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Cadence Design Systems, Inc.
Condensed Consolidated Balance Sheets
March 31, 2025 and December 31, 2024
(In thousands)
(Unaudited)

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
Current assets:		
Cash and cash equivalents	\$ 2,777,674	\$ 2,644,030
Receivables, net	580,887	680,460
Inventories	225,621	257,711
Prepaid expenses and other	413,905	433,878
Total current assets	<u>3,998,087</u>	<u>4,016,079</u>
Property, plant and equipment, net	466,322	458,200
Goodwill	2,419,717	2,378,671
Acquired intangibles, net	584,228	594,734
Deferred taxes	986,191	982,057
Other assets	558,941	544,741
Total assets	<u>\$ 9,013,486</u>	<u>\$ 8,974,482</u>
Current liabilities:		
Accounts payable and accrued liabilities	\$ 570,197	\$ 632,692
Current portion of deferred revenue	730,570	737,413
Total current liabilities	<u>1,300,767</u>	<u>1,370,105</u>
Long-term liabilities:		
Long-term portion of deferred revenue	110,702	115,168
Long-term debt	2,477,159	2,476,183
Other long-term liabilities	348,601	339,448
Total long-term liabilities	<u>2,936,462</u>	<u>2,930,799</u>
Stockholders' equity	4,776,257	4,673,578
Total liabilities and stockholders' equity	<u>\$ 9,013,486</u>	<u>\$ 8,974,482</u>

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

	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025
Current assets:					
Cash and cash equivalents	\$ 1,012,418	\$ 1,058,955	\$ 2,786,040	\$ 2,644,030	\$ 2,777,674
Receivables, net	389,865	564,851	560,973	680,460	580,887
Inventories	185,784	171,508	293,350	257,711	225,621
Prepaid expenses and other	341,865	401,074	459,560	433,878	413,905
Total current assets	<u>1,929,932</u>	<u>2,196,388</u>	<u>4,099,923</u>	<u>4,016,079</u>	<u>3,998,087</u>
Property, plant and equipment, net	433,016	449,422	448,652	458,200	466,322
Goodwill	1,575,107	2,417,747	2,493,467	2,378,671	2,419,717
Acquired intangibles, net	334,644	664,038	662,343	594,734	584,228
Deferred taxes	886,576	892,963	889,939	982,057	986,191
Other assets	562,855	605,183	572,707	544,741	558,941
Total assets	<u>\$ 5,722,130</u>	<u>\$ 7,225,741</u>	<u>\$ 9,167,031</u>	<u>\$ 8,974,482</u>	<u>\$ 9,013,486</u>
Current liabilities:					
Current portion of long-term debt	\$ 349,507	\$ 349,732	\$ 349,958	\$ -	\$ -
Accounts payable and accrued liabilities	456,608	505,392	627,200	632,692	570,197
Current portion of deferred revenue	659,628	678,598	697,836	737,413	730,570
Total current liabilities	<u>1,465,743</u>	<u>1,533,722</u>	<u>1,674,994</u>	<u>1,370,105</u>	<u>1,300,767</u>
Long-term liabilities:					
Long-term portion of deferred revenue	87,003	88,823	102,439	115,168	110,702
Long-term debt	299,805	998,935	2,475,232	2,476,183	2,477,159
Other long-term liabilities	301,983	343,369	351,028	339,448	348,601
Total long-term liabilities	<u>688,791</u>	<u>1,431,127</u>	<u>2,928,699</u>	<u>2,930,799</u>	<u>2,936,462</u>
Stockholders' equity:					
Common stock and capital in excess of par value	3,331,547	3,928,477	4,067,586	4,181,737	4,327,187
Treasury stock, at cost	(4,840,181)	(4,971,955)	(5,141,957)	(5,309,579)	(5,693,200)
Retained earnings	5,184,027	5,413,547	5,651,658	5,991,868	6,265,447
Accumulated other comprehensive loss	(107,797)	(109,177)	(13,949)	(190,448)	(123,177)
Total stockholders' equity	<u>3,567,596</u>	<u>4,260,892</u>	<u>4,563,338</u>	<u>4,673,578</u>	<u>4,776,257</u>
Total liabilities and stockholders' equity	<u>\$ 5,722,130</u>	<u>\$ 7,225,741</u>	<u>\$ 9,167,031</u>	<u>\$ 8,974,482</u>	<u>\$ 9,013,486</u>

Cadence Design Systems, Inc.
Condensed Consolidated Income Statements
For the Three Months Ended March 31, 2025 and March 31, 2024
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended	
	March 31, 2025	March 31, 2024
	<u> </u>	<u> </u>
Revenue:		
Product and maintenance	\$ 1,110,850	\$ 913,385
Services	131,516	95,718
	<u>1,242,366</u>	<u>1,009,103</u>
Costs and expenses:		
Cost of product and maintenance	116,672	75,395
Cost of services	50,461	49,802
Marketing and sales	202,700	180,589
Research and development	439,102	378,958
General and administrative	63,098	68,716
Amortization of acquired intangibles	8,922	5,407
Restructuring	(109)	280
	<u>880,846</u>	<u>759,147</u>
Total costs and expenses		
	361,520	249,956
Interest expense	(29,118)	(8,692)
Other income, net	23,290	68,779
	<u>355,692</u>	<u>310,043</u>
Income before provision for income taxes		
Provision for income taxes	82,113	62,400
	<u>273,579</u>	<u>247,643</u>
Net income		
Net income per share - basic	<u>\$ 1.01</u>	<u>\$ 0.92</u>
Net income per share - diluted	<u>\$ 1.00</u>	<u>\$ 0.91</u>
Weighted average common shares outstanding - basic	<u>271,973</u>	<u>269,606</u>
Weighted average common shares outstanding - diluted	<u>273,631</u>	<u>273,544</u>

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

	Three Months Ended				
	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025
Revenue:					
Product and maintenance	\$ 913,385	\$ 960,457	\$ 1,100,380	\$ 1,239,287	\$ 1,110,850
Services	95,718	100,224	115,119	116,694	131,516
Total revenue	<u>1,009,103</u>	<u>1,060,681</u>	<u>1,215,499</u>	<u>1,355,981</u>	<u>1,242,366</u>
Costs and expenses:					
Cost of product and maintenance	75,395	94,363	109,593	157,249	116,672
Cost of services	49,802	44,907	53,451	62,742	50,461
Marketing and sales	180,589	186,725	189,763	200,406	202,700
Research and development	378,958	370,740	407,369	392,026	439,102
General and administrative	68,716	63,436	71,581	78,550	63,098
Amortization of acquired intangibles	5,407	6,667	9,148	9,153	8,922
Restructuring	280	(33)	24,538	(1,020)	(109)
Total costs and expenses	<u>759,147</u>	<u>766,805</u>	<u>865,443</u>	<u>899,106</u>	<u>880,846</u>
Income from operations	249,956	293,876	350,056	456,875	361,520
Interest expense	(8,692)	(12,905)	(24,495)	(29,907)	(29,118)
Other income, net	68,779	34,739	7,853	9,684	23,290
Income before provision for income taxes	310,043	315,710	333,414	436,652	355,692
Provision for income taxes	62,400	86,190	95,303	96,442	82,113
Net income	<u>\$ 247,643</u>	<u>\$ 229,520</u>	<u>\$ 238,111</u>	<u>\$ 340,210</u>	<u>\$ 273,579</u>
Net income per share - basic	<u>\$ 0.92</u>	<u>\$ 0.85</u>	<u>\$ 0.87</u>	<u>\$ 1.25</u>	<u>\$ 1.01</u>
Net income per share - diluted	<u>\$ 0.91</u>	<u>\$ 0.84</u>	<u>\$ 0.87</u>	<u>\$ 1.24</u>	<u>\$ 1.00</u>
Weighted average common shares outstanding - basic	<u>269,606</u>	<u>270,912</u>	<u>272,244</u>	<u>272,069</u>	<u>271,973</u>
Weighted average common shares outstanding - diluted	<u>273,544</u>	<u>273,520</u>	<u>273,958</u>	<u>274,292</u>	<u>273,631</u>

Cadence Design Systems, Inc.
Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2025 and March 31, 2024
(In thousands)
(Unaudited)

	Three Months Ended	
	March 31, 2025	March 31, 2024
Cash and cash equivalents at beginning of period	\$ 2,644,030	\$ 1,008,152
Cash flows from operating activities:		
Net income	273,579	247,643
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	52,916	39,556
Stock-based compensation	107,613	88,129
(Gain) loss on divestitures and investments, net	1,791	(55,394)
Deferred income taxes	(1,861)	(1,523)
ROU asset amortization and change in operating lease liabilities	(1,446)	(917)
Other non-cash items	862	556
Changes in operating assets and liabilities, net of effect of acquired businesses:		
Receivables	102,136	102,991
Inventories	15,018	(10,689)
Prepaid expenses and other	10,316	(15,073)
Other assets	12,237	(7,535)
Accounts payable and accrued liabilities	(69,621)	(117,291)
Deferred revenue	(14,377)	(23,941)
Other long-term liabilities	(2,142)	6,720
Net cash provided by operating activities	<u>487,021</u>	<u>253,232</u>
Cash flows from investing activities:		
Purchases of investments	(11,469)	(2,095)
Proceeds from the sale and maturity of investments	1,246	43,377
Proceeds from the sale of IP and other assets	11,500	-
Purchases of property, plant and equipment	(23,061)	(49,601)
Cash paid in business combinations, net of cash acquired	-	(71,450)
Net cash used for investing activities	<u>(21,784)</u>	<u>(79,769)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock	76,789	116,725
Stock received for payment of employee taxes on vesting of restricted stock	(72,566)	(151,123)
Payments for repurchases of common stock	(350,007)	(125,006)
Net cash used for financing activities	<u>(345,784)</u>	<u>(159,404)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>14,191</u>	<u>(9,793)</u>
Increase in cash and cash equivalents	<u>133,644</u>	<u>4,266</u>
Cash and cash equivalents at end of period	<u>\$ 2,777,674</u>	<u>\$ 1,012,418</u>

Cadence Design Systems, Inc.
Trended Condensed Consolidated Statements of Cash Flows
For the Five Quarters Ended March 31, 2025
(In thousands)
(Unaudited)

	<u>Q1 2024</u>	<u>Q2 2024</u>	<u>Q3 2024</u>	<u>Q4 2024</u>	<u>Q1 2025</u>
Cash and cash equivalents at beginning of period	\$ 1,008,152	\$ 1,012,418	\$ 1,058,955	\$ 2,786,040	\$ 2,644,030
Cash flows from operating activities:					
Net income	247,643	229,520	238,111	340,210	273,579
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	39,556	47,646	55,050	54,683	52,916
Stock-based compensation	88,129	87,569	109,013	106,508	107,613
(Gain) loss on divestitures and investments, net	(55,394)	(25,205)	16,141	14,865	1,791
Deferred income taxes	(1,523)	(7,983)	4,424	(123,655)	(1,861)
ROU asset amortization and change in operating lease liabilities	(917)	(493)	310	(820)	(1,446)
Other non-cash items	556	954	2,304	2,324	862
Changes in operating assets and liabilities, net of effect of acquired businesses:					
Receivables	102,991	(152,375)	4,618	(135,521)	102,136
Inventories	(10,689)	(5,289)	(123,201)	56,408	15,018
Prepaid expenses and other	(15,073)	(24,795)	(74,917)	33,256	10,316
Other assets	(7,535)	(31,432)	30,208	20,625	12,237
Accounts payable and accrued liabilities	(117,291)	24,213	114,936	11,818	(69,621)
Deferred revenue	(23,941)	5,342	25,279	59,798	(14,377)
Other long-term liabilities	6,720	8,293	7,719	860	(2,142)
Net cash provided by operating activities	<u>253,232</u>	<u>155,965</u>	<u>409,995</u>	<u>441,359</u>	<u>487,021</u>
Cash flows from investing activities:					
Purchases of investments	(2,095)	-	-	(2,887)	(11,469)
Proceeds from the sale and maturity of investments	43,377	487	1,792	2,324	1,246
Proceeds from the sale of IP and other assets	-	-	-	-	11,500
Purchases of property, plant and equipment	(49,601)	(29,199)	(26,540)	(37,202)	(23,061)
Cash paid in business combinations, net of cash acquired	(71,450)	(649,371)	(14,506)	(2,247)	-
Net cash used for investing activities	<u>(79,769)</u>	<u>(678,083)</u>	<u>(39,254)</u>	<u>(40,012)</u>	<u>(21,784)</u>
Cash flows from financing activities:					
Proceeds from issuance of debt	-	700,000	2,496,595	-	-
Payments of debt	-	-	(1,000,000)	(350,000)	-
Payments of debt issuance costs	-	(944)	(21,725)	(1,159)	-
Proceeds from issuance of common stock	116,725	16,547	60,661	10,304	76,789
Stock received for payment of employee taxes on vesting of restricted stock	(151,123)	(15,780)	(50,559)	(20,275)	(72,566)
Payments for repurchases of common stock	(125,006)	(125,004)	(150,008)	(150,008)	(350,007)
Net cash provided by (used for) financing activities	<u>(159,404)</u>	<u>574,819</u>	<u>1,334,964</u>	<u>(511,138)</u>	<u>(345,784)</u>
Effect of exchange rate changes on cash and cash equivalents	(9,793)	(6,164)	21,380	(32,219)	14,191
Increase (decrease) in cash and cash equivalents	<u>4,266</u>	<u>46,537</u>	<u>1,727,085</u>	<u>(142,010)</u>	<u>133,644</u>
Cash and cash equivalents at end of period	<u>\$ 1,012,418</u>	<u>\$ 1,058,955</u>	<u>\$ 2,786,040</u>	<u>\$ 2,644,030</u>	<u>\$ 2,777,674</u>

Cadence Design Systems, Inc.
(Unaudited)

Revenue Mix by Geography (% of Total Revenue)

<u>GEOGRAPHY</u>	2024					2025
	Q1	Q2	Q3	Q4	Year	Q1
Americas	46%	49%	50%	49%	49%	48%
China	12%	12%	13%	13%	12%	11%
Other Asia	20%	19%	17%	17%	18%	19%
Europe, Middle East and Africa	17%	14%	14%	15%	15%	16%
Japan	5%	6%	6%	6%	6%	6%
Total	100%	100%	100%	100%	100%	100%

Revenue Mix by Product Category (% of Total Revenue)

<u>PRODUCT CATEGORY</u>	2024					2025
	Q1	Q2	Q3	Q4	Year	Q1
Core EDA	76%	73%	70%	68%	71%	71%
Semiconductor IP	12%	13%	14%	13%	13%	14%
System Design and Analysis	12%	14%	16%	19%	16%	15%
Total	100%	100%	100%	100%	100%	100%

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Operating Margin
As of April 28, 2025
(Unaudited)

	Three Months Ending June 30, 2025	Year Ending December 31, 2025
	Forecast	Forecast
GAAP operating margin as a percent of total revenue	27.5% - 28.5%	30.25% - 31.25%
Reconciling items to non-GAAP operating margin as a percent of total revenue:		
Stock-based compensation expense	10%	9%
Amortization of acquired intangibles	2%	2%
Acquisition and integration-related costs	2%	2%
Non-GAAP operating margin as a percent of total revenue†	41.5% - 42.5%	43.25% - 44.25%

†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 2025 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 28, 2025
(Unaudited)

	<u>Three Months Ending</u> <u>June 30, 2025</u> <u>Forecast</u>	<u>Year Ending</u> <u>December 31, 2025</u> <u>Forecast</u>
Diluted net income per share on a GAAP basis	\$0.89 to \$0.95	\$4.21 to \$4.31
Stock-based compensation expense	0.45	1.70
Amortization of acquired intangibles	0.09	0.36
Acquisition and integration-related costs	0.09	0.31
Non-qualified deferred compensation credits	-	(0.01)
Special charges	-	0.01
Other income or expense related to investments, divestitures and non-qualified deferred compensation plan assets	-	0.01
Income tax effect of non-GAAP adjustments	0.03	0.14
Diluted net income per share on a non-GAAP basis†	<u><u>\$1.55 to \$1.61</u></u>	<u><u>\$6.73 to \$6.83</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 2025 for a further discussion of its non-GAAP measures.

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Net Income
As of April 28, 2025
(Unaudited)

(\$ in millions)	<u>Three Months Ending</u> <u>June 30, 2025</u> <u>Forecast</u>	<u>Year Ending</u> <u>December 31, 2025</u> <u>Forecast</u>
Net income on a GAAP basis	\$242 to \$259	\$1,154 to \$1,181
Stock-based compensation expense	123	466
Amortization of acquired intangibles	25	98
Acquisition and integration-related costs	25	86
Non-qualified deferred compensation credits	-	(2)
Special charges	-	2
Other income or expense related to investments, divestitures and non-qualified deferred compensation plan assets	-	3
Income tax effect of non-GAAP adjustments	7	37
Net income on a non-GAAP basis†	<u><u>\$422 to \$439</u></u>	<u><u>\$1,844 to \$1,871</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 2025 for a further discussion of its non-GAAP measures.

Cadence Design Systems, Inc.
Reconciliation of GAAP Net Income to Non-GAAP Net Income
For the Three Months Ended March 31, 2025 and March 31, 2024
(Unaudited)

(In thousands)	Three Months Ended	
	March 31, 2025	March 31, 2024
Net income on a GAAP basis	\$ 273,579	\$ 247,643
Stock-based compensation expense*	107,613	88,129
Amortization of acquired intangibles**	25,416	16,755
Acquisition and integration-related costs***	23,105	22,086
Restructuring	(109)	280
Non-qualified deferred compensation expenses (credits)****	(1,573)	4,588
Special charges*****	1,988	-
Other income or expense related to investments, divestitures and non-qualified deferred compensation plan assets	3,332	(59,986)
Income tax effect of non-GAAP adjustments	(2,939)	(613)
Net income on a non-GAAP basis +	<u>\$ 430,412</u>	<u>\$ 318,882</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 2025 for a further discussion of its non-GAAP measures.**

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

(In thousands)	Three Months Ended	
	March 31, 2025	March 31, 2024
Cost of product and maintenance	\$ 2,154	\$ 1,280
Cost of services	2,466	1,629
Marketing and sales	21,671	17,836
Research and development	67,089	53,637
General and administrative	14,233	13,747
Total stock-based compensation expense	<u>\$ 107,613</u>	<u>\$ 88,129</u>

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

(In thousands)	Three Months Ended	
	March 31, 2025	March 31, 2024
Cost of product and maintenance	\$ 16,494	\$ 11,348
Amortization of acquired intangibles	8,922	5,407
Total amortization of acquired intangibles	<u>\$ 25,416</u>	<u>\$ 16,755</u>

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

(In thousands)	Three Months Ended	
	March 31, 2025	March 31, 2024
Cost of product and maintenance	\$ 1,019	\$ 78
Cost of services	511	983
Marketing and sales	4,914	3,766
Research and development	14,049	6,997
General and administrative	2,612	10,262
Total acquisition and integration-related costs	<u>\$ 23,105</u>	<u>\$ 22,086</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:

(In thousands)	Three Months Ended	
	March 31, 2025	March 31, 2024
Cost of product and maintenance	\$ (5)	\$ 26
Cost of services	(7)	38
Marketing and sales	(473)	905
Research and development	(1,261)	2,732
General and administrative	173	887
Total non-qualified deferred compensation expenses (credits)	<u>\$ (1,573)</u>	<u>\$ 4,588</u>

***** Total special charges are reported in the Condensed Consolidated Income Statements as follows:

(In thousands)	Three Months Ended	
	March 31, 2025	March 31, 2024
Research and development	\$ 825	\$ -
General and administrative	1,163	-
Total special charges	<u>\$ 1,988</u>	<u>\$ -</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, 2025 and March 31, 2024
(Unaudited)

(In thousands, except per share data)	Three Months Ended	
	March 31, 2025	March 31, 2024
Diluted net income per share on a GAAP basis	\$ 1.00	\$ 0.91
Stock-based compensation expense	0.39	0.32
Amortization of acquired intangibles	0.09	0.06
Acquisition and integration-related costs	0.09	0.08
Restructuring	-	-
Non-qualified deferred compensation expenses (credits)	(0.01)	0.02
Special charges	0.01	-
Other income or expense related to investments, divestitures and non-qualified deferred compensation plan assets	0.01	(0.22)
Income tax effect of non-GAAP adjustments	(0.01)	-
Diluted net income per share on a non-GAAP basis +	\$ 1.57	\$ 1.17
Shares used in calculation of diluted net income per share	273,631	273,544

+ **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 2025 for a further discussion of its non-GAAP measures.**

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

	<u>Three Months Ended</u> <u>March 31, 2025</u>	<u>Three Months Ended</u> <u>March 31, 2024</u>
	<u>Actual</u>	<u>Actual</u>
	<u>(In thousands)</u>	<u>(In thousands)</u>
GAAP total costs and expenses	\$ 880,846	\$ 759,147
Reconciling items to non-GAAP total costs and expenses		
Stock-based compensation expense	(107,613)	(88,129)
Amortization of acquired intangibles	(25,416)	(16,755)
Acquisition and integration-related costs	(23,105)	(22,086)
Restructuring	109	(280)
Non-qualified deferred compensation (expenses) credits	1,573	(4,588)
Special charges	(1,988)	-
Non-GAAP total costs and expenses†	<u>\$ 724,406</u>	<u>\$ 627,309</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 2025 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, 2025</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) credits</u>	<u>Special</u> <u>charges</u>	<u>Operating</u> <u>expenses on a</u> <u>non-GAAP basis</u>
Cost of product and maintenance	116,672	(2,154)	(16,494)	(1,019)	5	-	97,010
Cost of services	50,461	(2,466)	-	(511)	7	-	47,491
Marketing and sales	202,700	(21,671)	-	(4,914)	473	-	176,588
Research and development	439,102	(67,089)	-	(14,049)	1,261	(825)	358,400
General and administrative	63,098	(14,233)	-	(2,612)	(173)	(1,163)	44,917
Amortization of acquired intangibles	8,922	-	(8,922)	-	-	-	-
		<u>(107,613)</u>	<u>(25,416)</u>	<u>(23,105)</u>	<u>1,573</u>	<u>(1,988)</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 2025 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, 2025
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2025		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 1,110,850	\$ -	\$ 1,110,850
Services	<u>131,516</u>	<u>-</u>	<u>131,516</u>
Total revenue	<u>1,242,366</u>	<u>-</u>	<u>1,242,366</u>
Costs and expenses:			
Cost of product and maintenance	116,672	(19,662) (A)	97,010
Cost of services	50,461	(2,970) (A)	47,491
Marketing and sales	202,700	(26,112) (A)	176,588
Research and development	439,102	(80,702) (A)	358,400
General and administrative	63,098	(18,181) (A)	44,917
Amortization of acquired intangibles	8,922	(8,922) (A)	-
Restructuring	<u>(109)</u>	<u>109</u>	<u>-</u>
Total costs and expenses	<u>880,846</u>	<u>(156,440)</u>	<u>724,406</u>
Income from operations	361,520	156,440	517,960
Interest expense	(29,118)	-	(29,118)
Other income, net	<u>23,290</u>	<u>3,332</u> (B)	<u>26,622</u>
Income before provision for income taxes	355,692	159,772	515,464
Provision for income taxes	<u>82,113</u>	<u>2,939</u> (C)	<u>85,052</u>
Net income	<u>\$ 273,579</u>	<u>\$ 156,833</u>	<u>\$ 430,412</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 2025 for a further discussion of its non-GAAP measures.

Notes:

(A) For the three months ended March 31, 2025, 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 (credits)	Special charges	Total adjustments
Cost of product and maintenance	\$ 2,154	\$ 16,494	\$ 1,019	\$ (5)	\$ -	\$ 19,662
Cost of services	2,466	-	511	(7)	-	2,970
Marketing and sales	21,671	-	4,914	(473)	-	26,112
Research and development	67,089	-	14,049	(1,261)	825	80,702
General and administrative	14,233	-	2,612	173	1,163	18,181
Amortization of acquired intangibles	-	8,922	-	-	-	8,922
Total	<u>\$ 107,613</u>	<u>\$ 25,416</u>	<u>\$ 23,105</u>	<u>\$ (1,573)</u>	<u>\$ 1,988</u>	<u>\$ 156,549</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, 2024
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2024		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 913,385	\$ -	\$ 913,385
Services	95,718	-	95,718
Total revenue	<u>1,009,103</u>	<u>-</u>	<u>1,009,103</u>
Costs and expenses:			
Cost of product and maintenance	75,395	(12,732) (A)	62,663
Cost of services	49,802	(2,650) (A)	47,152
Marketing and sales	180,589	(22,507) (A)	158,082
Research and development	378,958	(63,366) (A)	315,592
General and administrative	68,716	(24,896) (A)	43,820
Amortization of acquired intangibles	5,407	(5,407) (A)	-
Restructuring	280	(280)	-
Total costs and expenses	<u>759,147</u>	<u>(131,838)</u>	<u>627,309</u>
Income from operations	249,956	131,838	381,794
Interest expense	(8,692)	-	(8,692)
Other income, net	68,779	(59,986) (B)	8,793
Income before provision for income taxes	310,043	71,852	381,895
Provision for income taxes	62,400	613 (C)	63,013
Net income	<u>\$ 247,643</u>	<u>\$ 71,239</u>	<u>\$ 318,882</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 2025 for a further discussion of its non-GAAP measures.

Notes:

(A) For the three months ended March 31, 2024, 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	\$ 1,280	\$ 11,348	\$ 78	\$ 26	\$ 12,732
Cost of services	1,629	-	983	38	2,650
Marketing and sales	17,836	-	3,766	905	22,507
Research and development	53,637	-	6,997	2,732	63,366
General and administrative	13,747	-	10,262	887	24,896
Amortization of acquired intangibles	-	5,407	-	-	5,407
Total	<u>\$ 88,129</u>	<u>\$ 16,755</u>	<u>\$ 22,086</u>	<u>\$ 4,588</u>	<u>\$ 131,558</u>

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

(C) Income tax effect of non-GAAP adjustments