

TABLE OF CONTENTS

Condensed Consolidated Balance Sheets, September 28, 2019 and December 29, 2018.....	1
Trended Condensed Consolidated Balance Sheets.....	2
Condensed Consolidated Income Statements for the Three and Nine Months Ended September 28, 2019 and September 29, 2018.....	3
Trended Condensed Income Statements.....	4
Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 28, 2019 and September 29, 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 October 21, 2019.....	8
Impact of Non-GAAP Adjustments on Forward Looking Diluted Net Income Per Share, as of October 21, 2019.....	9
Impact of Non-GAAP Adjustments on Forward Looking Net Income, as of October 21, 2019.....	9
Reconciliation of GAAP Net Income to Non-GAAP Net Income, for the Three and Nine Months Ended September 28, 2019 and September 29, 2018.....	10
Reconciliation of GAAP Diluted Net Income Per Share to Non-GAAP Diluted Net Income Per Share, for the Three and Nine Months Ended September 28, 2019 and September 29, 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 September 28, 2019.....	13
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures for the Three Months Ended September 29, 2018.....	14
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures for the Nine Months Ended September 28, 2019.....	15
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures for the Nine Months Ended September 29, 2018.....	16

Cadence Design Systems, Inc.
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures
For the Nine Months Ended September 29, 2018
(In thousands)
(Unaudited)

	Nine Months Ended September 29, 2018		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 1,463,469	\$ -	\$ 1,463,469
Services	104,703	-	104,703
Total revenue	<u>1,568,172</u>	<u>-</u>	<u>1,568,172</u>
Costs and expenses:			
Cost of product and maintenance	118,263	(31,715) (A)	86,548
Cost of services	64,360	(2,839) (A)	61,521
Marketing and sales	327,056	(25,524) (A)	301,532
Research and development	666,545	(99,277) (A)	567,268
General and administrative	101,421	(18,472) (A)	82,949
Amortization of acquired intangibles	10,618	(10,618) (A)	-
Restructuring and other credits	(2,610)	2,610	-
Total costs and expenses	<u>1,285,653</u>	<u>(185,835)</u>	<u>1,099,818</u>
Income from operations	282,519	185,835	468,354
Interest expense	(18,821)	-	(18,821)
Other income, net	4,055	(2,634) (B)	1,421
Income before provision for income taxes	267,753	183,201	450,954
Provision for income taxes	20,401	51,752 (C)	72,153
Net income	<u>\$ 247,352</u>	<u>\$ 131,449</u>	<u>\$ 378,801</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 third quarter of 2019 for a further discussion of its non-GAAP measures.

Notes:

(A) For the nine months ended September 29, 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	\$ 29,773	\$ 1,932	\$ 10	\$ -	\$ 31,715
Cost of services	-	2,825	14	-	2,839
Marketing and sales	-	25,410	114	-	25,524
Research and development	-	77,003	1,212	21,062	99,277
General and administrative	-	17,951	365	156	18,472
Amortization of acquired intangibles	10,618	-	-	-	10,618
Total	<u>\$ 40,391</u>	<u>\$ 125,121</u>	<u>\$ 1,715</u>	<u>\$ 21,218</u>	<u>\$ 188,445</u>

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

(C) Income tax effect of non-GAAP adjustments