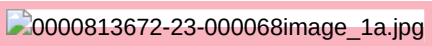
---

John M.  
Wall[\*\*\*]

39 47

Part 2

The Subsidiaries



Company Name:	***
Registered Number:	***
Registered Office:	***
Date and Place of Incorporation:	***
Directors:	***
Secretary:	***
Authorized Share Capital:	***
Issued Share Capital:	***
Shareholders and Shares Held:	***
Accounting Reference Date:	***
Auditors:	***
Tax Residence:	***

CADENCE DESIGN SYSTEMS, INC.

Incentive Stock Award Agreement

Omnibus Equity Incentive Plan

(the “Plan”)<sup>48</sup>

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: [I]

ID Number: [I]

Incentive Stock Award Number: [I]

Date of Award: [I]

Number of Shares Subject to the Incentive Stock Award (“**Shares**”): [I]

Vesting Commencement Date: [I]

Vesting Schedule: [I]

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

Omnibus Equity Incentive Plan - ISA Agreement -	Rev. Jun. 2023 [***]
1 Company Name:	
Registered Number:	[***]
Registered Office:	[***]
Date and Place of Incorporation:	[***]
Directors:	[***]
Secretary:	[***]
Authorized Share Capital:	[***]
Registered Share Capital:	[***]
Shareholders and Shares Held:	[***]
Accounting Reference Date:	[***]
Auditors:	[***]
Tax Residence:	[***]

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.

Omnibus Equity Incentive Plan - ISA Agreement -	Rev. Jun. 2023 [***]
2 Company Name:	
Economic and Administrative Index (REA) Number:	[***]
Registered Number	[***]
Registered Office:	[***]
Date and Place of Incorporation:	[***]
Directors:	[***]
Secretary:	[***]
Authorized Share Capital:	[***]
Issued Share Capital:	[***]
Shareholders and Quotas Held:	[***]
Accounting Reference Date:	[***]
Auditors ( <i>organo di controllo</i> ):	[***]
External auditor ( <i>revisore legale</i> )	[***]
Tax Residence:	[***]

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;

Omnibus Equity Incentive Plan - ISA Agreement -	Rev. Jun. 2023 [***]
3 Company Name:	
Registered Number:	[***]
Registered Office:	[***]
Date and Place of Incorporation:	[***]
Directors:	[***]
Secretary:	[***]
Authorized Share Capital:	[***]
Issued Share Capital:	[***]
Shareholders and Shares Held:	[***]
Accounting Reference Date:	[***]
Auditors:	[***]
Tax Residence:	[***]

- (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 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
  - 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.

Omnibus Equity Incentive Plan - ISA Agreement -	Rev. Jun. 2023 [***]
4 Company Name:	
Registered Number:	[***]
Registered Office:	[***]
Date and Place of Incorporation:	[***]
Directors:	[***]
Secretary:	[***]
Authorized Share Capital:	[***]
Issued Share Capital:	[***]
Shareholders and Shares Held:	[***]
Accounting Reference Date:	[***]
Auditors:	[***]
Tax Residence:	[***]

- (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](#).

52

Omnibus Equity Incentive Plan - ISA Agreement - Rev. Jun. 2023	***
5 Company Name:	
Registered Number:	***
Registered Office:	***
Date and Place of Incorporation:	***
Directors:	***
Secretary:	***
Authorized Share Capital:	***
Issued Share Capital:	***
Shareholders and Shares Held:	***
Accounting Reference Date:	***
Auditors:	***
Tax Residence:	***

53

- (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.

Omnibus Equity Incentive Plan - ISA Agreement -	Rev. Jun. 2023 [***]
6 Company Name:	
Registered Number:	[***]
Registered Office:	[***]
Date and Place of Incorporation:	[***]
Directors:	[***]
Secretary:	[***]
Authorized Share Capital:	[***]
Issued Share Capital:	[***]
Shareholders and Shares Held:	[***]
Accounting Reference Date:	[***]
Auditors:	[***]
Tax Residence:	[***]



- (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.

Omnibus Equity Incentive Plan - ISA Agreement -	Rev. Jun. 2023 [***]
7 Company Name:	
Registered Number:	[***]
Registered Office:	[***]
Date and Place of Incorporation:	[***]
Directors:	[***]
Secretary:	[***]
Authorized Share Capital:	[***]
Issued Share Capital:	[***]
Shareholders and Shares Held:	[***]
Accounting Reference Date:	[***]
Auditors:	[***]
Tax Residence:	[***]

**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.

**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.

Omnibus Equity Incentive Plan - ISA Agreement -	Rev. Jun. 2023 [***]
8 Company Name:	
Unified Social Credit Code	[***]
Registered Office:	[***]
Date and Place of Incorporation:	[***]
Directors/Executive Director:	[***]
Secretary:	[***]
Registered Capital:	[***]
Issued Share Capital:	[***]
Shareholders and Shares Held:	[***]
Accounting Reference Date:	[***]
Auditors:	[***]
Tax Residence:	[***]

### SCHEDULE 3

#### PRE-COMPLETION OBLIGATIONS

##### 1. SELLERS' OBLIGATIONS

1.1 Except (x) as otherwise stated in this Agreement, (y) with the prior written consent of the Buyer (such consent not to be unreasonably withheld, conditioned, or delayed) or (z) to the extent provided for in the Transaction Documents, from the date of this Agreement until the earlier of the termination of this Agreement in accordance with Clause 18 and Completion, each Seller shall:

- (a) procure that each Group Company carries on its business in all material respects in the ordinary and usual course of the Group's business;
- (b) not create any Encumbrance over, or sell or dispose of, the Shares or the EIL Shares;
- (c) procure that none of the Group Companies give notice of termination of employment or dismiss any Key Employee of any Group Company (other than in circumstances which would entitle such Key Employee to be dismissed without notice under the terms of his or her contract of employment);

**Governing Law; Venue** (d) . This procure that no Group Company shall permit or suffer to lapse any of its insurance policies as are maintained by the Group in respect of the relevant Group Company as at the date of this Agreement;

(e) procure that none of the Group Companies:

- (i) creates, allots, issues, redeems or repurchases any share capital, loan capital or other equity or debt security or grants any equity or debt options over, or any other right in respect of, any share, loan capital or other security except to or from another Group Company;
- (ii) declares, makes or pays a dividend or other distribution (whether in cash, stock or in kind) or makes any reduction of its paid-up share capital except to another Group Company;
- (iii) creates or amends to a material extent any Encumbrance over its shares, material assets or undertaking (other than Encumbrances which arise by operation of Law or in the ordinary and usual course of the Group's business) except in favour of another Group Company;
- (iv) makes any alteration to its constitutional documents or passes or adopts any resolution of its shareholders, whether in a general meeting or otherwise, other than in the ordinary and usual course of the Group's business or as required pursuant to paragraph 1 of Schedule 5;
- (v) makes any material changes to its accounting policies or its accounting reference date (save as may be required by Law or as may be necessary to comply with changes in statements of standard accounting practice);
- (vi) enters into any transaction with any Related Person other than in respect of employment or service agreements entered into in the ordinary and usual course of the Group's business;
- (vii) borrows any money or incurs any other indebtedness in the nature of borrowings, in each case in excess of USD [\*\*\*] and other than from or to another Group Company;
- (viii) enters into any foreign exchange contracts, interest rate swaps or other derivative instruments;
- (ix) grants, elects to renew or materially modifies the terms of any loans or other financial facilities (other than any loan or financial facility between any Group Company) or any guarantees, bonds, credit support arrangements, indemnities or letters of comfort for the benefit of any third party (other than a Group Company);
- (x) acquires or disposes of any shares of any Group Company;
- (xi) acquires (whether by one transaction or by a series of transactions) the whole, or a material part of the business, undertakings, shares or assets of any other person except from another Group Company;
- (xii) disposes of (whether by one transaction or by a series of transactions) the whole or any substantial or material part of its business, undertaking, shares or assets except to another Group Company;

- 
- (xiii) incurs any capital expenditure which in aggregate is in excess of USD [\*\*\*] or any capital expenditure on any individual item in excess of USD [\*\*\*];
  - (xiv) enters into, amends or elects to terminate early any joint venture, partnership or agreement or arrangement for the sharing of profits or assets except to another Group Company;
  - (xv) grants any licenses or sublicences under or sells, assigns, transfers or disposes of any Group Company Intellectual Property, except for non-exclusive licenses granted to customers of a Group Company in the ordinary and usual course of the Group's business;
  - (xvi) allows to lapse, or abandons (including by any failure to pay the required fees in any jurisdiction), any Registered Group Company Intellectual Property or fails to maintain the confidentiality of any trade secrets or proprietary confidential information comprising, the Group Company Intellectual Property;
  - (xvii) deliberately takes any action that could reasonably be expected to trigger the release of the source code of any Group Company Software to any third party;
  - (xviii) materially modifies, amends, cancels, elects to terminate early, or waives, releases or assigns any material rights, claims or benefits of any Group Company under, any Material Contract;
  - (xix) enters into any contract which would be a Material Contract if entered into prior to the date of this Agreement other than pursuant to any pre-existing commitment that is entered into in the ordinary and usual course of the Group's business and is Disclosed in the Disclosure Letter;
  - (xx) enters into any lease, lease hire or hire purchase agreement having a value or involving expenditure in excess of USD [\*\*\*] in aggregate or USD [\*\*\*] per annum or agreement for payment on deferred terms (unless any deferred liability is fully provided for);
  - (xxi) institutes or settles any legal proceedings (except in respect of debt collection in the ordinary course of the Group's business) other than instituting or settling any legal proceedings involving only monetary damages of less than USD [\*\*\*];
  - (xxii) engages or employs or makes any offer to employ any new persons in a senior management role where the employee would be entitled to an aggregate compensation package in excess of USD [\*\*\*] (other than to replace employees on substantially the same terms);
  - (xxiii) makes any material changes (other than those required by Law) to the terms and conditions of employment or engagement (including the provision of any contractual or non-contractual benefits) of directors, officers, employees, or consultants (including granting any new options or other entitlements under existing schemes or benefits) which are likely to increase in the aggregate the total staff costs (including any Taxation thereon) of the Group, unless such increase is permitted under paragraph (xxiv) below;
  - (xxiv) other than as required by Law, increases, or creates any legally binding obligation to increase, the salary, remuneration, compensation or benefits

---

(including, but not limited to, pension, equity, severance or termination entitlements) of any employee of the Group, except for (A) increases to base salary, wages or remuneration in the ordinary and usual course of the Group's business consistent with past practice, provided that any such increase does not increase the aggregate annual base salary, wages or remuneration of all employees or contractors by more than [\*\*\*]% in the aggregate or any one employee or contractor by more than [\*\*\*]%, or (B) the payment of annual and other periodic bonuses in the ordinary and usual course of the Group's business;

(xxv) makes any amendment, other than to comply with the terms of this Agreement (or any other Transaction Document) or legislative requirements, to any agreements or arrangements for the payment of pensions or other benefits on retirement to present or former directors, officers or employees of any Group Company or any of their dependants;

(xxvi) in relation to any Property:

(A) carries out any material development or enters into any contractual commitment to do so which involves expenditure in excess of USD [\*\*\*] (subject to the aggregate expenditure for all Properties not exceeding USD [\*\*\*]);

(B) effects any material change of use;

(C) terminates any Material Lease (unless replaced with a new lease on substantially similar terms);

(D) amends to a material extent or waives any material terms of any Material Lease;

(E) sells, conveys, transfers, assigns, charges or otherwise disposes of any Material Property, in each case other than to or for the benefit of another Group Company; or

(F) grants, agrees or amends any restrictive covenant, easement or other rights over any Property which would materially adversely affect the current use of such Property;

(xxvii) changes residence for Tax purposes or otherwise creates a taxable presence or becomes subject to Tax in a jurisdiction other than the jurisdiction in which such Group Company is resident;

(xxviii) makes, changes or revokes any material Tax election;

(xxix) files any amended material Tax Returns;

(xxx) changes an annual Tax accounting period;

(xxxi) prepares and files any Tax Return in a manner which is materially inconsistent with the Group's past practices;

(xxxii) surrenders any right to a material Relief or to claim a material refund or repayment of Taxes;

- (xxxiii) settles or compromises any material claim, notice, audit report, investigation or assessment in respect of Taxes;
- (xxxiv) enters into any material agreement with any Tax Authority, affirmatively terminates or rescinds any material agreement with a Tax Authority that is in effect on the date of this Agreement or applies any Tax rulings with any Tax Authority;
- (xxxv) enters into any material Tax allocation agreement, Tax sharing agreement, Tax indemnity agreement, pre-filing agreement, advance pricing agreement or cost sharing agreement relating to any Tax (other than any customary agreement entered into in the ordinary course of business the principal purpose of which is not Taxes);
- (xxxvi) consents to any extension or waiver of the statute of limitations period applicable to any material Tax claim or assessment;
- (xxxvii) (A) materially changes the manner in which it extends discounts, credits or warranties to customers; or (B) materially accelerates or delays the collection of any accounts receivable or other payment of any accounts payable or the accrual of deferred revenue or otherwise materially alters the management of working capital; and/or
- (xxxviii) enters into any legally binding agreement or arrangement to do, allow or permit any of the foregoing.

1.2 Paragraph 1.1 shall not (i) operate so as to restrict or prevent the Sellers or any Group Company from undertaking any act or omission; or (ii) require the Sellers to seek the prior consent of the Buyer in respect of:

- (a) any matter to the extent reasonably required to comply with any requirement of Law (in each case, including any rules or requirements of any Authority);
- (b) the completion or performance of any obligations in any legally binding contract or license the terms of any legally binding contract or license entered into by any Group Company prior to the date of this Agreement, which in each case is made available in the Data Room;
- (c) any actions or inactions expressly required to be taken or not taken by this Agreement or any other Transaction Document;
- (d) the disposition, liquidation or settlement of any investment fund or "fund unit" held by any Group Company from time to time;
- (e) any matter reasonably undertaken by any Group Company in anticipation of or response to an emergency or disaster situation affecting such Group Company with the intention of minimising any adverse effect thereof, provided that, to the extent reasonably practicable in the circumstances (as determined by the Sellers in good faith), the Sellers shall have first consulted with the Buyer in relation to the act or omission and in any event, the Buyer will be construed, interpreted notified as soon as reasonably practicable; or
- (f) any matter undertaken or not undertaken at the written request of the Buyer or with its prior written approval.

- 1.3 With respect to any request for the consent of the Buyer pursuant to paragraph 1.1:
- (a) any request by any Seller for the consent of the Buyer shall be submitted to the Buyer by e-mail to [\*\*\*] ([\*\*\*]) and [\*\*\*] ([\*\*\*]);
  - (b) the Buyer shall respond by e-mail to the Sellers (and, if different, cc'ing the person who sent the request to the Buyer) within five (5) Business Days of receipt (or deemed receipt) of the relevant Seller's request;
  - (c) the Sellers shall use reasonable endeavours to provide any information reasonably requested by the Buyer in connection with its consideration of the proposed action or matter; and
  - (d) if the Buyer fails to respond by e-mail to the Sellers within the applicable time period, the consent of the Buyer shall be deemed to have been given in relation to the relevant action or matter.

1.4 [\*\*\*]

- 1.5 During the period from the date of this Agreement until the earlier of the termination of this Agreement in accordance with Clause 18 and Completion, the Sellers shall not (and shall procure that none of the Group Companies nor any of their Representatives shall) issue any written communication (including any electronic communication) to any employee of the Group regarding post-Completion employee benefit plans and compensation, without the prior written approval of the Buyer (such approval not to be unreasonably withheld, conditioned or delayed).

61

---

## SCHEDULE 4

### CONDITIONS

1.1 In this Schedule, where context requires:

- (a) **"Buyer Protection Conditions"** means the conditions set forth in paragraph 1.3;
- (b) **"CMA"** means the United Kingdom's Competition and Markets Authority;
- (c) **"Conditions"** means any and all of the Regulatory Conditions, the Buyer Protection Conditions, and the Seller Protection Conditions;
- (d) **"EA02"** means the United Kingdom's Enterprise Act 2002;
- (e) **"HSR Act"** means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;
- (f) **"Italian FDI Approval"** means the approval or deemed approval of the Transaction by the Italian Presidency of the Council of Ministers (*Presidenza del Consiglio dei Ministri*) pursuant to the Italian Law Decree (*decreto legge*) No. 21 of March 15, 2012, as converted into law and amended by Italian Law (*legge*) No. 56 of May 11, 2012, and as subsequently amended and supplemented, including also through a decision considering that the Transaction falls outside the scope of application of the abovementioned provisions of law or the expiry of the applicable waiting period (eventually as extended pursuant to the said provisions of law);



- (g) **"NSIA Approval"** means the approval of the Transaction by the Secretary of State pursuant to the National Security and Investment Act 2021;
- (h) **"Seller Protection Conditions"** means the conditions set forth in paragraph 1.4; and
- (i) **"Termination Fee"** means (i) an amount equal to USD 40,000,000 or (ii) if the Longstop Date is extended to 11:59 p.m. Eastern Time on 30 August 2024 (or a later date), an amount equal to USD 60,000,000.

1.2 The parties' obligations to proceed to Completion shall be subject to each of the following conditions (together the **"Regulatory Conditions"**) being satisfied (or waived in accordance with paragraph 1.16 of this Schedule 4) by the Longstop Date:

- (a) the waiting period (and any extensions thereof) applicable to the consummation of the Transactions under the HSR Act shall have expired or otherwise been terminated, and the approvals by the Turkish Competition Board under Law No. 4054 on the Protection of Competition and its secondary legislation as well as the Italian FDI Approval and NSIA approval shall have been obtained;
- (b) upon the submission of a briefing paper to the CMA, the CMA shall have confirmed to the parties in writing that it has no further questions in relation to the Transaction or, in the event that the CMA has opened an investigation into the Transaction pursuant to the EA02, it shall have approved the consummation of the Transaction; and
- (c) no Authority of competent jurisdiction having enacted, issued, promulgated, enforced or entered any Order (whether temporary, preliminary or permanent) that prohibits, enjoins, or makes illegal the consummation of the Transaction and there being no litigation, claims, or other proceedings by any Authority seeking such effect.

62

---

1.3 The Buyers' obligations to proceed to Completion shall be subject to each of the following conditions being satisfied (or waived in accordance with paragraph 1.16 of this Schedule 4):

- (a) the Fundamental Warranties (other than the Warranty contained in paragraph 22 of Schedule 6 (the **"Related Person Transactions Warranty"**)) being true and accurate in all respects as though made on and as of the Completion Date (except to the extent such Fundamental Warranties are made as of a specific date, in which case such Fundamental Warranties must be true and accurate only as of such date);
- (b) the Related Person Transactions Warranty being true and accurate in all material respects, as though made on and as of the Completion Date;
- (c) each Seller having complied in all material respects with its obligations in respect of the Fundamental Pre-Completion Covenants;
- (d) there having not occurred any change, effect, event, occurrence, state of facts or development that, individually or in the aggregate, has had a Material Adverse Change between the date of this Agreement and the Completion Date; and
- (e) the Key Employees continuing in employment (or, in the case of Dimitrios Angelis, his undocumented employment relationship) and not having resigned or given written notice of resignation from their employment (or, in the case of Dimitrios Angelis, his undocumented employment relationship) with a Group Company.

- 1.4 The Sellers' obligations to proceed to Completion shall be subject to the following condition being satisfied (or waived in accordance with paragraph 1.16 of this Schedule 4):
- (a) the Buyer Fundamental Warranties being true and accurate in all respects as though made on and as of the Completion Date (except to the extent such Buyer Fundamental Warranties are made as of a specific date, in which case such Buyer Fundamental Warranties must be true and accurate only as of such date);
  - (b) there having not occurred any change, effect, event, occurrence, state of facts or development that, individually or in the aggregate, has had a Buyer Material Adverse Change between the date of this Agreement and the Completion Date; and
  - (c) the common stock, USD 0.01 per share par value of Buyer shall not have been delisted from trading on Nasdaq.
- 1.5 For the avoidance of doubt, should the Regulatory Conditions be satisfied and no event has occurred which would mean that the parties are not required to proceed to Completion pursuant to the Buyer Protection Conditions or the Seller Protection Conditions, then the parties shall proceed to Completion in accordance with the laws terms of this Agreement (without prejudice to the continued application of the State Buyer Protection Conditions or the Seller Protection Conditions until Completion).
- 1.6 The Buyer shall, and shall procure that the Buyer Group shall use best endeavours to ensure that the Regulatory Conditions are satisfied as soon as practicable and in any event no later than the Longstop Date. The Buyer shall not, and shall procure that none of Delaware, its Representative shall, and each Seller shall not, and shall procure that none of its respective Representatives shall, take any action that would reasonably be expected to prevent or materially hinder the satisfaction of the Regulatory Conditions.
- 1.7 Each party shall bear its own fees and other costs in relation to any filing, submission, or notification required in connection with any Regulatory Condition; provided, that the Buyer

---

shall bear any filing fees charged by any Authority in connection with any filings, submissions and notifications required to satisfy any Regulatory Condition.

- 1.8 The Buyer agrees that its obligation under paragraph 1.6 to use (and to procure that the Buyer Group uses) best endeavours to satisfy the Regulatory Conditions includes:
- (a) making all necessary filings (or draft filings, as appropriate), submissions and notifications promptly and, in any event, subject to the Sellers providing all required information with respect to themselves or the Group Companies, by no later than ten (10) Business Days after the date of this Agreement;
  - (b) progressing the filings, submissions and notifications required to satisfy each Regulatory Condition with due care, skill, attention and diligence;
  - (c) regularly updating the Sellers on the progress of obtaining approvals, consents, modifications or waivers and promptly informing the Sellers of the satisfaction of any Regulatory Condition; and
  - (d) promptly using best endeavours to take all steps necessary to obtain all consents, approvals or actions required in order to satisfy each Regulatory Condition or to avoid and eliminate each and every impediment that may be asserted by an Authority so as to enable each Regulatory Condition to be satisfied, provided, however, the Buyer shall have no obligation

under this Agreement to offer, accept or agree (and no Seller or Group Company shall offer or agree, without regard the Buyer's prior written consent) to any conditions, obligations, undertakings, commitments or other remedies that require it to (i) propose, effect or agree to the sale, divestiture, license or other disposal of any assets or businesses of the Buyer or any Group Company, or (ii) take any other action that limits the rights of the Buyer to own or operate any part of its conflict business or the Company's business.

1.9 Without prejudice to the generality of laws rules. For purposes the Buyer's obligations under paragraphs 1.6 to 1.8 (inclusive), throughout the period during which the Transaction is being considered by an Authority:

- (a) the Buyer and each Seller shall provide such information which is requested or required by any Authority and shall respond to any requests for information by an Authority in a fulsome and timely manner and, where applicable, in compliance with prescribed timeframes and deadlines;
- (b) the Buyer and each Seller shall promptly, and in any event within two (2) Business Days, notify the Seller Representative and the Buyer, respectively, of litigating any dispute written or oral communication received from any Authority unless it is immaterial and purely administrative and provide copies or details (if such communication is oral) of such communication;
- (c) the Buyer and the Sellers shall, unless not reasonably feasible to do so, permit the Seller Representative and the Buyer, respectively, to review and discuss sufficiently in advance any proposed material written or oral communication with any Authority and shall provide the Seller Representative and the Buyer, respectively, with copies of all draft filings, submission, notifications and material written communications to any Authority, give the Seller Representative and the Buyer, respectively, a reasonable opportunity to comment on such documents and, subject to paragraph 1.11 take such comments duly into account;

64

- (d) the Buyer and each Seller shall provide the Seller Representative and the Buyer, respectively, with copies of all filings, submissions, notifications or material written communications to an Authority in the form submitted or sent as soon as reasonably practicable following submission or sending;
- (e) neither the Buyer nor the Sellers shall (and the Sellers shall not permit any Group Company to) participate in any substantive meetings, discussions, negotiations, conferences or telephone calls with any Authority unless, to the extent permitted by the Authority (and save in respect of unscheduled and unsolicited telephone calls from the relevant Authority) it has given the Seller Representative or the Buyer, respectively, a reasonable opportunity to attend and participate therein (including making oral submissions at such meeting), and if the Seller Representative or the Buyer, respectively, elects not to attend any such meeting, discussion, negotiation, conference or telephone call (or to appoint an advisor or representative to attend), the Buyer or the Sellers shall as soon as reasonably practicable following request provide the Seller Representative or the Buyer, respectively, with a summary of such meeting; and
- (f) other than on termination of this Agreement, neither the Buyer nor any Seller shall withdraw or vary any filing, submission or notification made in connection with satisfying a Regulatory Condition in a way that arises would reasonably be expected to prevent or materially hinder the satisfaction of any Regulatory Condition, and shall not procure such withdrawal or variation.

1.10 [\*\*\*]

- 1.11 The parties agree that the Buyer shall have ultimate responsibility for determining the strategy by which the parties will pursue clearance by an Authority in order to satisfy each Regulatory Condition, provided that the Buyer shall consider in good faith the Sellers' views regarding such strategy.
- 1.12 Without prejudice to paragraph 1.5 and subject to paragraph 1.13, each Seller shall, and shall ensure that each Affiliate of such Seller and, prior to Completion, each Group Company shall, so far as such Seller is able and to the extent that it is within its power to do so, provide the Buyer and any Authority in relation to the Regulatory Conditions with any necessary information and documents reasonably required for the purpose of making any filings, notifications or communications to any such Authority that are required to satisfy the Regulatory Conditions.
- 1.13 Nothing in this Schedule 4 shall require a party to disclose commercially sensitive or legally privileged information regarding itself or its Representatives to another party, except to the extent necessary in order to ensure that the Regulatory Conditions and any notifications required under paragraph 1.14 are satisfied, in which case such disclosure shall be on a confidential external counsel-to-counsel basis only.
- 1.14 The Buyer shall, to the extent permitted by Law, promptly notify the Seller Representative in writing each time it becomes aware that a Regulatory Condition (other than the Regulatory Condition pursuant to paragraph 1.2(c) above) has been satisfied and at the same time (or promptly thereafter) provide the Seller Representative with reasonable evidence of the same.
- 1.15 If:
- (a) a Seller Protection Condition is not satisfied as at immediately prior to Completion, or an event, circumstance or condition has occurred which prevents a Seller Protection

65

---

Condition from being satisfied as at immediately prior to Completion, then the Seller Representative may give notice to the Buyer in writing to terminate this Agreement, following which Clause 18 shall apply; or

- (b) a Buyer Protection Condition is not satisfied as at immediately prior to Completion, or an event, circumstance or condition has occurred which prevents a Buyer Protection Condition from being satisfied as at immediately prior to Completion then the Buyer may give notice to the Seller Representative in writing to terminate this Agreement, following which Clause 18 shall apply.
- 1.16 Subject to Law, each of the Regulatory Conditions may be waived, in whole or in part, by written agreement between the Buyer and the Seller Representative. The Buyer may, to such extent as it thinks fit and is legally entitled to do so, waive any of the Buyer Protection Conditions, in whole or in part, by written notice to the Seller Representative. The Seller Representative may, to such extent as it thinks fit and is legally entitled to do so, waive any of the Seller Protection Conditions, in whole or in part, by written notice to the Buyer. Without prejudice to any other rights and remedies a party may have, if (i) a Buyer Protection Condition or a Seller Protection Condition, as the case may be, has not been waived in accordance with this clause, (ii) this Agreement has not been terminated in accordance with paragraph 1.15 and (iii) Completion occurs, then such Buyer Protection Condition or Seller Protection Condition, as the case may be, shall be deemed to have been satisfied by virtue of Completion having occurred.
- 1.17 In complying with its obligations under this Schedule 4 or otherwise taking any action in connection with the satisfaction of any Condition, each party shall, and shall procure that its Affiliates and each of their respective Representatives shall:

- (a) comply at all times with Laws; and
- (b) not take any action, directly or indirectly, from which would reasonably be expected to expose the relationship other parties to the risk of being exposed to an offence for violation of Laws.

1.18 The Buyer and the Sellers agree that if (a) this Agreement is terminated pursuant to Clause 18.2, (b) at the time of such termination, all Buyer Protection Conditions (other than the Buyer Protection Conditions that by their terms are to be satisfied at Completion, but provided that such Buyer Protection Conditions shall then be capable of being satisfied if Completion were to take place on such date) are satisfied and (c) no Seller or Group Company has materially breached any of its obligations under this Schedule 4 or the warranties in paragraphs 2.4, 3.5 or 13.4 of Schedule 6 (provided that for these purposes, each such warranty shall be deemed to be qualified in all respects by the expression "so far as the Sellers are aware"), in any such case, where such breach is a substantial cause of the parties evidenced failure of any Regulatory Condition to be satisfied by the Longstop Date or otherwise becoming incapable of being satisfied, then the Buyer shall, within five (5) Business Days of such termination, pay (or cause to be paid), as liquidated damages (but without prejudice to the Sellers' right to claim additional damages in the case of a wilful material breach by the Buyer of any of its obligations under this Schedule 4), the Termination Fee to the Bank Account of the Sellers (such fee to be allocated among the Sellers in accordance with their respective Relevant Proportions).

1.19 The Buyer acknowledges that:

- (a) it is a sophisticated buyer with sufficient experience to properly comprehend the transactions contemplated by this grant or Agreement and, together with its advisers, has independently assessed the inherent risks and consequences of entering into this

66

---

Agreement and in particular of agreeing to pay the Termination Fee in the event that this Agreement is terminated pursuant to Clause 18.2;

- (b) by entering into this Agreement, the parties submit Sellers are foregoing other opportunities to sell or further develop the business of the Group and, accordingly, the Sellers have a legitimate commercial interest in protecting themselves in respect of the events contemplated by Clause 18.2; and
- (c) it does not regard the Termination Fee as breaching the rule against penalties but, instead, regards the Termination Fee as designed to protect the legitimate interests of the Sellers, being neither out of proportion nor unreasonable in quantum.

1.20 Notwithstanding anything to the contrary in this Agreement, if the Termination Fee shall become due and payable in accordance with paragraph 1.18, from and after such termination and payment of the Termination Fee in full pursuant to and in accordance with paragraph 1.18, save in the case of a wilful material breach of any of its obligations under this Schedule 4 (in which case the Sellers shall not be restricted from pursuing damages if they reasonably believe they have suffered losses that in aggregate exceed the Termination Fee), the Buyer shall have no further liability of any kind for any reason in connection with this Agreement or the Transaction. In no event shall the Buyer be obligated to pay, or cause to be paid, the Termination Fee on more than one occasion.

67

## SCHEDULE 5

### COMPLETION OBLIGATIONS

#### 1. SELLERS' OBLIGATIONS

1.1 At Completion, each Seller shall (in respect of itself only) deliver to the Buyer or procure the delivery to the Buyer of:

- (a) an original assignment declaration transferring all of its Shares to the Buyer, duly executed in wet ink by such Seller;
- (b) a copy of any power of attorney under which any document to be delivered to the Buyer under this paragraph 1 has been executed on behalf of such Seller, if applicable;
- (c) a completed and duly executed Investor Suitability Questionnaire and Selling Holder Questionnaire; and
- (d) if that Seller is a body corporate, to the extent required by Law or by the Seller's Organizational Documents to effect the transfer of that Seller's Shares to the Buyer or approve the execution by such Seller of any documents which such Seller is required to execute or deliver at Completion, a copy of a duly executed board resolution or board minutes approving the transfer of that Seller's Shares to the Buyer and/or the execution by such Seller of any documents which such Seller is required to execute or deliver at Completion.

1.2 At Completion, EIL shall deliver to the Buyer:

- (a) the EIL Share Transfer Agreement, duly executed by EIL; and
- (b) a written notice addressed to BETA Greece with an attached copy of the EIL Share Transfer Agreement.

1.3 At Completion, the Sellers shall deliver to the Buyer or procure the delivery to the Buyer of:

- (a) three (3) copies of the Data Rooms USB Stick;
- (b) all the statutory books (written up to but not including the Completion Date) of each Group Company or such equivalent items in the relevant jurisdiction as are kept by such Group Company or required to be kept by Law, to the extent not within the control of a Group Company;
- (c) in respect of each Group Company, the written resignation of each Related Seller (or any Connected Person of a Seller or any of its Affiliates) who is director and/or company secretary (or equivalent position under applicable Law) of such Group Company in the Agreed Form and accompanied by any further documents required to be signed by such individual as are necessary by Law to effect a valid resignation in the relevant jurisdiction, in each case as may be required by notification from the Buyer to the Seller Representative not less than fifteen (15) Business Days prior to Completion;
- (d) a copy of a duly executed board resolution or board minutes, and/or, to the extent a shareholders' meeting is required by Law or by the relevant Group Company's Organizational Documents to effect the matters considered therein, minutes of a shareholders' meeting, in each case approving the following matters:

- 
- (i) approving, in the case of the Company, the transfers of the Shares and the registration, in the share register, of the Buyer as the holder of the Shares;
  - (ii) approving, in the case of BETA Greece, the transfer of the EIL Shares;
  - (iii) approving, in the case of BETA Greece, the cancellation of the existing EIL Shares titles and the issuance of new share titles in the Buyer's name;
  - (iv) accepting the resignations referred to in paragraph 1.3(c), and the appointments referenced below, if any;
  - (v) appointing, with effect from Completion such directors and secretary as the Buyer may nominate fifteen (15) Business Days prior to Completion, in each case subject to receipt of a consent to act from each such person in Agreed Form;
  - (vi) changing the exclusive jurisdiction address of the State registered office of California such Group Company to such address as the Buyer may nominate fifteen (15) Business Days prior to Completion;
  - (vii) changing the accounting reference date of such Group Company to such date as the Buyer may nominate fifteen (15) Business Days prior to Completion;
  - (viii) revoking all existing instructions and authorities to the bankers of such Group Company and replacing them with new instructions and authorities to such banks and on such terms as the Buyer may direct fifteen (15) Business Days prior to Completion;
  - (ix) terminating the BETA US 401(k) Plan effective as of the day immediately prior to the Completion Date, subject to and wholly contingent upon the occurrence of Completion, unless otherwise directed by the Buyer in writing no later than five (5) Business Days prior to the Completion Date;
  - (x) approving the execution by the applicable Group Company of any document contemplated by this Agreement to which that Group Company is to be a party; and
- (e) a copy of duly executed minutes of an extraordinary shareholders' meeting of the Company validly approving the transfer of the Shares from each Seller to the Buyer, including the change in beneficial ownership, as well as a copy of any powers of attorney granted by the Sellers to be represented in such extraordinary shareholders' meeting;
  - (f) a copy of the Company's duly executed share register evidencing the Buyer as owner of, and a shareholder with voting rights with respect to, all of the Shares;
  - (g) a copy of the BETA Greece's share register evidencing the Buyer as owner of, and a shareholder with voting rights with respect to, all of the EIL Shares;
  - (h) a copy of each Holdback Agreement, duly executed by each of [\*\*\*] and [\*\*\*];
  - (i) to the extent not already delivered prior to Completion, a counterpart of the Retention Agent Agreement duly executed by the Seller Representative;

- (j) to the extent not already delivered prior to Completion, a counterpart of the Paying Agent Agreement duly executed by the Seller Representative; and
- (k) any original title deeds relating to the Properties not held by or within the control of the Group at Completion.

## 2. BUYER'S OBLIGATIONS

### 2.1 At Completion, the Buyer shall:

- (a) pay or procure the payment of the Paying Agent Completion Wire to the Paying Agent's Bank Account, it being acknowledged that receipt by the Paying Agent of such amount shall fully discharge the Buyer from its obligation to pay (or procure the payment of) the amounts in Clause 3.3(a)(i) to the Sellers;
- (b) pay the Completion Accounts Retention Amount to the Completion Accounts Retention Account, it being acknowledged that receipt of the above amount in this paragraph 2.1(b) shall fully discharge the Buyer from its obligation to pay (or procure the payment of) the amount in Clause 3.3(a)(ii);
- (c) pay the Claims Retention Amount to the Claims Retention Account, it being acknowledged that receipt of the above amount in this paragraph 2.1(c) shall fully discharge the Buyer from its obligation to pay (or procure the payment of) the amount in Clause 3.3(a)(iii);
- (d) pay the amount of the Holdback Consideration in respect of [\*\*\*] and agree [\*\*\*] under each Holdback Agreement to the Holdback Consideration Retention Account in accordance with the terms of the Holdback Agreement, it being acknowledged that such litigation will be conducted only receipt of the above amounts in this paragraph 2.1(d) shall fully discharge the courts Buyer from its obligation to pay (or procure the payment of) the amounts in Clause 3.3(a)(iv);
- (e) procure the issue of Santa Clara County, California, the Stock Consideration in accordance with Clause 3.3(a)(v);
- (f) deliver to BETA Greece, the EIL Share Transfer Agreement, duly executed by the Buyer;
- (g) deliver to the Seller Representative or the federal courts applicable Seller, or procure the delivery of:
  - (i) to the extent not already delivered prior to Completion, a counterpart of the Retention Agent Agreement duly executed by the Buyer and the Retention Agent;
  - (ii) to the extent not already delivered prior to Completion, a counterpart of the Paying Agent Agreement duly executed by the Buyer, Computershare Inc. and the Paying Agent;
  - (iii) a copy of each Holdback Agreement, duly executed by the Buyer;
  - (iv) to the extent applicable, a copy of any power of attorney or other corporate authorisation under which any document to be delivered by the Buyer under this paragraph 2 has been executed on behalf of the Buyer;



- (v) such documents or paperwork as may be reasonably requested by the Paying Agent in order for the Paying Agent to receive the amounts to be received under Clause 3.3(a)(i) from the Buyer;
- (vi) a duly executed secretary's certificate certifying the adoption by the Buyer's board of directors of resolutions approving the Transaction (including the issuance of the Stock Consideration to the Sellers); and
- (h) deliver to the Company a notification regarding beneficial ownership to the Shares as required by article 697j Swiss Code of Obligations.

71

## SCHEDULE 6

### WARRANTIES OF THE SELLERS

#### 1. DEFINITIONS AND INTERPRETATION

##### 1.1 In this Schedule, where the context requires:

**"AI Technologies"** means deep learning, machine learning, and other artificial intelligence technologies, including any and all: (a) proprietary algorithms, software or systems that make use of or employ neural networks, statistical learning algorithms (including linear and logistic regression, support vector machines, random forests, k-means and clustering), or reinforcement learning; and (b) proprietary embodied artificial intelligence and related hardware or equipment;

**"Anti-Corruption Laws"** means Laws relating to anti-bribery or anti-corruption including, without limitation, the U.S. Foreign Corrupt Practices Act of 1977, as amended from time to time (FCPA), the UK Bribery 2010, any provisions of Italian Legislative Decree no. 231/2001 and all other applicable Laws relating to anti-bribery or anti-corruption;

**"Environmental Law"** means any applicable Law, relating to the protection of the environment or human health and safety or to the extent relating to exposure to Hazardous Substances;

**"Environmental Permit"** means all permits, licenses, franchises, certificates, approvals and other similar authorizations of an Authority relating to or required by Environmental Laws and affecting, or relating in any way to, the business of the Group Companies as currently conducted;

**"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended;

**"ERISA Affiliate"** of any entity means any other entity which, together with such entity, is or was, at the relevant time, treated as a single employer under Section 414 of the US Tax Code or Section 4001 of ERISA;

**"Foreign Plan"** means a Group Company Plan that is subject to the laws of any jurisdiction outside the United Kingdom or the United States or provides compensation or benefits to any current or former Service Provider (or any dependent thereof) that is subject to the laws of any jurisdiction outside of the United Kingdom or the United States;

**“Government Contract”** means any contract (including any purchase, delivery or task order, basic ordering agreement, pricing agreement, letter contract, grant, cooperative agreement, or change order) between a Group Company, on one hand, and any Authority, state-owned entity or any prime contractor or subcontractor (at any tier) of any Authority or state-owned entity, on the other hand;

**“Governmental Authorizations”** means all licenses, permits, certificates, grants, franchises, waivers, consents and other similar authorizations or approvals issued by or obtained from an Authority;

**“Group Company Intellectual Property”** means all Intellectual Property Rights and Technology owned or purported to be owned in whole or in part by any Group Company;

**“Group Company Plan”** means each Plan that is maintained, sponsored, contributed to, or required to be contributed to, by the Group Companies or with respect to which any Group

---

Company has any liability or obligation (whether actual or contingent, direct or indirect) for the Northern District benefit of any Service Provider;

**“Group Company Software”** means all Software: (a) owned or purported to be owned by any Group Company; or (b) that is incorporated into any products and/or services of the Group Companies or distributed in connection with such products and/or services;

**“Hazardous Substance”** means any pollutant, contaminant, hazardous waste or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous substance, waste or material, or any substance, waste or material having any constituent elements displaying any of the foregoing characteristics, including petroleum, its derivatives, by-products and other hydrocarbons;

**“Intellectual Property Rights”** means intellectual property rights and other proprietary rights of any kind (including rights in or to Technology), whether registered or unregistered, which may exist or be created under the laws of any jurisdiction worldwide, including such rights in (a) trademarks, trade names, service names, trade dress, rights in logos, get-up and trade dress, corporate or business names, social media designations, and service mark rights and similar rights, together with all goodwill associated therewith and all renewals and extensions of the foregoing and URL and domain name registrations, (b) rights associated with works of authorship, including exclusive exploitation rights, copyrights, design rights, masks work rights, moral rights and waivers of moral rights and semiconductor topography rights, (c) rights in inventions (whether patentable or not), patents and patent applications, together with all renewals, extensions, re-examinations and reissues, divisions, continuations and continuations-in-part, substitutions and foreign counterparts and rights to claim priority in respect of industrial property rights and utility models, (d) know-how, trade secrets and other rights in confidential or proprietary information, (e) rights in databases and data collections (including knowledge databases, customer lists and customer databases), and (f) all registrations and applications for registration any of the foregoing;

**“IRS”** means the U.S. Internal Revenue Service;

**“Litigation”** means any civil, criminal or administrative actions, proceedings, suits, claims or audits filed by or before any Authority or arbitrator or arbitral panel;

**“Open Source Software”** means any Software licensed, provided, or distributed under (a) the Open Source Definition (as promulgated by the Open Source Initiative) or the Free Software Definition (as promulgated by the Free Software Foundation) (including the GNU General Public License (GPL), GNU Lesser General Public License (LGPL), Mozilla Public License (MPL), BSD licenses, the Artistic License, the Netscape Public License, the Sun Community Source License (SCSL), the Sun Industry Standards License (SISL), Open Source Initiative, and the Apache License) and any similar license and/or (b) any Reciprocal License;

**“Permitted Encumbrances”** means (a) Encumbrances for Taxes not yet due and payable or that are being contested in good faith by appropriate proceedings or for which adequate reserves have been established in accordance with GAAP, (b) Encumbrances in favour of vendors, carriers, warehousemen, repairmen, mechanics, workmen, materialmen, construction or similar liens or other encumbrances arising by operation of Law, (c) zoning, entitlement, building codes and other land use regulations, ordinances or legal requirements imposed by any Authority having jurisdiction over real property, (d) all rights relating to the construction and maintenance in connection with any public utility of wires, poles, pipes, conduits and appurtenances thereto, on, under or above real property, (e) statutory Encumbrances in favour of lessors arising in connection with any Leased Real Property, (f) Encumbrances pursuant to the Company Group's existing indebtedness, as the case may be, and (g) Encumbrances that

do not materially detract from the value or materially interfere with any present or intended use of such property or assets.

**“Personal Information”** means information, in any form, that (a) identifies, relates to, describes, is capable of being associated with, or could be linked, directly or indirectly, used to contact or locate a natural person, including name, address, telephone number, email address, payment card and billing information, Social Security number, driver's license number, other government-issued identifier, vehicle identification number, online identifier, device identifier, IP address, browsing history, search history or other website, application or online activity or usage data, location data, or biometric data, and/or (b) is “personal health information,” “cardholder data”, “personally identifiable information,” “personal information,” “personal data” or similar term under one or more applicable Laws;

**“Plan”** means (a) each “employee benefit plan” (within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA) and (b) each other statutory and/or contractual pension, provident fund, gratuity, profit sharing, retirement, employment, consulting, termination, severance, change-in-control, transaction, retention, bonus, commission, incentive, deferred compensation, stock option, appreciation or phantom equity, other equity-based, vacation, paid time off, dependent, employee assistance, medical, dental, vision, sickness, accident, disability, life insurance or other welfare, employee compensation or benefit plan, policy, practice, program, agreement or arrangement;

**“Privacy Laws”** means all applicable Law, guidance issued by any Authority, and industry guidance and standards, in each case as amended, consolidated, re-enacted or replaced from time to time, relating to the privacy, security, or Processing of Personal Information, data breach notification, website and mobile application privacy policies and practices, Social Security number protection, Processing and security of payment card information, and wiretapping, the interception of electronic communications, the tracking or monitoring of online activity, email, text message, or telephone communications, including the Federal Trade Commission Act; the Telephone Consumer Protection Act; the Telemarketing and Consumer Fraud and Abuse Prevention Act; the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003; the Computer Fraud and Abuse Act; Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, and regulations implemented thereunder; the California Consumer Privacy Act of 2018

as amended by the California Privacy Rights Act; the Colorado Privacy Act; the Virginia Consumer Data Protection Act; the Connecticut Data Privacy Act; the Utah Consumer Privacy Act; the General Data Protection Regulation (2016/679) (“**GDPR**”) and any national law supplementing the GDPR; the United Kingdom Data Protection Act 2018 (“**DPA**”), the UK GDPR as defined by the DPA and as amended by the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019) (the “**UK GDPR**”); the Privacy and Electronic Communications Directive (Directive 2002/58/EC) (“**e-Privacy Directive**”) and any applicable national laws which implement the e-Privacy Directive; in the United Kingdom, the Privacy and Electronic Communications Regulations 2003; the Payment Card Industry Data Security Standards; and the Swiss Federal Act on Data Protection (including its implementing ordinance, the “**FADP**”);

“**Process**” or “**Processing**” means any operation or set of operations which is performed on Personal Information, such as the use, collection, processing, storage, recording, organization, adaption, alteration, transfer, retrieval, consultation, disclosure, dissemination or combination of such Personal Information;

“**Reciprocal License**” means a license of an item of Software that requires or that conditions any rights granted in such license upon: (a) the disclosure, distribution or licensing of any

74

---

other Software (other than such item of Software in its unmodified form); (b) a requirement that any disclosure, distribution or licensing of any other Software (other than such item of Software in its unmodified form) be at no charge; or (c) a requirement that any other licensee of the Software be permitted to modify, make derivative works of, or reverse-engineer any other Software (other than such item of Software in its unmodified form);

“**Registered Group Company Intellectual Property**” means all Group Company Intellectual Property that is registered, filed, or issued under the authority of any Authority or domain name registrar, including all patents, registered copyrights, registered trademarks, and domain names, and all applications for any of the foregoing, excluding any such Group Company Intellectual Property that in the reasonable business judgment of the Group Companies has been abandoned, cancelled or lapsed prior to the date of this Agreement;

“**Sanctioned Country**” means, at any time, any country or territory that is the target of country-wide or territory-wide sanctions (as of the date of this Agreement, Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the so-called Donetsk People's Republic, and the so-called Luhansk People's Republic);

“**Sanctioned Person**” means any person that is the target of Sanctions Laws, including (a) any individual or entity listed on any sanctions-related list of designated persons maintained by the U.S. Department of the Treasury's Office of Foreign Assets Control (“**OFAC**”) (including, but not limited to, the Specially Designated Nationals and Blocked Persons List) or the U.S. Department of State, the United Nations Security Council, the United Kingdom, the European Union, or any European Union Member State; (b) an individual or entity that is located, organized or ordinarily resident in a Sanctioned Country; (c) the government of a Sanctioned Country or the Government of Venezuela; or (d) any individual or entity 50% or more owned or controlled by any such individuals or entities, or acting for or on behalf of such individuals or entities;

“**Sanctions Laws**” means all Laws relating to economic or financial sanctions or trade embargoes imposed, administered or enforced by the (a) U.S. government, including those administered by OFAC or the U.S. Department of State; or (b) the United Nations Security Council, the United Kingdom, the European Union, or any European Union Member State;

**“Security Incident”** means any loss, theft, or accidental, unlawful or unauthorized access, use, loss, disclosure, denial, alteration, destruction, compromise, modification, or other unauthorized Processing of Personal Information and/or Systems owned, used, maintained, received, or controlled by or on behalf of the Group Companies;

**“Service Provider”** means any employee, officer, director, manager, independent contractor, or any other individual service provider of any Group Company;

**“Software”** means any and all computer programs, operating systems, application systems, application programming interfaces, firmware or other software code of any nature, whether in machine-readable form, source code or a programming language or any other language or symbols, whether operational or under development, and any derivations, updates, enhancements, and customizations of any of the foregoing and related documentation, operating procedures, methods, tools, developers’ kits, utilities, developers’ notes, technical manuals, user manuals, build scripts, test scripts, and other documentation thereof, including comments and annotations related thereto, whether stored, encoded, recorded or written on disk, tape, film, memory device, paper or other media of any nature;

**“Standard Software”** means commercially available (including off-the-shelf) Software that is licensed to a Group Company pursuant to a non-exclusive, internal use license and that is

75

---

generally available on (and actually licensed under) standard, non-negotiated terms and involves annual, aggregate payments by any Group Company of USD 100,000 or less;

**“Swiss Stamp Duty Act”** means the Swiss Federal Act on Stamp Duties of June 27, 1973, as amended;

**“Systems”** means all networks, servers, switches, endpoints, Software, platforms, electronics, websites, storage, firmware, hardware (including peripherals and ancillary equipment) and related information technology or outsourced services, and all electronic connections between them, that are owned, operated, or used by or on behalf of by the Group Companies, including in connection with their businesses;

**“Technology”** means any algorithms, diagrams, inventions (whether or not patentable), invention disclosures, know-how, trade secrets and other proprietary information, lab notebooks, prototypes, network configurations and architectures, test vectors and procedures, protocols, methods, processes, formulae, compositions, routines, protocols, schematics, specifications, technical data, Software, routines, logic information, register-transfer levels, netlists, verilog files, simulations, lab notebooks, reports (including emulation and simulation reports), RTL, GDSII files, layout designs, topographies, cores, blocks, libraries, circuit designs, whether embodied in Software or otherwise, wafers, test methodologies, and hardware development tools, mask works, user interfaces, databases and data collections, works of authorship, logos, marks and other brand elements (including brand names, product names and slogans), business plans, proposals, designs, customer data, financial information, pricing and cost information, bills of material, reports, performance data, quality data, and any other forms of technical information and technology, in each case whether or not registered with an Authority or embodied in any tangible form;

**“Third-Party AI Product”** means any product or service of a third party that employs or makes use of AI Technologies;

**“Trade Control Laws”** means all trade, export control, import, and antiboycott Laws, including the Arms Export Control Act (22 U.S.C. § 1778), the International Emergency Economic Powers Act (50 U.S.C. §§ 1701–1706), Section 999 of the Internal Revenue

Code, the U.S. customs laws at Title 19 of the U.S. Code, the Export Control Reform Act of 2018 (50 U.S.C. §§ 4801-4861), the International Traffic in Arms Regulations (22 C.F.R. Parts 120–130), the Export Administration Regulations (15 C.F.R. Parts 730-774) and the U.S. customs regulations at 19 C.F.R. Chapter 1, and the Foreign Trade Regulations (15 C.F.R. Part 30) and other relevant trade, export control, import, and antiboycott laws and regulations imposed, administered or enforced by any other country, including for the avoidance of doubt the United Kingdom, Switzerland, the European Union, or any European Union Member State; and

“**WARN Act**” means the Worker Adjustment and Retraining Notification Act and its rules and regulations, and any similar state or local Law.

## 2. THE SELLERS

- 2.1 Each Seller, if that Seller is an entity, is duly organized, formed or incorporated (as applicable), validly existing and in good standing (if applicable) under the Laws of its jurisdiction of organization, formation or incorporation and has all power and authority to carry on its business as now being conducted.
- 2.2 Each Seller has, as applicable, the legal capacity or in respect of a limited liability company or corporate, as applicable, power and authority to execute and deliver this Agreement and each of the Transaction Documents to which that Seller is a party, and to perform that Seller's

76

---

obligations hereunder and thereunder. The execution, delivery and performance by that Seller of this Agreement and each of the Transaction Documents to which that Seller is a party, and the consummation by that Seller of the transactions contemplated hereby and thereby, have been duly and validly authorized by all required action on the part of that Seller, and no other courts, where action on the part of that Seller is necessary to authorize the execution and delivery of this grant Agreement and each of the Transaction Documents to which that Seller is made and/a party by that Seller, the performance by that Seller of its obligations hereunder or thereunder or the consummation by that Seller of the transactions contemplated hereby or thereby.

- 2.3 This Agreement and each of the Transaction Documents to which that Seller is a party, when executed and delivered by the other parties hereto and thereto (assuming the due authority, execution and delivery each such other party, as applicable), constitutes (or will constitute) a valid and legally binding obligation of that Seller, as applicable, enforceable against that Seller, as applicable, in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or moratorium Laws, other similar Laws affecting creditors' rights and general principles of equity affecting the availability of specific performance and other equitable remedies (regardless of whether enforcement is sought in a proceeding at Law or in equity).
- 2.4 Except as set forth in the Disclosure Letter (the “**Seller Regulatory Approvals**”), no Governmental Authorization or filing is required to be obtained by that Seller from, or to be performed.

**Appendix.** Notwithstanding given by that Seller to, or made by that Seller with, 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 Authority 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 securities 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 the execution, delivery or performance by that Seller of this Agreement or the Transaction Documents to which that Seller is a party, except any such Governmental Authorization or filing, the failure of which to be obtained by that Seller, or to be given by that Seller to, or made by that Seller with, any Authority or securities exchange would not reasonably be expected to have, individually or in the Plan to his or her country through aggregate, a designated bank or broker and/or within a certain time after receipt. **Material Adverse Change.**

2.5 The Participant acknowledges execution, delivery and performance by that it is his or her responsibility to be compliant with such regulations Seller of this Agreement, and the Participant should consult his execution, delivery and performance by that Seller of the Transaction Documents to which that Seller is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not:

- (a) contravene, conflict with, violate or her personal legal advisor for any details.

**Waiver.** The Participant acknowledges that result in a waiver by the Company of breach of any provision of the Organizational Documents of that Seller, as applicable, or any Group Company;

- (b) contravene, conflict with, or result in the breach of, or constitute a default under, or result in the termination, cancellation or acceleration or require any notice or consent under (whether after the filing of notice or the lapse of time or both), any material contract to which that Seller is a party;
- (c) result in the creation of any Encumbrance upon that Seller's Shares, the EIL Shares or any assets of the Group Companies; or
- (d) assuming the receipt of all Seller Regulatory Approvals, contravene, conflict with, violate or result in a breach of any Law to which that Seller is subject;

except, in the cause of the foregoing paragraphs 2.5(b) and 2.5(d), as would not reasonably be expected to have a Material Adverse Change.

2.6 Each Seller is the sole record and beneficial owner of the number of Shares listed next to that Seller's name in Part 1 of Schedule 1. EIL is the sole record and beneficial owner of the number of EIL Shares listed next to EIL's name in Part 2 of Schedule 1. Other than as set forth in Schedule 1, that Seller owns no equity interest (or other right to acquire any equity



interests) in the Company, and EIL owns no equity interest (or other right to acquire any equity interests) in BETA Greece. Each Seller has, and shall transfer to the Buyer at Completion, good and valid title to the Shares and the EIL Shares, as applicable, free and clear of all Encumbrances other than restrictions under applicable securities Laws. Other than this Agreement and as set forth in the Disclosure Letter, there are no voting trusts, voting agreements, proxies, first refusal rights, first offer rights, co-sale rights, options, transfer restrictions or other agreements, instruments or understandings of any nature with respect to the voting, transfer or disposition of the share capital of the Group Companies.

- 2.7 Each Seller does not own or purport to own any Technology or Intellectual Property Rights, or any other property or asset, that is used in or necessary for the conduct of the business of the Group Companies as currently conducted, nor does that Seller own or purported to be owned (whether solely or jointly), or have any rights to or under, any Group Company Intellectual Property or any other property or asset owned by any Group Company.
- 2.8 There is no Litigation pending, threatened in writing or, so far as that Seller is aware, threatened orally against that Seller that would, individually or in the aggregate, reasonably be expected to materially and adversely affect that Seller's ability to execute, deliver or perform this Agreement or any Transaction Document, or to timely consummate the transactions contemplated hereby or thereby. So far as the Sellers are aware, no event has occurred and no claim or dispute exists, that will, or that would reasonably be expected to give rise to the commencement of any Litigation that is of a type described in the immediately preceding sentence. Except with respect to the Regulatory Conditions, such Seller is not subject to any Order that would, individually or in the aggregate, reasonably be expected to materially and adversely affect that Seller's ability to execute, deliver or perform this Agreement or any Transaction Document, or to timely consummate the transactions contemplated hereby or thereby.
- 2.9 Except for fees payable to Houlihan Lokey, which fees including all related Taxes will be paid by the applicable Seller(s), there is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of any Seller(s) who might be entitled to any fee or commission from the Buyer or any of their respective Affiliates in connection with the transactions contemplated hereby.
- 2.10 There is no investment banker, broker, finder or other intermediary appointed by any of the Sellers or Related Sellers in connection with the transactions contemplated hereby who classifies as a Swiss securities dealer for purposes of Swiss securities transfer stamp duty (*Umsatzabgabe*) pursuant to the Swiss Stamp Duty Act. Except for the Consideration paid to ELUCO, the execution, delivery and performance by any Seller of this Agreement, and the execution, delivery and performance by any Seller of the other Transaction Documents to which that Seller is a party, and the consummation by the Sellers of the transactions contemplated hereby and thereby, do not and will not give rise to Swiss securities transfer stamp duty (*Umsatzabgabe*) pursuant to the Swiss Stamp Duty Act due to any action by any of the Sellers or Related Sellers.
- 2.11 ELUCO warrants to the Buyer that it is not acting as an intermediary for other Sellers for purposes of Swiss securities transfer stamp duty (*Umsatzabgabe*) pursuant to the Swiss Stamp Duty Act, for the transaction contemplated hereby and thereby.
- 2.12 As of the date of this Agreement, there are no bankruptcy, winding-up, liquidation, receivership, or similar proceedings pending or threatened in writing against that Seller.
- 2.13 There are no guarantees, bonds, credit support arrangements, indemnities or letters of comfort of any nature given to a third party by any Seller or an Affiliate of any Seller in respect of any



obligation of any Group Company, and there are no guarantees, bonds, credit support arrangements, indemnities or letters of comfort of any nature given to a third party by any Group Company in respect of any obligation of any Seller or an Affiliate of any Seller other than to the extent given in respect of such Seller's (or its Affiliates') role as an employee, officer, or director of a Group Company.

2.14 Each Seller is (a) an "accredited investor" as defined in Regulation D promulgated by the SEC under the Securities Act or (b) not a U.S. Person as defined in Rule 902(k) of Regulation S promulgated by the SEC under the Securities Act and (i) is aware of the income tax and other tax consequences, if any, that may be relevant to the purchase, acquisition, holding, redemption, sale or transfer of the Stock Consideration, (ii) is acquiring its portion of the Stock Consideration for its own account and not for the account or benefit of a U.S. person, and understands that any resale of the Stock Consideration by such Seller shall be in accordance with Rule 902(k) of Regulation S (if applicable), pursuant to registration under the Securities Act or pursuant to an available exemption from registration and that the Buyer has no obligation to register or qualify the Stock Consideration for resale except as set forth in this Agreement, (iii) resides or has its principal office location at the address of such Seller set forth under its signature to this Agreement, which is located outside of the United States and (iv) acknowledges that the Stock Consideration shall, if certificated, bear an appropriate legend (or if held in book-entry form, will be noted) with respect to such restrictions.

2.15 Each Seller is a sophisticated investor that is able to evaluate companies, is able to fend for himself, herself or itself in transactions such as the ones contemplated by this Agreement, has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of his, her or its prospective investment in Buyer Stock, and has the ability to bear the economic risks of the investment, including, without limitation, to the loss of his, her or its investment.

2.16 [\*\*\*]

2.17 [\*\*\*]

### 3. ORGANIZATION AND QUALIFICATION

3.1 Each of the Group Companies is duly organized, formed or incorporated (as applicable), validly existing under the Laws of its jurisdiction of organization, formation or incorporation and has all requisite limited liability company, limited partnership, corporate or similar power and authority to own or lease and operate its properties and assets and to carry on its business as presently conducted. Each Group Company is duly qualified or licensed to do business as a foreign corporation or other entity and is in good standing (where applicable) in each jurisdiction where the conduct of its business requires such qualification or license, except in those jurisdictions where such failure to be so qualified, licensed or in good standing would not reasonably be expected to be, individually or in the aggregate, material.

3.2 Part 2 of Schedule 2 sets forth (a) an accurate and complete list of each Subsidiary of the Company and its entity type and jurisdiction of organization and (b) with respect to each such Subsidiary, the number and type(s) of its outstanding shares of share capital, securities or other equity interests and the record owner(s) thereof. Such record owner(s) have good and valid title to such securities, free and clear of Encumbrances other than Permitted Encumbrances or restrictions under applicable securities Laws. Other than as set forth in Part 2 of Schedule 2, there are no outstanding (i) shares of share capital, securities or other equity interests of any such Subsidiary, (ii) securities convertible into or exchangeable for shares of share capital, securities or other equity interests of such Subsidiary or (iii) options or other rights to acquire from any Group Company, or other obligation of any Group Company to issue or grant any

share capital, securities or other equity interests of any such Subsidiary. The Company does not own or control, directly or indirectly, any interest in any corporation, partnership, limited liability company, association or other business entity other than the Subsidiaries listed in Part 2 of Schedule 2.

- 3.3 The Company has made available in the Data Room complete and correct copies of (a) all of the Organizational Documents of the Group Companies, and all amendments thereto, and (b) the stock records of each Group Company for the last three (3) years. The Group Companies have carried out their business in accordance with the applicable Organizational Documents, including all amendments thereto, and the Group Companies have not taken any action that is in contravention of any resolution adopted by their respective boards or directors (or other applicable governing body), any committee thereof, or the shareholders of any Group Company except as would not, or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Change.
- 3.4 During the last three years, all meetings of the board of directors (or other applicable governing body) and shareholders (or other applicable stakeholders) of the Group Companies have been held in accordance with applicable Law in all material respects. The statutory registers and books, including the minute books and registers of members of the Group Companies, have been maintained in compliance with applicable Law in all material respects and contain complete and accurate records of all matters required by applicable Law to be delivered, filed or made to any Authority have been duly and correctly delivered or made as required by applicable Law.
- 3.5 Except as set forth in section 3.5 of the Disclosure Letter (the “**Group Company Regulatory Approvals**”), or any Governmental Authorization or filing, the failure of which to be obtained by any Group Company from, or to be given by any Seller to, or made by any Seller with, any Authority or securities exchange would not, or would be reasonably expected to be, material to the Group Companies taken as a whole, no Governmental Authorization or filing is required to be obtained by any Group Company from, or to be given by any Seller to, or made by any Seller with, any Authority or securities exchange, as a result of the execution, delivery or performance by any Group Company of the Transaction Documents to which it is a party.
- 3.6 The consummation of the transactions contemplated hereby, do not and will not (a) contravene, conflict with, violate or result in a breach of any provision of the Organizational Documents of any Group Company, (b) contravene, conflict with, or result in the violation or breach of (or constitute an event that, with or without the filing of notice or the lapse of time or both, would result in a breach of), or constitute a default under, or result in or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which any Group Company is entitled or require any consent or other action by any person or require any notice under (whether with or without the filing of notice or the lapse of time or both), any provision of any Material Contract to which any Group Company is a party, or under which any of the assets of such Group Company is bound or (c) assuming the receipt of all Group Company Regulatory Approvals, contravene, conflict with, violate or result in a breach of or constitute a default under any Law to which a Group Company is subject, except, in the case of clauses (b) and (c), as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Change.

#### 4. CAPITALIZATION AND EQUITY INTERESTS

- 4.1 As of the date of this Agreement, the issued and paid-up share capital of the Company consists of 4,100,008 ordinary shares of CHF 1.00 each and 32 preferential shares of CHF 1.00 each. Set forth in Part 1 and Part 2 of Schedule 1 is, as of the date of this Agreement, a complete and correct list of all of the Company's shareholders and BETA Greece's shareholders,

respectively, and such Related Seller's country of residence and citizenship, and type and number of shares of the Company's share capital owned by each such shareholder. All outstanding Shares and the EIL Shares have been duly authorized and validly issued and are fully paid in accordance with applicable Law.

- 4.2 Except for the shares of the Company's share capital listed in paragraph 4.1 of this Schedule 6, there are no outstanding (a) shares of share capital, securities or other equity, equity-based, or equity-linked interests of the Company (including compensatory interests), (b) securities of the Company convertible into or exchangeable for shares of share capital, securities or other equity interests of the Company, (c) options, warrants or other rights to acquire from any Group Company, or other obligations of any Group Company to issue or grant, or other rights in respect of or that relate to any share capital, securities or other equity interests of the Company, or (d) stock or unit appreciation, phantom interest, profit participation, interest or similar rights with respect to, or the value of which is measured by reference to, any equity or voting interest in the Company. There is no obligation of the Company to repurchase, redeem or otherwise acquire any equity interests of the Company. There are no shares of the Company's share capital that remain subject to vesting or forfeiture restrictions.
- 4.3 There are (a) no rights agreements, arrangements or commitments of any kind or character, whether written or oral, relating to the share capital of any Group Company to which any Group Company is a party, or by which it is bound, obligating any Group Company to repurchase redeem or otherwise acquire any issued and outstanding capital shares of share capital of any Group Company, (b) no outstanding or authorized stock appreciation, phantom stock, profit participation, or other similar rights with respect to any Group Company, and (c) no voting trusts, shareholder agreements, proxies or other contract, agreement or arrangement in effect to which any Group Company is a party with respect to the governance of any Group Company or the voting, dividend rights or disposition of the share capital or other equity interests of any Group Company.
- 4.4 No Group Company has bought back, repaid or redeemed or agreed or given any binding commitment to another person by which it may be required to buy-back, repay or redeem any of its securities or otherwise reduced or agreed to reduce its share capital.

## 5. ACCOUNTS

- 5.1 The Accounts are set forth in section 5.1 of the Disclosure Letter.
- 5.2 The Accounts (a) have been prepared from the books and records of the Group Companies, which are accurate and complete in all material respects, (b) have been prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated and consistent with each other (subject, in the case of the unaudited financial statements, to the absence of notes and normal year-end audit adjustments), and (c) present a fair view in all material aspects, in accordance with GAAP, of the financial condition of the Group Companies at the dates therein indicated and the results of operations and cash flows of the Group Companies for the period therein specified (subject, in the case of the unaudited financial statements, to the absence of notes and normal year-end audit adjustments).
- 5.3 The books of accounts and other material financial records of the Group Companies have been maintained in the ordinary and usual course of business consistent with applicable Laws, present fairly and accurately in all material respects (having regard to the purpose for which they were prepared and the absence of notes and disclosures) the financial position and results of operations of the Group Companies and the transactions entered therein represent bona fide transactions. The Group Companies have established and each maintains a system of internal accounting controls sufficient to provide reasonable assurances (a) that material transactions,

receipts and expenditures of the Group Companies are being executed and made only in accordance with appropriate authorizations of management and the board of directors of the Company, (b) that transactions are recorded as necessary (i) to permit the preparation of financial statements in conformity with GAAP and (ii) to maintain accountability for assets, (c) regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of the Group Companies, (d) that the amount recorded for assets on the books and records of the Group Companies are compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences and (e) that accounts, notes and other receivables and inventory are recorded accurately. Since the Accounts Date, there has been no material change in any accounting controls, policies, principles, methods or practices, including any change with respect to reserves (whether for bad debts, contingent liabilities or otherwise), of the Company.

- 5.4 All accounts, notes receivable and other receivables (other than receivables collected since the Accounts Date) reflected in the Accounts are, and all accounts and notes receivable arising from or otherwise relating to the business of the Group as of the Completion Date are, valid, genuine and, so far as the Sellers are aware, collectible, subject to normal and customary trade discounts, less any reserves for doubtful accounts recorded in the Accounts.
- 5.5 Each Group Company is solvent and not subject to any pending bankruptcy, winding-up, liquidation, receivership, or any other similar process in any jurisdiction.
- 5.6 Except for liabilities and obligations (a) reflected or adequately reserved for in the Accounts (including the footnotes thereto), (b) arising under this Agreement, the other Transaction Documents or as a result of the transactions contemplated hereby or thereby, (c) incurred in the ordinary and usual course of business since the Accounts Date (none of which results from, arises out of, relates to, is in the nature of, or was caused by, any breach of contract, breach of warranty, tort, infringement or violation of law) or (d) arising under any executory contract of the Group Companies or to which any of them is a party, in each case, which has been Disclosed in the Disclosure Letter, the Group Companies have no material liabilities or obligations of any kind, whether accrued, contingent, absolute, determined, determinable or otherwise.
- 5.7 No Group Company has any derivative transaction entered into in connection with protection against or benefiting from any fluctuation in any rate or price.

## 6. LITIGATION

- 6.1 There is no Litigation pending, threatened in writing or, so far as the Sellers are aware, threatened orally against any of the Group Companies that (a) involves any of the Group Companies or any of the assets owned by the Group Companies or (b) challenges, or that seeks to prevent, materially delay or interfere with, or make illegal the transactions contemplated by this Agreement. So far as the Sellers are aware, no event has occurred, and no dispute or other condition or circumstance exists, that will, or that would reasonably be expected, to give rise or serve as a basis for the commencement of any Litigation that is of a type described in the preceding sentence. The Group Companies have submitted each pending or threatened Litigation for which there is insurance coverage to its applicable insurance carrier and there are no pending or threatened Litigations for which insurance coverage is unavailable.
- 6.2 There is no Order to which the Group Companies are subject or which restricts in any respect the ability of the Group Companies to conduct their business, except as would not or would not reasonably be expected to result in a Material Adverse Change.

6.3 So far as the Sellers are aware, none of the Group Companies are subject to any pending investigation or inquiry being conducted by any Authority.

## 7. COMPLIANCE WITH LAWS

7.1 The Group Companies are, and have during the prior five (5) years been, in compliance in all material respects with applicable Law.

7.2 No Group Company has received any written notice, correspondence or communication of any violation, alleged violation or potential violation of, or liability under any such applicable Law, or to the effect that any Group Company or any person acting on behalf of a Group Company, is under investigation or inquiry with respect to any violation or alleged violation of any applicable Law. To the awareness of the Sellers, since the Accounts Date, no event has occurred, and no condition exists, that would reasonably be expected (with or without notice or lapse of time) to constitute or result directly or indirectly in material violation by the Group Companies of any applicable Law relating to the operation and conduct of the Group Companies or any of their respective properties or facilities (excluding with respect to Personal Information being collected, stored or Processed for them, which is solely addressed in paragraph 18.2 of this Schedule 6).

7.3 Neither the Group Companies nor any of their respective officers, managers or directors, nor, so far as the Sellers are aware, their employees or agents, has in the past five (5) years violated any applicable Anti-Corruption Law.

7.4 Neither the Group Companies nor any of their respective officers, managers or directors, nor, so far as the Sellers are aware, their employees or agents has in the past five (5) years been the subject of enforcement proceedings for violations of Anti-Corruption Laws or received any notice, inquiry or request from, or made any voluntary disclosure to, any Authority or state-owned entity relating to any actual or potential noncompliance with any Anti-Corruption Law.

7.5 At all times during the past five (5) years, the Group Companies have maintained and enforced policies and procedures designed to promote and achieve compliance by the Group Companies and their respective officers, directors, employees and agents with Anti-Corruption Laws, Sanctions Laws, and Trade Control Laws.

7.6 The Group Companies have, to their knowledge, maintained complete and accurate books and records, including records of payments to any agents, consultants, representatives, third parties, and government officials, to the extent such books and records are required to be maintained by Law.

7.7 Neither the Group Companies nor any of their respective officers, managers or directors, nor, so far as the Sellers are aware, their employees or agents and any other persons acting on the Group Companies' behalf: (a) is a Sanctioned Person; (b) is subject to debarment or any list-based designations under any Trade Control Laws; or (c) has, in the past five (5) years, (i) violated applicable Sanctions Laws or Trade Control Laws, (ii) engaged in any direct or indirect dealing or transaction, including the sale, purchase, import, export, re-export, divert or transfer of products or services, involving or with a Sanctioned Country or Sanctioned Person, (iii) engaged in transactions, dealings, or activities that might reasonably be expected to cause such individuals or entities to become a Sanctioned Person, or (iv) been the subject of or otherwise involved in enforcement actions or, to its knowledge, investigations by any relevant governmental authority or other legal proceedings with respect to any actual or alleged violations of Sanctions Laws or Trade Control Laws, or been notified of any such pending or threatened actions. The Group Companies have not engaged in any use of their products or services outlined in the end use and end user based provisions set forth in 15 C.F.R. Part 744.

- 7.8 No government official and no close family member of any government official: (a) holds an ownership or other economic interest, direct or indirect, in any Group Companies or in the contractual relationship formed by this Agreement or (b) serves as an officer, director or employee of any Group Companies except, in each case, as has been Disclosed in the Disclosure Letter.

## 8. INTELLECTUAL PROPERTY

- 8.1 The Disclosure Letter contains a complete and correct list of all Registered Group Company Intellectual Property, setting forth for each item of Registered Group Company Intellectual Property (a) the recorded owner(s) of such item and if different, the legal owner and beneficial owner(s) of such item, (b) the jurisdiction in which such item is registered or filed and the applicable application, registration, or serial or other similar identification number, (c) the filing date or registration date and issuance date or grant date, and (d) with respect to domain names, the applicable domain name registrar. All Registered Group Company Intellectual Property is registered in the name of a Group Company and not the subject of any pending cancellation, interference, *inter partes* review, reissue, opposition or re-examination proceeding.
- 8.2 Except as Disclosed in section 8.1 of the Disclosure Letter, the Group Companies own the exclusive right, title and interest to all Group Company Intellectual Property, free and clear of all Encumbrances other than non-exclusive licenses in respect of the Group products and/or services granted to third party customers in the ordinary and usual course of the Group's business. All items of Registered Group Company Intellectual Property are subsisting and, so far as Sellers are aware, enforceable, and all registrations included therein are in force.
- 8.3 No Group Company is bound by, and no Group Company Intellectual Property is subject to, any contract or Order containing any covenant or other provision that in any way limits or restricts the ability of any Group Company (or following the closing of the contemplated transactions any Affiliate of any Group Company) to use, disclose, assert, enforce, license, transfer or otherwise exploit any Group Company Intellectual Property anywhere in the world, excluding any right to enforce against customers granted non-exclusive licenses in respect of the Group products and/or services in the ordinary and usual course of the Group's business who are using the Group Company Intellectual Property within the scope of such licenses. Except as Disclosed in section 8.3 of the Disclosure Letter, no Group Company has transferred ownership of (whether a whole or partial interest), or granted any exclusive right to use, any Group Company Intellectual Property, or any Intellectual Property Rights or Technology used in, held for use in, or necessary for, the conduct of the businesses of any Group Company, to any person. No person who has licensed Intellectual Property Rights or Technology to any Group Company has ownership rights or license rights to derivative works or improvements made by or on behalf of any Group Company related to such Intellectual Property Rights or Technology, and no person has the right to make or own improvements or derivative works of any Group Company Intellectual Property except, in each case, as would not be material to the conduct of the business of the Group Companies (taken as a whole).
- 8.4 The Group Companies have not received any communication during the three(3) year period immediately prior to the date of this Agreement alleging that any Group Company infringed, misappropriated, violated, or misused any Intellectual Property Rights of any person in any respect, including any notice or communication inviting a Group Company to take a license under any Intellectual Property Rights. None of (a) the Group Company Intellectual Property, (b) the products and/or services provided by any of the Group Companies nor (c) the activities, operation or the conduct of the business of the Group Companies has infringed, misappropriated, misused or otherwise violated, or is currently infringing, misappropriating, misusing or otherwise violating any Intellectual Property Right owned by any person, except,



in each case, as would not be material to the conduct of the business of the Group Companies (taken as a whole).

- 8.5 Except as Disclosed in section 8.5 of the Disclosure Letter, so far as the Sellers are aware, no person has infringed, misappropriated, misused or otherwise violated during the three (3) year period immediately prior to the date of this Agreement, or is currently infringing, misappropriating, misusing or otherwise violating any of the Group Company Intellectual Property in any material respect. Except as Disclosed in section 8.5 of the Disclosure Letter, during the three (3) year period immediately prior to the date of this Agreement, the Group Companies have not sent any written communication (or made or considered any claim) regarding any actual, alleged, or suspected infringement, misappropriation, misuse or other violation of any Group Company Intellectual Property to a third party.
- 8.6 Except as would not be material to the conduct of the business of the Group Companies (taken as a whole), the Group Companies own or otherwise have the right to use, and after Completion, the Buyer will own or otherwise have the right to use, all Intellectual Property Rights and Technology used in, held for use in the conduct of the businesses of each of the Group Companies (individually and as a whole) as currently conducted; provided that nothing in this sentence shall be considered a warranty of non-infringement or non-misappropriation or other non-violation of any Intellectual Property Rights of another person. The Group Company Intellectual Property, together with the Intellectual Property Rights and Technology licensed to the Group Companies under the contracts listed in Disclosure Letter pursuant to paragraph 11.1(f) of this Schedule 6 and Standard Software, the Open Source Software used in the conduct of the business of the Group Companies and the Technology and Intellectual Property Rights included in any of the Systems, constitute all of the material Technology and Intellectual Property Rights used in the conduct of the business of each of the Group Company's and the Group Companies as a whole, in each case as currently conducted.
- 8.7 No current or former shareholder, officer, manager, director, consultant, agent, contractor or employee of any Group Company has any claim, right (whether or not currently exercisable), or interest to or in any Group Intellectual Property Rights. So far as the Sellers are aware, no employee of any Group Company is in breach or violation of any contract with any former employer or other person, in each case, concerning Technology, Intellectual Property Rights or confidentiality.
- 8.8 Neither the execution, delivery, or performance of this Agreement, nor the consummation of any of the transactions or agreements contemplated by this Agreement, will, with or without notice or the lapse of time or both, result in, or give any other person the right or option to cause or declare (excluding in all cases, in respect of third party contracts entered into directly by the Buyer and/or any of its Affiliates other than in connection with this Agreement): (a) a loss of, or Encumbrance on, any Group Company Intellectual Property or on any of the Buyer's or its Affiliates' Technology or Intellectual Property Rights, (b) the grant, assignment, or transfer to any other person of any license or other right or interest under, to, or in any Group Company Intellectual Property, (c) any Group Company Intellectual Property becoming subject to any restriction with respect to its use or operation in any line of business or market or with any person or in any area, or (d) (i) the Buyer or any of its Affiliates as being bound by or subject to (x) any exclusivity obligations, non-compete or other restrictions on the operation or scope of their respective businesses, or (y) any obligation to grant, assign or transfer any of the Buyer's or its Affiliates' Technology or Intellectual Property Rights, or (ii) a loss of, or Encumbrance on, any of the Buyer's or its Affiliates' Technology or Intellectual Property Rights (for (i)-(ii), excluding for the avoidance of doubt any Intellectual Property Rights or Technology of the Group Companies).

- 8.9 Each Group Company has taken all measures reasonably necessary or appropriate to protect and maintain the confidentiality of all material proprietary information that the Group Companies hold as a trade secret. Without limiting the foregoing, no Group Company has made any of its trade secrets or other material proprietary confidential information that it intends to maintain as

confidential information (including source code of Group Company Software) available to any other person except in the ordinary and usual course of the Group's business and subject to binding obligations requiring such persons to maintain the confidentiality of such trade secrets and proprietary confidential information.

- 8.10 All Group Company Intellectual Property delivered or used by any Group Company under or in connection with any Government Contract has been properly and sufficiently marked and protected so that no more than the minimum rights or licenses required under applicable regulations have been granted. All disclosures, elections, and notices required by Law and Government Contract terms to satisfy these requirements have been made. Except for minimum rights or licenses required under applicable regulations granted under the Government Contracts set forth above, no Authority or prime contractor or subcontractor to an Authority has obtained, by contract, Law or otherwise, rights in any Group Company Intellectual Property that will affect the commercial value thereof.
- 8.11 No Group Company Intellectual Property was developed in whole or in part under any grants or contracts from any Authority or agency or private source, or any university, college, other educational institution, military, multi-national, bi-national or international organization or research centre or institution (each an "R&D Sponsor"). No funding, facilities, or personnel of any R&D Sponsor were used, directly or indirectly, to develop or create, in whole or part, any Group Company Intellectual Property. Without limiting the foregoing, so far as Sellers are aware, no developer, inventor or other contributor was employed by or has performed services for any R&D Sponsor during the period of time during which such developer, inventor or other contributor was also performing services for any Group Company. No R&D Sponsor has any claim of right to, ownership of or other encumbrance on any Group Company Intellectual Property.
- 8.12 None of the Group Companies is or has ever been a member or promoter of, or a contributor to, any industry standards body or similar organization that could require or obligate any Group Company to grant or offer to any other person any license or right to or otherwise impair any Group Company's control of any Group Company Intellectual Property.
- 8.13 So far as the Sellers are aware, the Group Company Software does not contain any bug, defect, software virus, or error that materially and adversely affect the use, functionality, or performance of such Group Company Software (or any of the products and services of any Group Company). No element of Group Company Software fails to comply with any applicable warranty or contractual commitment granted to any third party relating to the use, functionality or performance of such Software, other than in a non-material manner that does not have any adverse effect on the use, functionality or performance of such Group Company Software.
- 8.14 None of the products or services of the Group Companies have been developed in reliance on any AI Technologies and no such product or service has or will incorporate any Third-Party AI Product.
- 8.15 No source code for any Group Company Software that is Group Company Intellectual Property has been delivered, licensed, or made available to any escrow agent or other person who is not or was not an employee of any Group Company who needs or needed such source code to perform his or her employee duties. No Group Company has any duty or obligation (whether present, contingent, or otherwise) to deliver, license, or make available the source

code for any Group Company Software owned by the Group Companies to any escrow agent or other person.



- 8.16 So far as the Sellers are aware, no Group Company Software contains any “back door,” “drop dead device,” “time bomb,” “Trojan horse,” “virus,” “worm,” “malware,” “vulnerability,” “spyware” or “adware” (as such terms are commonly understood in the software industry) or any other code designed or intended to have, or capable of performing or facilitating, any of the following functions: (a) disrupting, disabling, harming, infiltrating or otherwise impeding in any manner the operation of, or providing unauthorized access to, a computer system or network or other device on which such code is stored or installed; or (b) compromising the privacy or security of any data or damaging or destroying any data or file without consent (collectively, “**Malicious Code**”). Each Group Company has taken reasonable steps and implemented reasonable procedures (in accordance with good industry practice) designed to prevent the introduction of Malicious Code into Group Company Software.
- 8.17 With respect to Open Source Software that is or has been used by a Group Company in any way, the Group Company has been and is in compliance with the terms and conditions of all applicable licenses for the Open Source Software, including attribution and copyright notice requirements in all material respects. Except as specified in the Disclosure Letter, no product or service of the Group Companies is subject to any “copyleft” or other obligation or condition (including any obligation or condition under any “open source” license such as the GNU Public License, Lesser GNU Public License, or Mozilla Public License) that could require, or could condition the use or distribution of such product or service or portion thereof on, (a) the disclosure, licensing, or distribution of any source code for any Group Company Software that is Group Company Intellectual Property or any portion(s) thereof, (b) the granting to licensees of the right to reverse engineer or make derivative works or other modifications to such Group Company Software or portion(s) thereof, or (c) redistributing, hosting, licensing or otherwise distributing or making available such Group Company Software or any portion(s) thereof for a nominal or otherwise limited fee or charge.
- 8.18 The Systems are sufficient, in all material respects, for the needs of the business of the Group Companies as currently conducted. Without limiting the foregoing, (a) the Group Companies have taken reasonable steps and implemented reasonable procedures (in accordance with good industry practice) to ensure that the Group Companies’ Systems are free from Malicious Code and from access by unauthorised persons, and (b) the Group Companies have in effect industry standard disaster recovery plans, procedures and facilities for their business and have taken all reasonable steps to safeguard the security and the integrity of their Systems.
- 8.19 In the three (3) years immediately prior to the date of this Agreement, there has been no failure or other substandard performance of any Systems of the Group Companies which has caused any material disruption to the business of the Group Companies. So far as the Sellers are aware, in the three (3) years immediately prior to the date of this Agreement, the Group Companies have not suffered any data loss, business interruption, or other harm as a result of, any Malicious Code intentionally designed to permit (a) unauthorized access to a computer or network, (b) unauthorized disablement or erasure of Software, hardware or data, or (c) any other similar type of unauthorized activities.

## 9. EMPLOYEE BENEFITS

- 9.1 The Disclosure Letter sets forth a list as of the date of this Agreement of each material Group Company Plan, and separately identifies the governing jurisdiction of each Group Company Plan listed on the Disclosure Letter. With respect to each Group Company Plan, the Company has made available in the Data Room true and complete copies of, as applicable, (a) all documents constituting the Group Company Plan (and written descriptions of all material

terms of any Group Company Plan that is not in writing) and any amendments thereto, (b) any related trust agreement, insurance contract or other funding vehicle, (c) the current summary plan description and each summary of material modifications thereto, (d) the most recent annual report filed with any Authority (e.g., Form 5500 and all schedules thereto), (e) if the Group Company Plan is funded, the most recent annual and periodic accounting of Group Company Plan assets pertaining to such plan, (f) the most recent determination, advisory or opinion letter received from the IRS regarding the tax-qualified status of such Group Company Plan, (g) if a Group Company Plan requires for provisioning to be made, the most recently prepared actuarial report or other valuation report in connection with each such Group Company Plan, and (h) non-routine material correspondence within the last year to or from any Authority relating to any Group Company Plan.

- 9.2 Each applicable Group Company Plan has been established, maintained, operated and administered in all material respects in accordance with its terms and in all material respects in compliance with applicable Law, including ERISA and the US Tax Code.
- 9.3 None of the Group Companies nor any ERISA Affiliate sponsors, maintains, contributes to or is required to contribute to, or has in the past six (6) years sponsored, maintained or contributed to, or has any liability or obligation (whether fixed or contingent) with respect to, any (a) plan arrangement that is subject to Title IV of ERISA, Section 302 of ERISA or Section 412 of the US Tax Code including, without limitation, any “multiemployer plan” as defined in Section 3(37) of ERISA, (b) any “multiple employer welfare arrangement,” as defined in Section 3(40) of ERISA, (c) any “multiple employer plan,” as defined in Section 413(c) of the US Tax Code or (d) other than the BETA US 401(k) Plan any plan or arrangement that is intended to be qualified under Section 401(a) and 401(k) of the US Tax Code. No liability under Title IV of ERISA has been or, so far as the Sellers are aware, is reasonably expected to be incurred by any Group Company.
- 9.4 Each Group Company Plan that is intended to be qualified under Section 401(a) of the US Tax Code has received a favorable IRS determination, advisory or opinion letter, as to its qualification, and no event has occurred or circumstance exists that would reasonably be expected to result in the loss of the tax-qualified status of any such Group Company Plan. Each trust established in connection with any Group Company Plan which is intended to be exempt from federal income taxation under Section 501(a) of the US Tax Code is so exempt, and no fact or event has occurred that would reasonably be expected to adversely affect the exempt status of any such trust. No events have occurred with respect to any applicable Group Company Plan that could result in payment or assessment by or against any Group Company of any excise taxes under Sections 4972, 4975, 4976, 4977, 4979, 4980B, 4980D, 4980E or 5000 of the US Tax Code. With respect to each applicable Group Company Plan, (a) no breaches of fiduciary duty or other failures to act or comply in connection with the administration or investment of the assets of a Group Company Plan in connection with which any Group Company Plan could reasonably be expected to incur a liability (including by reason of indemnification obligations in favor of any fiduciary of any Group Company Plan) have occurred and (b) no non-exempt “prohibited transaction” within the meaning of Section 406 of ERISA or Section 4975 of the US Tax Code has occurred.
- 9.5 Except as required under applicable Law, no Group Company has any obligation to provide post-employment health, life or other welfare benefits.
- 9.6 As of the date of this Agreement, with respect to each Group Company Plan, no Litigation, dispute or claim (other than routine individual claims for benefits in the ordinary operation of the Group Company Plans) is pending or threatened in writing. As of the date of this Agreement, there are no pending or threatened in writing audits or investigations by any Authority involving any Group Company Plan.

- 9.7 Each Group Company and each of their respective ERISA Affiliates are in compliance in all material respects with the applicable requirements of Section 4980B of the US Tax Code and any similar Laws in each case to the extent applicable to the Group. No Group Company Plan is a voluntary employees' beneficiary association under Section 501(c)(9) of the US Tax Code or any similar and applicable Laws.
- 9.8 No Group Company has ever maintained, established, sponsored, participated in or contributed to, and no Group Company Plan is, a self-insured plan that provides medical, dental or any other similar employee benefits to employees (including any such plan pursuant to which a stop-loss policy or contract applies). The obligations of all Group Company Plans that provide health, welfare or similar insurance are fully insured by bona fide third-party insurers. No Group Company Plan is maintained through a human resources and benefits outsourcing entity, professional employer organization, or other similar vendor or provider.
- 9.9 All contributions, premiums and payments related to each Group Company Plan have been, in all material respects, timely discharged and paid in full on or prior to the date of this Agreement or, to the extent not yet due, properly reflected as a liability in the Accounts in accordance with the terms of the applicable Group Company Plan and GAAP or applicable Law.
- 9.10 Neither the execution of, nor the consummation of the transactions contemplated by, this Agreement, whether alone or combined with the occurrence of any other event, including a termination of employment or service (where such other event would not alone have an effect described in this sentence), will (a) entitle any current or former Service Provider to any change in control payment, transaction bonus, retention payment or the payment or funding of any other compensation or benefits, (b) accelerate the time of payment, funding or vesting of any amounts due, or increase the amount of compensation payable, to any current or former Service Provider under any Group Company Plan or otherwise or (c) will result in any "parachute payment" under Section 280G of the US Tax Code.
- 9.11 With respect to each Foreign Plan, (a) such Foreign Plan is and has been established, registered, funded and administered at all times in material compliance with its terms and all applicable Laws of each jurisdiction in which such Foreign Plan is maintained, (b) all contributions to, and payments from, such Foreign Plan which may have been required to be made in accordance with the terms of such Foreign Plan, and, when applicable, the applicable Laws of the jurisdiction in which such Foreign Plan is maintained, have been timely made or shall be made by the Completion Date in all material respects, (c) each Group Company has complied with all applicable reporting and notice requirements, and such Foreign Plan has obtained from the Authority having jurisdiction with respect to such Foreign Plan any required determinations, if any, that such Foreign Plan is in material compliance with all applicable Laws of the relevant jurisdiction, (d) there are no pending material investigations by any Authority involving such Foreign Plan, and no pending material claims (except for claims for benefits payable in the normal operation of such Foreign Plan), or proceedings against such Foreign Plan or asserting any rights or claims to benefits under such Foreign Plan, (e) the consummation of the transactions contemplated by this Agreement will not operate create or otherwise result in any material liability with respect to such Foreign Plan, and (f) if any Foreign Plans are intended to be funded or book-reserved, they are funded or book-reserved based on common actuarial assumptions and to the extent required by Law. No Foreign Plan has material unfunded liabilities that will not be offset by insurance or that are not fully accrued in the Accounts.
- 9.12 No Group Company is or has at any time been the "employer" or is or in the last six years has been "connected with" or an "associate of" the "employer" (as those terms in quotation marks are used in the UK Pensions Act 2004) of or in relation to any UK defined benefit pension,

superannuation or other defined benefit retirement benefits plan in respect of which benefits are calculated by reference to age, salary or length of service.

9.13 Other than with regard to plans qualified under Section 401(a) of the US Tax Code, no Group Company has at any time established, settled assets to or otherwise has any liability to any employee benefit trust.

9.14 No Group Company Plan constitutes a “nonqualified deferred compensation plan” subject to Section 409A of the US Tax Code.

## 10. EMPLOYEE MATTERS

10.1 The Company has made available in the Data Room an accurate and complete list of each employee of the Group Companies as of five (5) Business Days prior to the date of this Agreement, including their, (a) name or employee identification number, (b) title, (c) hire or engagement date, (d) service recognition date, (e) annual base salary, hourly wage rate or other base rate, as applicable, (f) commission, bonus or other cash incentive opportunity, if any, (g) principal work location (state (where applicable), and country) and (h) employer entity. None of the Group Companies have engaged any individuals as independent contractors or independent consultants (except for professional advisers, accountants and auditors).

10.2 Except as set forth in section 10.1 of the Disclosure Letter, the services provided by Service Providers are terminable by the giving of appropriate notice to the Service Provider in accordance with the terms of their employment or independent contractor agreement without the incurrence of any liability. No employment contract provides for severance, termination or notice payments or benefits upon termination of the applicable Service Providers employment or other service with any Group Company.

10.3 No Service Provider who has a total annual salary or remuneration in excess of USD 150,000 (“Key Service Provider”) has informed any Group Company (whether orally or in writing) of any plan to terminate employment with or services for the applicable Group Company. Except as required by Law, the acquisition of the Shares by the Buyer will not entitle any Service Provider to terminate their employment or engagement. Except as set forth in the Disclosure Letter, no Group Company has an obligation to make a payment to any of its Service Providers on redundancy in excess of the statutory redundancy payment.

10.4 As of the date of this Agreement, (i) no Group Company is party to, subject to or currently negotiating in connection with entering into, a collective bargaining agreement or other contract or understanding with a union, works council, employee association, or similar organization, and (ii) no employee of any of the Group Companies has disclosed to any Seller or any Group Company that such employee is represented by a union, works council, employee association or similar organization with respect to their employment with the Group Companies. No Group Company has experienced any strike, slowdown, work stoppage, picketing, lockouts or other organized work interruption with respect to any employees or other current or former Service Provider during the past three (3) years, nor, so far as the Sellers are aware, are any such strikes, slowdowns, work stoppages, picketings, lockouts or other organized work interruptions threatened. There are no unions or other organizations representing or, purporting to represent and, so far as the Sellers are aware, no union organization campaign is in progress with respect to, any employees of the Group Companies. Except set forth in section 10.4 of the Disclosure Letter, no Group Company is required to provide notice to, or consult any union, works council, or other employee representative body prior to the execution of this Agreement or Completion. No dismissals that would require any Group Company to consult with or provide notice to any public, governmental or self-

regulatory Authority, have been announced during the past year or are being planned by any Group Company.

- 10.5 There are no material unfair labour practice charges or complaints pending before the National Labor Relations Board or any other Authority, Litigations, grievances, complaints, claims or judicial or administrative proceedings, in each case, which are pending or threatened in writing, or, so far as Sellers are aware, threatened orally by, or on behalf of, or relating to, the employment or engagement of any employees of any Group Company or any other current or former Service Provider. No audits by any labor or social security authorities took place in the last three (3) years which resulted in any material administrative penalties or findings.
- 10.6 Each Group Company is, and for the past three (3) years has been, in compliance in all material respects with all applicable Laws relating to labour and employment, employment practices, and/or terms and conditions of employment including as relates to hiring, training, background checks, employee safety and health, immigration, employment eligibility verification, worker classification (both with respect to employees classified as exempt employees and with respect to independent contractor and other non-employees classified as such), wage and hour, overtime, working time, holiday pay, equal employment opportunity, equal pay, statutory contributions towards social security benefits, payment of gratuity amounts and/or post retiral benefits (as applicable), harassment discrimination, retaliation, whistleblowing, data protection, workers' compensation, privacy, notices, wage payment and deduction, reasonable adjustments, accommodations, family and medical leave and other leaves of absence or time off work, discipline, and/or termination (including payment of all statutory and contractual dues on termination) with respect to current and former Service Providers. With respect to current and former Service Providers each Group Company is not liable for (a) any arrears of wages, severance pay or any Taxes or any penalty for failure to comply with any of the foregoing and (b) any payment to any trust or other fund governed by or maintained by or on behalf of any Authority, with respect to unemployment compensation benefits, social security or other benefits or obligations for employees (in each case, other than routine payments to be made in the normal course of business and consistent with past practice). There are no controversies pending or threatened in writing or, so far as Sellers are aware, threatened orally between any Group Company and any of its respective current or former Service Providers that could result in Litigation. No Group Company is a party to or otherwise bound by any consent decree with, or citation by, any Authority relating to any current or former employees, independent contractors or employment practices.
- 10.7 So far as the Sellers are aware, no Key Service Provider of any Group Company is in violation of any term of any employment agreement, noncompetition agreement, or any restrictive covenant to a former employer relating to the right of any such employee to be employed by any Group Company because of the nature of the business conducted or presently proposed to be conducted by such Group Company or to the use of trade secrets or proprietary information of others.
- 10.8 No Group Company has any liability or obligations, including under or on account of any Group Company Plan, arising out of the hiring or retention of Service Providers to provide services to any Group Company and treating such persons as non-employees of such Group Company.
- 10.9 Each Group Company is in compliance in all material respects with the WARN Act. Since the date two (2) years immediately prior to the date of this Agreement, with respect to the Group Companies, (a) there has been no "plant closing" (as defined in the WARN Act), (b) there has not occurred a "mass layoff" (as defined in the WARN Act) and (c) there have been no employment decisions or actions that implicated or triggered notice obligations under the WARN Act or similar Laws to the extent applicable. In the six (6) month period prior to the

---

date of this Agreement, there has been no "employment loss" (as defined in the WARN Act), furlough, layoff or material reduction in hours of work with respect to the Group Companies that, if continued, in the aggregate could reasonably be expected to constitute a "plant closing" or "mass layoff" under the WARN Act or otherwise trigger notice obligations under the WARN Act.

10.10 No Group Company has any material liability, nor are there any circumstances which could reasonably be expected to lead to a material liability with respect to the misclassification of any individual as a self-employed contractor, consultant or equivalent rather than as an employee or worker; or any individual being classified as a worker rather than as an employee and no former contractor has been converted, reclassified or employed by any Group Company or Authority as an employee.

10.11 No Group Company has, in the last three (3) years, been party to any transfer for the purposes of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (or any equivalent or similar legislation in any other relevant jurisdiction) ("TUPE") and no current or former employee transferred to any Group Company at any time under TUPE having been a member of a UK defined pension arrangement with any former employer.

## 11. MATERIAL CONTRACTS

11.1 The Disclosure Letter sets forth a list that is correct and complete as of the date of this Agreement of the following contracts (other than Group Company Plans) to which any of the Group Companies is a party (a contract responsive to any of the following categories being hereinafter referred to as a "Material Contract" and, together, "Material Contracts"):

- (a) contracts with a Material Customer, other than purchase orders, quotations and invoices entered into in the ordinary course of business that are subject to the Company's standard terms and conditions previously made available to the Buyer;
- (b) contracts other than Leases involving aggregate consideration to or by any Group Company in excess of \$3,000,000 per annum, other than any such contracts that can be terminated on less than 90-days' notice without material penalty;
- (c) contracts which restrict or limit in any respect the right or ability of any Group Company to (i) engage or compete in any line of business or market, with any person, or in any jurisdiction (including granting exclusive rights or rights of first refusal to license, market, sell or deliver any products or services of the Group Companies or any related Group Company Intellectual Property), other than license agreements entered into in the ordinary and usual course of business, (ii) acquire any products or other asset or any services from any other person, to sell any product or other asset to or perform any services for any other person or to transact business or deal in any other manner with any other person, (iii) develop or distribute any Group Company Intellectual Property or (iv) use, assert, enforce, or otherwise exploit any Group Company Intellectual Property anywhere in the world, other than, solely in the case of a Group Company's right to enforce any Group Company Intellectual Property under subsection (iv), pursuant to non-exclusive license agreements with third party customers entered into in the ordinary and usual course of business;
- (d) contracts which provide for "most favoured customer", "most favoured nation" or similar terms (including with respect to pricing);
- (e) contracts which grant to any person a right of first offer, right of first refusal, right of first negotiation, right of exclusivity or any other similar right;

- (f) contracts pursuant to which any Intellectual Property Right or Technology is licensed, sold, transferred, assigned or otherwise conveyed or provided to any Group Company, or pursuant to which any person has agreed not to enforce (including under a covenant not to sue, release or waiver) any Intellectual Property Right against any Group Company, in each case, other than (A) contracts for Standard Software, (B) licenses for Open Source Software, (C) contracts entered into



pursuant to a Group Company's standard employee invention assignment agreements (copies of which have been made available in the Data Room) between such Group Company and an employee of such Group Company regarding the assignment or license of Technology or Intellectual Property Rights by such employee, (D) non-exclusive licenses of Intellectual Property Rights or Technology that are merely incidental to the transaction contemplated in such licenses, the commercial purpose of which is primarily for something other than such license, such as a sales or marketing agreement that includes a license to use trademarks or other rights for the purposes of advertising and selling products or services during the term of and in accordance with such agreement, and (E) non-disclosure and confidentiality obligations included in standard confidentiality agreements and/or non-disclosure agreements typically entered into by businesses operating in the same field as the Group Companies in the ordinary and usual course of business;

- (g) contracts pursuant to which any Group Company Intellectual Property is or has been licensed (whether or not such license is currently exercisable), sold, transferred, assigned or otherwise conveyed or provided to a third party by any Group Company, or pursuant to which any Group Company has agreed not to enforce (including under a covenant not to sue, release or waiver) any Intellectual Property Right against any third party, in each case, other than non-exclusive licenses of a limited duration granted to third party customers of the Group Companies' products and services and any standard non-disclosure or confidentiality agreements entered into in the ordinary and usual course of the Group's business;
- (h) contracts providing for the development of any Technology or Intellectual Property Rights (excluding customer specific developments prepared pursuant to a contract with such third party customers and in respect of which a Group Company owns such developments), independently or jointly, by or for any Group Company, other than contracts entered into pursuant to a Group Company's standard employee invention assignment agreements (copies of which have been made available in the Data Room) between such Group Company and an employee of such Group Company regarding the development of Technology or Intellectual Property Rights by such employee;
- (i) contracts that include a covenant not to sue or any settlement agreements or co-existence agreements, excluding, solely in the case of covenants not to sue, non-exclusive licenses of a limited duration in respect of the Group products and/or services granted to third party customers in the ordinary and usual course of the Group's business on a form previously made available to the Buyer;
- (j) contracts that allow any other party thereto to (i) terminate for convenience and (ii) receive a refund of fees paid thereunder of more than \$500,000;
- (k) contracts establishing any joint venture, joint development or other similar arrangement, in each case (i) providing for the sharing of revenues, profits, losses, costs or liabilities or for joint research, development, marketing or distribution and (ii) that require or is reasonably expected to result in (A) annual payments to or by any Group Company of \$100,000 or more or (B) aggregate payments to or by any Group Company of \$250,000 or more;

- 
- (l) contracts relating to the acquisition or disposition of any business, or any material portion of the assets of, or any equity interest in, any business (whether by merger, sale of stock, sale of assets or otherwise) pursuant to which any Group Company has any current or future rights or obligations;
  - (m) contracts relating to the sale of any assets of any Group Company entered into in the five (5) years prior to the date of this Agreement (to the extent any Group Company has any current or future rights or obligations thereunder), in each case for

consideration in excess of \$500,000 (other than sales or dispositions of assets in the ordinary and usual course of business);

- (n) contracts which relate to Third Party Debt for borrowed money having a principal amount in excess of \$250,000 (whether incurred, assumed, guaranteed or secured by any asset and including any agreements or commitments for future loans, credit or financing);
- (o) any collective bargaining agreement or other similar contract with any union, works council or similar association;
- (p) contracts for the sale or purchase of personal property, fixed assets or real estate having a value individually, with respect to all sales or purchases thereunder, in excess of \$100,000, other than contracts entered into in the ordinary and usual course of business or with respect to which the applicable acquisition or disposition has been consummated and there are no material obligations of any Group Company ongoing;
- (q) all Leases;
- (r) any contract the primary purpose of which is to require any Group Company to indemnify, defend or hold harmless any other party (excluding indemnities contained in contracts for the purchase, sale or license of products or services in the ordinary and usual course of business);
- (s) contracts (other than offer letters, employment agreements, individual consulting agreements individual contracting or service agreements, option agreements, indemnification agreements, employment-related restrictive covenant agreements and employment-related intellectual property assignment agreements, entered into in the ordinary and usual course of business) to which any Group Company is a party, on the one hand and any Related Person, on the other hand, is a party;
- (t) contracts relating to the acquisition, issuance or transfer of any equity securities of a Group Company or securities convertible or exercisable for equity securities of a Group Company with unperformed or continuing obligations by any party thereto;
- (u) contracts relating to the voting of, and any other rights or obligations of a holder of, shares in a Group Company or any equity interests of any Group Company; and
- (v) contracts under which any Group Company has directly or indirectly guaranteed any liabilities of any other person (other than endorsements for the purposes of collection in the ordinary and usual course of the Group's business).

11.2 The Company has made available in the Data Room accurate and complete copies of all written contracts identified in response to paragraph 11.1 of this Schedule 6, including all material amendments and material ancillary documents thereto.

11.3 All Material Contracts are valid and binding agreements of a Group Company, are in full force and effect against the applicable Group Company party thereto and, so far as the Sellers are aware, each other party thereto, in each case, in accordance with the express terms thereof and except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or moratorium Laws, or other similar Laws affecting creditors' rights, and have been duly executed, adequately stamped and registered as required under applicable Law. The applicable Group Company (a) has performed, in all material respects, all obligations required to be performed by it under each of the Material Contracts to which it is a party, and (b) is not, and, so far as



the Sellers are aware, no other party thereto is, in violation, breach or default in any material respect under the terms of any Material Contract. So far as the Sellers are aware, no event has occurred, and no circumstance or condition exists, that (with or without notice or lapse of time) will, or would reasonably be expected to, (i) result in a violation, breach or default of any of the provisions of any Material Contract, (ii) give any person the right to declare a default or exercise any remedy under any Material Contract, (iii) give any person the right to accelerate the maturity or performance of any grant or right or other obligation under any Material Contract or (iv) give any person the right to cancel, extend, terminate or modify any Material Contract, except as would not, or would not reasonably be expected to result in, a Material Adverse Change. As of the date of this Agreement, no Group Company has received or served any written notice or other communication regarding violation or breach of, or default under, or the cancellation, suspension or termination of any Material Contract and no Group Company nor, so far as the Sellers are aware, any other party currently contemplates any termination, suspension, material amendment or change to any Material Contract.

## 12. REAL PROPERTY

- 12.1 Section 12.1 of the Disclosure Letter sets forth a correct and complete list of all real property that is leased, licensed or otherwise occupied by the Group Companies (the **"Leased Real Property"**), including the street address of the Leased Real Property and the name of the third party lessor thereto and a correct and complete list of all real property that is owned by the Group Companies (the **"Owned Real Property"**). The Company has, or has caused to be, made available in the Data Room correct and complete copies of each of (i) the leases, licences and agreement to occupy pursuant to which each Group Company leases or licences the Leased Real Property (including all amendments, modifications and supplements thereto, the **"Leases"**) and (ii) and documents of title evidencing ownership of the Owned Real Property. All documents of title evidencing ownership of the Owned Real Property are within the control of a Group Company.
- 12.2 The Group Companies do not own, lease or have an interest in any land or premises other than the Properties and, so far as the Sellers are aware, no Group Company has any material liability (whether actual or contingent) in relation to any land or premises previously owned, leased or occupied by a Group Company.
- 12.3 The Group Company set forth in Section 12.1 of the Disclosure Letter has good and valid title to and is the sole legal and beneficial owner of the relevant Owned Real Property free and clear of all Encumbrances other than Permitted Encumbrances. There are no outstanding options, rights of first offer or rights of first refusal to purchase such Owned Real Property or any portion thereof or interest therein. The Group Company set forth in Section 12.1 of the Disclosure Letter has a valid leasehold interest in and is the sole legal and beneficial owner of the relevant Leased Real Property, in each case, free and clear of all Encumbrances, other than Permitted Encumbrances.
- 12.4 So far as Sellers are aware, the Group Companies have not received any written notice of a material violation of any ordinances, regulations or building, zoning or other similar Laws with respect to any Property and each Property may be lawfully used for its current use.

- 12.5 So far as Sellers are aware, the Group Companies have not received any written notice of any expiration of, pending expiration of, changes to, or pending changes to any material entitlement relating to any Property and there are no material pending or, so far as the Sellers are aware, threatened, appropriation, condemnation, eminent domain or like proceedings relating to any Property.
- 12.6 No Group Company has, nor so far as the Sellers are aware has any relevant counterparty, failed to observe or perform in all material respects any covenants, restrictions, conditions, stipulations, easement, right or other encumbrances affecting any

Property and there has not been any waiver of acquiescence to any breach of them and no notices of breach in respect of the same have been received or issued by a Group Company.

- 12.7 So far as Sellers are aware, there are no developments or matters affecting any Property which are existing, pending or threatened, which would reasonably be expected to materially interfere with any present use of any such Property.
- 12.8 The parts of the Owned Real Property at Ano Scholari in Greece which are characterized as forest or reforested areas are not necessary for the conduct the business of the Group as currently conducted.
- 12.9 The Sellers are not aware of any material breach of a covenant or obligation under a lease agreement by a tenant (other than a Group Company) of any Property.

### 13. GOVERNMENT CONTRACTS

- 13.1 In the four (4) years immediately prior to the date of this Agreement, the Group Companies have (a) complied, in all material respects, with the terms and conditions of each Government Contract, including such terms and conditions that are incorporated therein by reference or operation of any applicable Law; (b) not breached or been in default under any Government Contract in any material respect; (c) not been notified of any material claim or material dispute relating to any Government Contract; (d) not received any written notice of any audits or investigations by any Authority and have not been audited or investigated by any Authority with respect to any Government Contract or Government Bid; (e) not made or been required to make any disclosure with respect to any wrongdoing, irregularity, misstatement or omission, significant overpayment, or actual, alleged or potential violation of Law involving a Government Contract or Government Bid; (f) not conducted or initiated any internal investigation with respect to any alleged wrongdoing, irregularity, misstatement or omission, significant overpayment, or actual, alleged or potential violation of Law involving a Government Contract or Government Bid; (g) not received any written notice of breach, cure, show cause or default from any Governmental Entity or other Person with respect to any Government Contract; (h) not incurred, and do not currently project to incur, losses or cost overruns in an amount exceeding USD 200,000 under a Government Contract or Government Bid; (i) not had any Government Contract terminated prior to the expiration of the contract term; (j) not performed any Government Contract subject to cost reimbursement requirements as defined by 48 C.F.R. Subpart 16.3 or otherwise subject to accounting requirements contained in 48 C.F.R. Parts 30 or 31; and (k) not held or been required to hold a facility security clearance as defined in the National Industrial Security Program Operating Manual or any similar security clearance issued by any Authority.
- 13.2 In the four (4) years immediately prior to the date of this Agreement, neither the Group Companies nor any of their respective directors, officers, principals, nor, so far as the Sellers are aware, any current employee is or has been suspended or debarred, proposed for debarment or suspension, declared ineligible or determined non-responsible from holding, performing or

bidding on any Government Contract, and no such proceeding regarding suspension, debarment, ineligibility or non-responsibility has been commenced or threatened.

- 13.3 For the past six (6) years, each representation and certification made by the Group Companies regarding small business status or any other preferential status programs (including small, small disadvantaged, protégé, 8(a) Program, HubZone, woman-owned, veteran-owned or service disabled veteran-owned, Tribal or Native-owned, minority-owned, or other size-based or socioeconomic status) was current, accurate, and complete as of the date given. No Government Contract in the past six (6) years was dependent on any representation regarding size status or other preferential status of any of the Group Companies.

13.4 In the last three (3) years, none of the products of the Group Company were specifically developed for military purposes and so far as the Sellers are aware, none of the Group's customers are using the Group's products for military purposes. No Group Company is an operator of critical infrastructure in Germany. No Group Company is subject to the Swedish Protective Security Act and so far as the Sellers are aware no Group Company has a contract with a company that has a Protective Security Agreement.

#### 14. PROPERTIES

14.1 Except with respect to Group Company Intellectual Property and the Properties, the Group Companies have good and valid title to or, in the case of any leased property and assets, a valid leasehold interest in, their respective material property and assets (whether real, personal, tangible or intangible) owned or leased by them in connection with the conduct of the business of the Group Companies, except in each case, as would not, or would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Change. None of such property or assets is subject to any Encumbrance other than Permitted Encumbrances.

14.2 So far as Sellers are aware, there are no developments or matters affecting any property or assets pending or threatened, which would reasonably be expected to materially detract from the value, materially interfere with any present use of any property or assets.

14.3 The equipment owned by the Group Companies has no material defects, is in good operating condition and repair and has been reasonably maintained consistent with standards generally followed in the industry (giving due account to the age and length of use of such equipment, ordinary wear and tear excepted), and is adequate and suitable for its present uses, except in each case, as would not, or would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Change.

14.4 The property and assets owned or leased by the Group Companies, or which the Group Companies otherwise have the right to use, constitute all of the property and assets used or held for use in connection with the business of the Company and are adequate to conduct such business as currently conducted in all material respects.

#### 15. TAXES

15.1 Within the past three years, each Group Company has within applicable time limits made all returns, provided all information, given all notices, submitted all accounts and computations and maintained all records in relation to Tax as it is required by law to make, provide, or maintain and all such returns, accounts, computations, information and notices were when submitted (and remain) accurate and complete in all material respects.

15.2 All Tax for which any Group Company has been liable or is liable to account prior to the date hereof has been duly paid (insofar as such Tax ought to have been paid) and within the past

---

three years, no Group Company has paid any penalty, fine, surcharge or material amount of interest in connection with Tax.

15.3 Each Group Company has within the last three years deducted or withheld all amounts for or on account of Tax which it has been obliged by law to deduct or withhold from any payment made by it and has duly accounted to the relevant Tax Authority for all such amounts.

- 15.4 No Group Company is involved in any dispute or disagreement with any Tax Authority and no Group Company has in the last three years been subject to any audit, non-routine visit, investigation or inquiry by any Tax Authority and no Group Company has been notified by a Tax Authority of that Tax Authority's intention to commence any dispute in relation to the Group Company's Tax affairs or to commence any, audit, non-routine visit, investigation, or inquiry.
- 15.5 No Group Company has within the last three years entered into any written agreement or arrangement with a Tax Authority (being an agreement or arrangement not based on relevant legislation or any published practice) concerning its liability to Tax.
- 15.6 The Disclosure Letter contains details of all transactions, schemes or arrangements in respect of which any Group Company has been a party for which clearance from a Tax Authority was required or a clearance application was made, together with copies of all relevant applications for clearances and copies of all clearances obtained in connection with such transactions, schemes or arrangements. All such clearances have been obtained on the basis of full and accurate disclosure of all material facts and considerations relating thereto.
- 15.7 The Accounts make full provision or reserve or (as appropriate) disclosure in accordance with generally accepted accounting practice for any period ended on or before the date to which they were drawn up for all Tax assessed or liable to be assessed on any Group Company, or for which any Group Company is accountable at that date, whether or not such Group Company has (or may have) any right of reimbursement against any other person.
- 15.8 Since the Accounts Date, no Group Company has been involved in any transaction which has given, or may give, rise to a liability to Tax on a Group Company (or would have given or might give rise to such a liability but for the availability of any Relief) other than Tax in respect of normal trading income or receipts of that Group Company concerned arising from transactions entered into by it in the ordinary and usual course of the Group's business.
- 15.9 So far as the Sellers are aware, no event has occurred which has resulted in any charge, lien, security interest, encumbrance or other third party right arising over an asset of a Group Company in respect of unpaid Tax.
- 15.10 No Group Company is, or has been, a member of a group of companies, a fiscal consolidation, a consortium or a fiscal unity for the purposes of any Tax (including any affiliated, unitary or similar group for U.S. Tax purposes), of which any company other than a Group Company is a member.
- 15.11 Each Group Company is, and always has been, resident only in its jurisdiction of incorporation for Tax purposes. No Group Company has, or has had, a permanent establishment, and no Group Company is otherwise, or has otherwise been, subject to Tax outside its jurisdiction of incorporation (including as a result of engaging in a trade or business in the United States of America).

- 
- 15.12 No Group Company is an agent or permanent establishment of another company, person, business or enterprise for the purpose of assessing the company, person, business or enterprise to Tax in the country of residence of any Group Company.
- 15.13 All transactions, agreements, arrangements, acquisitions or disposals to which any Group Company is a party to, or otherwise involved in, have been made on arm's length terms and each Group Company maintains and holds adequate books and records for the purposes of evidencing that arm's length terms have been applied.
- 15.14 No Group Company has entered into (i) any arrangement which requires the relevant Group Company to make or file a notification or report with any Tax Authority pursuant to Council Directive (EU) 2018/822 (or, as applicable, any corresponding implementing

legislation in any jurisdiction) or (ii) a “listed transaction” within the meaning of US Treasury Regulations Section 1.6011-4(b).

- 15.15 Each Group Company is a taxable person and is duly registered for VAT purposes, and such registration is not subject to any conditions imposed by or agreed with any Tax Authority. Each Group Company has complied in all material respects with its obligations under any Tax legislation relating to VAT.
- 15.16 No Group Company is or has been a member of any group for the purposes of VAT.
- 15.17 All documents in the possession of each Group Company which are necessary to establish the title of any Group Company to any asset or to enforce any rights and in respect of which any stamp, registration, transfer or similar Tax (a “**Transfer Tax**”) is payable as a condition to the validity, registrability or otherwise of such a document, have been duly stamped or such Transfer Tax has been paid in full in respect of such documents.
- 15.18 Each Group Company has duly filed all land transaction returns (or similar filings required in respect of any dealings with land, property or real estate in any jurisdiction) (“**Land Transaction Returns**”) required to be filed with any Tax Authority and has paid all stamp duty land tax, land buildings and transaction tax, land transaction tax, real estate transaction tax or other similar Taxes relating to land, property or real estate (“**Land Transfer Taxes**”) to which it is liable.
- 15.19 No Group Company is bound by or party to any Tax indemnity, Tax sharing, Tax allocation or similar agreement to pay the Tax obligations of another person or to pay the Tax obligations with respect to transactions relating to any other person (other than any customary agreement entered into in the ordinary course of business the principal purpose of which is not Taxes).
- 15.20 Within the past two (2) years, no Group Company has distributed the stock of another corporate entity, or has had its stock distributed by another corporate entity, in a transaction that was purposed or intended to be governed in whole or in part by Section 355 of the US Tax Code.
- 15.21 BETA CAE Systems U.S.A. Inc. is, and since formation has been, classified as a corporation for U.S. federal income tax purposes. No Group Company has made an election to change its classification for US federal income tax purposes. No Group Company is either a “surrogate foreign corporation” within the meaning of Section 7874(a)(2)(B) of the US Tax Code or treated as a US domestic corporation under Section 7874(b) of the US Tax Code. Each Group Company organized outside the United States was not also created or organized in the United States such that such entity would be taxable in the United States as a domestic entity pursuant to United States Treasury Regulation Section 301.7701-5(a).

- 15.22 Each Group Company (a) has collected, to the extent required by Laws, and remitted or paid all material sales, use and similar Taxes (“**Sales Taxes**”) with respect to sales made or services provided by such Group Company to its customers or clients and (b) for all sales or provision of services that are exempt from Sales Taxes and that were made without charging or remitting Sales Taxes, has, to the extent required by Laws in all material respects, received and retained any appropriate Sales Tax exemption certificates and other documentation qualifying such sale or provision of services as exempt from Sales Taxes.
- 15.23 The Company (including for this purpose the other Group Companies) does not derive 50% or more of its value from its operations in India, computed as prescribed under the (Indian) Income tax Act, 1961 read with Income Tax Rules, 1962.
- 15.24 There is business substance in the establishment of each Group Company and no such Group Company has been established with the main purpose of, or with one of the main purposes being, the avoidance of Tax as defined by the applicable Tax legislation.

15.25 No Group Company will be required to include any material item of income, or exclude any material item of deduction, from any taxable period (or portion thereof) beginning after the Completion Date as a result of any (a) change in method of accounting for or in respect of any taxable period (or portion thereof) ending on or prior to the Completion Date, (b) closing agreement or similar agreement entered into with any Tax Authority on or prior to the Completion Date, (c) improper method of accounting utilized for any taxable period (or portion thereof) ending on or prior to the Completion Date, (d) installment sale or open transaction disposition made on or prior to the Completion Date or (e) prepaid amount or advanced payment received, or deferred revenue accrued, on or prior to the Completion Date.

## 16. INSURANCE

16.1 The Company has, or has caused to be, made available in the Data Room all of the material insurance policies or binders for which any of the Group Companies is a policyholder or which relates to the business, assets, operations, employees, officers and directors of the Group Companies and all amendments and riders thereto ("**Insurance Policies**"), and the Disclosure Letter sets forth a complete list of the Insurance Policies.

16.2 Other than claims in the ordinary and usual course of the Group's business, there are no pending claims under any Insurance Policy, including any claim for loss or damage to the properties, assets or business of the Group Companies. There is no claim by the Group Companies pending under any Insurance Policy as to which coverage has been denied by the underwriters of such policies. All Insurance Policies are in full force and effect in accordance with their terms and all premiums with respect thereto covering all periods up to and including the Completion Date have been paid or will be paid when due. The Group Companies have not received any written notice of cancellation, change in premium, denial of renewal or material alteration of coverage in respect of any of the Insurance Policies.

## 17. FINDERS' FEES

17.1 There is no fee or commission payable by any of the Group Companies or any of their Affiliates to any investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of any of the Group Companies in connection with the Transaction.

100

## 18. ENVIRONMENTAL COMPLIANCE

18.1 Except as would not, individually or in the aggregate, reasonably be expected to be material to the Group Companies:

- (a) no notice, notification, demand, request for information, citation, summons or order has been received by the Group Companies, no complaint has been filed, no penalty has been assessed, and no Litigation is pending or, so far as the Sellers are aware, is threatened by any Authority or other person relating to the Group Companies, in each case, in the past three (3) years and relating to or arising out of any Environmental Law;
- (b) the Group Companies are, and for the past three (3) years have been, in material compliance with all Environmental Laws and all Environmental Permits;
- (c) there are no material liabilities of the Group Companies arising under or relating to any failure to comply with Environmental Law or any release, discharge or disposal of Hazardous Substances by the Group Companies; and

(d) so far as the Sellers are aware, there are no Hazardous Substances present at any real property currently or formerly owned, leased or occupied by the Group Companies that could reasonably be expected to result in or be construed the basis for any material liability or obligation arising under any Environmental Law.

18.2 So far as the Sellers are aware, there has been no material environmental investigation, study, audit, test, review or other material environmental analysis conducted in relation to any property or facility now or previously owned or leased by the Group Companies that has not been made available in the Data Room.

## 19. DATA PRIVACY AND SECURITY

19.1 Except as would not reasonably be expected to result in a Material Adverse Change, the Group Companies and, so far as the Sellers are aware, vendors, processors, or other third parties Processing or sharing Personal Information by, for, with or on behalf of the Group Companies ("Data Partners"), comply and have in the three (3) years immediately prior to the date of this Agreement complied with all applicable Privacy Laws, internal and external policies and procedures, notices, statements, and/or contractual obligations and other commitments relating to Personal Information (collectively, "Data Privacy Obligations") and binding on the Group Companies and Data Partners, as applicable.

19.2 Except as would not reasonably be expected to result in a Material Adverse Change, so far as the Sellers are aware, the execution, delivery, and performance of this Agreement and the transactions contemplated in this Agreement do not and will not: (a) conflict with or result in a violation or breach of any Data Privacy Obligations; (b) require the consent of or provision of notice to any person concerning such person's Personal Information; (c) give rise to any right of termination or other right to impair or limit the Buyer's rights to own and Process any Personal Information; or (d) otherwise prohibit the transfer of Personal Information to the Buyer.

19.3 Except as would not or would not reasonably be expected to result in a Material Adverse Change, the Group Companies have, and have required Data Partners to have, since the date that is three (3) years immediately prior to the date of this Agreement implemented, maintained, and complied with industry standard administrative, technical, organisational and physical safeguards that protect Personal Information and the operation, integrity, and security

101

---

of Systems from a Security Incident, and that complies with applicable Data Privacy Obligations.

19.4 No Group Company has received in relation to the Group Companies' collection or use of Personal Information (i) a written material complaint, inquiry or claim in the three (3) years prior to the date of this Agreement; or (ii) any request, correspondence or other communication that remains unresolved and the failure to resolve has resulted in or is likely to result in a breach of a Data Privacy Obligations. The collection or use of Personal Information by the Group Companies have not been the subject of any investigation, audit, action or proceeding (whether of a criminal, civil or administrative nature). Except as would not or would not reasonably be expected to result in a Material Adverse Change, none of the Personal Information processed by any Group Company, or, so far as the Sellers are aware, on its behalf, has been subject to a Security Incident. The Group Companies: (a) in the three (3) years immediately prior to the date of this Agreement, have not been required under applicable Data Privacy Obligations to notify customers, consumers, employees, any Authority, or any other person in relation to any Security Incident; (b) in the three (3) years immediately prior to the date of this Agreement, have not received any notice, request, claim, complaint, correspondence or other communication regarding material non-compliance with any applicable Data Privacy Obligations; or (c) are not subject to any pending or threatened in writing inquiry, investigation, action, suit, investigation or proceeding by or before any Authority in relation to any applicable Data Privacy Obligations or Security Incident.



19.5 Except as would not reasonably be expected to result in a Material Adverse Change, the Group Companies have not transferred or permitted the transfer of Personal Information originating in the European Economic Area, Switzerland or United Kingdom outside the European Economic Area, Switzerland or United Kingdom, except where such transfers have complied with the Data Privacy Obligations.

## 20. ABSENCE OF CERTAIN CHANGES OR EVENTS

20.1 From the Accounts Date, the business of the Group Companies has been conducted in the ordinary and usual course of the Group's business in all material respects and there has not been or occurred: (a) any event, occurrence, develop or state of circumstances or facts that has had or would reasonably be expected to have, individual or in the aggregate, a Material Adverse Change, (b) any damage, destruction or other casualty loss (whether or not recovered by insurance) affecting the business or assets of the Group Companies that is material to the Group Companies, taken as a **waiver** whole, or (c) any actions, events or change that if taken or occurring after the date of this Agreement and prior to the Completion, would constitute a violation of Clause 4.1 or Schedule 3.

## 21. PERMITS AND LICENCES

21.1 The Group Companies have all licenses, clearance, exemptions, registrations, permits, qualifications, accreditations, supplier or provider numbers, approvals and authorizations of any Authority (collectively, the "**Permits**") that are necessary, and has made all necessary filings to conduct the business of the Group Companies as conducted as of the date of this Agreement in compliance with applicable Laws, except where the failure to have such Permit or make such filings, or the invalidity of such Permit would not, or would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Change.

21.2 The Group Companies are in compliance with the terms and conditions of each such Permit, and so far as the Sellers are aware, no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other material impairment of the rights of the holder of any such Permit, except where the failure to so

102

---

comply or such revocation, termination or impairment would not reasonably be expected, individually or in the aggregate, to be material to the Group Companies.

21.3 No Group Company has received written notice or other written communication regarding any actual or possible revocation, withdrawal, suspension, cancelation, termination or modification of any Permit or alleging any actual or possible material violation or failure to comply with any term or requirement of any Permit.

21.4 The Disclosure Letter lists an accurate and complete list of all material Permits issued to the Group Companies as of the date of this Agreement.

21.5 Each such Permit has been validly issued or obtained and is, and immediately following after the consummation of the transactions contemplated by this Agreement will be, in full force and effect.

## 22. RELATED PARTY TRANSACTIONS

22.1 No Seller or any director, officer, employee, Affiliate or family member of any Seller (other than the Group Companies) (each of the foregoing, a "**Related Person**"), other than in its capacity as a director, officer or employee of a Group Company (a) has entered



into any contract with any Group Company that remains in effect, (b) directly or indirectly owns, or otherwise has any right, title, interest in, to or under, any property or right, tangible or intangible, that is used by any Group Company or otherwise related to the business of the Group Companies or (c) provides services to any Group Company (other than services performed as a director, officer or employee of any Group Company).

22.2 There are no agreements between any Seller or any of their respective Affiliates or any Seller's or, to the awareness of the Sellers, its Affiliates' Connected Persons on the one hand, and any Group Company on the other hand, other than the Transaction Documents.

22.3 Subject to any payments required to be made on or following the Completion Date pursuant to this Agreement, there are no amounts owing from a Group Company to any Seller or any of their respective Affiliates or any Seller's or, to the awareness of the Sellers, Affiliates' Connected Persons.

22.4 No Seller nor its Affiliates nor such Seller's or, to the awareness of the Sellers, its Affiliates' Connected Persons benefit from any guarantee, indemnity or suretyship given by a Group Company, other than any indemnity to which they are entitled at law or under the constitutional documents of any Group Company in respect of acts or things done in good faith while acting in their capacity as a director or officer of any of the Group Companies.

## 23. CUSTOMERS

23.1 The Disclosure Letter sets forth a list of the 25 largest customers of the Group Companies on a consolidated basis (each, a "Material Customer"), as measured by the Euro value earned from such customers for the fiscal year ended December 31, 2022, and the "End User Price" generated from each Material Customer during such period.

23.2 No Material Customer (including for this purpose, the top 10 largest customers of the Group Companies on a consolidated basis, as measured by the Euro value earned from such customers for the fiscal year ended December 31, 2023) has given the Group Companies or any of their respective Affiliates, officers, directors, employees, agents or Representatives, notice that it intends to stop or materially reduce its business relationship with any Group Company (whether as a result of the consummation of the transactions contemplated by this Agreement or otherwise), or has during the past twelve (12) months decreased materially, or

103

threatened in writing to decrease or limit materially, its supply of services or products to, or purchase of products or services from any Group Company.

23.3 So far as the Sellers are aware no Material Customer has advised any Group Company of any material problem or dispute in connection with the relevant agreement.

## 24. BANK ACCOUNTS; BANKING FACILITIES

24.1 The Disclosure Letter sets forth a complete and correct list of (a) all banks or other financial institutions with which any Group Company has an account or maintains a safe deposit box, showing the account numbers and names of the persons authorized as signatories with respect thereto and (b) the names of all persons holding powers of attorney from any Group Company, complete and correct copies of which have been made available in the Data Room. The Company has furnished to the Buyer true and complete copies of any agreements setting forth the terms of any lines of credit available to the Group Companies.

## SCHEDULE 7

### LIMITATIONS ON SELLER LIABILITY

#### 1. FINANCIAL LIMITS ON CLAIMS

- 1.1 The maximum aggregate liability of the Sellers collectively in respect of all Claims shall not exceed an amount equal to the Consideration and the maximum aggregate liability of each Seller for all Claims (including, for the avoidance of doubt, paragraphs 1.2(a) – 1.2(d) (inclusive) below) shall not exceed such Seller's Relevant Proportion of the Consideration.
- 1.2 Subject to paragraph 1.1 of this Schedule 7, the maximum aggregate liability (including, for the avoidance of doubt, any increased payments under Clauses 25.2 and 25.3) of each Seller:
- (a) in respect of Fundamental Warranty Claims and all other Claims (other than Business Warranty Claims, Tax Claims and Relevant Claims), shall not exceed such Seller's Relevant Proportion of the Consideration;
  - (b) in respect of Business Warranty Claims and Tax Warranty Claims (in each case only in respect of Warranties given as of the date of this Agreement) and Tax Covenant Claims shall not exceed such Seller's Relevant Proportion of USD [\*\*\*];
  - (c) in respect of Business Warranty Claims and Tax Warranty Claims (in each case only in respect of Warranties given as of Completion) shall be zero; and
  - (d) in respect of Relevant Claims shall not exceed such Seller's Relevant Proportion of the Claims Retention Amount.
- 1.3 Notwithstanding any other provision in this Agreement other than, and subject always to, paragraph 1.2(b), each Seller agrees that, subject to paragraph 1.4 below, it shall be solely responsible for its Relevant Proportion of any amount that may be due to the Buyer pursuant to a Claim under the W&I Policy (other than in respect of a Warranty Claim in connection with a Warranty given as of Completion) that is not paid by the W&I Insurer solely as a result of the application of any retentions and deductibles that apply under the W&I Policy, up to an aggregate amount between all Sellers of USD [\*\*\*] (the "Initial Coverage"). If a payment is due in accordance with this paragraph 1.3 before the first anniversary of the Completion Date, the Buyer and the Seller Representative shall jointly instruct the Retention Agent to distribute the applicable amount due from the Claims Retention Account. If a payment is due in accordance with this paragraph 1.3 after the first anniversary of the Completion Date (but subject to the limitations under paragraph 3.1 below), each Seller agrees that it shall pay its Relevant Proportion of the retention or deductible up to an aggregate amount equal to the Initial Coverage within five (5) Business Days of receipt of payment instructions from the Buyer or the W&I Insurer.
- 1.4 No Seller shall be liable in respect of any Business Warranty Claim or Tax Warranty Claim in connection with a Warranty given as of Completion, and no Seller shall be liable in respect of any single Business Warranty Claim in connection with a Warranty given as of the date of this Agreement unless and until the aggregate amount of the liability of the Sellers (taken together) in respect of all such Business Warranty Claims exceeds USD [\*\*\*], in which case the relevant Sellers shall be liable for the excess above USD [\*\*\*] (but subject to the limitation under paragraph 1.2(b) above).

---

## 2. W&I POLICY

### 2.1 Subject to paragraph 1.3, the Buyer acknowledges and agrees that:

- (a) its sole recourse in respect of any Business Warranty Claim or Tax Claim shall be to make a claim under the W&I Policy;
- (b) the Buyer shall not make, and no Seller shall be liable for, any Business Warranty Claim or Tax Claim unless and until (i) the Buyer has made a claim in respect of the underlying Business Warranty Claim or Tax Claim against the W&I Insurer, (ii) the Buyer has taken all action necessary to prosecute such claim in accordance with the terms of the W&I Policy and (iii) that claim has been settled, agreed or otherwise determined; and
- (c) the absence of a recourse of the Buyer under the W&I Policy in respect of any Business Warranty Claim or Tax Claim (including, without limitation, as the result of any limitation, exclusion, deduction or derogation under, or any invalidity, illegality, vitiation, expiry or termination of, the W&I Policy) or any inability of the Buyer to obtain any remedy in respect of any Business Warranty Claim or Tax Claim under the W&I Policy for any reason whatsoever (including, without limitation, any winding up, bankruptcy or other insolvency proceedings affecting any W&I Insurer, any failure of any W&I Insurer to perform its obligations under the W&I Policy, any non-payment by any W&I Insurer or any deductible, threshold or other financial limitation applying to the W&I Policy) shall not affect or increase the liability of any Seller under this Agreement, except as expressly stated otherwise in paragraph 1.3.

## 3. TIME LIMITS ON CLAIMS

### 3.1 No Seller shall be liable in respect of any Claim unless the Buyer has given notice in writing of such Claim to the Seller Representative (on behalf of the relevant Seller(s)) in accordance with paragraph 3.2:

- (a) in the case of a Tax Claim, by the date falling sixty (60) days after the expiry of the period allowed by statute of the relevant jurisdiction during which an assessment of the relevant liability to Tax or other Demand (as defined in Schedule 8) may be issued or brought by the relevant Tax Authority (including any applicable extensions) or, if there is no such period, within the period of seven (7) years beginning with the Completion Date;
- (b) in the case of a Fundamental Warranty Claim, within the period of five (5) years beginning with the Completion Date;
- (c) in the case of any Business Warranty Claim or Relevant Claim, within the period of twelve (12) months beginning with the Completion Date;
- (d) in respect of any other Claim for breach of any covenant given by the Sellers and which fell due for performance at or before Completion (including any covenant in respect of (i) Condition satisfaction; (ii) the pre-Completion undertakings set out in Schedule 3; or (iii) the delivery of its Completion deliverables pursuant to Clause 5 and Schedule 5), within the period of twelve (12) months beginning with the Completion Date; and
- (e) in respect of any other Claim relating to a breach that occurred after Completion, the applicable statutory limitation period.

3.2 Any notice referred to in paragraph 3.1 must be given to the Seller Representative (on behalf of the relevant Seller(s)) as soon as practicable after the Buyer becomes aware of the matter reasonably likely to give rise to the Claim, and shall:

- (a) include a summary of the nature of the Claim so far as it is known to the Buyer and a good faith calculation of the amount claimed (on a without prejudice basis); and
- (b) specify (without prejudice to the Buyer's right subsequently to identify other Warranties or provisions which are breached by the same facts) the specific Warranties or other provisions of this Agreement which are alleged to have been breached,

provided that the failure of the notice from the Buyer to comply with the requirements of paragraphs 3.2(a) and (b) shall not operate to limit the liability of any relevant Seller except to the extent that such Seller's ability to defend such Claim is prejudiced or the liability of such Seller is increased as a result of such failure or delay.

3.3 For the avoidance of doubt, the Buyer may give notice of any single Claim in accordance with this paragraph 3, whether or not the amount set out in paragraph 1.31.4 has been exceeded at the time the notice is given.

#### 4. WITHDRAWAL OF CLAIMS

Any Claim notified pursuant to paragraph 3.1 shall (if it has not been previously satisfied, settled or withdrawn) be deemed to be irrevocably withdrawn and shall become fully barred and unenforceable (and no new Claim may be made against the relevant Seller(s) in respect of the facts, matter, events or circumstances giving rise to such Claim) six (6) months after the notice is given pursuant to paragraph 3.1, unless at the relevant time legal proceedings in respect of the Claim have been commenced by being both properly issued and validly served on the relevant Seller(s) and have not been withdrawn or terminated; provided that such six (6) month time limit shall not commence:

- (a) in respect of any Claim where paragraph 2.1(b) applies, until the Buyer has made a corresponding claim for recovery against the W&I Insurer and such corresponding claim or entitlement is Determined (as defined in paragraph 13.2 below) (or the relevant member of the Buyer Group has exhausted its rights in respect of such corresponding claim); and
- (b) in the case of a contingent or unquantifiable liability, six months after such liability becomes an actual quantifiable liability,

subject in each case to paragraph 9 below.

#### 5. CLAIMS AGAINST SELLERS

5.1 The Buyer shall not be entitled to make:

- (a) any Warranty Claim (other than any Fundamental Warranty Claim in respect of any Warranty in paragraph 2 of Schedule 6 (*the Sellers*) that relates solely to a Seller and its Shares);
- (b) any Tax Claim;

- (c) any other Claim (other than to the extent such Claim (other than any Business Warranty Claim and any Tax Claim) is directly attributable to one or more specific Sellers and their actions),

in each case unless the same claim is made against all of the Sellers and they are all joined in such action.

**5.2 Save for any Claim carved out from paragraph 5.1(a) or (c) above:**

- (a) the Buyer shall not release, vary or compound the liability of any one of the Sellers under or pursuant to this Agreement without offering to release, vary or compound the liability of all other Sellers to the same extent;
- (b) if the Buyer withdraws a Warranty Claim, Tax Claim or other Claim against any of the Sellers, the Buyer shall also withdraw that same Claim against each of the other Sellers against whom the same Claim has been made; and
- (c) each Seller shall only be liable for its Relevant Proportion of the amount of the liability in respect of any Warranty Claim, Tax Claim or other Claim.

**6. MATERIALITY**

In respect of any Business Warranty Claim or Tax Warranty Claim, the existence of, and any losses arising from, any such inaccuracy or breach shall be determined and measured without giving effect to any "Material Adverse Change" or other materiality qualification or any similar qualification contained or incorporated directly or indirectly in such representation or warranty.

**7. REMEDIABLE BREACHES**

To the extent the fact, matter, event or circumstance giving rise to a Claim is capable of remedy, no Seller shall be liable for such Claim if it is remedied at the cost and expense of the Sellers and at no cost or expense to the Group to the reasonable satisfaction of the Buyer within 30 Business Days of the date of the notice referred to in paragraph 3.1, and the Buyer shall, and shall procure that each member of the Buyer Group shall, use commercially reasonable endeavours to cooperate with and assist the Sellers to remedy any such fact, matter, event or circumstance at the Sellers' cost.

**8. DISCLOSURE**

No Seller shall be liable in respect of any Warranty Claim if and to the extent that the fact, matter, event or circumstance giving rise to such Claim is Disclosed in the Disclosure Letter. For purposes of the specific disclosures set out in the Disclosure Letter:

- (a) inclusion of any item, information or matter does not represent an admission or determination by the Sellers that such item, information or matter is material to the Company or the Group or would constitute a Material Adverse Change, nor shall it be deemed to establish a standard for materiality or a Material Adverse Change; and
- (b) for convenience, each matter disclosed is listed against, under, or by reference to the paragraph number of the Warranty to which the disclosure is most likely to relate, but any matter disclosed shall only be deemed to be Disclosed against (i) the Warranties that are contained in the corresponding paragraph of Schedule 6 of this Agreement and (ii) any other Warranties that are contained in Schedule 6 of this Agreement to which it is reasonably apparent that such disclosure would apply.

**9. CONTINGENT LIABILITIES**

Other than in respect of a Tax Claim, no Seller shall be liable in respect of any liability which is contingent or otherwise not capable of being quantified in relation to any Claim unless and until such contingent or unquantifiable liability becomes an actual and quantifiable liability and is due and payable, provided that no Seller shall be liable for any relevant contingent liability unless such contingent liability becomes an actual liability and is due and payable within five (5) years of the date on which the Claim was notified pursuant to paragraph 3.1. This is without prejudice to the right of the Buyer to give notice of the relevant Claim to any Seller notwithstanding the fact that the liability may not have become an actual and quantifiable liability. The fact that the liability may not have become an actual and quantifiable liability within the time limits provided in paragraph 3 shall not exonerate any Seller in respect of any Claim properly notified within such time limits, provided that no Seller shall be liable for any relevant contingent liability unless such contingent liability becomes an actual liability and is due and payable within five (5) years of the date on which the Claim was notified pursuant to paragraph 3.1.

## **10. COMPLETION ACCOUNTS**

No Seller shall be liable in respect of any Claim to the extent of the amount of an allowance, provision or reserve in respect of the fact, matter, event or circumstance giving rise to such Claim has been taken into account in calculating the amount of Third Party Debt set out in the Completion Accounts or any other item set out in the Completion Accounts.

## **11. ALTERNATIVE RECOVERY**

No Seller shall be liable in respect of any Claim to the extent of the amount of the loss to which the Claim relates has otherwise been made good or has otherwise been compensated for in full without loss to any member of the Buyer Group.

## **12. NO DUPLICATION OF RECOVERY**

12.1 The Buyer shall not be entitled to recover damages or obtain payment, reimbursement, restitution, indemnity or any other form of recovery more than once in respect of the same loss, regardless of whether more than one Claim arises in respect of it, and for this purpose recovery by the Buyer or any Group Company shall be deemed to be a recovery by each of them.

12.2 In the event that the Buyer is entitled to claim under the Tax Covenant or under the Warranties in respect of the same liability, the Buyer may claim under either or both but payments under the Tax Covenant shall pro tanto satisfy and discharge any claim which is capable of being made under the Warranties in respect of the same liability and vice versa.

## **13. OTHER SPECIFIC LIMITATIONS**

13.1 No Seller shall be liable:

- (a) in respect of any Warranty Claim or Tax Claim, if and to the extent that the Claim would not have arisen but for, or is increased as a result of:
  - (i) any alteration to or enactment (other than a re-enactment) of any statute, statutory instrument or other legislative act or other change of Law (including any decision of any court or tribunal) or any practice of any Authority (including the withdrawal of any extra-statutory concession of a Tax Authority) which is announced and/or enacted after (A) the date on which the

applicable Warranty is given in respect of any Warranty Claims and (B) Completion in respect of any Tax Covenant Claim (whether relating to Taxation, rates of Taxation or otherwise);

- (ii) any change after the date of this Agreement of any generally accepted interpretation or application of any legislation or regulation; or
- (iii) any change in the accounting principles or practices, or the accounting reference date or the length of any accounting period of any member of the Buyer Group made after Completion; or

- (b) to the extent a Claim relates to a Group Company if at any time after Completion such Group Company ceases to be a member of the Buyer Group.

13.2 No Seller shall be liable in respect of any Claim unless and to the extent that such Claim is "Determined" which shall mean a claim:

- (a) which has been resolved by written agreement between the relevant Sellers and the Buyer;
- (b) which is the subject of an order as to both liability and quantum made by a court of competent jurisdiction where either no right of appeal lies or the relevant Sellers and the Buyer are debarred (whether by the passage of time or otherwise) from exercising such a right and, if it relates to a Taxation matter, it is agreed as finally settled as to liability and quantum (with no further right of enquiry in respect of such claim) by the relevant Tax Authority; or
- (c) if it relates to a Taxation matter, all or any part of the Tax which is the subject of the Tax Claim is required to be paid to the relevant Tax Authority before a defense or appeal can be made in respect of the Tax Claim or it is agreed as settled as to liability and quantum by the relevant Tax Authority,

and once Determined no new Claim can be made in respect of the same facts or matter giving rise to such Claim.

13.3 Schedule 8 includes further limitations which also apply to Tax Claims.

#### 14. CONDUCT OF THIRD PARTY CLAIMS

14.1 In respect of any fact, matter, event or circumstance which any member of the Buyer Group becomes aware of, which is likely to result in a claim against any of them and which, in turn, is likely to result in a Claim (a "Third Party Claim"), the Buyer shall:

- (a) control the defense of such Third Party Claim, subject to paragraphs (b) to (d) below;
- (b) promptly give written notice of the Third Party Claim to the Seller Representative (on behalf of the relevant Seller(s)) specifying in reasonable detail the material aspects of the Third Party Claim (provided that any delay or failure to do so shall not prejudice the Buyer's Claim except to the extent the amount of the Claim is increased by the delay or failure);
- (c) not, and shall ensure that no Buyer Group Company will, make any admission of liability or any agreement, compromise, or settlement, or enter into any discussions or negotiations in respect thereof, in relation to the Third Party Claim without the prior

written consent of the Seller Representative (not to be unreasonably conditioned, withheld or delayed); and

- (d) cooperate in good faith and in consultation with the Seller Representative in connection with the defence, settlement or compromise of any Third Party Claim (it being understood that the Buyer will have ultimate decision making authority in the event of any disagreement), and upon the request of the Seller Representative, regularly update the Seller Representative on the progress and status of, and any material updates in respect of, any Third Party Claim.

## **15. RECOVERY FROM ANOTHER PERSON**

- 15.1 If, and to the extent that, in respect of any matter which may give rise to a Claim, any member of the Buyer Group is entitled to claim under any policy of insurance (excluding the W&I Policy), the Buyer shall use commercially reasonable endeavours to take or shall procure that a member of the Buyer Group shall take action to make a claim under such policy; provided that all reasonable out-of-pocket costs incurred by the Buyer in making such claim shall be for the account of the relevant Seller(s) and provided further that the Buyer shall not be required to make such a claim where doing so would adversely affect the Buyer's existing insurance coverage, result in a less favorable insurance position or negatively impact the Buyer's insurance premiums or conditions in the future.
- 15.2 If a Seller pays or is obliged to pay to the Buyer or any member of the Buyer Group an amount in respect of a Claim and the Buyer or any member of the Buyer Group subsequently recovers from another person (other than (i) a Tax Authority or (ii) pursuant to the W&I Policy) an amount in respect of the matter giving rise to the Claim, and:
- (a) if the relevant Seller(s) have already paid an amount in satisfaction of that Claim, the Buyer shall promptly pay to the relevant Seller(s) (in their respective Relevant Proportions or in such proportions as the amount paid in satisfaction of the Claim was borne by them) the Sum Recovered; and
- (b) if the relevant Seller(s) have not already paid an amount in satisfaction of that Claim, the amount of that Claim for which the relevant Seller(s) are liable shall be reduced by and to the extent of the Sum Recovered.
- 15.3 For the purposes of paragraph 15.1, "**Sum Recovered**" means an amount equal to the total of the amount recovered from the other person less any Taxation computed by reference to the amount recovered or recoverable from the person payable by a member of the Buyer Group and less all costs and expenses properly incurred and documented by each member of the Buyer Group in recovering the amount from the person (including any insurance premium, deductible or co-payment and any increase thereto).

## **16. MITIGATION**

The Buyer shall (and shall procure that each member of the Buyer Group shall) take reasonable steps and provide reasonable assistance to avoid or mitigate any loss arising from a Claim or any loss which, in the absence of mitigation, would reasonably be expected to give rise to a Claim.

## **17. PROVISION OF INFORMATION**

Subject to applicable Law and the Seller Representative giving such undertakings as to confidentiality as the Buyer may reasonably require, upon the reasonable request of the Seller Representative following any Claim being made, the Buyer shall and shall procure that each



member of the Buyer Group shall promptly provide the Sellers and their advisers and accountants with information (in its possession or control), including reasonable access to relevant personnel and to relevant assets, documents and records within the power or control of each member of the Buyer Group, during Working Hours and on reasonable advance notice, but not so as to cause disruption to the ongoing business of any member of the Buyer Group, as the Seller Representative may reasonably require (but excluding anything which is commercially sensitive or subject to legal privilege) to investigate, avoid, remedy, dispute, resist, appeal, compromise or contest such Claim.

## 18. FRAUD

Nothing in this Agreement shall have the effect of limiting or restricting liability of any Seller in respect of any Claim if it is the consequence of fraud by such Seller or any of its directors, officers, employees or authorised agents (in each case acting in such capacity).

## 19. RELIEFS AND BENEFITS

19.1 In determining the amount payable in respect of any Claim, account shall be taken of any Relief or other benefit available to the Group in respect of the matter giving rise to the payment.

19.2 The Sellers shall not be liable to satisfy any Claim to the extent of any corresponding saving by or net quantifiable financial benefit to the Buyer or any member of the Buyer Group arising from the matter(s) giving rise to such Claim, including the amount (if any) by which any Tax for which the Buyer or any member of the Buyer Group would otherwise have been accountable or liable to be assessed is or will be actually reduced or extinguished as a result of the matter(s) giving rise to the Claim.

112

---

## SCHEDULE 8

### TAX COVENANT

## 1. DEFINITIONS AND INTERPRETATION

1.1 In this Schedule, the following terms shall have the following meanings:

**“Actual Tax Liability”** means a liability of a Group Company to make a payment (or increased payment) of Tax or a payment in respect of, or on account of, Tax, regardless of whether any such liability has been discharged in whole or in part before Completion;

**“Buyer’s Relief”** means:

- (a) any Post-Completion Relief; and
- (b) any Relief arising to any member of the Buyer’s Tax Group (other than any Group Company) at any time;

**“Buyer’s Tax Group”** means the Buyer and each other company which is, or is for a Tax purpose, treated as being members of the same group as, or otherwise controlled by, connected with, or associated in any way with, the Buyer from time to time;

**“CTA 2010”** means the United Kingdom Corporation Tax Act 2010;

**“Deemed Tax Liability”** means the use or set off of a Buyer’s Relief in circumstances where, but for the use or set off, a Group Company would have had an Actual Tax Liability in respect of which (and to the extent that) the Sellers would have had a liability pursuant to a Tax Covenant Claim or Tax Warranty Claim;

**“Demand”** means:

- (a) any notice, demand, assessment, letter or other document issued, or action taken by, or on behalf of any Tax Authority; or
- (b) the preparation or submission to a Tax Authority of a tax return, notice, assessment or other document by the Buyer, any Group Company or another person,

from which it appears that a Tax Liability is, or may be, incurred by or imposed on any Group Company in respect of which the Sellers could be liable pursuant to a Tax Covenant Claim or Tax Warranty Claim;

**“Event”** includes (without limitation) any event, transaction (including, without limitation, the execution of this Agreement and Completion), act, payment, action, circumstance, state of affairs, default, omission or occurrence of any nature whatsoever and whether or not the Buyer or any Group Company is a party to it (including, for the avoidance of doubt, any change in the residence of a person for the purposes of any Tax) and reference to an Event occurring on or before a particular date or time shall include Events which for Tax purposes are deemed to have, or are treated as having, occurred on or before that date or time;

**“Income, Profits or Gains”** means income, profits, gains or any other consideration, value, receipt, standard or measure by reference to which Tax is chargeable or assessed and:

- (a) references to Income, Profits or Gains earned, accrued or received on or before a particular date (including the Completion Date) shall include Income, Profits or Gains

113

---

deemed or treated for Tax purposes as earned, accrued or received on or before that date; and

- (b) references to Income, Profits or Gains earned, accrued or received by any person shall include Income, Profits or Gains deemed or treated for Tax purposes as earned, accrued or received by such person;

**“Post-Completion Relief”** means a Relief which arises:

- (a) as a consequence of, or by reference to, any Event occurring (or being treated for Tax purposes as occurring) after Completion;
- (b) in the ordinary and usual course of business to a Group Company in respect of any period (or part of any period) commencing after Completion; or
- (c) from Income, Profits or Gains earned, accrued or received, after Completion;

**“Relief”** means:

- (a) any relief, loss, allowance, credit, deduction, exemption or set-off in respect of any Tax or relevant to the computation of any Income, Profits or Gains for the purposes of any Tax; or

(b) any right to a refund or repayment of, or saving of, Tax or to a payment in respect of Tax (including interest in respect of Tax),

and any reference to the use or set off (including in part) of a Relief is construed accordingly;

“Straddle Period” means an accounting period that begins on or before the Completion Date and ends after the Completion Date; and

“Tax Liability” means an Actual Tax Liability or a Deemed Tax Liability.

1.2 For the purpose of this Schedule and Schedule 9 and in particular computing any Tax Liability or Relief and for determining whether and to what extent a Tax Liability or a Relief relates to a pre- or post-Completion period, any Taxes of a Group Company with respect to any Straddle Period shall be apportioned between the portion of such period up to and including the Completion Date and the portion of such period that begins after the Completion Date, on the basis that an accounting or other tax reporting period is deemed to have ended as of the close of business on the Completion Date.

1.3 The words connected and controlled shall be construed in accordance with the provisions of sections 1122 and 1124 (other than section 1122(4) and (7)) of the CTA 2010 respectively, as the context requires.

## 2. COVENANT TO PAY

2.1 Each Seller severally (and not jointly and severally) covenants with the Buyer to pay to the Buyer an amount equal to such Seller's Relevant Proportion of:

(a) any Actual Tax Liability arising:

(i) as a consequence of, or by reference to, any Event which occurs (or is treated for Tax purposes as occurring) on or before Completion; or

114

(ii) in respect of, or by reference to, any Income, Profits or Gains earned, accrued or received on or before Completion; or

(iii) as a result of, or in respect of, the grant, exercise, surrender, exchange or other disposal of an option or other right to acquire securities, or in respect of any acquisition, holding, variation or disposal of securities where the acquisition of the security or the grant of the option, or other right to acquire the security occurred on or before Completion;

(b) any Deemed Tax Liability;

(c) all reasonable costs and expenses reasonably and properly incurred by the Buyer or any Group Company in relation to a successful claim made under paragraphs 2.1(a) or 2.1(b) above and the subject matter of such claim (save to the extent that such costs and expenses have been or are required to be reimbursed pursuant to any other provision of this Agreement).

2.2 For the purposes of this Schedule, the amount of a Deemed Tax Liability of any Group Company is the amount of Tax which would have been payable by any Group Company but for the use or set off of the relevant Buyer's Relief.

2.3 For the avoidance of doubt, paragraph 2.1(a) shall not apply to any Tax Liability arising in respect of, by reference to or in consequence of any Income, Profits or Gains earned, accrued or (save in the case of Income earned or accrued before Completion) received after Completion.

### 3. LIMITATIONS AND EXCLUSIONS

3.1 The Sellers shall not be liable in respect of a Tax Covenant Claim or Tax Warranty Claim in respect of a Tax Liability of a Group Company:

- (a) to the extent that provision or reserve was made in the Completion Accounts in respect of the liability in question;
- (b) to the extent that payment or discharge of the liability in question is economically reflected in the Completion Accounts; or
- (c) which arises in consequence of the payment of the Holdback Consideration and would not have arisen but for the entry into any Holdback Agreement.

3.2 Certain provisions of Schedule 7 of this Agreement contain further limitations which apply to this Schedule.

### 4. PAYMENT OF CLAIMS

4.1 Payments by a Seller of any liability under this Schedule must be made in cleared and immediately available funds on the dates specified in paragraph 4.2.

4.2 The dates referred to in paragraph 4.1 are as follows:

- (a) in the case of an Actual Tax Liability, the date which is the later of ten (10) Business Days after written demand is made for payment by or on behalf of the Buyer, and five (5) Business Days before the date on which that Tax becomes due and payable to the relevant Tax Authority;

115

- (b) in the case of a Deemed Tax Liability, the later of five (5) Business Days after demand is made for payment by or on behalf of the Buyer and the date on which the Tax which would have been payable but for the use or set-off of a Buyer's Relief would otherwise have been due and payable to the relevant Tax Authority; and;

- (c) in any other case, five (5) Business Days after the date on which demand is made for payment by or on behalf of the Buyer.

4.3 For the purposes of this paragraph 4, references to the day on which an amount of Tax becomes due and payable to the relevant Tax Authority will be the last day on which such Tax may by Law be paid without incurring a penalty or liability for interest in respect thereof.

### 5. TAX RETURNS AND COMPUTATIONS

The Sellers or their duly authorized agents will be responsible for, and have the conduct of preparing, submitting to and agreeing with the relevant Tax Authorities any outstanding corporation tax or corporate income tax (or equivalent tax) Tax Returns and computations of the Group Companies that are required to be filed with the appropriate Tax Authority on or before Completion. All such Tax Returns shall be filed in a manner consistent with past practice, except as otherwise required by applicable Law. At least

fifteen (15) days before the due date of any such Tax Return, the Seller Representative shall deliver a copy of such Tax Return to the Buyer for the Buyer's review and approval, such approval not to be unreasonably withheld.

## **6. PRE-COMPLETION TAX AFFAIRS**

- 6.1 The Sellers shall procure that the Buyer and the Group Companies are provided with such reasonable assistance, cooperation and information as the Buyer and the Group Companies may reasonably request in respect of the pre-Completion Tax affairs of the Group Companies, including to enable the Buyer to file any Tax Returns, make any election relating to Taxes, prepare for any audit by any Taxing Authority and the prosecution or defense of any claim, suit or proceeding relating to any Tax and to enable the Buyer and any member of the Buyer's Tax Group to comply with its own Tax obligations.
- 6.2 After Completion, the Buyer shall procure that the Seller Representative or its duly authorised agents are provided with such reasonable assistance, cooperation and information as the Sellers may reasonably request in respect of the pre-Completion Tax affairs of the Group Companies, including to enable the Seller Representative to exercise its rights under paragraph 5 and to enable the Sellers to comply with their own Tax obligations.

## **7. SECTION 338 ELECTION**

Notwithstanding any other provision of this Agreement, the Buyer may, in its sole and absolute discretion, but is under no obligation to, make (or cause to be made) an election under Section 338(g) of the US Tax Code (or any analogous provisions of state or local Law) with respect to any Group Company (other than BETA CAE Systems U.S.A. Inc.), with effect from any time at or after Completion. The Sellers shall provide the Buyer with any information in their knowledge as reasonably requested, in connection with making any such election.

---

## **SCHEDULE 9**

### **COMPLETION ACCOUNTS**

#### **1. PREPARATION OF COMPLETION ACCOUNTS**

- 1.1 The Buyer shall procure that a draft of the Completion Accounts (the "**Draft Completion Accounts**") is prepared in accordance with paragraphs 4, 5, and 6 and delivered to the Seller Representative within 120 days following Completion.
- 1.2 In order to enable the Buyer to prepare the Draft Completion Accounts, the Sellers shall keep up-to-date and grant to the Buyer and its Representatives reasonable access, at reasonable times and on reasonable notice, to the books and records of the Group held by the Sellers and any other information of the Group held by the Sellers which may reasonably be required to enable the Buyer to prepare the Draft Completion Accounts. The Buyer and its Representatives shall have the right to take copies of any subsequent breach documents that they reasonably require and shall have such access to the Sellers as they reasonably require in order to enable them to prepare the Draft Completion Accounts.
- 1.3 Within 30 days after receiving the Draft Completion Accounts, the Seller Representative shall notify the Buyer:

- (a) whether or not the Seller Representative accepts the Draft Completion Accounts for the purposes of this Agreement; and
- (b) if the Seller Representative does not accept it, such notification shall set out the items in the Draft Completion Accounts which the Seller Representative disputes and the basis upon which the Seller Representative disputes such items.

1.4 In order to enable the Seller Representative to review and determine whether or not the Seller Representative accepts the Draft Completion Accounts, the Buyer shall keep up-to-date and grant to the Sellers and Seller Representative reasonable access, at reasonable times and on reasonable notice, to the books and records of the Group held by the Participant Buyer and any other information of the Group held by the Buyer which may reasonably be required to enable the Seller Representative to review the Draft Completion Accounts. The Sellers and Seller Representative shall have the right to take copies of any documents that they reasonably require and shall have access to the relevant personnel of the Buyer as they reasonably require in order to enable them to review the Draft Completion Accounts.

1.5 Where the Seller Representative is satisfied with the Draft Completion Accounts (either as originally submitted by the Buyer or after adjustments agreed between the Seller Representative and the Buyer) or where the Seller Representative does not notify the Buyer of:

- (a) its non-acceptance of the Draft Completion Accounts;
- (b) the items which it disputes; or
- (c) the basis upon which it disputes such items,

within the 30-day period referred to in paragraph 1.3, then the Draft Completion Accounts (incorporating any agreed adjustments) shall constitute the “**Completion Accounts**” for the purposes of this Agreement and shall be final and binding on the Sellers and the Buyer.

117

---

## 2. APPOINTMENT OF REPORTING ACCOUNTANTS

2.1 Where the Seller Representative notifies the Buyer within the period specified in paragraph 1.3 that it does not accept the Draft Completion Accounts, the parties shall attempt in good faith, to reach agreement in respect of the Draft Completion Accounts and, if they are unable to do so within 14 days (or such longer period as may be agreed in writing between the Buyer and the Seller Representative) following receipt by the Buyer of the notice referred to in paragraph 1.3, the dispute shall be referred to:

- (a) [\*\*\*]; or
- (b) if such firm is unable or unwilling to act, an independent firm of internationally recognised chartered accountants to be agreed upon by the Seller Representative and the Buyer within seven (7) days of a notice by one to the other requiring such agreement; or
- (c) failing such agreement, such independent firm of internationally recognised chartered accountants nominated:
  - (i) by or on behalf of the President for the time being of the Institute of Chartered Accountants in England and Wales, pursuant to a joint application of the Seller Representative (on behalf of the Sellers) and the Buyer (and the Buyer and the Sellers shall cooperate and do all things necessary to promptly make such joint application); or

- (ii) if a joint application is not made within seven (7) days of a notice by one party to the other requiring a joint application to be made, by the ICC International Centre for ADR in accordance with the Rules for Appointment of Experts and Neutrals of the International Chamber of Commerce (or any other appointing authority of similar repute which accepts unilateral applications to nominate Reporting Accountants) pursuant to an application by either the Buyer or the Seller Representative (on behalf of the Sellers),

(the “Reporting Accountants”).

2.2 If paragraph 2.1 applies, the Sellers and the Buyer shall provide such reasonable cooperation to promptly agree the terms of appointment for the Reporting Accountants, which shall (unless otherwise agreed in writing between the Seller Representative and the Buyer) be on the following basis:

- (a) a joint appointment on behalf of both the Buyer on the one hand and the Seller Representative (on behalf the Sellers) on the other hand;
- (b) on the Reporting Accountants’ standard terms and conditions for such an appointment, provided that those terms shall be modified to the extent possible to align with market practice if:
  - (i) the Reporting Accountants’ cap on liability is materially lower than other internationally recognised firms of chartered accountants’ caps for similar appointments; and/or
  - (ii) the extent of the Reporting Accountants’ indemnity is materially wider than the indemnity required by other internationally recognised firms of chartered accountants for similar appointments; and

118

- (c) otherwise in accordance with the terms set out in this Schedule 9.

2.3 If the terms of engagement of the Reporting Accountants are not agreed within 14 days following the identity of the Reporting Accountants being determined (or such longer period as the Seller Representative and the Buyer may agree), the terms of appointment may be unilaterally approved by either party, acting reasonably, and the party unilaterally approving the terms shall ensure that the appointment is in accordance with paragraphs 2.2(a) to 2.2(c). Each party agrees that the other party may sign and deliver, on that party’s behalf, any documents including engagement letters, necessary to expedient to the appointment of the Reporting Accountants.

2.4 The Reporting Accountants’ fees and expenses (including VAT) shall be borne equally between the Buyer on the one hand and the Sellers on the other hand at the time the final determination is made in accordance with paragraph 3.2(g), except in the following cases:

- (a) without prejudice to paragraph 2.4(b), if a party unilaterally appoints the Reporting Accountants pursuant to paragraph 2.3 but the appointment is not in accordance with paragraphs 2.2(a) to 2.2(c), such party shall bear all of the Reporting Accountants’ fees and expenses (provided any failure of the appointment to be in accordance paragraphs 2.2(a) to 2.2(c) shall (subject to paragraph 3.2(f)) not undermine the final and binding nature of the Reporting Accountants’ findings pursuant to this Schedule 9); or

- (b) if the Reporting Accountants, exercising their sole discretion, are of the opinion that a party has been disruptive to the process set out in this Schedule 9 or materially breached an express provision set out in this Schedule 9, then the Reporting Accountants may determine that the disruptive party should be responsible for 75% or more of the Reporting Accountants' fees and expenses (and for the avoidance of doubt, the balance of the Reporting Accountants' fees and expenses shall be borne by the other party).

2.5 If the appointed Reporting Accountants become unwilling or incapable of acting, or do not deliver their determination within the period required paragraph 3.2(g):

- (a) the Buyer and the Seller Representative shall use all reasonable endeavours to agree the identity and terms of appointment of replacement Reporting Accountants in accordance with paragraphs 2.1 to 2.4; and
- (b) paragraph 3 shall apply in relation to each and any replacement Reporting Accountants as if they were the first Reporting Accountants appointed.

### 3. REPORTING ACCOUNTANTS' DETERMINATION PROCESS

3.1 Each Seller and the Buyer shall each grant the Reporting Accountants, if appointed, and the other party reasonable access, at reasonable times and on reasonable notice, to the books and records of the Group held by such Seller or its Affiliates (in the case of a Seller) or the Buyer Group (in the case of the Buyer) and any other information of the Group held by such Seller or its Affiliates (in the case of a Seller) or the Buyer Group (in the case of the Buyer) which may reasonably be required to enable them to determine the final Completion Accounts, including reasonable access to the individuals and advisers responsible for preparing or commenting on the Completion Accounts. The Reporting Accountants shall have the right to take copies of any documents that they reasonably require and shall have access to the relevant personnel of such Seller or its Affiliates (in the case of a Seller) or the Buyer Group (in the case of the

119

---

Buyer) as they reasonably require in order to enable them to determine the final Completion Accounts.

3.2 Except to the extent that the Buyer and the Seller Representative agree otherwise, the Reporting Accountants shall determine their own procedure, subject to the following:

- (a) the Buyer, the Seller Representative and/or their respective accountants shall each promptly, (and in any event within 30 days following a relevant appointment) submit a written statement on the matters in dispute (together with relevant supporting documents) to the Reporting Accountants for determination and deliver a copy of such written statement and supporting documents to the other party;
- (b) following delivery of their respective submissions, the Buyer and the Seller Representative shall have the opportunity to comment once only (provided that nothing in this sub-paragraph shall prevent the parties from responding to any requests from the Reporting Accountants under paragraph 2.2) on the other party's submissions by written comment delivered to the Reporting Accountants not later than 20 days after the written statement was first submitted to the Reporting Accountants and copied to the other party pursuant to paragraph 3.2(a);
- (c) apart from procedural matters and/or as otherwise set out in this Agreement, the Reporting Accountants shall determine only:



- (i) whether any of the arguments for an alteration to the Draft Completion Accounts put forward in the written statements submitted under paragraph 3.2(a) is correct in whole or in part (unless such matters are agreed between the Buyer and the Seller Representative) and will limit its determination solely to the disputed matters and/or items; and
  - (ii) if so, what alterations should be made to the Draft Completion Accounts in order to correct the relevant inaccuracy in it;
- (d) the Reporting Accountants shall apply the policies in paragraphs 4.2 and 6;
  - (e) the Reporting Accountants shall not be entitled to determine the scope of their own jurisdiction;
  - (f) the Reporting Accountants shall act as experts (and not as arbitrators) in making their determination and their determination of any matter falling within their jurisdiction shall be final and binding on the Sellers and the Buyer save in the event of manifest error (when the relevant part of their determination shall be void and the matter shall be resubmitted to the Reporting Accountants by either party for correction as soon as reasonably practicable); and
  - (g) the Reporting Accountants shall make their determination pursuant to paragraph 3.2(f) within 30 days after the expiry of the 20 day period referred to in paragraph 3.2(b) or as soon thereafter as is reasonably possible and such determination shall be in writing and shall be made available for collection by the Seller Representative and the Buyer at the offices of the Reporting Accountants and shall (unless otherwise agreed by the Seller Representative and the Buyer) include reasons for each relevant determination.

3.3 Any determination of the Reporting Accountants under paragraph 3.2(g) above shall be deemed to be incorporated into the Draft Completion Accounts which, as adjusted by the alterations so determined by the Reporting Accountants (if any), shall become the Completion Accounts respectively and be final and binding on the Sellers and the Buyer.

120

3.4 Nothing in this Schedule 9 shall entitle a party or the Reporting Accountants access to any information or document which is protected by legal professional privilege, or which has been prepared by the other party or its accountants and other professional advisers with a view to assessing the merits of any claim or argument, provided that a party shall not be entitled by reason of this paragraph 3.4 to refuse to supply such part or parts of documents as contain only the facts on which the relevant claim or argument is based.

3.5 Each party shall, and shall procure that its accountants and other advisers shall, and shall instruct the Reporting Accountants to, keep all accountants' working papers or information and documents provided to them pursuant to this Schedule 9 confidential and shall not use them for any purpose, except for disclosure or use in connection with the preparation or review of the Draft Completion Accounts, the proceedings of the Reporting Accountants or any other participant matter arising out of this Agreement or in defending any claim or argument or alleged claim or argument relating to this Agreement or its subject matter.

#### 4. PREPARATION AND FORM OF COMPLETION ACCOUNTS

Remainder 4.1 The Completion Accounts (including the Draft Completion Accounts) shall be drawn up in the form set out in Schedule 10 and shall set out the Buyer's calculation of Page Left Intentionally Blank the amounts of the Cash Balances, the Third Party Debt, and the Working Capital and outline, to the extent applicable, if, how, and why these differ from the Estimated Cash Balances, the Estimated Third Party Debt, and the Estimated Working Capital.

- 4.2 The Buyer and the Seller Representative shall act reasonably in respect of the Completion Accounts, including in respect of preparing the Draft Completion Accounts and in providing any comments or disputing any items therein.

## 5. GENERAL POLICIES

The Completion Accounts (including the Draft Completion Accounts) shall be drawn up in accordance with:

- (a) the specific policies, bases, methods, practise and procedures set out in paragraph 6;
- (b) to the extent not inconsistent with sub-paragraph (a), the same accounting principles, policies, procedures, categorisations, classifications (including trial balance classifications), asset recognition bases, definitions, methods, practices and estimation techniques as applied in the preparation of the Accounts, applied on a consistent basis; and
- (c) to the extent not inconsistent with sub-paragraphs (a) and (b), the requirements of Swiss law, in particular Article 963b para 3 and Article 957 of the Swiss Code of Obligations on commercial accounting and financial reporting.

## 6. SPECIFIC POLICIES

- 6.1 Each component of the Draft Completion Accounts and Completion Accounts shall be prepared on a consolidated basis by reference to the general ledgers of the Group. For the avoidance of doubt, intercompany transactions shall not be included in the Draft Completion Accounts and Completion Accounts in accordance with the approach taken in the Accounts.
- 6.2 The Buyer shall not be entitled to recover an amount, obtain payment, or otherwise take into account or deduct more than once in respect of the same amount and there shall be no double counting (whether positive or negative) in the Completion Accounts, including, without limitation, double counting in the calculation of the Completion Accounts itself, or by

121

including any amount in the Completion Accounts which has otherwise been taken into account in the Consideration.

- 6.3 Without limiting the above, to prevent double counting, no amount shall be treated as constituting more than one of, and no amount shall be counted more than once in computing, the following: Cash, Third Party Debt and Working Capital.
- 6.4 The Completion Accounts and Draft Completion Accounts shall be expressed in CHF. If any expenses or income are expressed in a currency other than CHF it shall be converted into CHF on a basis consistent with the approach to currency conversation taken in respect of that specific item as adopted in the Accounts.
- 6.5 Unless specifically stated to the contrary in this Schedule 9, the Draft Completion Accounts and the Completion Accounts shall reflect the position of the Group Companies as at the Effective Time.
- 6.6 Each of the Draft Completion Accounts and the Completion Accounts shall be prepared on the basis that the Group is a going concern and so as to include no impact (including charge, provision, reserve write off, impairment, loss, income or profit) arising as a consequence of the change in ownership of the Group Company contemplated by this Agreement. No account shall be taken of events taking place after the Effective Time (including any event or transaction that occurs or arises after the Effective Time as a result of a voluntary act of the Buyer Group).
- 6.7 No provision shall be made for any deferred tax liability or in respect of any deferred tax asset of any Group Company.

- 6.8 **Leasing** – leasing arrangements shall not be capitalized.
- 6.9 **Working Capital** – the calculation of Working Capital for the Draft Completion Accounts and the Completion Accounts shall be prepared (i) on a basis consistent with the Completion Statement and, (ii) on the basis of the following:
- (a) “current assets” shall be comprised of:
- (i) accounts receivables (being trade receivables, other assets/receivables, and net of provisions for bad debt);
  - (ii) prepaid expenses and other current assets (being inventory, work in progress, accrued income, and prepaid expenses);
- (b) “current liabilities” shall be comprised of:
- (i) accounts payables (being trade payables and debts due in respect of monies advanced from customers);
  - (ii) deferred income (including both short-term and long-term deferred income); and
  - (iii) accrued expenses, other current liabilities, other provisions and accruals.
- 6.10 **Credit Cards** – credit card facilities are to be included in the calculation of Working Capital and not as part of Third Party Debt.

122

- 6.11 Any value attributed to goodwill, or any other intangible asset, shall be consistent with the approach taken in the Accounts.
- 6.12 Other fixed assets shall only be included or excluded to the extent that inclusion (or exclusion as applicable) is consistent with the policies adopted in the Accounts, less, in each case, depreciation on a pro rata basis consistent with the rates and policies used in the Accounts.
- 6.13 Full provision shall be made for rebates and discounts that will fall due after Completion in respect of sales that took place before Completion.
- 6.14 Full provision shall be made for any debtors due in the ordinary and usual course of trading outstanding and uncollected at Completion for a period of more than 90 days past the due date and proper provision or reserve shall be made for all other bad or doubtful debtors on the basis of the information available at the time the Completion Accounts are prepared.
- 6.15 Full provision shall be made for employee bonuses and commissions.
- 6.16 All term license revenue being recognized ratably using the monthly average rates by the Swiss Finance & Technology Association once invoiced.
- 6.17 Full provision shall be made for uninvoiced receivables, save to the extent the Company has received a customer PO and revenue has been recognized.

123

---

## SCHEDULE 10

### FORM OF COMPLETION ACCOUNTS

\*\*\*

124

---

## SCHEDULE 11

### RETENTION ACCOUNTS

#### Acceptance 1. . Failure RETENTION AGENT ARRANGEMENTS

1.1 Each of the parties shall co-operate in good faith so as to procure that such other documents, information or paperwork as may be reasonably requested by the Participant Paying Agent or the Retention Agent are provided by the parties so as to accept allow the Paying Agent and acknowledge the Retention Agent to receive the amounts to be paid by the Buyer in accordance with Clause 3.3(a)(i) and paragraph 2 of Schedule 5 to such Seller following Completion.

1.2 The Buyer and the Seller Representative shall:

- (a) promptly give necessary instructions and notifications to the Retention Agent and do all acts and things reasonably required to ensure that each Retention Account, and the amount standing to their credit, are administered as set out in this Agreement and the Retention Agent Agreement; and
- (b) procure, so far as they are respectively able, that the Retention Agent is not required to, and does not, take any action with respect to any Retention Account except on the joint written instructions of the Buyer and the Seller Representative,

provided that the terms of the Holdback Agreements and the Retention Agent Agreement shall govern the administration of the Holdback Consideration Retention Account.

1.3 All bank charges payable in respect of any Retention Account shall be borne by the Buyer.

1.4 All interest that accrues on amounts in each Retention Account shall be paid to the Sellers upon the release of such Retention Account.

#### 2. COMPLETION ACCOUNTS RETENTION ACCOUNT

2.1 In respect of the Completion Accounts Retention Account and any payments required to be made under Clause 6.2:

- (a) if Clause 6.2(a) applies (the amount payable by the Sellers being the "Balancing Payment"), then:

- (i) if the Balancing Payment is less than or equal to the amount standing to the credit of the Completion Accounts Retention Account, the Buyer and the Seller Representative shall, as soon as reasonably practicable, jointly instruct the Retention Agent in writing to pay to the Buyer an amount equal to the Balancing Payment from the Completion Accounts Retention Account and to pay to each Seller its Relevant Proportion of the remaining amount of the Completion Accounts Retention Account; and
- (ii) if the Balancing Payment is greater than the amount standing to the credit of the Completion Accounts Retention Account (such excess amount being the “**Additional Payment**”), the Buyer and the Seller Representative shall, as soon as reasonably practicable, jointly instruct the Retention Agent in writing to pay to the Buyer the amount standing to the credit of the Completion Accounts Retention Account and, at the discretion of the Buyer, either:

125

- (A) each Seller shall pay directly to the Buyer its Relevant Proportion of the Additional Payment; or
  - (B) the Seller Representative and the Buyer shall jointly instruct the Retention Agent in writing to pay to the Buyer out of the Claims Retention Account a sum equal to the Additional Payment;
- (b) if Clause 6.2(b) applies (the amount payable by the Buyer being the “**Balancing Payment**”), then the Seller Representative and the Buyer shall, as soon as reasonably practicable, jointly instruct the Retention Agent in writing to pay to each Seller its Relevant Proportion of the amount standing to the credit of the Completion Accounts Retention Account and the Buyer shall pay directly to each Seller its Relevant Proportion of the amount equal to the Balancing Payment less the amount standing to the credit of the Completion Accounts Retention Account; and
  - (c) if the Initial Consideration is equal to the Consideration, then the Buyer and the Seller Representative shall, as soon as reasonably practicable, jointly instruct the Retention Agent in writing to pay to each Seller its Relevant Proportion of the amount standing to the credit of the Completion Accounts Retention Account.

### 3. CLAIMS RETENTION ACCOUNT

- 3.1 As soon as practicable following the settlement of any Claim which was settled prior to the first vesting Claims Retention Account Release Date and in respect of which there is a Due Amount, the Seller Representative and the Buyer shall jointly instruct the Retention Agent in writing to pay to the Buyer out of the Claims Retention Account the Due Amount or, if less, the amount standing to the credit of the Claims Retention Account subject to paragraph 3.2 below.
- 3.2 The parties acknowledge that the Claims Retention Amount is comprised of each Seller’s Relevant Proportion of the Claims Retention Amount. The parties shall only instruct a payment of a Due Amount from the Claims Retention Account to the extent it comprises either the whole or a part of the Relevant Proportion of the Claims Retention Amount belonging to the Seller(s) who are liable to make the payment of the Due Amount to the Buyer. The Buyer shall not be entitled to claim, and the parties shall not instruct the Retention Agent to pay to the Buyer, amounts from the Claims Retention Account which are not amounts contributed to the Claims Retention Amount by or on behalf of such Seller. This paragraph 3.2 shall apply in respect of any and all payments to be made from the Claims Retention Account.
- 3.3 If, on the Claims Retention Account Release Date, the Buyer, acting reasonably and in good faith, has obtained and delivered to the Sellers’ Representative an opinion of Kings Counsel (“**KC**”) (instructed in accordance with paragraph 3.5 below), that, on the

balance of probabilities, it is more likely than not that the Buyer will be entitled to recover in respect of the Notified Claim the amount claimed (or such lesser amount specified in the KC's opinion as being an amount that the Buyer, on the balance of probabilities, will recover), in which case that amount claimed (or such lesser amount, if one is outlined by the KC), shall be retained in the Claims Retention Account (such amount being the "**Retained Amount**"). If the KC specifies a range of potential amounts which the Buyer, on the balance of probabilities, will recover, the top of such range shall be used for the Retained Amount.

126

3.4 When the Notified Claim in respect of which the Buyer delivered a KC Opinion has been settled the Seller Representative and the Buyer shall jointly instruct the Retention Agent in writing:

- (a) if there is a Due Amount in respect of the Notified Claim:
  - (i) to pay to the Buyer out of the Claims Retention Account the Due Amount or, if less, the Retained Amount (subject to paragraph 3.2 above); and
  - (ii) pay the remaining balance of the Retained Amount (if any) to each Seller in its Relevant Proportion;
- (b) if there is no Due Amount in respect of the Notified Claim, pay the Retained Amount to each Seller in its Relevant Proportion,

provided that if the Due Amount in respect of such Notified Claim is greater than the Retained Amount, subject to the provisions of Schedule 7, each Seller shall remain liable for its Relevant Proportion of the remaining Due Amount and each Seller shall pay directly to the Buyer its Relevant Proportion of the remaining Due Amount.

3.5 If a KC is instructed by the Buyer:

- (a) the Buyer shall seek to agree the identity of, and the instructions to, the KC with the Sellers' Representative as soon as reasonably possible. The Buyer and the Sellers' Representative shall use reasonable endeavours to agree the terms of the appointment and the instructions to the appointed KC and neither party shall unreasonably withhold its agreement to the terms of appointment proposed by the other party or to the instructions to be given to the KC;
- (b) the Buyer shall provide the KC with a statement of their estimate of the loss suffered and sought by way of damages or otherwise in respect of the Notified Claim along with reasonable supporting evidence of their Notified Claim (and copies of any response to such Claim from the Sellers);
- (c) the KC appointed shall be requested to assess and opine upon the merits of the Notified Claim and any claimed amount;
- (d) in making an assessment and delivering an opinion in accordance with this paragraph 3.5, the KC shall act as expert and not as arbiter; and
- (e) the costs of the KC shall be borne by the Buyer.

3.6 For the purposes of this paragraph 3, a Claim shall be regarded as settled if in relation to a Claim:

- (a) the Claim is withdrawn by the Buyer in writing;

- (b) the Claim is settled in writing between the Buyer and the Seller Representative;
- (c) the Claim is deemed to be withdrawn in accordance with paragraph 4 of Schedule 7; or
- (d) the Claim has been determined by a court of competent jurisdiction from which there is no right of appeal or from whose judgment the Sellers or the Buyer are debarred by passage of time or otherwise from making an appeal.

127

## SCHEDULE 12

### RESTRICTIVE COVENANTS

1.1 In this Schedule, the following terms shall have the following meanings:

**“Restricted Business”** means [\*\*\*];

**“Restricted Period”** means the period beginning on the Completion Date and ending on the [\*\*\*]; and

**“Restricted Territories”** means those countries in which the Group's business is carried on and generates revenue at the Completion Date.

1.2 In order to confer upon the Buyer the full benefit of the business and goodwill of the Group:

- (a) each Seller undertakes to the Buyer and each member of the Buyer Group that it shall not, and shall procure that its respective Related Seller shall not, during the Restricted Period, directly or indirectly carry on or be employed, engaged or interested in any Restricted Business in the Restricted Territories; and
- (b) each Seller undertakes to the Buyer and each member of the Buyer Group that it shall not, and shall procure that its respective Related Seller shall not, directly or indirectly:
  - (i) during the Restricted Period, deal with or canvass, solicit or seek to solicit the custom of any person who has been a customer of any Group Company at any time within the [\*\*\*] immediately prior to Completion in connection with a Restricted Business;
  - (ii) during the Restricted Period, directly or indirectly offer employment to, enter into a contract for the services of, or attempt to entice away from any Group Company, any individual who was at the Completion Date employed or directly engaged by any Group Company, except a person who:
    - (A) responds, without any form of approach or solicitation by or on behalf of such Seller, to a general public advertisement made in the ordinary and usual course of business, or to a third-party recruitment agency, in each case which is not intended to target any specific person; or
    - (B) whose employment or engagement has been terminated following Completion by the Buyer Group;
  - (iii) during the Restricted Period, solicit or entice away from any Group Company any supplier who had supplied goods and/or services to any Group Company at any time during the [\*\*\*] immediately prior to Completion in connection

with a Restricted Business; and

- 1.3 Nothing in this Schedule 12 shall restrict any Seller or Related Seller from holding by way of a bona fide investment, in aggregate, less than [\*\*\*]% of any class of shares or debentures listed on the London Stock Exchange or any other recognised exchange in any jurisdiction.
- 1.4 The undertakings in this Schedule 12 are intended for the benefit of the Buyer and each Group Company and apply to actions carried out by any Seller or Related Seller in any capacity whatsoever and whether directly or indirectly, on the behalf of it, or any other person or jointly with any other person.

128

---

- 1.5 Each Seller agrees that the undertakings contained in this Schedule 12 are reasonable and necessary for the protection of the Buyer's legitimate interests in the goodwill of the Group Companies and shall be construed as separate and independent undertakings. If any undertaking contained in this Schedule 12 is found to be void or unenforceable but would be valid and enforceable if some part or parts of the undertaking were deleted, such undertaking shall apply with such modification as may be necessary to make it valid and enforceable.
- 1.6 Each Seller acknowledges that damages may not be an adequate remedy for any breach of the undertakings in this Schedule 12 and that the Buyer shall be entitled to seek the remedies of injunction, specific performance and any other equitable relief for any threatened or actual breach of such undertakings in paragraph 1.2.
- 1.7 Without prejudice to paragraph 1.5, if any undertaking in this Schedule 12 is found by any court or other competent authority to be void or unenforceable the parties shall negotiate in good faith to replace such void or unenforceable undertaking with a valid provision which, as far as possible, has the same commercial effect as the provision which it replaces.
- 1.8 The consideration for the undertakings contained in this Schedule 12 is included in the Consideration.

129

---

## SCHEDULE 13

### BUYER WARRANTIES

#### 1. THE BUYER

- 1.1 The Buyer is duly incorporated, validly existing and in good standing under the Laws of its jurisdiction of incorporation and is solely tax resident in its jurisdiction of incorporation and has no taxable presence in any other jurisdiction. The Buyer has all power and



authority to own or lease and operate its properties and assets and to carry on its business as now being conducted. The Buyer is duly qualified or licensed to do business as a foreign corporation or other entity and is in good standing (where applicable) in each jurisdiction where the conduct of its business requires such qualification or license, except in those jurisdictions where such failure to be so qualified, licensed or in good standing would not reasonably be expected to be, individually or in the aggregate, material.

- 1.2 The Buyer has the corporate power and authority to execute and deliver this Agreement and each of the Transaction Documents to which it is a party, and to perform its obligations hereunder and thereunder. The execution, delivery and performance by the Buyer of this Agreement and each of the Transaction Documents to which it is a party, and the consummation by the Buyer of the transactions contemplated hereby and thereby, have been duly and validly authorized by all required action on the part of the Buyer, and no other action on the part of the Buyer is necessary to authorize the execution and delivery of this Agreement and each of the Transaction Documents to which the Buyer is a party by the Buyer, the performance by the Buyer of its obligations hereunder or thereunder or the consummation by the Buyer of the transactions contemplated hereby or thereby.
- 1.3 This Agreement and each of the Transaction Documents to which the Buyer is a party, when executed and delivered by the other parties hereto and thereto (assuming the due authority, execution and delivery each such other party, as applicable), constitutes (or will constitute) a valid and legally binding obligation of the Buyer, enforceable against the Buyer, as applicable, in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or moratorium Laws, other similar Laws affecting creditors' rights and general principles of equity affecting the availability of specific performance and other equitable remedies (regardless of whether enforcement is sought in a proceeding at Law or in equity).
- 1.4 Other than as required to satisfy the Regulatory Conditions or that would not reasonably be expected to have a Buyer Material Adverse Change, no Governmental Authorization or filing is required to be obtained by the Buyer from, or to be given by the Buyer to, or made by the Buyer with, any Authority or securities exchange, as a result of the execution, delivery or performance by the Buyer of this Agreement.
- 1.5 The execution, delivery and performance by the Buyer of this Agreement, and the execution, delivery and performance by the Buyer of the Transaction Documents to which the Buyer is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not:
- (a) contravene, conflict with, violate or result in a **delay** breach of any provision of the **issuance** Organizational Documents of the **Shares until** Buyer; or
  - (b) contravene, conflict with, violate or result in a breach of any Law to which the Buyer is subject;

130

---

except, in the case of the foregoing paragraph 1.5(b), as would not reasonably be expected to have, individually or in the aggregate, a Buyer Material Adverse Change.

- 1.6 The Stock Consideration to be issued, when issued in accordance with the terms of this Agreement, will be duly authorized, validly issued, fully paid and nonassessable and will, subject to securities Laws, be free of any Encumbrance (other than any Encumbrances imposed by or created as a result of the circumstance of the Sellers).
- 1.7 The Buyer has, and will maintain between the date of this Agreement and Completion, sufficient freely available funds reserved for use to satisfy its obligations hereunder at Completion.

## 2. LITIGATION

- 2.1 There are no Litigations pending or, so far as the Buyer is aware, threatened in writing against the Buyer or any of its subsidiaries that challenges, or that seeks to prevent or make illegal, any of the transactions contemplated by this Agreement, except in each case, where such Litigations or threatened Litigations would not, or would not reasonably be expected to, result in a Buyer Material Adverse Effect.
- 2.2 There is no Order to which the Buyer or any of its subsidiaries is subject or which restricts in any respect the ability of the Buyer or its subsidiaries to conduct their business except as would not or would not reasonably be expected to result in a Buyer Material Adverse Effect.

## 3. FINDERS' FEE

- 3.1 No investment banker, broker, finder or other intermediary has been retained by or is authorized to act on behalf of the Buyer in connection with the transactions contemplated hereby whose fees or commission will be payable by any of the Sellers or any of their Affiliates.

## 4. SEC DOCUMENTS

- 4.1 The Buyer has timely filed or furnished with the SEC all reports, schedules, forms, statements, and other documents (including exhibits and other information incorporated therein) required to be filed or furnished by it since 1 January 2023 under the Securities Act or the Exchange Act (the "SEC Documents"). The SEC Documents, at the time filed or furnished (except to the extent corrected by a subsequently filed or furnished SEC Document filed or furnished prior to the date of this Agreement), complied in all material respects with the applicable requirements of the Exchange Act and the Securities Act, as applicable.

131

---

## SCHEDULE 14

### RETENTION POOL

1. Retention Pool Amount means USD [\*\*\*]; and
2. Seller Retention Pool Contribution means USD [\*\*\*].

132

This Agreement has been accepted or ~~forfeiture~~ entered into on the date stated at the beginning 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.

it.

By:  
BUYER

Signed for and on behalf of  
CADENCE DESIGN SYSTEMS, INC.

Name:	John M.
/s/ Anirudh Devgan	Wall
Title:	Sr. Vice
Signature of authorized signatory	President
Anirudh Devgan	and Chief
	Financial
	Officer
Date:	[I], 2023
Name of authorized signatory (print)	

President and CEO
Title of authorized signatory (print)

Acknowledged and Agreed

[Signature page to SPA]

By:  
SELLER

SIGNED by  
for and on behalf of  
ACRONYM INTERNATIONAL LTD

)  
)  
) /s/ [\*\*\*]  
\_\_\_\_\_  
Signature  
  
[\*\*\*]  
\_\_\_\_\_  
Name of signatory (print)  
  
Direktor  
\_\_\_\_\_  
  
\_\_\_\_\_  
Title of signatory (print)

Name:  
  
Title:  
Date:

Omnibus Equity Incentive Plan - ISA  
Agreement - 10

Rev. Jun. 2023  
[Signature page to SPA]

**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 June 2023. 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.

Omnibus Equity Incentive Plan - ISA Agreement - 11 Rev. Jun. 2023

---

## **BELGIUM**

### **NOTIFICATIONS**

**Foreign Asset/Account Reporting Information.** Belgian residents are required to report any securities (e.g., Shares) or bank accounts (including brokerage accounts) held outside Belgium on their annual tax return. The first time a Belgian resident reports the foreign security and/or bank accounts, he or she 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 a Belgian resident 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.

**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, (ii) the Shares will be issued to the Participant only if the vesting conditions are met and any necessary services are rendered by the Participant during the vesting period set forth in the Vesting Schedule, 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.** A Brazilian resident 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 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 "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 a Canadian resident 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 Participant acquire 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), the Participant must report the payment 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.

## **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 confer with 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.** Italian residents who, at any time during the fiscal year, hold foreign financial assets (including cash and Shares) which may generate income taxable in Italy are required to report these assets on their 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 Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions.

## **JAPAN**

### **NOTIFICATIONS**

**Exchange Control Information.** If the Participant acquires Shares valued at more than ¥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 with his or her personal tax advisor to determine the applicable reporting obligations.

**Foreign Asset/Account Reporting Information.** Japanese residents are 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 ¥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**

**Foreign Asset/Account Reporting Information.** Korean residents 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.** Taiwanese residents may acquire and remit foreign currency (including funds to purchase or proceeds from the sale of Shares) up to US\$5 million per year without justification. However, if the transaction amount exceeds certain thresholds in a single transaction, Taiwanese residents may be required to submit a foreign exchange transaction form and provide supporting documentation to the satisfaction of the remitting bank.

## **UNITED KINGDOM**

### **TERMS AND CONDITIONS**

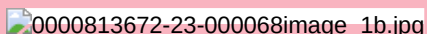
**Tax Obligations.** This provision supplements the “Tax Obligations” section of this Agreement:

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 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:** [I]**ID Number:** [I]**Restricted Stock Unit Number:** [I]**Date of Award:** [I]**Number of Shares Subject to the Restricted Stock Units (the “Shares”):** [I]**Vesting Commencement Date:** [I]**Vesting Schedule:**[I]

**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 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
- (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.

**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.

[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:  
SELLER

SIGNED by  
for and on behalf of  
KIUPI LTD

)  
)  
) /s/ [\*\*\*]  
\_\_\_\_\_  
Signature  
  
[\*\*\*]  
\_\_\_\_\_  
Name of signatory (print)  
  
Manager  
\_\_\_\_\_  
Title of signatory (print)

Name: John M. Wall  
Title: Sr. Vice President and Chief Financial Officer  
Date: [Signature page to SPA], 2023

Acknowledged and Agreed

By:  
SELLER

SIGNED by  
for and on behalf of  
NAMID LTD

)  
)  
) /s/ [\*\*\*]  
\_\_\_\_\_  
Signature  
  
[\*\*\*]  
\_\_\_\_\_  
Name of signatory (print)

Name:

\_\_\_\_\_  
Director

Title:

Date:

\_\_\_\_\_  
Title of signatory (print)

[Signature page to SPA]

Omnibus Equity Incentive Plan - RSU Agreement - 9  
SELLER

SIGNED by  
for and on behalf of  
ELLANDRON INVESTMENTS LTD.

Rev.  
Jun.  
2023  
)  
)  
) /s/ [\*\*\*]  
\_\_\_\_\_  
Signature  
  
[\*\*\*]  
\_\_\_\_\_  
Name of signatory (print)  
  
Director  
\_\_\_\_\_  
Title of signatory (print)

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 June 2023. 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.

Omnibus Equity Incentive Plan - RSU Agreement - 10 Rev. Jun. 2023

[Signature page to SPA]

## BELGIUM

### NOTIFICATIONS

**Foreign Asset/Account Reporting Information.** Belgian residents are required to report any securities (e.g., Shares) or bank accounts (including brokerage accounts) held outside Belgium on their annual tax return. The first time a Belgian resident reports the foreign security and/or bank accounts, he or she 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 a Belgian resident 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.

**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, (ii) the Shares will be issued to the Participant only if the vesting conditions are met and any necessary services are rendered by the Participant during the vesting period set forth in the Vesting Schedule, 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.**A Brazilian resident 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.

**SELLER**

**SIGNED by**  
**for and on behalf of**  
**ELUCO HOLDING AG**

)  
)  
) /s/ [\*\*\*]  
\_\_\_\_\_  
Signature  
  
[\*\*\*]  
\_\_\_\_\_  
Name of signatory (print)  
  
Director  
\_\_\_\_\_  
Title of signatory (print)

[Signature page to SPA]



**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 a Canadian resident 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 Participant acquire 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), the Participant must report the payment 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.

## **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 confer with 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.**Italian residents who, at any time during the fiscal year, hold foreign financial assets (including cash, rights and Shares) which may generate income taxable in Italy are required to report these assets on their 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 Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions.

**SELLER REPRESENTATIVE**

SIGNED by  
for and on behalf of  
NAMID LTD

)  
)  
) /s/ [\*\*\*]  
\_\_\_\_\_  
Signature  
  
[\*\*\*]  
\_\_\_\_\_  
Name of signatory (print)  
  
Director  
\_\_\_\_\_  
Title of signatory (print)

## JAPAN

### NOTIFICATIONS

**Exchange Control Information.** If the Participant acquires Shares valued at more than ¥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 with his or her personal tax advisor to determine the applicable reporting obligations.

**Foreign Asset/Account Reporting Information.** Japanese residents are 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 ¥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.

Omnibus Equity Incentive Plan - RSU Agreement - 18 Rev. Jun. 2023

## SOUTH KOREA

### NOTIFICATIONS

**Foreign Asset/Account Reporting Information.** Korean residents 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.** Taiwanese residents may acquire and remit foreign currency (including funds to purchase or proceeds from the sale of Shares) up to US\$5 million per year without justification. However, if the transaction amount exceeds certain thresholds in a single transaction, Taiwanese residents may be required to submit a foreign exchange transaction form and provide supporting documentation to the satisfaction of the remitting bank.

Omnibus Equity Incentive Plan - RSU Agreement - 19 Rev. Jun. 2023

## 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 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.

Omnibus Equity Incentive Plan - RSU Agreement - 20 Rev. Jun. 2023

[Signature page to SPA]

Exhibit 31.01 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002

I, Anirudh Devgan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cadence Design Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Anirudh Devgan

Anirudh Devgan  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: ~~October 23, 2023~~ April 23, 2024

Exhibit ~~31.02~~ 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002

I, John M. Wall, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cadence Design Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ John M. Wall  
John M. Wall  
Senior Vice President and Chief Financial Officer  
(Principal Accounting and Financial Officer)

Date: ~~October 23, 2023~~ April 23, 2024

Exhibit ~~32.01~~ 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the fiscal quarter ended **September 30, 2023** **March 31, 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: **October** **April 23, 2023** **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.

Exhibit **32.02** **32.2**

CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the fiscal quarter ended **September 30, 2023** **March 31, 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: **October** **April 23, 2023** **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.

## DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2024, Refinitiv. All rights reserved. Patents Pending.