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**Cadence Design Systems, Inc.**  
**Condensed Consolidated Balance Sheets**  
**March 31, 2023 and December 31, 2022**  
(In thousands)  
(Unaudited)

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Current assets:		
Cash and cash equivalents	\$ 916,963	\$ 882,325
Receivables, net	488,237	486,710
Inventories	127,566	128,005
Prepaid expenses and other	165,778	209,727
Total current assets	1,698,544	1,706,767
Property, plant and equipment, net	372,956	371,451
Goodwill	1,377,625	1,374,268
Acquired intangibles, net	341,738	354,617
Deferred taxes	864,750	853,691
Other assets	516,006	476,277
Total assets	\$ 5,171,619	\$ 5,137,071
Current liabilities:		
Revolving credit facility	\$ 30,000	\$ 100,000
Accounts payable and accrued liabilities	430,135	557,158
Current portion of deferred revenue	721,246	690,538
Total current liabilities	1,181,381	1,347,696
Long-term liabilities:		
Long-term portion of deferred revenue	102,515	91,524
Long-term debt	648,301	648,078
Other long-term liabilities	298,546	304,660
Total long-term liabilities	1,049,362	1,044,262
Stockholders' equity	2,940,876	2,745,113
Total liabilities and stockholders' equity	\$ 5,171,619	\$ 5,137,071

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

	April 2, 2022	July 2, 2022	October 1, 2022	December 31, 2022	March 31, 2023
<b>Current assets:</b>					
Cash and cash equivalents	\$ 1,134,752	\$ 1,029,544	\$ 1,026,051	\$ 882,325	\$ 916,963
Receivables, net	361,789	391,738	391,181	486,710	488,237
Inventories	110,213	106,372	114,283	128,005	127,566
Prepaid expenses and other	128,143	129,966	138,968	209,727	165,778
Total current assets	<u>1,734,897</u>	<u>1,657,620</u>	<u>1,670,483</u>	<u>1,706,767</u>	<u>1,698,544</u>
Property, plant and equipment, net	310,690	316,741	348,238	371,451	372,956
Goodwill	923,719	924,460	1,348,494	1,374,268	1,377,625
Acquired intangibles, net	219,110	215,781	353,912	354,617	341,738
Deferred taxes	787,111	802,886	783,315	853,691	864,750
Other assets	419,540	443,786	463,645	476,277	516,006
Total assets	<u>\$ 4,395,067</u>	<u>\$ 4,361,274</u>	<u>\$ 4,968,087</u>	<u>\$ 5,137,071</u>	<u>\$ 5,171,619</u>
<b>Current liabilities:</b>					
Revolving credit facility	\$ -	\$ -	\$ 150,000	\$ 100,000	\$ 30,000
Accounts payable and accrued liabilities	360,547	437,195	454,688	557,158	430,135
Current portion of deferred revenue	600,279	605,296	652,306	690,538	721,246
Total current liabilities	<u>960,826</u>	<u>1,042,491</u>	<u>1,256,994</u>	<u>1,347,696</u>	<u>1,181,381</u>
<b>Long-term liabilities:</b>					
Long-term portion of deferred revenue	106,838	114,573	102,167	91,524	102,515
Long-term debt	347,792	347,999	647,799	648,078	648,301
Other long-term liabilities	219,428	230,982	252,999	304,660	298,546
Total long-term liabilities	<u>674,058</u>	<u>693,554</u>	<u>1,002,965</u>	<u>1,044,262</u>	<u>1,049,362</u>
<b>Stockholders' equity:</b>					
Common stock and capital in excess of par value	2,552,207	2,590,893	2,697,632	2,765,673	2,878,749
Treasury stock, at cost	(3,025,728)	(3,352,827)	(3,522,219)	(3,824,163)	(3,987,528)
Retained earnings	3,281,623	3,468,543	3,654,848	3,895,240	4,137,044
Accumulated other comprehensive loss	(47,919)	(81,380)	(122,133)	(91,637)	(87,389)
Total stockholders' equity	<u>2,760,183</u>	<u>2,625,229</u>	<u>2,708,128</u>	<u>2,745,113</u>	<u>2,940,876</u>
Total liabilities and stockholders' equity	<u>\$ 4,395,067</u>	<u>\$ 4,361,274</u>	<u>\$ 4,968,087</u>	<u>\$ 5,137,071</u>	<u>\$ 5,171,619</u>

**Cadence Design Systems, Inc.**  
**Condensed Consolidated Income Statements**  
**For the Three Months Ended March 31, 2023 and April 2, 2022**  
(In thousands, except per share amounts)  
(Unaudited)

	<u>Three Months Ended</u>	
	<u>March 31, 2023</u>	<u>April 2, 2022</u>
Revenue:		
Product and maintenance	\$ 963,742	\$ 846,244
Services	57,948	55,522
	<u>1,021,690</u>	<u>901,766</u>
Costs and expenses:		
Cost of product and maintenance	100,238	72,795
Cost of services	24,234	25,048
Marketing and sales	166,666	140,186
Research and development	350,295	290,895
General and administrative	53,527	48,937
Amortization of acquired intangibles	4,267	4,964
Restructuring	-	12
	<u>699,227</u>	<u>582,837</u>
Total costs and expenses		
	322,463	318,929
Interest expense	(9,260)	(4,108)
Other income (expense), net	8,284	(4,900)
	<u>321,487</u>	<u>309,921</u>
Income before provision for income taxes		
Provision for income taxes	79,683	74,586
	<u>\$ 241,804</u>	<u>\$ 235,335</u>
Net income		
Net income per share - basic	<u>\$ 0.90</u>	<u>\$ 0.86</u>
Net income per share - diluted	<u>\$ 0.89</u>	<u>\$ 0.85</u>
Weighted average common shares outstanding - basic	<u>269,501</u>	<u>272,431</u>
Weighted average common shares outstanding - diluted	<u>273,159</u>	<u>276,918</u>

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

	<b>Three Months Ended</b>				
	<b>April 2, 2022</b>	<b>July 2, 2022</b>	<b>October 1, 2022</b>	<b>December 31, 2022</b>	<b>March 31, 2023</b>
Revenue:					
Product and maintenance	\$ 846,244	\$ 802,285	\$ 845,788	\$ 845,880	\$ 963,742
Services	55,522	55,236	56,766	53,997	57,948
Total revenue	<u>901,766</u>	<u>857,521</u>	<u>902,554</u>	<u>899,877</u>	<u>1,021,690</u>
Costs and expenses:					
Cost of product and maintenance	72,795	68,717	62,351	69,702	100,238
Cost of services	25,048	23,948	25,249	23,813	24,234
Marketing and sales	140,186	139,296	152,925	171,817	166,666
Research and development	290,895	286,597	323,629	350,423	350,295
General and administrative	48,937	51,426	73,688	68,065	53,527
Amortization of acquired intangibles	4,964	4,633	3,946	4,927	4,267
Restructuring	12	16	14	13	-
Total costs and expenses	<u>582,837</u>	<u>574,633</u>	<u>641,802</u>	<u>688,760</u>	<u>699,227</u>
Income from operations	318,929	282,888	260,752	211,117	322,463
Interest expense	(4,108)	(4,281)	(5,463)	(9,082)	(9,260)
Other income (expense), net	(4,900)	(5,962)	(3,017)	8,490	8,284
Income before provision (benefit) for income taxes	309,921	272,645	252,272	210,525	321,487
Provision (benefit) for income taxes	74,586	85,725	65,967	(29,867)	79,683
Net income	<u>\$ 235,335</u>	<u>\$ 186,920</u>	<u>\$ 186,305</u>	<u>\$ 240,392</u>	<u>\$ 241,804</u>
Net income per share - basic	<u>\$ 0.86</u>	<u>\$ 0.69</u>	<u>\$ 0.69</u>	<u>\$ 0.89</u>	<u>\$ 0.90</u>
Net income per share - diluted	<u>\$ 0.85</u>	<u>\$ 0.68</u>	<u>\$ 0.68</u>	<u>\$ 0.88</u>	<u>\$ 0.89</u>
Weighted average common shares outstanding - basic	<u>272,431</u>	<u>271,520</u>	<u>271,131</u>	<u>269,709</u>	<u>269,501</u>
Weighted average common shares outstanding - diluted	<u>276,918</u>	<u>275,172</u>	<u>274,957</u>	<u>272,997</u>	<u>273,159</u>

**Cadence Design Systems, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**For the Three Months Ended March 31, 2023 and April 2, 2022**  
(In thousands)  
(Unaudited)

	<b>Three Months Ended</b>	
	<b>March 31, 2023</b>	<b>April 2, 2022</b>
Cash and cash equivalents at beginning of period	\$ 882,325	\$ 1,088,940
Cash flows from operating activities:		
Net income	241,804	235,335
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	34,400	34,825
Amortization of debt discount and fees	311	268
Stock-based compensation	74,288	59,469
(Gain) loss on investments, net	(123)	2,038
Deferred income taxes	(11,640)	(24,920)
Provisions for losses (recoveries) on receivables	214	(344)
ROU asset amortization and change in operating lease liabilities	(1,392)	926
Other non-cash items	99	88
Changes in operating assets and liabilities, net of effect of acquired businesses:		
Receivables	(8,719)	(28,426)
Inventories	399	4,580
Prepaid expenses and other	56,212	44,419
Other assets	(42,084)	11,588
Accounts payable and accrued liabilities	(117,915)	(58,203)
Deferred revenue	40,650	56,225
Other long-term liabilities	897	(1,260)
Net cash provided by operating activities	<u>267,401</u>	<u>336,608</u>
Cash flows from investing activities:		
Purchases of investments	(9,055)	(1,000)
Proceeds from the sale of investments	102	-
Purchases of property, plant and equipment	(26,719)	(18,130)
Purchases of intangible assets	-	(750)
Net cash used for investing activities	<u>(35,672)</u>	<u>(19,880)</u>
Cash flows from financing activities:		
Proceeds from revolving credit facility	50,000	-
Payments on revolving credit facility	(120,000)	-
Proceeds from issuance of common stock	65,370	45,673
Stock received for payment of employee taxes on vesting of restricted stock	(67,712)	(56,343)
Payments for repurchases of common stock	(125,010)	(250,016)
Net cash used for financing activities	<u>(197,352)</u>	<u>(260,686)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>261</u>	<u>(10,230)</u>
Increase in cash and cash equivalents	<u>34,638</u>	<u>45,812</u>
Cash and cash equivalents at end of period	<u>\$ 916,963</u>	<u>\$ 1,134,752</u>

**Cadence Design Systems, Inc.**  
**Trended Condensed Consolidated Statements of Cash Flows**  
**For the Five Quarters Ended March 31, 2023**  
(In thousands)  
(Unaudited)

	<u>Q1 2022</u>	<u>Q2 2022</u>	<u>Q3 2022</u>	<u>Q4 2022</u>	<u>Q1 2023</u>
Cash and cash equivalents at beginning of period	\$ 1,088,940	\$ 1,134,752	\$ 1,029,544	\$ 1,026,051	\$ 882,325
Cash flows from operating activities:					
Net income	235,335	186,920	186,305	240,392	241,804
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	34,825	32,865	30,488	33,910	34,400
Amortization of debt discount and fees	268	271	271	324	311
Stock-based compensation	59,469	64,270	73,451	73,249	74,288
(Gain) loss on investments, net	2,038	1,086	1,653	648	(123)
Deferred income taxes	(24,920)	(16,677)	(8,237)	(57,772)	(11,640)
Provisions for losses (recoveries) on receivables	(344)	477	338	(267)	214
ROU asset amortization and change in operating lease liabilities	926	816	(2,625)	4,225	(1,392)
Other non-cash items	88	-	70	213	99
Changes in operating assets and liabilities, net of effect of acquired businesses:					
Receivables	(28,426)	(35,610)	6,727	(81,162)	(8,719)
Inventories	4,580	(4,213)	(8,387)	(15,053)	399
Prepaid expenses and other	44,419	(3,848)	(9,975)	(69,523)	56,212
Other assets	11,588	2,888	3,168	(18,577)	(42,084)
Accounts payable and accrued liabilities	(58,203)	75,673	7,044	89,431	(117,915)
Deferred revenue	56,225	24,235	33,252	17,750	40,650
Other long-term liabilities	(1,260)	(4,612)	3,567	45,847	897
Net cash provided by operating activities	<u>336,608</u>	<u>324,541</u>	<u>317,110</u>	<u>263,635</u>	<u>267,401</u>
Cash flows from investing activities:					
Purchases of investments	(1,000)	-	-	-	(9,055)
Proceeds from the sale of investments	-	-	-	366	102
Purchases of property, plant and equipment	(18,130)	(24,072)	(44,093)	(36,920)	(26,719)
Purchases of intangible assets	(750)	-	(250)	-	-
Cash paid in business combinations, net of cash acquired	-	(25,000)	(561,163)	(27,622)	-
Net cash used for investing activities	<u>(19,880)</u>	<u>(49,072)</u>	<u>(605,506)</u>	<u>(64,176)</u>	<u>(35,672)</u>
Cash flows from financing activities:					
Proceeds from revolving credit facility	-	-	450,000	135,000	50,000
Payments on revolving credit facility	-	-	(300,000)	(185,000)	(120,000)
Proceeds from term loan	-	-	300,000	-	-
Payment of debt issuance costs	-	-	(425)	-	-
Proceeds from issuance of common stock	45,673	4,551	53,458	1,649	65,370
Stock received for payment of employee taxes on vesting of restricted stock	(56,343)	(7,201)	(39,549)	(8,771)	(67,712)
Payments for repurchases of common stock	(250,016)	(350,033)	(150,013)	(300,029)	(125,010)
Net cash provided by (used for) financing activities	<u>(260,686)</u>	<u>(352,683)</u>	<u>313,471</u>	<u>(357,151)</u>	<u>(197,352)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(10,230)</u>	<u>(27,994)</u>	<u>(28,568)</u>	<u>13,966</u>	<u>261</u>
Increase (decrease) in cash and cash equivalents	<u>45,812</u>	<u>(105,208)</u>	<u>(3,493)</u>	<u>(143,726)</u>	<u>34,638</u>
Cash and cash equivalents at end of period	<u>\$ 1,134,752</u>	<u>\$ 1,029,544</u>	<u>\$ 1,026,051</u>	<u>\$ 882,325</u>	<u>\$ 916,963</u>

**Cadence Design Systems, Inc.**  
**(Unaudited)**

**Revenue Mix by Geography (% of Total Revenue)**

<u>GEOGRAPHY</u>	2022					2023
	Q1	Q2	Q3	Q4	Year	Q1
Americas	47%	45%	45%	46%	<b>46%</b>	44%
China	16%	13%	17%	13%	<b>15%</b>	17%
Other Asia	18%	18%	17%	18%	<b>18%</b>	18%
Europe, Middle East and Africa	14%	18%	16%	17%	<b>16%</b>	15%
Japan	5%	6%	5%	6%	<b>5%</b>	6%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Revenue Mix by Product Category (% of Total Revenue)**

<u>PRODUCT CATEGORY</u>	2022					2023
	Q1	Q2	Q3	Q4	Year	Q1
Custom IC Design and Simulation	22%	23%	22%	22%	<b>22%</b>	20%
Digital IC Design and Signoff	27%	27%	29%	28%	<b>28%</b>	25%
Functional Verification, including Emulation and Prototyping Hardware	28%	24%	25%	25%	<b>26%</b>	32%
IP	13%	14%	12%	12%	<b>12%</b>	11%
System Design and Analysis	10%	12%	12%	13%	<b>12%</b>	12%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Cadence Design Systems, Inc.**  
**Impact of Non-GAAP Adjustments on Forward Looking Operating Margin**  
**As of April 24, 2023**  
**(Unaudited)**

	<b>Three Months Ending June 30, 2023</b>	<b>Year Ending December 31, 2023</b>
	<b>Forecast</b>	<b>Forecast</b>
GAAP operating margin as a percent of total revenue	<b>29% - 30%</b>	<b>30% - 31%</b>
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	1%	1%
Non-qualified deferred compensation expenses	0%	0%
Non-GAAP operating margin as a percent of total revenue†	<b>40% - 41%</b>	<b>41% - 42%</b>

†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 2023 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 24, 2023**  
**(Unaudited)**

	<u>Three Months Ending</u> <u>June 30, 2023</u> <u>Forecast</u>	<u>Year Ending</u> <u>December 31, 2023</u> <u>Forecast</u>
Diluted net income per share on a GAAP basis	<b>\$0.73 to \$0.77</b>	<b>\$3.26 to \$3.34</b>
Stock-based compensation expense	0.29	1.21
Amortization of acquired intangibles	0.05	0.21
Acquisition and integration-related costs	0.04	0.16
Non-qualified deferred compensation expenses	-	0.01
Other income or expense related to investments and non-qualified deferred compensation plan assets*	-	(0.01)
Income tax effect of non-GAAP adjustments	0.04	0.12
Diluted net income per share on a non-GAAP basis†	<u><u>\$1.15 to \$1.19</u></u>	<u><u>\$4.96 to \$5.04</u></u>

**Cadence Design Systems, Inc.**  
**Impact of Non-GAAP Adjustments on Forward Looking Net Income**  
**As of April 24, 2023**  
**(Unaudited)**

(\$ in millions)	<u>Three Months Ending</u> <u>June 30, 2023</u> <u>Forecast</u>	<u>Year Ending</u> <u>December 31, 2023</u> <u>Forecast</u>
Net income on a GAAP basis	<b>\$199 to \$210</b>	<b>\$889 to \$911</b>
Stock-based compensation expense	79	330
Amortization of acquired intangibles	15	58
Acquisition and integration-related costs	12	43
Non-qualified deferred compensation expenses	-	3
Other income or expense related to investments and non-qualified deferred compensation plan assets*	-	(3)
Income tax effect of non-GAAP adjustments	10	34
Net income on a non-GAAP basis†	<u><u>\$315 to \$326</u></u>	<u><u>\$1,354 to \$1,376</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 release of Cadence Design Systems, Inc. for its first quarter of 2023 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 March 31, 2023 and April 2, 2022**  
**(Unaudited)**

<b>(In thousands)</b>	<b>Three Months Ended</b>	
	<b>March 31, 2023</b>	<b>April 2, 2022</b>
Net income on a GAAP basis	\$ 241,804	\$ 235,335
Stock-based compensation expense*	74,288	59,469
Amortization of acquired intangibles**	14,527	16,935
Acquisition and integration-related costs***	15,800	3,897
Restructuring	-	12
Non-qualified deferred compensation expenses (credits)****	3,150	(2,568)
Other income or expense related to investments and non-qualified deferred compensation plan assets †	(3,273)	4,606
Income tax effect of non-GAAP adjustments	5,137	5,938
Net income on a non-GAAP basis +	<u>\$ 351,433</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 2023 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:

<b>(In thousands)</b>	<b>Three Months Ended</b>	
	<b>March 31, 2023</b>	<b>April 2, 2022</b>
Cost of product and maintenance	\$ 1,066	\$ 830
Cost of services	1,357	1,050
Marketing and sales	15,091	11,757
Research and development	44,322	35,122
General and administrative	12,452	10,710
Total stock-based compensation expense	<u>\$ 74,288</u>	<u>\$ 59,469</u>

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

<b>(In thousands)</b>	<b>Three Months Ended</b>	
	<b>March 31, 2023</b>	<b>April 2, 2022</b>
Cost of product and maintenance	\$ 10,260	\$ 11,971
Amortization of acquired intangibles	4,267	4,964
Total amortization of acquired intangibles	<u>\$ 14,527</u>	<u>\$ 16,935</u>

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

<b>(In thousands)</b>	<b>Three Months Ended</b>	
	<b>March 31, 2023</b>	<b>April 2, 2022</b>
Cost of product and maintenance	\$ 126	\$ -
Cost of services	167	-
Marketing and sales	1,976	352
Research and development	9,610	3,405
General and administrative	3,921	140
Total acquisition and integration-related costs	<u>\$ 15,800</u>	<u>\$ 3,897</u>

\*\*\*\* 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:

<b>(In thousands)</b>	<b>Three Months Ended</b>	
	<b>March 31, 2023</b>	<b>April 2, 2022</b>
Cost of product and maintenance	\$ 27	\$ (25)
Cost of services	39	(35)
Marketing and sales	606	(422)
Research and development	1,913	(1,652)
General and administrative	565	(434)
Total non-qualified deferred compensation expenses (credits)	<u>\$ 3,150</u>	<u>\$ (2,568)</u>

**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 31, 2023 and April 2, 2022**  
**(Unaudited)**

<b>(In thousands, except per share data)</b>	<b>Three Months Ended</b>	
	<b>March 31, 2023</b>	<b>April 2, 2022</b>
Diluted net income per share on a GAAP basis	\$ 0.89	\$ 0.85
Stock-based compensation expense	0.27	0.22
Amortization of acquired intangibles	0.05	0.06
Acquisition and integration-related costs	0.06	0.01
Restructuring	-	-
Non-qualified deferred compensation expenses (credits)	0.01	(0.01)
Other income or expense related to investments and non-qualified deferred compensation plan assets *	(0.01)	0.02
Income tax effect of non-GAAP adjustments	0.02	0.02
Diluted net income per share on a non-GAAP basis +	\$ 1.29	\$ 1.17
Shares used in calculation of diluted net income per share	273,159	276,918

+ **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 2023 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>March 31, 2023</u> <u>Actual</u> <u>(In thousands)</u>	<u>Three Months Ended</u> <u>April 2, 2022</u> <u>Actual</u> <u>(In thousands)</u>
GAAP total costs and expenses	\$ 699,227	\$ 582,837
Reconciling items to non-GAAP total costs and expenses		
Stock-based compensation expense	(74,288)	(59,469)
Amortization of acquired intangibles	(14,527)	(16,935)
Acquisition and integration-related costs	(15,800)	(3,897)
Restructuring	-	(12)
Non-qualified deferred compensation (expenses) credits	(3,150)	2,568
Non-GAAP total costs and expenses†	<u>\$ 591,462</u>	<u>\$ 505,092</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 2023 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)

	<u>For the three months ended March 31, 2023</u>					
<u>(In thousands)</u>	<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>expenses</u>	<u>Operating</u> <u>expenses on a</u> <u>non-GAAP basis</u>
Cost of product and maintenance	100,238	(1,066)	(10,260)	(126)	(27)	88,759
Cost of services	24,234	(1,357)	-	(167)	(39)	22,671
Marketing and sales	166,666	(15,091)	-	(1,976)	(606)	148,993
Research and development	350,295	(44,322)	-	(9,610)	(1,913)	294,450
General and administrative	53,527	(12,452)	-	(3,921)	(565)	36,589
Amortization of acquired intangibles	4,267	-	(4,267)	-	-	-
		<u>(74,288)</u>	<u>(14,527)</u>	<u>(15,800)</u>	<u>(3,150)</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 2023 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 31, 2023**  
(In thousands)  
(Unaudited)

	Three Months Ended March 31, 2023		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 963,742	\$ -	\$ 963,742
Services	57,948	-	57,948
	<b>1,021,690</b>	-	1,021,690
Costs and expenses:			
Cost of product and maintenance	100,238	(11,479) (A)	88,759
Cost of services	24,234	(1,563) (A)	22,671
Marketing and sales	166,666	(17,673) (A)	148,993
Research and development	350,295	(55,845) (A)	294,450
General and administrative	53,527	(16,938) (A)	36,589
Amortization of acquired intangibles	4,267	(4,267) (A)	-
Restructuring	-	-	-
	<b>699,227</b>	(107,765)	591,462
Income from operations	322,463	107,765	430,228
Interest expense	(9,260)	-	(9,260)
Other income, net	8,284	(3,273) (B)	5,011
	<b>321,487</b>	104,492	425,979
Provision for income taxes	79,683	(5,137) (C)	74,546
Net income	<b>\$ 241,804</b>	\$ 109,629	\$ 351,433

\*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 2023 for a further discussion of its non-GAAP measures.

Notes:

(A) For the three months ended March 31, 2023, 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	\$ 1,066	\$ 10,260	\$ 126	\$ 27	\$ 11,479
Cost of services	1,357	-	167	39	1,563
Marketing and sales	15,091	-	1,976	606	17,673
Research and development	44,322	-	9,610	1,913	55,845
General and administrative	12,452	-	3,921	565	16,938
Amortization of acquired intangibles	-	4,267	-	-	4,267
Total	\$ 74,288	\$ 14,527	\$ 15,800	\$ 3,150	\$ 107,765

(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 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 2023 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