

TABLE OF CONTENTS

Condensed Consolidated Balance Sheets, June 29, 2019 and December 29, 2018.....	1
Trended Condensed Consolidated Balance Sheets.....	2
Condensed Consolidated Income Statements for the Three and Six Months Ended June 29, 2019 and June 30, 2018.....	3
Trended Condensed Income Statements.....	4
Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 29, 2019 and June 30, 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 July 22, 2019.....	8
Impact of Non-GAAP Adjustments on Forward Looking Diluted Net Income Per Share, as of July 22, 2019.....	9
Impact of Non-GAAP Adjustments on Forward Looking Net Income, as of July 22, 2019.....	9
Reconciliation of GAAP Net Income to Non-GAAP Net Income, for the Three and Six Months Ended June 29, 2019 and June 30, 2018.....	10
Reconciliation of GAAP Diluted Net Income Per Share to Non-GAAP Diluted Net Income Per Share, for the Three and Six Months Ended June 29, 2019 and June 30, 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 June 29, 2019.....	13
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures for the Three Months Ended June 30, 2018.....	14
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures for the Six Months Ended June 29, 2019.....	15
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures for the Six Months Ended June 30, 2018.....	16

Cadence Design Systems, Inc.
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures
For the Six Months Ended June 30, 2018
(In thousands)
(Unaudited)

	Six Months Ended June 30, 2018		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 968,479	\$ -	\$ 968,479
Services	67,225	-	67,225
Total revenue	<u>1,035,704</u>	<u>-</u>	<u>1,035,704</u>
Costs and expenses:			
Cost of product and maintenance	81,857	(21,467) (A)	60,390
Cost of services	40,312	(1,751) (A)	38,561
Marketing and sales	218,448	(15,901) (A)	202,547
Research and development	443,314	(63,215) (A)	380,099
General and administrative	68,174	(11,934) (A)	56,240
Amortization of acquired intangibles	7,148	(7,148) (A)	-
Restructuring and other credits	(2,438)	2,438	-
Total costs and expenses	<u>856,815</u>	<u>(118,978)</u>	<u>737,837</u>
Income from operations	178,889	118,978	297,867
Interest expense	(13,644)	-	(13,644)
Other income, net	2,949	(2,136) (B)	813
Income before provision for income taxes	168,194	116,842	285,036
Provision for income taxes	20,160	25,446 (C)	45,606
Net income	<u>\$ 148,034</u>	<u>\$ 91,396</u>	<u>\$ 239,430</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 second quarter of 2019 for a further discussion of its non-GAAP measures.

Notes:

(A) For the six months ended June 30, 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	\$ 20,268	\$ 1,196	\$ 3	\$ -	\$ 21,467
Cost of services	-	1,747	4	-	1,751
Marketing and sales	-	15,882	19	-	15,901
Research and development	-	48,335	460	14,420	63,215
General and administrative	-	11,697	109	128	11,934
Amortization of acquired intangibles	7,148	-	-	-	7,148
Total	<u>\$ 27,416</u>	<u>\$ 78,857</u>	<u>\$ 595</u>	<u>\$ 14,548</u>	<u>\$ 121,416</u>

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

(C) Income tax effect of non-GAAP adjustments