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Cadence Design Systems, Inc.
Condensed Consolidated Balance Sheets
September 30, 2026 and December 31, 2025
(In thousands)
(Unaudited)

	<u>September 30, 2026</u>	<u>December 31, 2025</u>
Current assets:		
Cash and cash equivalents	\$ 1,452,020	\$ 3,001,317
Receivables, net	1,110,591	944,939
Inventories	448,824	303,545
Prepaid expenses and other	342,452	419,872
Total current assets	<u>3,353,887</u>	<u>4,669,673</u>
Property, plant and equipment, net	603,189	517,004
Goodwill	4,926,955	2,749,143
Acquired intangibles, net	1,792,006	718,223
Deferred taxes	789,077	917,733
Other assets	759,660	581,372
Total assets	<u>\$ 12,224,774</u>	<u>\$ 10,153,148</u>
Current liabilities:		
Revolving credit facility	\$ 150,000	\$ -
Current portion of long-term debt	498,809	-
Accounts payable and accrued liabilities	805,365	856,856
Current portion of deferred revenue	1,012,305	778,435
Total current liabilities	<u>2,466,479</u>	<u>1,635,291</u>
Long-term liabilities:		
Long-term portion of deferred revenue	138,228	155,997
Long-term debt	1,984,433	2,480,150
Other long-term liabilities	760,383	407,529
Total long-term liabilities	<u>2,883,044</u>	<u>3,043,676</u>
Stockholders' equity	6,875,251	5,474,181
Total liabilities and stockholders' equity	<u>\$ 12,224,774</u>	<u>\$ 10,153,148</u>

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

	September 30, 2025	December 31, 2025	March 31, 2026	June 30, 2026	September 30, 2026
Current assets:					
Cash and cash equivalents	\$ 2,753,246	\$ 3,001,317	\$ 1,406,668	\$ 1,440,443	\$ 1,452,020
Receivables, net	755,265	944,939	1,033,814	1,065,023	1,110,591
Inventories	286,193	303,545	317,951	390,378	448,824
Prepaid expenses and other	492,336	419,872	421,967	326,049	342,452
Total current assets	4,287,040	4,669,673	3,180,400	3,221,893	3,353,887
Property, plant and equipment, net	494,701	517,004	536,903	560,161	603,189
Goodwill	2,644,910	2,749,143	4,929,581	4,914,788	4,926,955
Acquired intangibles, net	672,508	718,223	1,933,262	1,874,455	1,792,006
Deferred taxes	892,568	917,733	843,209	832,566	789,077
Other assets	607,544	581,372	674,999	676,462	759,660
Total assets	\$ 9,599,271	\$ 10,153,148	\$ 12,098,354	\$ 12,080,325	\$ 12,224,774
Current liabilities:					
Revolving credit facility	\$ -	\$ -	\$ 425,000	\$ -	\$ 150,000
Current portion of long-term debt	-	-	-	-	498,809
Accounts payable and accrued liabilities	631,273	856,856	863,910	823,724	805,365
Current portion of deferred revenue	775,284	778,435	873,598	1,025,118	1,012,305
Total current liabilities	1,406,557	1,635,291	2,162,508	1,848,842	2,466,479
Long-term liabilities:					
Long-term portion of deferred revenue	130,060	155,997	146,574	144,453	138,228
Long-term debt	2,479,142	2,480,150	2,481,170	2,482,200	1,984,433
Other long-term liabilities	384,510	407,529	746,639	746,867	760,383
Total long-term liabilities	2,993,712	3,043,676	3,374,383	3,373,520	2,883,044
Stockholders' equity:					
Common stock and capital in excess of par value	4,605,230	4,719,443	5,700,929	5,865,954	6,039,272
Treasury stock, at cost	(6,126,147)	(6,344,213)	(6,535,792)	(6,755,331)	(7,188,558)
Retained earnings	6,712,620	7,100,756	7,436,416	7,803,492	8,093,239
Accumulated other comprehensive income (loss)	7,299	(1,805)	(40,090)	(56,152)	(68,702)
Total stockholders' equity	5,199,002	5,474,181	6,561,463	6,857,963	6,875,251
Total liabilities and stockholders' equity	\$ 9,599,271	\$ 10,153,148	\$ 12,098,354	\$ 12,080,325	\$ 12,224,774

Cadence Design Systems, Inc.
Condensed Consolidated Income Statements
For the Three and Nine Months Ended September 30, 2026 and September 30, 2025
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Revenue:				
Product and maintenance	\$ 1,487,311	\$ 1,207,703	\$ 4,266,901	\$ 3,489,063
Services	146,000	131,135	425,081	367,582
Total revenue	1,633,311	1,338,838	4,691,982	3,856,645
Costs and expenses:				
Cost of product and maintenance	173,867	118,702	502,362	374,672
Cost of services	61,753	63,493	187,123	158,823
Marketing and sales	242,476	192,560	694,995	595,855
Research and development	537,541	423,031	1,577,251	1,304,190
General and administrative	113,020	78,035	289,785	210,162
Amortization of acquired intangibles	33,779	10,233	88,304	28,359
Loss related to contingent liability	-	-	-	128,545
Restructuring	42,159	27,394	41,802	27,332
Total costs and expenses	1,204,595	913,448	3,381,622	2,827,938
Income from operations	428,716	425,390	1,310,360	1,028,707
Interest expense	(30,375)	(29,035)	(97,124)	(87,101)
Other income (expense), net	9,994	(3,572)	133,436	87,476
Income before provision for income taxes	408,335	392,783	1,346,672	1,029,082
Provision for income taxes	118,588	105,661	354,189	308,330
Net income	\$ 289,747	\$ 287,122	\$ 992,483	\$ 720,752
Net income per share - basic	\$ 1.06	\$ 1.06	\$ 3.63	\$ 2.65
Net income per share - diluted	\$ 1.05	\$ 1.05	\$ 3.61	\$ 2.64
Weighted average common shares outstanding - basic	273,748	271,152	273,260	271,471
Weighted average common shares outstanding - diluted	275,278	273,798	275,061	273,440

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

	Three Months Ended				
	September 30, 2025	December 31, 2025	March 31, 2026	June 30, 2026	September 30, 2026
Revenue:					
Product and maintenance	\$ 1,207,703	\$ 1,332,526	\$ 1,348,922	\$ 1,430,668	\$ 1,487,311
Services	131,135	107,588	125,298	153,783	146,000
Total revenue	1,338,838	1,440,114	1,474,220	1,584,451	1,633,311
Costs and expenses:					
Cost of product and maintenance	118,702	144,001	153,312	175,183	173,867
Cost of services	63,493	44,753	61,235	64,135	61,753
Marketing and sales	192,560	206,778	211,485	241,034	242,476
Research and development	423,031	464,582	508,437	531,273	537,541
General and administrative	78,035	103,225	88,217	88,548	113,020
Amortization of acquired intangibles	10,233	11,578	20,210	34,315	33,779
Restructuring	27,394	1,862	(5)	(352)	42,159
Total costs and expenses	913,448	976,779	1,042,891	1,134,136	1,204,595
Income from operations	425,390	463,335	431,329	450,315	428,716
Interest expense	(29,035)	(29,440)	(31,613)	(35,136)	(30,375)
Other income (expense), net	(3,572)	59,066	28,387	95,055	9,994
Income before provision for income taxes	392,783	492,961	428,103	510,234	408,335
Provision for income taxes	105,661	104,825	92,443	143,158	118,588
Net income	\$ 287,122	\$ 388,136	\$ 335,660	\$ 367,076	\$ 289,747
Net income per share - basic	\$ 1.06	\$ 1.43	\$ 1.23	\$ 1.34	\$ 1.06
Net income per share - diluted	\$ 1.05	\$ 1.42	\$ 1.23	\$ 1.33	\$ 1.05
Weighted average common shares outstanding - basic	271,152	270,924	272,061	273,955	273,748
Weighted average common shares outstanding - diluted	273,798	272,932	273,725	276,163	275,278

Cadence Design Systems, Inc.
Condensed Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2026 and September 30, 2025
(In thousands)
(Unaudited)

	Nine Months Ended	
	September 30, 2026	September 30, 2025
Cash and cash equivalents at beginning of period	\$ 3,001,317	\$ 2,644,030
Cash flows from operating activities:		
Net income	992,483	720,752
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	320,159	163,269
Stock-based compensation	429,836	342,011
Gain on divestitures and investments, net	(88,611)	(22,135)
Deferred income taxes	118,684	89,756
ROU asset amortization and change in operating lease liabilities	(2,105)	1,702
Other non-cash items	7,266	4,713
Changes in operating assets and liabilities, net of effect of acquired businesses:		
Receivables	(84,285)	(90,666)
Inventories	(172,927)	(60,858)
Prepaid expenses and other	39,812	(14,834)
Other assets	(38,982)	5,811
Accounts payable and accrued liabilities	(263,024)	(23,237)
Deferred revenue	148,835	44,456
Other long-term liabilities	7,295	14,546
Net cash provided by operating activities	<u>1,414,436</u>	<u>1,175,286</u>
Cash flows from investing activities:		
Purchases of investments	(98,481)	(35,182)
Proceeds from the sale and maturity of investments	166,529	3,493
Proceeds from the sale of IP and other assets	-	11,500
Purchases of property, plant and equipment	(163,254)	(100,830)
Purchases of intangible assets	(6,975)	-
Cash paid in business combinations, net of cash acquired	<u>(2,143,429)</u>	<u>(250,695)</u>
Net cash used for investing activities	<u>(2,245,610)</u>	<u>(371,714)</u>
Cash flows from financing activities:		
Proceeds from revolving credit facility	875,000	-
Payments on revolving credit facility	(725,000)	-
Proceeds from issuance of common stock	139,073	138,069
Stock received for payment of employee taxes on vesting of restricted stock	(195,608)	(148,130)
Payments for repurchases of common stock	<u>(800,025)</u>	<u>(725,025)</u>
Net cash used for financing activities	<u>(706,560)</u>	<u>(735,086)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(11,563)</u>	<u>40,730</u>
Increase (decrease) in cash and cash equivalents	<u>(1,549,297)</u>	<u>109,216</u>
Cash and cash equivalents at end of period	<u>\$ 1,452,020</u>	<u>\$ 2,753,246</u>

Cadence Design Systems, Inc.
Trended Condensed Consolidated Statements of Cash Flows
For the Five Quarters Ended September 30, 2026
(In thousands)
(Unaudited)

	<u>Q3 2025</u>	<u>Q4 2025</u>	<u>Q1 2026</u>	<u>Q2 2026</u>	<u>Q3 2026</u>
Cash and cash equivalents at beginning of period	\$ 2,822,762	\$ 2,753,246	\$ 3,001,317	\$ 1,406,668	\$ 1,440,443
Cash flows from operating activities:					
Net income	287,122	388,136	335,660	367,076	289,747
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	56,677	64,559	84,622	116,989	118,548
Stock-based compensation	116,073	113,164	138,183	146,890	144,763
(Gain) loss on divestitures and investments, net	14,519	(46,954)	(13,925)	(71,892)	(2,794)
Deferred income taxes	86,515	(23,708)	73,128	3,061	42,495
ROU asset amortization and change in operating lease liabilities	(927)	4,314	(250)	1,322	(3,177)
Other non-cash items	1,211	2,453	1,629	2,292	3,345
Changes in operating assets and liabilities, net of effect of acquired businesses:					
Receivables	(79,455)	(184,228)	(18,548)	(19,778)	(45,959)
Inventories	(68,386)	(30,171)	(31,376)	(75,611)	(65,940)
Prepaid expenses and other	9,367	58,216	9,100	47,196	(16,484)
Other assets	(6,428)	(24,380)	(1,870)	(18,600)	(18,512)
Accounts payable and accrued liabilities	(138,840)	208,134	(232,568)	(22,918)	(7,538)
Deferred revenue	22,632	24,955	20,422	149,306	(20,893)
Other long-term liabilities	10,582	(995)	(8,425)	9,596	6,124
Net cash provided by operating activities	<u>310,662</u>	<u>553,495</u>	<u>355,782</u>	<u>634,929</u>	<u>423,725</u>
Cash flows from investing activities:					
Purchases of investments	(13,586)	(5,713)	(29,064)	(10,816)	(58,601)
Proceeds from the sale and maturity of investments	1,504	136,788	40,443	122,446	3,640
Purchases of property, plant and equipment	(33,684)	(41,041)	(48,820)	(52,628)	(61,806)
Purchases of intangible assets	-	-	-	(6,975)	-
Cash paid in business combinations, net of cash acquired	(128,549)	(178,843)	(2,074,534)	(25,758)	(43,137)
Net cash provided by (used for) investing activities	<u>(174,315)</u>	<u>(88,809)</u>	<u>(2,111,975)</u>	<u>26,269</u>	<u>(159,904)</u>
Cash flows from financing activities:					
Proceeds from revolving credit facility	-	-	425,000	175,000	275,000
Payments on revolving credit facility	-	-	-	(600,000)	(125,000)
Proceeds from issuance of common stock	59,747	7,832	72,610	16,230	50,233
Stock received for payment of employee taxes on vesting of restricted stock	(53,796)	(21,712)	(123,094)	(17,628)	(54,886)
Payments for repurchases of common stock	(200,009)	(200,009)	(200,000)	(200,006)	(400,019)
Net cash provided by (used for) financing activities	<u>(194,058)</u>	<u>(213,889)</u>	<u>174,516</u>	<u>(626,404)</u>	<u>(254,672)</u>
Effect of exchange rate changes on cash and cash equivalents	(11,805)	(2,726)	(12,972)	(1,019)	2,428
Increase (decrease) in cash and cash equivalents	<u>(69,516)</u>	<u>248,071</u>	<u>(1,594,649)</u>	<u>33,775</u>	<u>11,577</u>
Cash and cash equivalents at end of period	<u>\$ 2,753,246</u>	<u>\$ 3,001,317</u>	<u>\$ 1,406,668</u>	<u>\$ 1,440,443</u>	<u>\$ 1,452,020</u>

Cadence Design Systems, Inc.
(Unaudited)

Revenue Mix by Geography (% of Total Revenue)

<u>GEOGRAPHY</u>	<u>2025</u>					<u>2026</u>		
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3
Americas	48%	49%	43%	47%	47%	45%	43%	43%
China	11%	9%	18%	12%	13%	13%	15%	16%
Other Asia	19%	19%	18%	20%	19%	20%	20%	19%
Europe, Middle East and Africa	16%	16%	14%	14%	15%	16%	15%	15%
Japan	6%	7%	7%	7%	6%	6%	7%	7%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Revenue Mix by Product Category (% of Total Revenue)

<u>PRODUCT CATEGORY</u>	<u>2025</u>					<u>2026</u>		
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3
Core EDA	71%	71%	71%	69%	70%	71%	68%	69%
Semiconductor IP	14%	13%	14%	15%	14%	14%	15%	15%
System Design and Analysis	15%	16%	15%	16%	16%	15%	17%	16%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Operating Margin
As of October 26, 2026
(Unaudited)

	Three Months Ending December 31, 2026 Forecast	Year Ending December 31, 2026 Forecast
GAAP operating margin as a percent of total revenue	30% - 31%	28.2% - 29.2%
Reconciling items to non-GAAP operating margin as a percent of total revenue:		
Stock-based compensation expense	8%	9%
Amortization of acquired intangibles	5%	4%
Acquisition and integration-related costs	1%	2%
Restructuring	0%	1%
Non-GAAP operating margin as a percent of total revenue†	44% - 45%	44.2% - 45.2%

†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.

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Diluted Net Income Per Share
As of October 26, 2026
(Unaudited)

	Three Months Ending December 31, 2026 Forecast	Year Ending December 31, 2026 Forecast
Diluted net income per share on a GAAP basis	\$1.23 to \$1.29	\$4.84 to \$4.90
Stock-based compensation expense	0.51	2.07
Amortization of acquired intangibles	0.29	1.05
Acquisition and integration-related costs	0.08	0.45
Restructuring	-	0.15
Non-qualified deferred compensation expenses	-	0.03
Other income or expense related to foreign currency forward exchange contract and settlement associated with an acquisition	-	(0.01)
Other income or expense related to investments, divestitures and non-qualified deferred compensation plan assets	-	(0.35)
Income tax effect of non-GAAP adjustments	0.08	0.14
Diluted net income per share on a non-GAAP basis†	<u><u>\$2.19 to \$2.25</u></u>	<u><u>\$8.37 to \$8.43</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.

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Net Income
As of October 26, 2026
(Unaudited)

(\$ in millions)	Three Months Ending December 31, 2026 Forecast	Year Ending December 31, 2026 Forecast
Net income on a GAAP basis	\$339 to \$355	\$1,331 to \$1,347
Stock-based compensation expense	139	569
Amortization of acquired intangibles	78	289
Acquisition and integration-related costs	23	122
Restructuring	-	42
Non-qualified deferred compensation expenses	-	9
Other income or expense related to foreign currency forward exchange contract and settlement associated with an acquisition	-	(3)
Other income or expense related to investments, divestitures and non-qualified deferred compensation plan assets	-	(98)
Income tax effect of non-GAAP adjustments	22	40
Net income on a non-GAAP basis†	<u><u>\$601 to \$617</u></u>	<u><u>\$2,301 to \$2,317</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.

Cadence Design Systems, Inc.
Reconciliation of GAAP Net Income to Non-GAAP Net Income
For the Three and Nine Months Ended September 30, 2026 and September 30, 2025
(Unaudited)

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Net income on a GAAP basis	\$ 289,747	\$ 287,122	\$ 992,483	\$ 720,752
Stock-based compensation expense*	144,763	116,073	429,836	342,011
Amortization of acquired intangibles**	79,870	25,984	210,741	75,103
Acquisition and integration-related costs***	25,031	37,295	99,112	86,421
Restructuring	42,159	27,394	41,802	27,332
Non-qualified deferred compensation expenses (credits)****	(42)	5,760	8,562	11,965
Special charges*****	-	-	-	1,988
Loss related to contingent liability	-	-	-	128,545
Other income or expense related to foreign currency forward exchange contract and settlement associated with an acquisition	-	18,561	(3,135)	18,561
Other income or expense related to investments, divestitures and non-qualified deferred compensation plan assets	(2,886)	8,741	(97,559)	(34,175)
Income tax effect of non-GAAP adjustments	3,545	1,283	18,244	30,002
Net income on a non-GAAP basis +	<u>\$ 582,187</u>	<u>\$ 528,213</u>	<u>\$ 1,700,086</u>	<u>\$ 1,408,505</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 2026 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		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Cost of product and maintenance	\$ 3,010	\$ 2,014	\$ 9,221	\$ 6,290
Cost of services	3,448	2,337	10,529	7,252
Marketing and sales	24,978	21,726	75,365	66,254
Research and development	90,484	70,204	271,143	210,481
General and administrative	22,843	19,792	63,578	51,734
Total stock-based compensation expense	<u>\$ 144,763</u>	<u>\$ 116,073</u>	<u>\$ 429,836</u>	<u>\$ 342,011</u>

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

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Cost of product and maintenance	\$ 46,091	\$ 15,751	\$ 122,437	\$ 46,744
Amortization of acquired intangibles	33,779	10,233	88,304	28,359
Total amortization of acquired intangibles	<u>\$ 79,870</u>	<u>\$ 25,984</u>	<u>\$ 210,741</u>	<u>\$ 75,103</u>

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

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Cost of product and maintenance	\$ 202	\$ 330	\$ 468	\$ 2,171
Cost of services	412	370	1,411	1,387
Marketing and sales	1,938	2,592	9,349	11,177
Research and development	13,281	16,180	47,676	45,832
General and administrative	9,198	17,823	40,208	25,854
Total acquisition and integration-related costs	<u>\$ 25,031</u>	<u>\$ 37,295</u>	<u>\$ 99,112</u>	<u>\$ 86,421</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		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Cost of product and maintenance	\$ (8)	\$ 41	\$ 58	\$ 92
Cost of services	(12)	59	86	133
Marketing and sales	(106)	1,268	1,611	2,354
Research and development	(21)	3,280	4,780	6,504
General and administrative	105	1,112	2,027	2,882
Total non-qualified deferred compensation expenses (credits)	<u>\$ (42)</u>	<u>\$ 5,760</u>	<u>\$ 8,562</u>	<u>\$ 11,965</u>

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

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Research and development	\$ -	\$ -	-	825
General and administrative	-	-	-	1,163
Total special charges	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,988</u>

Cadence Design Systems, Inc.
Reconciliation of GAAP Diluted Net Income Per Share to Non-GAAP Diluted Net Income Per Share
For the Three and Nine Months Ended September 30, 2026 and September 30, 2025
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
(In thousands, except per share data)				
Diluted net income per share on a GAAP basis	\$ 1.05	\$ 1.05	\$ 3.61	\$ 2.64
Stock-based compensation expense	0.53	0.42	1.56	1.25
Amortization of acquired intangibles	0.29	0.10	0.77	0.27
Acquisition and integration-related costs	0.09	0.14	0.36	0.32
Restructuring	0.15	0.10	0.15	0.10
Non-qualified deferred compensation expenses (credits)	-	0.02	0.03	0.04
Special charges	-	-	-	0.01
Loss related to contingent liability	-	-	-	0.47
Other income or expense related to foreign currency forward exchange contract and settlement associated with an acquisition	-	0.07	(0.01)	0.07
Other income or expense related to investments, divestitures and non-qualified deferred compensation plan assets	(0.01)	0.03	(0.36)	(0.13)
Income tax effect of non-GAAP adjustments	0.01	-	0.07	0.11
Diluted net income per share on a non-GAAP basis +	<u>\$ 2.11</u>	<u>\$ 1.93</u>	<u>\$ 6.18</u>	<u>\$ 5.15</u>
Shares used in calculation of diluted net income per share	275,278	273,798	275,061	273,440

+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 2026 for a further discussion of its non-GAAP measures.

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

	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025
	Actual	Actual
	(In thousands)	(In thousands)
GAAP total costs and expenses	\$ 1,204,595	\$ 913,448
Reconciling items to non-GAAP total costs and expenses		
Stock-based compensation expense	(144,763)	(116,073)
Amortization of acquired intangibles	(79,870)	(25,984)
Acquisition and integration-related costs	(25,031)	(37,295)
Restructuring	(42,159)	(27,394)
Non-qualified deferred compensation (expenses) credits	42	(5,760)
Non-GAAP total costs and expenses†	<u><u>\$ 912,814</u></u>	<u><u>\$ 700,942</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 third quarter of 2026 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)

	For the three months ended September 30, 2026					
(In thousands)	Operating expenses on a GAAP basis†	Stock-based compensation expense	Amortization of acquired intangibles	Acquisition and integration- related costs	Non-qualified deferred compensation (expenses) credits	Operating expenses on a non-GAAP basis
Cost of product and maintenance	173,867	(3,010)	(46,091)	(202)	8	124,572
Cost of services	61,753	(3,448)	-	(412)	12	57,905
Marketing and sales	242,476	(24,978)	-	(1,938)	106	215,666
Research and development	537,541	(90,484)	-	(13,281)	21	433,797
General and administrative	113,020	(22,843)	-	(9,198)	(105)	80,874
Amortization of acquired intangibles	33,779	-	(33,779)	-	-	-
		<u>(144,763)</u>	<u>(79,870)</u>	<u>(25,031)</u>	<u>42</u>	
	For the nine months ended September 30, 2026					
(In thousands)	Operating expenses on a GAAP basis†	Stock-based compensation expense	Amortization of acquired intangibles	Acquisition and integration- related costs	Non-qualified deferred compensation expenses	Operating expenses on a non-GAAP basis
Cost of product and maintenance	502,362	(9,221)	(122,437)	(468)	(58)	370,178
Cost of services	187,123	(10,529)	-	(1,411)	(86)	175,097
Marketing and sales	694,995	(75,365)	-	(9,349)	(1,611)	608,670
Research and development	1,577,251	(271,143)	-	(47,676)	(4,780)	1,253,652
General and administrative	289,785	(63,578)	-	(40,208)	(2,027)	183,972
Amortization of acquired intangibles	88,304	-	(88,304)	-	-	-
		<u>(429,836)</u>	<u>(210,741)</u>	<u>(99,112)</u>	<u>(8,562)</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 2026 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 September 30, 2026
(In thousands)
(Unaudited)

	Three Months Ended September 30, 2026		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 1,487,311	\$ -	\$ 1,487,311
Services	146,000	-	146,000
Total revenue	1,633,311	-	1,633,311
Costs and expenses:			
Cost of product and maintenance	173,867	(49,295) (A)	124,572
Cost of services	61,753	(3,848) (A)	57,905
Marketing and sales	242,476	(26,810) (A)	215,666
Research and development	537,541	(103,744) (A)	433,797
General and administrative	113,020	(32,146) (A)	80,874
Amortization of acquired intangibles	33,779	(33,779) (A)	-
Restructuring	42,159	(42,159)	-
Total costs and expenses	1,204,595	(291,781)	912,814
Income from operations	428,716	291,781	720,497
Interest expense	(30,375)	-	(30,375)
Other income, net	9,994	(2,886) (B)	7,108
Income before provision for income taxes	408,335	288,895	697,230
Provision for income taxes	118,588	(3,545) (C)	115,043
Net income	\$ 289,747	\$ 292,440	\$ 582,187

*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 2026 for a further discussion of its non-GAAP measures.

Notes:

(A) For the three months ended September 30, 2026, 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)	Total adjustments
Cost of product and maintenance	\$ 3,010	\$ 46,091	\$ 202	\$ (8)	\$ 49,295
Cost of services	3,448	-	412	(12)	3,848
Marketing and sales	24,978	-	1,938	(106)	26,810
Research and development	90,484	-	13,281	(21)	103,744
General and administrative	22,843	-	9,198	105	32,146
Amortization of acquired intangibles	-	33,779	-	-	33,779
Total	\$ 144,763	\$ 79,870	\$ 25,031	\$ (42)	\$ 249,622

(B) Other income or expense related to foreign currency forward exchange contract and settlement associated with an acquisition, investments divestitures 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 September 30, 2025
(In thousands)
(Unaudited)

	Three Months Ended September 30, 2025		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 1,207,703	\$ -	\$ 1,207,703
Services	<u>131,135</u>	<u>-</u>	<u>131,135</u>
Total revenue	<u>1,338,838</u>	<u>-</u>	<u>1,338,838</u>
Costs and expenses:			
Cost of product and maintenance	118,702	(18,136) (A)	100,566
Cost of services	63,493	(2,766) (A)	60,727
Marketing and sales	192,560	(25,586) (A)	166,974
Research and development	423,031	(89,664) (A)	333,367
General and administrative	78,035	(38,727) (A)	39,308
Amortization of acquired intangibles	10,233	(10,233) (A)	-
Restructuring	<u>27,394</u>	<u>(27,394)</u>	<u>-</u>
Total costs and expenses	<u>913,448</u>	<u>(212,506)</u>	<u>700,942</u>
Income from operations	425,390	212,506	637,896
Interest expense	(29,035)	-	(29,035)
Other income (expense), net	<u>(3,572)</u>	<u>27,302</u> (B)	<u>23,730</u>
Income before provision for income taxes	392,783	239,808	632,591
Provision for income taxes	<u>105,661</u>	<u>(1,283)</u> (C)	<u>104,378</u>
Net income	<u>\$ 287,122</u>	<u>\$ 241,091</u>	<u>\$ 528,213</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 2026 for a further discussion of its non-GAAP measures.

Notes:

(A) For the three months ended September 30, 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	Total adjustments
Cost of product and maintenance	\$ 2,014	\$ 15,751	\$ 330	\$ 41	\$ 18,136
Cost of services	2,337	-	370	59	2,766
Marketing and sales	21,726	-	2,592	1,268	25,586
Research and development	70,204	-	16,180	3,280	89,664
General and administrative	19,792	-	17,823	1,112	38,727
Amortization of acquired intangibles	-	10,233	-	-	10,233
Total	<u>\$ 116,073</u>	<u>\$ 25,984</u>	<u>\$ 37,295</u>	<u>\$ 5,760</u>	<u>\$ 185,112</u>

(B) Other income or expense related to foreign currency forward exchange contract and settlement associated with an acquisition, investments divestitures 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 Nine Months Ended September 30, 2026
(In thousands)
(Unaudited)

	Nine Months Ended September 30, 2026		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 4,266,901	\$ -	\$ 4,266,901
Services	425,081	-	425,081
Total revenue	4,691,982	-	4,691,982
Costs and expenses:			
Cost of product and maintenance	502,362	(132,184) (A)	370,178
Cost of services	187,123	(12,026) (A)	175,097
Marketing and sales	694,995	(86,325) (A)	608,670
Research and development	1,577,251	(323,599) (A)	1,253,652
General and administrative	289,785	(105,813) (A)	183,972
Amortization of acquired intangibles	88,304	(88,304) (A)	-
Restructuring	41,802	(41,802)	-
Total costs and expenses	3,381,622	(790,053)	2,591,569
Income from operations	1,310,360	790,053	2,100,413
Interest expense	(97,124)	-	(97,124)
Other income, net	133,436	(100,694) (B)	32,742
Income before provision for income taxes	1,346,672	689,359	2,036,031
Provision for income taxes	354,189	(18,244) (C)	335,945
Net income	\$ 992,483	\$ 707,603	\$ 1,700,086

*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 2026 for a further discussion of its non-GAAP measures.

Notes:

(A) For the nine months ended September 30, 2026, 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	\$ 9,221	\$ 122,437	\$ 468	\$ 58	\$ 132,184
Cost of services	10,529	-	1,411	86	12,026
Marketing and sales	75,365	-	9,349	1,611	86,325
Research and development	271,143	-	47,676	4,780	323,599
General and administrative	63,578	-	40,208	2,027	105,813
Amortization of acquired intangibles	-	88,304	-	-	88,304
Total	\$ 429,836	\$ 210,741	\$ 99,112	\$ 8,562	\$ 748,251

(B) Other income or expense related to foreign currency forward exchange contract and settlement associated with an acquisition, investments, divestitures 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 Nine Months Ended September 30, 2025
(In thousands)
(Unaudited)

	Nine Months Ended September 30, 2025		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 3,489,063	\$ -	\$ 3,489,063
Services	<u>367,582</u>	<u>-</u>	<u>367,582</u>
Total revenue	<u>3,856,645</u>	<u>-</u>	<u>3,856,645</u>
Costs and expenses:			
Cost of product and maintenance	374,672	(55,297) (A)	319,375
Cost of services	158,823	(8,772) (A)	150,051
Marketing and sales	595,855	(79,785) (A)	516,070
Research and development	1,304,190	(263,642) (A)	1,040,548
General and administrative	210,162	(81,633) (A)	128,529
Amortization of acquired intangibles	28,359	(28,359) (A)	-
Loss related to contingent liability	128,545	(128,545)	-
Restructuring	<u>27,332</u>	<u>(27,332)</u>	<u>-</u>
Total costs and expenses	<u>2,827,938</u>	<u>(673,365)</u>	<u>2,154,573</u>
Income from operations	1,028,707	673,365	1,702,072
Interest expense	(87,101)	-	(87,101)
Other income, net	<u>87,476</u>	<u>(15,614) (B)</u>	<u>71,862</u>
Income before provision for income taxes	1,029,082	657,751	1,686,833
Provision for income taxes	<u>308,330</u>	<u>(30,002) (C)</u>	<u>278,328</u>
Net income	<u>\$ 720,752</u>	<u>\$ 687,753</u>	<u>\$ 1,408,505</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 2026 for a further discussion of its non-GAAP measures.

Notes:

(A) For the nine months ended September 30, 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	Special charges	Total adjustments
Cost of product and maintenance	\$ 6,290	\$ 46,744	\$ 2,171	\$ 92	\$ -	\$ 55,297
Cost of services	7,252	-	1,387	133	-	8,772
Marketing and sales	66,254	-	11,177	2,354	-	79,785
Research and development	210,481	-	45,832	6,504	825	263,642
General and administrative	51,734	-	25,854	2,882	1,163	81,633
Amortization of acquired intangibles	-	28,359	-	-	-	28,359
Total	<u>\$ 342,011</u>	<u>\$ 75,103</u>	<u>\$ 86,421</u>	<u>\$ 11,965</u>	<u>\$ 1,988</u>	<u>\$ 517,488</u>

(B) Other income or expense related to foreign currency forward exchange contract and settlement associated with an acquisition, investments, divestitures and non-qualified deferred compensation plan assets

(C) Income tax effect of non-GAAP adjustments