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

	April 2, 2022	January 1, 2022
Current assets:		
Cash and cash equivalents	\$ 1,134,752	\$ 1,088,940
Receivables, net	361,789	337,596
Inventories	110,213	115,721
Prepaid expenses and other	128,143	173,512
Total current assets	1,734,897	1,715,769
Property, plant and equipment, net	310,690	305,911
Goodwill	923,719	928,358
Acquired intangibles, net	219,110	233,265
Deferred taxes	787,111	763,770
Other assets	419,540	439,226
Total assets	\$ 4,395,067	\$ 4,386,299
Current liabilities:		
Accounts payable and accrued liabilities	\$ 360,547	\$ 417,283
Current portion of deferred revenue	600,279	553,942
Total current liabilities	960,826	971,225
Long-term liabilities:		
Long-term portion of deferred revenue	106,838	101,148
Long-term debt	347,792	347,588
Other long-term liabilities	219,428	225,663
Total long-term liabilities	674,058	674,399
Stockholders' equity	2,760,183	2,740,675
Total liabilities and stockholders' equity	\$ 4,395,067	\$ 4,386,299

Cadence Design Systems, Inc.
Trended Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

	April 3, 2021	July 3, 2021	October 2, 2021	January 1, 2022	April 2, 2022
Current assets:					
Cash and cash equivalents	\$ 742,981	\$ 847,160	\$ 1,013,819	\$ 1,088,940	\$ 1,134,752
Receivables, net	388,666	389,986	327,191	337,596	361,789
Inventories	76,592	90,479	101,575	115,721	110,213
Prepaid expenses and other	141,490	129,442	100,428	173,512	128,143
Total current assets	<u>1,349,729</u>	<u>1,457,067</u>	<u>1,543,013</u>	<u>1,715,769</u>	<u>1,734,897</u>
Property, plant and equipment, net	305,089	301,979	303,313	305,911	310,690
Goodwill	912,603	929,525	925,949	928,358	923,719
Acquired intangibles, net	264,671	264,789	247,628	233,265	219,110
Deferred taxes	729,296	729,790	766,036	763,770	787,111
Other assets	437,571	439,398	427,936	439,226	419,540
Total assets	<u>\$ 3,998,959</u>	<u>\$ 4,122,548</u>	<u>\$ 4,213,875</u>	<u>\$ 4,386,299</u>	<u>\$ 4,395,067</u>
Current liabilities:					
Accounts payable and accrued liabilities	\$ 271,241	\$ 340,607	\$ 363,835	\$ 417,283	\$ 360,547
Current portion of deferred revenue	521,100	586,109	543,361	553,942	600,279
Total current liabilities	<u>792,341</u>	<u>926,716</u>	<u>907,196</u>	<u>971,225</u>	<u>960,826</u>
Long-term liabilities:					
Long-term portion of deferred revenue	92,574	98,408	95,991	101,148	106,838
Long-term debt	346,988	347,186	347,385	347,588	347,792
Other long-term liabilities	224,624	233,495	232,041	225,663	219,428
Total long-term liabilities	<u>664,186</u>	<u>679,089</u>	<u>675,417</u>	<u>674,399</u>	<u>674,058</u>
Stockholders' equity:					
Common stock and capital in excess of par value	2,307,965	2,354,801	2,411,791	2,467,701	2,552,207
Treasury stock, at cost	(2,275,998)	(2,509,668)	(2,622,675)	(2,740,003)	(3,025,728)
Retained earnings	2,537,502	2,693,402	2,869,709	3,046,288	3,281,623
Accumulated other comprehensive loss	(27,037)	(21,792)	(27,563)	(33,311)	(47,919)
Total stockholders' equity	<u>2,542,432</u>	<u>2,516,743</u>	<u>2,631,262</u>	<u>2,740,675</u>	<u>2,760,183</u>
Total liabilities and stockholders' equity	<u>\$ 3,998,959</u>	<u>\$ 4,122,548</u>	<u>\$ 4,213,875</u>	<u>\$ 4,386,299</u>	<u>\$ 4,395,067</u>

Cadence Design Systems, Inc.
Condensed Consolidated Income Statements
For the Three Months Ended April 2, 2022 and April 3, 2021
(In thousands, except per share amounts)
(Unaudited)

	<u>Three Months Ended</u>	
	<u>April 2, 2022</u>	<u>April 3, 2021</u>
Revenue:		
Product and maintenance	\$ 846,244	\$ 699,054
Services	55,522	36,974
	<u>901,766</u>	<u>736,028</u>
Costs and expenses:		
Cost of product and maintenance	72,795	64,906
Cost of services	25,048	19,061
Marketing and sales	140,186	132,826
Research and development	290,895	270,992
General and administrative	48,937	39,952
Amortization of acquired intangibles	4,964	4,631
Restructuring	12	(277)
	<u>582,837</u>	<u>532,091</u>
Total costs and expenses		
	318,929	203,937
Interest expense	(4,108)	(4,217)
Other income (expense), net	(4,900)	2,701
	<u>309,921</u>	<u>202,421</u>
Income before provision for income taxes		
Provision for income taxes	74,586	15,252
	<u>235,335</u>	<u>187,169</u>
Net income		
Net income per share - basic	<u>\$ 0.86</u>	<u>\$ 0.68</u>
Net income per share - diluted	<u>\$ 0.85</u>	<u>\$ 0.67</u>
Weighted average common shares outstanding - basic	<u>272,431</u>	<u>274,021</u>
Weighted average common shares outstanding - diluted	<u>276,918</u>	<u>280,140</u>

Cadence Design Systems, Inc.
Trended Condensed Income Statements
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended				
	April 3, 2021	July 3, 2021	October 2, 2021	January 1, 2022	April 2, 2022
Revenue:					
Product and maintenance	\$ 699,054	\$ 687,884	\$ 706,160	\$ 719,849	\$ 846,244
Services	36,974	40,401	44,735	53,187	55,522
Total revenue	<u>736,028</u>	<u>728,285</u>	<u>750,895</u>	<u>773,036</u>	<u>901,766</u>
Costs and expenses:					
Cost of product and maintenance	64,906	55,842	54,185	47,714	72,795
Cost of services	19,061	20,917	22,402	21,979	25,048
Marketing and sales	132,826	135,967	143,401	148,068	140,186
Research and development	270,992	285,227	289,105	288,953	290,895
General and administrative	39,952	40,333	42,990	65,743	48,937
Amortization of acquired intangibles	4,631	5,030	5,000	4,979	4,964
Restructuring	(277)	(469)	(222)	(80)	12
Total costs and expenses	<u>532,091</u>	<u>542,847</u>	<u>556,861</u>	<u>577,356</u>	<u>582,837</u>
Income from operations	203,937	185,438	194,034	195,680	318,929
Interest expense	(4,217)	(4,316)	(4,196)	(4,251)	(4,108)
Other income (expense), net	2,701	2,143	(1,143)	2,625	(4,900)
Income before provision for income taxes	202,421	183,265	188,695	194,054	309,921
Provision for income taxes	15,252	27,365	12,388	17,475	74,586
Net income	<u>\$ 187,169</u>	<u>\$ 155,900</u>	<u>\$ 176,307</u>	<u>\$ 176,579</u>	<u>\$ 235,335</u>
Net income per share - basic	<u>\$ 0.68</u>	<u>\$ 0.57</u>	<u>\$ 0.65</u>	<u>\$ 0.65</u>	<u>\$ 0.86</u>
Net income per share - diluted	<u>\$ 0.67</u>	<u>\$ 0.56</u>	<u>\$ 0.63</u>	<u>\$ 0.63</u>	<u>\$ 0.85</u>
Weighted average common shares outstanding - basic	<u>274,021</u>	<u>273,565</u>	<u>273,194</u>	<u>273,066</u>	<u>272,431</u>
Weighted average common shares outstanding - diluted	<u>280,140</u>	<u>278,558</u>	<u>278,311</u>	<u>278,253</u>	<u>276,918</u>

Cadence Design Systems, Inc.
Condensed Consolidated Statements of Cash Flows
For the Three Months Ended April 2, 2022 and April 3, 2021
(In thousands)
(Unaudited)

	Three Months Ended	
	April 2, 2022	April 3, 2021
Cash and cash equivalents at beginning of period	\$ 1,088,940	\$ 928,432
Cash flows from operating activities:		
Net income	235,335	187,169
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	34,825	36,218
Amortization of debt discount and fees	268	264
Stock-based compensation	59,469	52,596
(Gain) loss on investments, net	2,038	(1,433)
Deferred income taxes	(24,920)	2,710
Provisions for losses (recoveries) on receivables	(344)	77
ROU asset amortization and change in operating lease liabilities	926	(2,136)
Other non-cash items	88	302
Changes in operating assets and liabilities, net of effect of acquired businesses:		
Receivables	(28,426)	(45,927)
Inventories	4,580	(669)
Prepaid expenses and other	44,419	(3,014)
Other assets	11,588	6,260
Accounts payable and accrued liabilities	(58,203)	(80,769)
Deferred revenue	56,225	59,166
Other long-term liabilities	(1,260)	(2,372)
Net cash provided by operating activities	<u>336,608</u>	<u>208,442</u>
Cash flows from investing activities:		
Purchases of non-marketable investments	(1,000)	-
Purchases of property, plant and equipment	(18,130)	(16,968)
Purchases of intangible assets	(750)	-
Cash paid in business combinations, net of cash acquired	-	(189,262)
Net cash used for investing activities	<u>(19,880)</u>	<u>(206,230)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock	45,673	46,384
Stock received for payment of employee taxes on vesting of restricted stock	(56,343)	(56,385)
Payments for repurchases of common stock	(250,016)	(172,267)
Net cash used for financing activities	<u>(260,686)</u>	<u>(182,268)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(10,230)</u>	<u>(5,395)</u>
Increase (decrease) in cash and cash equivalents	<u>45,812</u>	<u>(185,451)</u>
Cash and cash equivalents at end of period	<u>\$ 1,134,752</u>	<u>\$ 742,981</u>

Cadence Design Systems, Inc.
Trended Condensed Consolidated Statements of Cash Flows
For the Five Quarters Ended April 2, 2022
(In thousands)
(Unaudited)

	<u>Q1 2021</u>	<u>Q2 2021</u>	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Q1 2022</u>
Cash and cash equivalents at beginning of period	\$ 928,432	\$ 742,981	\$ 847,160	\$ 1,013,819	\$ 1,088,940
Cash flows from operating activities:					
Net income	187,169	155,900	176,307	176,579	235,335
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	36,218	35,581	35,163	35,346	34,825
Amortization of debt discount and fees	264	423	265	267	268
Stock-based compensation	52,596	50,518	52,746	54,230	59,469
(Gain) loss on investments, net	(1,433)	638	465	(250)	2,038
Deferred income taxes	2,710	(1,000)	(36,276)	(8,612)	(24,920)
Provisions for losses (recoveries) on receivables	77	165	(8)	291	(344)
ROU asset amortization and change in operating lease liabilities	(2,136)	(347)	(434)	(8,689)	926
Other non-cash items	302	(119)	(37)	281	88
Changes in operating assets and liabilities, net of effect of acquired businesses:					
Receivables	(45,927)	(2,089)	63,148	(13,118)	(28,426)
Inventories	(669)	(13,858)	(11,081)	(13,419)	4,580
Prepaid expenses and other	(3,014)	10,704	28,942	(70,974)	44,419
Other assets	6,260	731	1,136	(15,260)	11,588
Accounts payable and accrued liabilities	(80,769)	65,998	25,272	56,855	(58,203)
Deferred revenue	59,166	68,120	(43,103)	16,548	56,225
Other long-term liabilities	(2,372)	9,011	3,778	5,782	(1,260)
Net cash provided by operating activities	<u>208,442</u>	<u>380,376</u>	<u>296,283</u>	<u>215,857</u>	<u>336,608</u>
Cash flows from investing activities:					
Purchases of non-marketable investments	-	-	-	-	(1,000)
Proceeds from the sale of non-marketable investments	-	-	128	-	-
Purchases of property, plant and equipment	(16,968)	(14,171)	(18,838)	(15,321)	(18,130)
Purchases of intangible assets	-	-	-	(1,583)	(750)
Cash paid in business combinations, net of cash acquired	(189,262)	(31,398)	634	(6,175)	-
Net cash used for investing activities	<u>(206,230)</u>	<u>(45,569)</u>	<u>(18,076)</u>	<u>(23,079)</u>	<u>(19,880)</u>
Cash flows from financing activities:					
Payment of debt issuance costs	-	(1,285)	-	-	-
Proceeds from issuance of common stock	46,384	5,868	31,380	4,140	45,673
Stock received for payment of employee taxes on vesting of restricted stock	(56,385)	(21,668)	(30,132)	(9,797)	(56,343)
Payments for repurchases of common stock	(172,267)	(220,023)	(110,011)	(109,996)	(250,016)
Net cash used for financing activities	<u>(182,268)</u>	<u>(237,108)</u>	<u>(108,763)</u>	<u>(115,653)</u>	<u>(260,686)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(5,395)</u>	<u>6,480</u>	<u>(2,785)</u>	<u>(2,004)</u>	<u>(10,230)</u>
Increase (decrease) in cash and cash equivalents	<u>(185,451)</u>	<u>104,179</u>	<u>166,659</u>	<u>75,121</u>	<u>45,812</u>
Cash and cash equivalents at end of period	<u>\$ 742,981</u>	<u>\$ 847,160</u>	<u>\$ 1,013,819</u>	<u>\$ 1,088,940</u>	<u>\$ 1,134,752</u>

Cadence Design Systems, Inc.
(Unaudited)

Revenue Mix by Geography (% of Total Revenue)

<u>GEOGRAPHY</u>	2021					2022
	Q1	Q2	Q3	Q4	Year	Q1
Americas	46%	44%	46%	43%	45%	47%
China	12%	14%	13%	12%	13%	16%
Other Asia	18%	19%	18%	21%	19%	18%
Europe, Middle East and Africa	18%	17%	17%	18%	17%	14%
Japan	6%	6%	6%	6%	6%	5%
Total	100%	100%	100%	100%	100%	100%

Revenue Mix by Product Category (% of Total Revenue)

<u>PRODUCT CATEGORY</u>	2021					2022
	Q1	Q2	Q3	Q4	Year	Q1
Custom IC Design and Simulation	23%	23%	23%	24%	23%	22%
Digital IC Design and Signoff	27%	28%	29%	29%	29%	27%
Functional Verification, including Emulation and Prototyping Hardware	26%	25%	23%	21%	24%	28%
IP	14%	13%	14%	14%	13%	13%
System Design and Analysis	10%	11%	11%	12%	11%	10%
Total	100%	100%	100%	100%	100%	100%

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Operating Margin
As of April 25, 2022
(Unaudited)

	Three Months Ending	Year Ending
	July 2, 2022	December 31, 2022
	Forecast	Forecast
GAAP operating margin as a percent of total revenue	29% - 30%	28.5% - 30%
Reconciling items to non-GAAP operating margin as a percent of total revenue:		
Stock-based compensation expense	8%	8%
Amortization of acquired intangibles	2%	2%
Acquisition and integration-related costs	0%	0%
Non-qualified deferred compensation credits	0%	0%
Non-GAAP operating margin as a percent of total revenue†	39% - 40%	38.5% - 40%

†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 release of Cadence Design Systems, Inc. for its first quarter of 2022 for a further discussion of its non-GAAP measures.

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Diluted Net Income Per Share
As of April 25, 2022
(Unaudited)

	Three Months Ending July 2, 2022 Forecast	Year Ending December 31, 2022 Forecast
Diluted net income per share on a GAAP basis	\$0.59 to \$0.63	\$2.51 to \$2.59
Stock-based compensation expense	0.23	0.98
Amortization of acquired intangibles	0.05	0.19
Acquisition and integration-related costs	0.01	0.03
Non-qualified deferred compensation credits	-	(0.01)
Other income or expense related to investments and non-qualified deferred compensation plan assets*	-	0.02
Income tax effect of non-GAAP adjustments	0.07	0.17
Diluted net income per share on a non-GAAP basis†	\$0.95 to \$0.99	\$3.89 to \$3.97

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Net Income
As of April 25, 2022
(Unaudited)

(\$ in millions)	Three Months Ending July 2, 2022 Forecast	Year Ending December 31, 2022 Forecast
Net income on a GAAP basis	\$164 to \$175	\$697 to \$719
Stock-based compensation expense	64	272
Amortization of acquired intangibles	15	52
Acquisition and integration-related costs	1	8
Non-qualified deferred compensation credits	-	(3)
Other income or expense related to investments and non-qualified deferred compensation plan assets*	-	5
Income tax effect of non-GAAP adjustments	19	49
Net income on a non-GAAP basis†	\$263 to \$274	\$1,080 to \$1,102

†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 release of Cadence Design Systems, Inc. for its first quarter of 2022 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.

Cadence Design Systems, Inc.
Reconciliation of GAAP Net Income to Non-GAAP Net Income
For the Three Months Ended April 2, 2022 and April 3, 2021
(Unaudited)

(In thousands)	Three Months Ended	
	April 2, 2022	April 3, 2021
Net income on a GAAP basis	\$ 235,335	\$ 187,169
Stock-based compensation expense*	59,469	52,596
Amortization of acquired intangibles**	16,935	16,399
Acquisition and integration-related costs***	3,897	5,510
Restructuring	12	(277)
Non-qualified deferred compensation expenses (credits)****	(2,568)	1,898
Other income or expense related to investments and non-qualified deferred compensation plan assets †	4,606	(3,332)
Income tax effect of non-GAAP adjustments	5,938	(28,782)
Net income on a non-GAAP basis +	\$ 323,624	\$ 231,181

+ **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 2022 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.

* Total stock-based compensation expense is reported in the Condensed Consolidated Income Statements as follows:

(In thousands)	Three Months Ended	
	April 2, 2022	April 3, 2021
Cost of product and maintenance	\$ 830	\$ 807
Cost of services	1,050	1,027
Marketing and sales	11,757	11,206
Research and development	35,122	32,858
General and administrative	10,710	6,698
Total stock-based compensation expense	\$ 59,469	\$ 52,596

** Total amortization of acquired intangibles is reported in the Condensed Consolidated Income Statements as follows:

(In thousands)	Three Months Ended	
	April 2, 2022	April 3, 2021
Cost of product and maintenance	\$ 11,971	\$ 11,768
Amortization of acquired intangibles	4,964	4,631
Total amortization of acquired intangibles	\$ 16,935	\$ 16,399

*** Total acquisition and integration-related costs are reported in the Condensed Consolidated Income Statements as follows:

(In thousands)	Three Months Ended	
	April 2, 2022	April 3, 2021
Marketing and sales	\$ 352	\$ 8
Research and development	3,405	3,735
General and administrative	140	1,767
Total acquisition and integration-related costs	\$ 3,897	\$ 5,510

**** Cadence records operating expenses (credits) related to its non-qualified deferred compensation plan assets as those assets increase or decrease in value. An offsetting gain or loss is recorded in other income or expense, such that the net impact on Cadence's net income is not significant. The operating expenses (credits) are reported in the Condensed Consolidated Income Statements as follows:

(In thousands)	Three Months Ended	
	April 2, 2022	April 3, 2021
Cost of product and maintenance	\$ (25)	\$ 17
Cost of services	(35)	24
Marketing and sales	(422)	331
Research and development	(1,652)	998
General and administrative	(434)	528
Total non-qualified deferred compensation expenses (credits)	\$ (2,568)	\$ 1,898

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 April 2, 2022 and April 3, 2021
(Unaudited)

(In thousands, except per share data)	Three Months Ended	
	April 2, 2022	April 3, 2021
Diluted net income per share on a GAAP basis	\$ 0.85	\$ 0.67
Stock-based compensation expense	0.22	0.19
Amortization of acquired intangibles	0.06	0.06
Acquisition and integration-related costs	0.01	0.02
Restructuring	-	-
Non-qualified deferred compensation expenses (credits)	(0.01)	-
Other income or expense related to investments and non-qualified deferred compensation plan assets *	0.02	(0.01)
Income tax effect of non-GAAP adjustments	0.02	(0.10)
Diluted net income per share on a non-GAAP basis +	\$ 1.17	\$ 0.83
Shares used in calculation of diluted net income per share	276,918	280,140

+ **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 2022 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.

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

	<u>Three Months Ended</u> <u>April 2, 2022</u> <u>Actual</u> <u>(In thousands)</u>	<u>Three Months Ended</u> <u>April 3, 2021</u> <u>Actual</u> <u>(In thousands)</u>
GAAP total costs and expenses	\$ 582,837	\$ 532,091
Reconciling items to non-GAAP total costs and expenses		
Stock-based compensation expense	(59,469)	(52,596)
Amortization of acquired intangibles	(16,935)	(16,399)
Acquisition and integration-related costs	(3,897)	(5,510)
Restructuring	(12)	277
Non-qualified deferred compensation (expenses) credits	2,568	(1,898)
Non-GAAP total costs and expenses†	<u>\$ 505,092</u>	<u>\$ 455,965</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 2022 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 April 2, 2022					
(In thousands)	<u>Operating expenses</u> <u>on a GAAP basis†</u>	<u>Stock-based</u> <u>compensation</u> <u>expense</u>	<u>Amortization</u> <u>of acquired</u> <u>intangibles</u>	<u>Acquisition and</u> <u>integration-</u> <u>related costs</u>	<u>Non-qualified</u> <u>deferred compensation</u> <u>credits</u>	<u>Operating</u> <u>expenses on a</u> <u>non-GAAP basis</u>
Cost of product and maintenance	72,795	(830)	(11,971)	-	25	60,019
Cost of services	25,048	(1,050)	-	-	35	24,033
Marketing and sales	140,186	(11,757)	-	(352)	422	128,499
Research and development	290,895	(35,122)	-	(3,405)	1,652	254,020
General and administrative	48,937	(10,710)	-	(140)	434	38,521
Amortization of acquired intangibles	4,964	-	(4,964)	-	-	-
		<u>(59,469)</u>	<u>(16,935)</u>	<u>(3,897)</u>	<u>2,568</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 2022 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 April 2, 2022
(In thousands)
(Unaudited)

	Three Months Ended April 2, 2022		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 846,244	\$ -	\$ 846,244
Services	55,522	-	55,522
Total revenue	<u>901,766</u>	<u>-</u>	<u>901,766</u>
Costs and expenses:			
Cost of product and maintenance	72,795	(12,776) (A)	60,019
Cost of services	25,048	(1,015) (A)	24,033
Marketing and sales	140,186	(11,687) (A)	128,499
Research and development	290,895	(36,875) (A)	254,020
General and administrative	48,937	(10,416) (A)	38,521
Amortization of acquired intangibles	4,964	(4,964) (A)	-
Restructuring	12	(12)	-
Total costs and expenses	<u>582,837</u>	<u>(77,745)</u>	<u>505,092</u>
Income from operations	318,929	77,745	396,674
Interest expense	(4,108)	-	(4,108)
Other expense, net	(4,900)	4,606 (B)	(294)
Income before provision for income taxes	309,921	82,351	392,272
Provision for income taxes	74,586	(5,938) (C)	68,648
Net income	<u>\$ 235,335</u>	<u>\$ 88,289</u>	<u>\$ 323,624</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 2022 for a further discussion of its non-GAAP measures.

Notes:

(A) For the three months ended April 2, 2022, adjustments to GAAP are as follows for the line items specified:

	Stock-based compensation expense	Amortization of acquired intangibles	Acquisition and integration-related costs	Non-qualified deferred compensation credits	Total adjustments
Cost of product and maintenance	\$ 830	\$ 11,971	\$ -	\$ (25)	\$ 12,776
Cost of services	1,050	-	-	(35)	1,015
Marketing and sales	11,757	-	352	(422)	11,687
Research and development	35,122	-	3,405	(1,652)	36,875
General and administrative	10,710	-	140	(434)	10,416
Amortization of acquired intangibles	-	4,964	-	-	4,964
Total	<u>\$ 59,469</u>	<u>\$ 16,935</u>	<u>\$ 3,897</u>	<u>\$ (2,568)</u>	<u>\$ 77,733</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 April 3, 2021
(In thousands)
(Unaudited)

	Three Months Ended April 3, 2021		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 699,054	\$ -	\$ 699,054
Services	36,974	-	36,974
Total revenue	<u>736,028</u>	<u>-</u>	<u>736,028</u>
Costs and expenses:			
Cost of product and maintenance	64,906	(12,592) (A)	52,314
Cost of services	19,061	(1,051) (A)	18,010
Marketing and sales	132,826	(11,545) (A)	121,281
Research and development	270,992	(37,591) (A)	233,401
General and administrative	39,952	(8,993) (A)	30,959
Amortization of acquired intangibles	4,631	(4,631) (A)	-
Restructuring	(277)	277	-
Total costs and expenses	<u>532,091</u>	<u>(76,126)</u>	<u>455,965</u>
Income from operations	203,937	76,126	280,063
Interest expense	(4,217)	-	(4,217)
Other income (expense), net	2,701	(3,332) (B)	(631)
Income before provision for income taxes	202,421	72,794	275,215
Provision for income taxes	15,252	28,782 (C)	44,034
Net income	<u>\$ 187,169</u>	<u>\$ 44,012</u>	<u>\$ 231,181</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 2022 for a further discussion of its non-GAAP measures.

Notes:

(A) For the three months ended April 3, 2021, adjustments to GAAP are as follows for the line items specified:

	Stock-based compensation expense	Amortization of acquired intangibles	Acquisition and integration-related costs	Non-qualified deferred compensation expenses	Total adjustments
Cost of product and maintenance	\$ 807	\$ 11,768	\$ -	\$ 17	\$ 12,592
Cost of services	1,027	-	-	24	1,051
Marketing and sales	11,206	-	8	331	11,545
Research and development	32,858	-	3,735	998	37,591
General and administrative	6,698	-	1,767	528	8,993
Amortization of acquired intangibles	-	4,631	-	-	4,631
Total	<u>\$ 52,596</u>	<u>\$ 16,399</u>	<u>\$ 5,510</u>	<u>\$ 1,898</u>	<u>\$ 76,403</u>

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

(C) Income tax effect of non-GAAP adjustments