

TABLE OF CONTENTS

Condensed Consolidated Balance Sheets, March 30, 2019 and December 29, 2018.....	1
Trended Condensed Consolidated Balance Sheets.....	2
Condensed Consolidated Income Statements for the Three Months Ended March 30, 2019 and March 31, 2018.....	3
Trended Condensed Income Statements.....	4
Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 30, 2019 and March 31, 2018.....	5
Trended Condensed Consolidated Statements of Cash Flows.....	6
Revenue Mix by Geography.....	7
Revenue Mix by Product Group.....	7
Impact of Non-GAAP Adjustments on Forward Looking Operating Margin, as of April 22, 2019.....	8
Impact of Non-GAAP Adjustments on Forward Looking Diluted Net Income Per Share, as of April 22, 2019.....	9
Impact of Non-GAAP Adjustments on Forward Looking Net Income, as of April 22, 2019.....	9
Reconciliation of GAAP Net Income to Non-GAAP Net Income, for the Three Months Ended March 30, 2019 and March 31, 2018.....	10
Reconciliation of GAAP Diluted Net Income Per Share to Non-GAAP Diluted Net Income Per Share, for the Three Months Ended March 30, 2019 and March 31, 2018.....	11
Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures.....	12
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures for the Three Months Ended March 30, 2019.....	13
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures for the Three Months Ended March 31, 2018.....	14

Cadence Design Systems, Inc.
Reconciliation of GAAP Diluted Net Income Per Share to Non-GAAP Diluted Net Income Per Share
For the Three Months Ended March 30, 2019 and March 31, 2018
(Unaudited)

(In thousands, except per share data)	Three Months Ended	
	March 30, 2019	March 31, 2018
Diluted net income per share on a GAAP basis	\$ 0.43	\$ 0.26
Amortization of acquired intangibles	0.05	0.05
Stock-based compensation expense	0.15	0.13
Non-qualified deferred compensation expenses	0.01	-
Restructuring and other credits	-	(0.01)
Acquisition and integration-related costs	-	0.03
Other income or expense related to investments and non-qualified deferred compensation plan assets *	(0.02)	-
Income tax effect of non-GAAP adjustments	(0.08)	(0.06)
Diluted net income per share on a non-GAAP basis +	\$ 0.54	\$ 0.40
Shares used in calculation of diluted net income per share - GAAP **	280,615	281,651
Shares used in calculation of diluted net income per share - non-GAAP **	280,615	281,651

+ **The non-GAAP measures presented in the table above should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP. See the earnings press release of Cadence Design Systems, Inc. for its first quarter of 2019 for a further discussion of its non-GAAP measures.**

* Includes, as applicable, equity in losses or income from investments, write-down of investments, gains or losses on investments and gains or losses on non-qualified deferred compensation plan assets recorded in other income or expense.

** Shares used in the calculation of GAAP net income per share are expected to be the same as shares used in the calculation of non-GAAP net income per share, except when the company reports a GAAP net loss and non-GAAP net income, or GAAP net income and a non-GAAP net loss.

Cadence Design Systems, Inc.
Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures
(Unaudited)

	Three Months Ended	Three Months Ended
	March 30, 2019	March 31, 2018
	Actual	Actual
	(In thousands)	(In thousands)
GAAP total costs and expenses	\$ 448,346	\$ 431,480
Reconciling items to non-GAAP total costs and expenses		
Amortization of acquired intangibles	(13,162)	(13,907)
Stock-based compensation expense	(42,253)	(37,901)
Non-qualified deferred compensation expenses	(2,540)	(127)
Restructuring and other credits	689	1,991
Acquisition and integration-related costs	(914)	(7,783)
Non-GAAP total costs and expenses†	<u>\$ 390,166</u>	<u>\$ 373,753</u>

†The non-GAAP measures presented in the table above should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP. See the earnings press release of Cadence Design Systems, Inc. for its first quarter of 2019 for a further discussion of its non-GAAP financial measures.

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

	For the three months ended March 30, 2019					
	Operating expenses on a GAAP basis†	Amortization of acquired intangibles	Stock-based compensation expense	Non-qualified deferred compensation expenses	Acquisition and integration-related costs	Operating expenses on a non-GAAP basis
(In thousands)						
Cost of product and maintenance	50,522	(9,854)	(681)	(23)	-	39,964
Cost of services	20,063	-	(866)	(32)	-	19,165
Marketing and sales	116,830	-	(9,106)	(253)	-	107,471
Research and development	228,210	-	(26,898)	(1,663)	(912)	198,737
General and administrative	30,102	-	(4,702)	(569)	(2)	24,829
Amortization of acquired intangibles	3,308	(3,308)	-	-	-	-
		<u>(13,162)</u>	<u>(42,253)</u>	<u>(2,540)</u>	<u>(914)</u>	

†The non-GAAP measures presented in the table above should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP. See the earnings press release of Cadence Design Systems, Inc. for its first quarter of 2019 for a further discussion of its non-GAAP financial measures.

Cadence Design Systems, Inc.
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures
For the Three Months Ended March 30, 2019
(In thousands)
(Unaudited)

	Three Months Ended March 30, 2019		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 543,518	\$ -	\$ 543,518
Services	33,224	-	33,224
Total revenue	<u>576,742</u>	<u>-</u>	<u>576,742</u>
Costs and expenses:			
Cost of product and maintenance	50,522	(10,558) (A)	39,964
Cost of services	20,063	(898) (A)	19,165
Marketing and sales	116,830	(9,359) (A)	107,471
Research and development	228,210	(29,473) (A)	198,737
General and administrative	30,102	(5,273) (A)	24,829
Amortization of acquired intangibles	3,308	(3,308) (A)	-
Restructuring and other credits	(689)	689	-
Total costs and expenses	<u>448,346</u>	<u>(58,180)</u>	<u>390,166</u>
Income from operations	128,396	58,180	186,576
Interest expense	(5,391)	-	(5,391)
Other income, net	5,241	(5,187) (B)	54
Income before provision for income taxes	128,246	52,993	181,239
Provision for income taxes	7,691	21,307 (C)	28,998
Net income	<u>\$ 120,555</u>	<u>\$ 31,686</u>	<u>\$ 152,241</u>

*The non-GAAP measures presented in the table above should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP. See the earnings press release of Cadence Design Systems, Inc. for its first quarter of 2019 for a further discussion of its non-GAAP measures.

Notes:

(A) For the three months ended March 30, 2019, adjustments to GAAP are as follows for the line items specified:

	Amortization of acquired intangibles	Stock-based compensation expense	Non-qualified deferred compensation expenses	Acquisition and integration-related costs	Total adjustments
Cost of product and maintenance	\$ 9,854	\$ 681	\$ 23	\$ -	\$ 10,558
Cost of services	-	866	32	-	898
Marketing and sales	-	9,106	253	-	9,359
Research and development	-	26,898	1,663	912	29,473
General and administrative	-	4,702	569	2	5,273
Amortization of acquired intangibles	3,308	-	-	-	3,308
Total	<u>\$ 13,162</u>	<u>\$ 42,253</u>	<u>\$ 2,540</u>	<u>\$ 914</u>	<u>\$ 58,869</u>

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

(C) Income tax effect of non-GAAP adjustments

Cadence Design Systems, Inc.
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures
For the Three Months Ended March 31, 2018
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2018		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 480,609	\$ -	\$ 480,609
Services	36,704	-	36,704
Total revenue	<u>517,313</u>	<u>-</u>	<u>517,313</u>
Costs and expenses:			
Cost of product and maintenance	41,730	(10,867) (A)	30,863
Cost of services	21,479	(863) (A)	20,616
Marketing and sales	109,148	(7,603) (A)	101,545
Research and development	224,185	(31,028) (A)	193,157
General and administrative	33,299	(5,727) (A)	27,572
Amortization of acquired intangibles	3,630	(3,630) (A)	-
Restructuring and other credits	(1,991)	1,991	-
Total costs and expenses	<u>431,480</u>	<u>(57,727)</u>	<u>373,753</u>
Income from operations	85,833	57,727	143,560
Interest expense	(6,975)	-	(6,975)
Other expense, net	(689)	(1,123) (B)	(1,812)
Income before provision for income taxes	78,169	56,604	134,773
Provision for income taxes	5,284	16,280 (C)	21,564
Net income	<u>\$ 72,885</u>	<u>\$ 40,324</u>	<u>\$ 113,209</u>

*The non-GAAP measures presented in the table above should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP. See the earnings press release of Cadence Design Systems, Inc. for its first quarter of 2019 for a further discussion of its non-GAAP measures.

Notes:

(A) For the three months ended March 31, 2018, adjustments to GAAP are as follows for the line items specified:

	Amortization of acquired intangibles	Stock-based compensation expense	Non-qualified deferred compensation expenses	Acquisition and integration-related costs	Total adjustments
Cost of product and maintenance	\$ 10,277	\$ 590	\$ -	\$ -	\$ 10,867
Cost of services	-	863	-	-	863
Marketing and sales	-	7,614	(11)	-	7,603
Research and development	-	23,235	109	7,684	31,028
General and administrative	-	5,599	29	99	5,727
Amortization of acquired intangibles	3,630	-	-	-	3,630
Total	<u>\$ 13,907</u>	<u>\$ 37,901</u>	<u>\$ 127</u>	<u>\$ 7,783</u>	<u>\$ 59,718</u>

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

(C) Income tax effect of non-GAAP adjustments