

CADENCE REPORTS THIRD QUARTER 2022

CADENCE DESIGN SYSTEMS, INC.

CFO COMMENTARY

Key Takeaways

- Exceeded all financial metrics for Q3.
- Raising FY 2022 outlook for revenue growth and non-GAAP operating margin to 18.5% and 40.2%, respectively; resulting in non-GAAP EPS growth of 28.3%.
- FY 2022 outlook includes latest China export controls.
- OpenEye acquisition closed on August 31st.

FY 2022 Outlook

- Revenue: \$3.532 - \$3.552 billion.
- GAAP operating margin: 29.7% - 30.7%.
- Non-GAAP operating margin: 39.7% - 40.7%.
- GAAP EPS: \$2.71 - \$2.75
- Non-GAAP EPS \$4.20 - \$4.24
- Operating cash flow: \$1.20 - \$1.26 billion.
- Expect to use approximately \$1.05 billion of free cash flow to repurchase Cadence shares for the year.

Q4 2022 Outlook

- Revenue : \$870 - \$890 million.
- GAAP operating margin: approximately 24%.
- Non-GAAP operating margin: approximately 35%.
- GAAP EPS: \$0.50 - \$0.54
- Non-GAAP EPS: \$0.89 - \$0.93
- Expect to use approximately \$300 million to repurchase Cadence shares in Q4.

Financial Results Webcast

Our Q3 2022 financial results webcast will begin October 24, 2022 at 2:00 p.m. (Pacific). The webcast may be accessed at www.cadence.com/cadence/investor_relations. An archive of the webcast will be available on October 24, 2022 until 5:00 p.m. (Pacific) on December 16, 2022.

Q3 2022 KEY METRICS

- Revenue \$903 million
- GAAP operating margin 29%
- Non-GAAP operating margin 39%
- GAAP EPS \$0.68
- Non-GAAP EPS \$1.06
- Operating cash flow \$317 million

Financial Metrics

(In Millions, except per share data)	2016	2017*	2018	2019	2020*	2021	2022E
Revenue	\$ 1,816	\$ 1,943	\$ 2,138	\$ 2,336	\$ 2,683	\$ 2,988	\$3,532- \$3,552
Revenue growth*	7%	7%	10%	9%	15%	11%	18% - 19%
3-year CAGR	8%	7%	8%	9%	11%	12%	~15%
3-year CAGR without 53rd week impact		8%			11%		
GAAP operating expenses	\$ 1,571	\$ 1,619	\$ 1,742	\$ 1,845	\$ 2,037	\$ 2,209	~\$2,470
Non-GAAP operating expenses	\$ 1,348	\$ 1,409	\$ 1,491	\$ 1,587	\$ 1,739	\$ 1,877	~\$2,118
Non-GAAP operating expense growth		5%	6%	6%	10%	8%	~13%
GAAP operating margin	13%	17%	19%	21%	24%	26%	
Implied GAAP operating margin**							30.2%
Non-GAAP operating margin	26%	28%	30%	32%	35%	37%	
Implied Non-GAAP operating margin**							40.2%
GAAP earnings per share	\$ 0.70	\$ 0.73	\$ 1.23	\$ 3.53	\$ 2.11	\$ 2.50	\$2.71 - \$2.75
Non-GAAP earning per share	\$ 1.21	\$ 1.40	\$ 1.87	\$ 2.20	\$ 2.80	\$ 3.29	\$4.20 - \$4.24
Weighted average shares diluted outstanding	291.3	280.2	281.1	280.5	279.6	278.9	275 - 276
Cash flow from operations	445	471	605	730	905	1,101	\$1,200 - \$1,260
Capital expenditures	54	58	62	75	95	65	~\$120

* Fiscal 2014 and 2020 were 53-week years, compared to all other years which are 52 week years. 2020 included approximately \$45 million revenue impact for the extra week. 2014 revenue (which impacts the 3 year CAGR in 2017) included approximately \$27 million revenue impact for the extra week.

** At midpoint of guidance.

Profitability Trends

(In Millions)	2016	2017	2018	2019	2020	2021	2022E
Revenue	\$ 1,816	\$ 1,943	\$ 2,138	\$ 2,336	\$ 2,683	\$ 2,988	\$ 3,542
Revenue Growth	7%	7%	10%	9%	15%	11%	~19%
3-Year Revenue Growth CAGR	8%	7%	8%	9%	11%	12%	~15%
Non-GAAP operating margin	26%	28%	30%	32%	35%	37%	39.7% - 40.7%
Stock-based compensation	(6)%	(7)%	(8)%	(8)%	(7)%	(7)%	~(8)%
Non-GAAP operating margin adjusted for stock-based compensation	20%	21%	22%	24%	28%	30%	31.7% - 32.7%
Non-GAAP operating income	\$ 469	\$ 534	\$ 647	\$ 749	\$ 944	\$ 1,111	\$ 1,424
Non-GAAP operating income adjusted for stock-based compensation	\$ 360	\$ 404	\$ 479	\$ 567	\$ 747	\$ 901	\$ 1,153

Fourth Quarter 2022 Financial Outlook

	Q4 2021	Q3 2022	Q4 2022E
Total Revenue (\$ Millions)	\$ 773	\$ 903	\$870 - \$890
Q/Q Growth		5%	(4)% - (1)%
Y/Y Growth		20%	13% - 15%
GAAP Operating Margin	25%	29%	~24%
Non-GAAP Operating Margin	36%	39%	~35%
GAAP EPS	\$ 0.63	\$ 0.68	\$0.50 - \$0.54
Non-GAAP EPS	\$ 0.82	\$ 1.06	\$0.89 - \$0.93
Q/Q Growth		(2)%	(16)% - (12)%
Y/Y Growth		33%	9% - 13%

Fiscal Year 2022 Financial Outlook

	FY 2021	Previous FY 2022E	Current FY 2022E
Recurring Revenue	85% - 90%	85% - 90%	~85%
Total Revenue (\$ Millions)	\$ 2,988	\$3,470 - \$3,510	\$3,532 - \$3,552
Y/Y Growth	11%	16% - 17%	18% - 19%
Revenue from Beginning Backlog	~70%	~70%	~70%
GAAP Operating Margin	26.1%	29.25% - 30.25%	29.7% - 30.7%
Non-GAAP Operating Margin	37.2%	39.25% - 40.25%	39.7% - 40.7%
GAAP Other Income & Expense (\$ Millions)	\$ (11)	\$(28) - \$(32)	\$(32) - \$(34)
Non-GAAP Other Income & Expense (\$ Millions)	\$ (17)	\$(16) - \$(20)	\$(15) - \$(17)
GAAP Tax Rate	9%	~28%	~28%
Non-GAAP Tax Rate	16%	17.5%	17.5%
Weighted Average Diluted Shares Outstanding (Millions)	278.9	275 - 277	275 - 276
GAAP EPS	\$ 2.50	\$2.59 - \$2.65	\$2.71 - \$2.75
Non-GAAP EPS	\$ 3.29	\$4.06 - \$4.12	\$4.20 - \$4.24
Y/Y Growth	18%	23% - 25%	28% - 29%
Cash Flow from Operations (\$ Millions)	\$ 1,101	\$1,150 - \$1,250	\$1,200 - \$1,260
DSO	40	~45	~45
Capital Expenditures (\$ Millions)	\$ 65	~\$115	~\$120

Third Quarter Financial Results**Backlog**

(In Billions)	2018	2019	2020	2021	Q3 2022
Backlog	\$ 3.0	\$ 3.6	\$ 3.9	\$ 4.4	\$ 5.5

Revenue

(In Millions)	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Product and Maintenance	\$ 706	\$ 720	\$ 846	\$ 803	\$ 846
Services	45	53	56	55	57
Total Revenue	\$ 751	\$ 773	\$ 902	\$ 858	\$ 903

Recurring and Up-Front Revenue

	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Revenue recognized over time	86 %	88 %	81 %	84 %	81 %
Revenue from arrangements with non-cancelable commitments	3 %	3 %	2 %	2 %	3 %
Recurring Revenue	89 %	91 %	83 %	86 %	84 %
Up-Front Revenue	11 %	9 %	17 %	14 %	16 %
Total	100 %	100 %	100 %	100 %	100 %

Trailing Twelve Months Recurring and Up-Front Revenue

	Trailing Twelve Months Ended				
	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Recurring Revenue	87 %	88 %	87 %	87 %	86 %
Up-Front Revenue	13 %	12 %	13 %	13 %	14 %
Total	100 %	100 %	100 %	100 %	100 %

Revenue Mix by Geography

(% of Total Revenue)	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Americas	46 %	43 %	47 %	45 %	45 %
China	13 %	12 %	16 %	13 %	17 %
Other Asia	18 %	21 %	18 %	18 %	17 %
Europe, Middle East and Africa	17 %	18 %	14 %	18 %	16 %
Japan	6 %	6 %	5 %	6 %	5 %
Total	100 %	100 %	100 %	100 %	100 %

Revenue Mix by Product Category

(% of Total Revenue)	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Custom IC Design and Simulation	23 %	24 %	22 %	23 %	22 %
Digital IC Design and Signoff	29 %	29 %	27 %	27 %	29 %
Functional Verification	23 %	21 %	28 %	24 %	25 %
IP	14 %	14 %	13 %	14 %	12 %
System Design and Analysis	11 %	12 %	10 %	12 %	12 %
Total	100 %	100 %	100 %	100 %	100 %

Gross Margin

	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
GAAP Gross Margin	89.8 %	91.0 %	89.1 %	89.2 %	90.3 %
Non-GAAP Gross Margin	91.6 %	92.7 %	90.7 %	90.6 %	91.5 %

Total Costs and Expenses

(In Millions)	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Total GAAP Costs and Expenses	\$ 557	\$ 577	\$ 583	\$ 575	\$ 642
Total Non-GAAP Costs and Expenses	\$ 483	\$ 498	\$ 505	\$ 494	\$ 547

Operating Margin

	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
GAAP Operating Margin	25.8 %	25.3 %	35.4 %	33.0 %	28.9 %
Non-GAAP Operating Margin	35.7 %	35.5 %	44.0 %	42.4 %	39.4 %

Earnings Per Share

	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
GAAP Net Income Per Share	\$ 0.63	\$ 0.63	\$ 0.85	\$ 0.68	\$ 0.68
Non-GAAP Net Income Per Share	\$ 0.80	\$ 0.82	\$ 1.17	\$ 1.08	\$ 1.06

Total DSO

	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
DSO	40	40	37	42	40

Balance Sheet and Cash Review

Free Cash Flow

(In Millions)	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Net Cash from Operating Activities	\$ 296	\$ 216	\$ 337	\$ 325	\$ 317
Capital Expenditures	19	15	18	24	44
Free Cash Flow	\$ 277	\$ 201	\$ 319	\$ 301	\$ 273

Cash and Cash Equivalents

(In Millions)	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Cash and Cash Equivalents	\$ 1,014	\$ 1,089	\$ 1,135	\$ 1,030	\$ 1,026

- Approximately 28 percent of our cash and cash equivalents were in the U.S. at quarter-end.

Share Repurchase

(In Millions, Except Share Price)	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Share Repurchase	\$ 110	\$ 110	\$ 250	\$ 320	\$ 180
Number of Shares	0.723	0.635	1.566	2.138	0.959

- Q3 2022 includes 109,365 shares and \$30 million equity forward contract from Q2 2022 ASR settled in Q3 2022.

Employees

	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Headcount	9,257	9,298	9,411	9,570	9,994

Forward Looking Statements

The statements in this CFO Commentary contain forward-looking statements which are based on current expectations and assumptions that are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those described in the forward-looking statements. Statements regarding our outlook on future operating results, strategic objectives, business prospects, technology and product developments, industry trends and other statements using words such as “anticipates,” “believes,” “expects,” “intends,” “plans,” “will,” and words of similar import and the negatives thereof constitute forward-looking statements. Forward-looking statements are subject to a number of risks, uncertainties and other factors, many of which are outside Cadence's control, including, among others: (i) Cadence's ability to compete successfully in the highly competitive industries in which it operates; (ii) the success of Cadence's efforts to maintain and improve operational efficiency and growth; (iii) the mix of products and services sold, the timing of orders and deliveries and the ability to develop, install or deliver Cadence's products or services; (iv) change in customer demands or supply constraints that could result in delays in purchases, development, installations or deliveries of Cadence's products or services, including those resulting from consolidation, restructurings and other operational efficiency improvements of Cadence's customers; (v) economic, geopolitical and industry conditions, including that of the semiconductor and electronics industries, government regulations and trade restrictions; (vi) capital expenditure requirements, legislative or regulatory requirements, changes in tax laws, interest rates, currency exchange rate fluctuations, inflation rates and Cadence's ability to access capital and debt markets; (vii) the acquisition of other companies, businesses or technologies or the failure to successfully integrate and operate OpenEye Scientific, Future Facilities or other acquired companies, businesses or technologies; (viii) events that affect cash flow, liquidity, or reserves, or settlement assumptions Cadence may take from time to time with respect to accounts receivable, taxes and tax examinations, litigation, regulatory or other matters; (ix) the effects of any litigation, regulatory or other proceedings to which Cadence is or may become a party or to which Cadence or its products, services or properties are subject; and (x) the duration, severity, volatility and effects of the COVID-19 pandemic and containment measures on Cadence, its employees, and its suppliers and customers, which may also have the effect of heightening the other risks described in this paragraph. In addition, the timing and amount of Cadence's repurchases of its common stock are subject to business and market conditions, corporate and regulatory requirements, stock price, acquisition opportunities and other factors.

For a detailed discussion of these and other cautionary statements related to Cadence's business, please refer to Cadence's filings with the U.S. Securities and Exchange Commission, including its most recent reports on Form 10-K and Form 10-Q and future filings.

GAAP to Non-GAAP Reconciliation

Non-GAAP financial measures should not be considered as a substitute for or superior to measures of financial performance prepared in accordance with GAAP. Investors are encouraged to review the reconciliation of non-GAAP financial measures contained within this CFO Commentary with their most directly comparable GAAP financial results. Investors are also encouraged to look at the GAAP results as the best measure of financial performance. See our earnings press release issued today for further discussion of our non-GAAP financial measures, as well as the reconciliation provided in the Appendix to this CFO Commentary.

Cadence's management uses non-GAAP net income because it excludes items that are generally not directly related to the performance of the company's core business operations and therefore provides supplemental information to Cadence's management and investors regarding the performance of the business operations, facilitates comparisons to the historical operating results and allows the review of Cadence's business from the same perspective as Cadence's management, including forecasting and budgeting.

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APPENDIX I

Reconciliation of GAAP to Non-GAAP Financial Measures (Unaudited)

Reconciliation of GAAP Total Expenses to Non-GAAP Total Expenses

<i>(In Millions)</i>	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
GAAP total costs and expenses	\$ 557	\$ 577	\$ 583	\$ 575	\$ 642
Reconciling items to non-GAAP total costs and expenses					
Stock-based compensation expense	(53)	(54)	(59)	(64)	(74)
Amortization of acquired intangibles	(17)	(17)	(17)	(15)	(13)
Acquisition and integration-related costs	(5)	(6)	(4)	(8)	(11)
Restructuring	—	—	—	—	—
Non-qualified deferred compensation (expenses) credits	1	(2)	2	6	3
Non-GAAP total costs and expenses †	<u>\$ 483</u>	<u>\$ 498</u>	<u>\$ 505</u>	<u>\$ 494</u>	<u>\$ 547</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.

Reconciliation of GAAP Total Expenses to Non-GAAP Total Expenses

<i>(In Millions)</i>	2016	2017	2018	2019	2020*	2021	2022E
GAAP total costs and expenses	\$1,571	\$1,619	\$1,742	\$1,845	\$2,037	\$2,209	\$2,470
Reconciling items to non-GAAP total costs and expenses							
Stock-based compensation expense	(109)	(130)	(168)	(182)	(197)	(210)	(271)
Amortization of acquired intangibles	(60)	(57)	(53)	(53)	(64)	(67)	(60)
Acquisition and integration-related costs	(11)	(8)	(20)	(8)	(23)	(23)	(33)
Restructuring	(41)	(9)	(11)	(9)	(9)	1	—
Non-qualified deferred compensation (expenses) credits	(2)	(6)	1	(5)	(5)	(6)	12
Special charges**	—	—	—	(1)	—	(27)	—
Non-GAAP total costs and expenses †	<u>\$1,348</u>	<u>\$1,409</u>	<u>\$1,491</u>	<u>\$1,587</u>	<u>\$1,739</u>	<u>\$1,877</u>	<u>\$2,118</u>

* Fiscal 2020 was a 53-week year.

** 2021 includes costs related to a voluntary retirement program.

† 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.

Reconciliation of GAAP Gross Margin as a Percent of Total Revenue to Non-GAAP Gross Margin as a Percent of Total Revenue

	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
GAAP gross margin as a percent of total revenue	89.8%	91.0%	89.1%	89.2%	90.3%
Reconciling items to non-GAAP gross margin as a percent of total revenue					
Stock-based compensation expense	0.3%	0.2%	0.2%	0.2%	0.2%
Amortization of acquired intangibles	1.5%	1.5%	1.4%	1.2%	1.0%
Non-qualified deferred compensation expenses (credits)	0.0%	0.0%	0.0%	0.0%	0.0%
Acquisition and integration-related costs	0.0%	0.0%	0.0%	0.0%	0.0%
Non-GAAP gross margin as a percent of total revenue †	<u>91.6%</u>	<u>92.7%</u>	<u>90.7%</u>	<u>90.6%</u>	<u>91.5%</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.

Reconciliation of GAAP Operating Margin as a Percent of Total Revenue to Non-GAAP Operating Margin as a Percent of Total Revenue

	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022E
GAAP operating margin as a percent of total revenue	26%	25%	35%	33%	29%	~24%
Reconciling items to non-GAAP operating margin as a percent of total revenue						
Stock-based compensation expense	7%	7%	7%	7%	8%	8%
Amortization of acquired intangibles	2%	2%	2%	2%	1%	2%
Acquisition and integration-related costs	1%	1%	0%	1%	1%	1%
Restructuring	0%	0%	0%	0%	0%	0%
Non-qualified deferred compensation expenses (credits)	0%	1%	0%	(1)%	0%	0%
Non-GAAP operating margin as a percent of total revenue †	<u>36%</u>	<u>36%</u>	<u>44%</u>	<u>42%</u>	<u>39%</u>	<u>~35%</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.

	2016	2017	2018	2019	2020	2021	2022E
GAAP operating margin as a percent of total revenue	13%	17%	19%	21%	24%	26%	29.7% - 30.7%
Reconciling items to non-GAAP operating margin as a percent of total revenue							
Stock-based compensation expense	6%	7%	8%	8%	7%	7%	7.7%
Amortization of acquired intangibles	4%	3%	2%	2%	3%	2%	1.7%
Acquisition and integration-related costs	1%	0%	1%	0%	1%	1%	0.9%
Restructuring	2%	1%	0%	1%	0%	0%	0%
Non-qualified deferred compensation expenses (credits)	0%	0%	0%	0%	0%	0%	(0.3)%
Special charges *	0%	0%	0%	0%	0%	1%	0%
Non-GAAP operating margin as a percent of total revenue †	<u>26%</u>	<u>28%</u>	<u>30%</u>	<u>32%</u>	<u>35%</u>	<u>37%</u>	<u>39.7% - 40.7%</u>

* 2021 includes costs related to a voluntary retirement program.

† 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.

Reconciliation of GAAP Diluted Net Income Per Share to Non-GAAP Diluted Net Income Per Share

<i>(In Thousands, Except Per Share Data)</i>	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022E
Diluted net income per share on a GAAP basis	\$ 0.63	\$ 0.63	\$ 0.85	\$ 0.68	\$ 0.68	\$0.50 - \$0.54
Stock-based compensation expense	0.19	0.20	0.22	0.23	0.27	0.27
Amortization of acquired intangibles	0.06	0.06	0.06	0.05	0.05	0.05
Acquisition and integration-related costs	0.02	0.02	0.01	0.03	0.04	0.04
Restructuring	—	—	—	—	—	—
Non-qualified deferred compensation expenses (credits)	—	0.01	(0.01)	(0.02)	(0.01)	—
Other income or expense related to investments and non-qualified deferred compensation plan assets *	—	(0.01)	0.02	0.03	0.02	—
Income tax effect of non-GAAP adjustments	(0.10)	(0.09)	0.02	0.08	0.01	0.03
Diluted net income per share on a non-GAAP basis †	<u>\$ 0.80</u>	<u>\$ 0.82</u>	<u>\$ 1.17</u>	<u>\$ 1.08</u>	<u>\$ 1.06</u>	<u>\$0.89 - \$0.93</u>
Shares used in calculation of diluted net income per share	278,311	278,253	276,918	275,172	274,957	

† 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.

* 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.

Reconciliation of GAAP Diluted Net Income Per Share to Non-GAAP Diluted Net Income Per Share

(In Thousands, Except Per Share Data)	2016	2017	2018	2019	2020	2021	2022E
Diluted net income per share on a GAAP basis	\$ 0.70	\$ 0.73	\$ 1.23	\$ 3.53	\$ 2.11	\$ 2.50	\$2.71 - \$2.75
Stock-based compensation expense	0.37	0.46	0.60	0.65	0.71	0.75	0.98
Amortization of acquired intangibles	0.21	0.20	0.19	0.19	0.23	0.24	0.22
Acquisition and integration-related costs	0.04	0.03	0.07	0.03	0.08	0.08	0.12
Restructuring	0.14	0.03	0.04	0.03	0.03	—	—
Non-qualified deferred compensation expenses (credits)	0.01	0.02	(0.01)	0.02	0.02	0.02	(0.04)
Special charges*	—	—	—	—	—	0.10	—
Other income or expense related to investments and non-qualified deferred compensation plan assets**	(0.02)	(0.05)	—	(0.01)	—	(0.03)	0.06
Income tax benefit related to intercompany transfers of certain intellectual property rights	—	—	—	(2.05)	—	—	—
Income tax related to transition tax	—	0.24	—	—	—	—	—
Income tax related to tax rate change	—	0.09	—	—	—	—	—
Income tax effect of non-GAAP adjustments	(0.24)	(0.35)	(0.25)	(0.19)	(0.38)	(0.37)	0.15
Diluted net income per share on a non-GAAP basis †	<u>\$ 1.21</u>	<u>\$ 1.40</u>	<u>\$ 1.87</u>	<u>\$ 2.20</u>	<u>\$ 2.80</u>	<u>\$ 3.29</u>	<u>\$4.20 - \$4.24</u>
Shares used in calculation of diluted net income per share	291,256	280,221	281,144	280,515	279,641	278,858	275 - 276M

† 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.

* 2021 includes costs related to a voluntary retirement program.

** 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.

Reconciliation of GAAP Total Other Income and Expense to Non-GAAP Total Other Income and Expense

(In Millions)	FY 2020	FY 2021	FY 2022E
GAAP total other income and expense	\$ (12.8)	\$ (10.7)	\$(32) - \$(34)
Reconciling items to non-GAAP total income and expense			
Other income or expense related to investments and non-qualified deferred compensation plan assets*	(0.5)	(6.7)	17
Non-GAAP total other income and expense†	<u>\$ (13.3)</u>	<u>\$ (17.4)</u>	<u>\$(15) - \$(17)</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.

* 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.