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

	<u>Three Months Ended</u> <u>March 28, 2020</u> <u>Actual</u> <u>(In thousands)</u>	<u>Three Months Ended</u> <u>March 30, 2019</u> <u>Actual</u> <u>(In thousands)</u>
GAAP total costs and expenses	\$ 478,606	\$ 448,346
Reconciling items to non-GAAP total costs and expenses		
Amortization of acquired intangibles	(15,066)	(13,162)
Stock-based compensation expense	(46,482)	(42,253)
Non-qualified deferred compensation (expenses) credits	4,796	(2,540)
Restructuring and other credits	1,067	689
Acquisition and integration-related costs	(3,970)	(914)
Special charges	(124)	-
Non-GAAP total costs and expenses†	<u>\$ 418,827</u>	<u>\$ 390,166</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 2020 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)

(In thousands)	For the three months ended March 28, 2020						Operating expenses on a non-GAAP basis
	Operating expenses on a GAAP basis†	Amortization of acquired intangibles	Stock-based compensation expense	Non-qualified deferred compensation credits	Acquisition and integration-related costs	Special charges	
Cost of product and maintenance	55,446	(10,860)	(691)	48	-	-	43,943
Cost of services	19,017	-	(880)	70	-	-	18,207
Marketing and sales	125,744	-	(10,011)	803	(13)	-	116,523
Research and development	241,668	-	(29,346)	2,608	(3,405)	-	211,525
General and administrative	33,592	-	(5,554)	1,267	(552)	(124)	28,629
Amortization of acquired intangibles	4,206	(4,206)	-	-	-	-	-
	<u>55,446</u>	<u>(15,066)</u>	<u>(46,482)</u>	<u>4,796</u>	<u>(3,970)</u>	<u>(124)</u>	<u>-</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 2020 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 28, 2020**  
(In thousands)  
(Unaudited)

	Three Months Ended March 28, 2020		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 581,699	\$ -	\$ 581,699
Services	36,258	-	36,258
Total revenue	617,957	-	617,957
Costs and expenses:			
Cost of product and maintenance	55,446	(11,503) (A)	43,943
Cost of services	19,017	(810) (A)	18,207
Marketing and sales	125,744	(9,221) (A)	116,523
Research and development	241,668	(30,143) (A)	211,525
General and administrative	33,592	(4,963) (A)	28,629
Amortization of acquired intangibles	4,206	(4,206) (A)	-
Restructuring and other credits	(1,067)	1,067	-
Total costs and expenses	478,606	(59,779)	418,827
Income from operations	139,351	59,779	199,130
Interest expense	(4,637)	-	(4,637)
Other income (expense), net	(4,534)	8,011 (B)	3,477
Income before provision for income taxes	130,180	67,790	197,970
Provision for income taxes	6,192	25,483 (C)	31,675
Net income	\$ 123,988	\$ 42,307	\$ 166,295

\*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 2020 for a further discussion of its non-GAAP measures.

Notes:

(A) For the three months ended March 28, 2020, adjustments to GAAP are as follows for the line items specified:

	Amortization of acquired intangibles	Stock-based compensation expense	Non-qualified deferred compensation credits	Acquisition and integration- related costs	Special charges	Total adjustments
Cost of product and maintenance	\$ 10,860	\$ 691	\$ (48)	\$ -	\$ -	\$ 11,503
Cost of services	-	880	(70)	-	-	810
Marketing and sales	-	10,011	(803)	13	-	9,221
Research and development	-	29,346	(2,608)	3,405	-	30,143
General and administrative	-	5,554	(1,267)	552	124	4,963
Amortization of acquired intangibles	4,206	-	-	-	-	4,206
Total	\$ 15,066	\$ 46,482	\$ (4,796)	\$ 3,970	\$ 124	\$ 60,846

(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 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	576,742	-	576,742
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	448,346	(58,180)	390,166
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	\$ 120,555	\$ 31,686	\$ 152,241

\*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 2020 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	\$ 13,162	\$ 42,253	\$ 2,540	\$ 914	\$ 58,869

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

(C) Income tax effect of non-GAAP adjustments