

TABLE OF CONTENTS

| | |
|--|----|
| Condensed Consolidated Balance Sheets, December 31, 2025 and December 31, 2024..... | 1 |
| Trended Condensed Consolidated Balance Sheets..... | 2 |
| Condensed Consolidated Income Statements for the Three Months and Years Ended December 31, 2025 and December 31, 2024..... | 3 |
| Trended Condensed Income Statements..... | 4 |
| Condensed Consolidated Statements of Cash Flows for the Years Ended December 31, 2025 and December 31, 2024..... | 5 |
| Trended Condensed Consolidated Statements of Cash Flows..... | 6 |
| Revenue Mix by Geography..... | 7 |
| Revenue Mix by Product Category..... | 7 |
| Impact of Non-GAAP Adjustments on Forward Looking Operating Margin, as of February 17, 2026..... | 8 |
| Impact of Non-GAAP Adjustments on Forward Looking Diluted Net Income Per Share, as of February 17, 2026.... | 9 |
| Impact of Non-GAAP Adjustments on Forward Looking Net Income, as of February 17, 2026..... | 9 |
| Reconciliation of GAAP Net Income to Non-GAAP Net Income, for the Three Months and Years Ended December 31, 2025 and December 31, 2024..... | 10 |
| Reconciliation of GAAP Diluted Net Income Per Share to Non-GAAP Diluted Net Income Per Share, for the Three Months and Years Ended December 31, 2025 and December 31, 2024..... | 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 December 31, 2025..... | 13 |
| Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures for the Three Months Ended December 31, 2024..... | 14 |
| Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures for the Year Ended December 31, 2025..... | 15 |
| Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures for the Year Ended December 31, 2024..... | 16 |

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

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|--|--------------------------|--------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 3,001,317 | \$ 2,644,030 |
| Receivables, net | 944,939 | 680,460 |
| Inventories | 303,545 | 257,711 |
| Prepaid expenses and other | 419,872 | 433,878 |
| Total current assets | <u>4,669,673</u> | <u>4,016,079</u> |
| Property, plant and equipment, net | 517,004 | 458,200 |
| Goodwill | 2,749,143 | 2,378,671 |
| Acquired intangibles, net | 718,223 | 594,734 |
| Deferred taxes | 917,733 | 982,057 |
| Other assets | 581,372 | 544,741 |
| Total assets | <u>\$ 10,153,148</u> | <u>\$ 8,974,482</u> |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 856,856 | \$ 632,692 |
| Current portion of deferred revenue | 778,435 | 737,413 |
| Total current liabilities | <u>1,635,291</u> | <u>1,370,105</u> |
| Long-term liabilities: | | |
| Long-term portion of deferred revenue | 155,997 | 115,168 |
| Long-term debt | 2,480,150 | 2,476,183 |
| Other long-term liabilities | 407,529 | 339,448 |
| Total long-term liabilities | <u>3,043,676</u> | <u>2,930,799</u> |
| Stockholders' equity | 5,474,181 | 4,673,578 |
| Total liabilities and stockholders' equity | <u>\$ 10,153,148</u> | <u>\$ 8,974,482</u> |

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

| | December 31, 2024 | March 31, 2025 | June 30, 2025 | September 30, 2025 | December 31, 2025 |
|---|----------------------|-------------------|------------------|-----------------------|----------------------|
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 2,644,030 | \$ 2,777,674 | \$ 2,822,762 | \$ 2,753,246 | \$ 3,001,317 |
| Receivables, net | 680,460 | 580,887 | 670,166 | 755,265 | 944,939 |
| Inventories | 257,711 | 225,621 | 226,162 | 286,193 | 303,545 |
| Prepaid expenses and other | 433,878 | 413,905 | 503,453 | 492,336 | 419,872 |
| Total current assets | 4,016,079 | 3,998,087 | 4,222,543 | 4,287,040 | 4,669,673 |
| Property, plant and equipment, net | 458,200 | 466,322 | 482,131 | 494,701 | 517,004 |
| Goodwill | 2,378,671 | 2,419,717 | 2,599,798 | 2,644,910 | 2,749,143 |
| Acquired intangibles, net | 594,734 | 584,228 | 618,952 | 672,508 | 718,223 |
| Deferred taxes | 982,057 | 986,191 | 980,223 | 892,568 | 917,733 |
| Other assets | 544,741 | 558,941 | 605,051 | 607,544 | 581,372 |
| Total assets | \$ 8,974,482 | \$ 9,013,486 | \$ 9,508,698 | \$ 9,599,271 | \$ 10,153,148 |
| Current liabilities: | | | | | |
| Accounts payable and accrued liabilities | \$ 632,692 | \$ 570,197 | \$ 766,636 | \$ 631,273 | \$ 856,856 |
| Current portion of deferred revenue | 737,413 | 730,570 | 729,929 | 775,284 | 778,435 |
| Total current liabilities | 1,370,105 | 1,300,767 | 1,496,565 | 1,406,557 | 1,635,291 |
| Long-term liabilities: | | | | | |
| Long-term portion of deferred revenue | 115,168 | 110,702 | 154,448 | 130,060 | 155,997 |
| Long-term debt | 2,476,183 | 2,477,159 | 2,478,145 | 2,479,142 | 2,480,150 |
| Other long-term liabilities | 339,448 | 348,601 | 373,002 | 384,510 | 407,529 |
| Total long-term liabilities | 2,930,799 | 2,936,462 | 3,005,595 | 2,993,712 | 3,043,676 |
| Stockholders' equity: | | | | | |
| Common stock and capital in excess of par value | 4,181,737 | 4,327,187 | 4,445,872 | 4,605,230 | 4,719,443 |
| Treasury stock, at cost | (5,309,579) | (5,693,200) | (5,888,804) | (6,126,147) | (6,344,213) |
| Retained earnings | 5,991,868 | 6,265,447 | 6,425,498 | 6,712,620 | 7,100,756 |
| Accumulated other comprehensive income (loss) | (190,448) | (123,177) | 23,972 | 7,299 | (1,805) |
| Total stockholders' equity | 4,673,578 | 4,776,257 | 5,006,538 | 5,199,002 | 5,474,181 |
| Total liabilities and stockholders' equity | \$ 8,974,482 | \$ 9,013,486 | \$ 9,508,698 | \$ 9,599,271 | \$ 10,153,148 |

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

| | Three Months Ended | | Years Ended | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | December 31, 2025 | December 31, 2024 | December 31, 2025 | December 31, 2024 |
| Revenue: | | | | |
| Product and maintenance | \$ 1,332,526 | \$ 1,239,287 | \$ 4,821,589 | \$ 4,213,509 |
| Services | 107,588 | 116,694 | 475,170 | 427,755 |
| Total revenue | <u>1,440,114</u> | <u>1,355,981</u> | <u>5,296,759</u> | <u>4,641,264</u> |
| Costs and expenses: | | | | |
| Cost of product and maintenance | 144,001 | 157,249 | 518,673 | 436,600 |
| Cost of services | 44,753 | 62,742 | 203,576 | 210,902 |
| Marketing and sales | 206,778 | 200,406 | 802,633 | 757,483 |
| Research and development | 464,582 | 392,026 | 1,768,772 | 1,549,093 |
| General and administrative | 103,225 | 70,228 | 313,387 | 273,961 |
| Amortization of acquired intangibles | 11,578 | 9,153 | 39,937 | 30,375 |
| Loss related to contingent liability | - | 8,322 | 128,545 | 8,322 |
| Restructuring | 1,862 | (1,020) | 29,194 | 23,765 |
| Total costs and expenses | <u>976,779</u> | <u>899,106</u> | <u>3,804,717</u> | <u>3,290,501</u> |
| Income from operations | 463,335 | 456,875 | 1,492,042 | 1,350,763 |
| Interest expense | (29,440) | (29,907) | (116,541) | (75,999) |
| Other income, net | <u>59,066</u> | <u>9,684</u> | <u>146,542</u> | <u>121,055</u> |
| Income before provision for income taxes | 492,961 | 436,652 | 1,522,043 | 1,395,819 |
| Provision for income taxes | <u>104,825</u> | <u>96,442</u> | <u>413,155</u> | <u>340,335</u> |
| Net income | <u>\$ 388,136</u> | <u>\$ 340,210</u> | <u>\$ 1,108,888</u> | <u>\$ 1,055,484</u> |
| Net income per share - basic | <u>\$ 1.43</u> | <u>\$ 1.25</u> | <u>\$ 4.09</u> | <u>\$ 3.89</u> |
| Net income per share - diluted | <u>\$ 1.42</u> | <u>\$ 1.24</u> | <u>\$ 4.06</u> | <u>\$ 3.85</u> |
| Weighted average common shares outstanding - basic | <u>270,924</u> | <u>272,069</u> | <u>271,333</u> | <u>271,212</u> |
| Weighted average common shares outstanding - diluted | <u>272,932</u> | <u>274,292</u> | <u>273,312</u> | <u>273,833</u> |

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

| | Three Months Ended | | | | |
|--|----------------------|-------------------|------------------|-----------------------|----------------------|
| | December 31, 2024 | March 31, 2025 | June 30, 2025 | September 30, 2025 | December 31, 2025 |
| Revenue: | | | | | |
| Product and maintenance | \$ 1,239,287 | \$ 1,110,850 | \$ 1,170,510 | \$ 1,207,703 | \$ 1,332,526 |
| Services | 116,694 | 131,516 | 104,931 | 131,135 | 107,588 |
| Total revenue | 1,355,981 | 1,242,366 | 1,275,441 | 1,338,838 | 1,440,114 |
| Costs and expenses: | | | | | |
| Cost of product and maintenance | 157,249 | 116,672 | 139,298 | 118,702 | 144,001 |
| Cost of services | 62,742 | 50,461 | 44,869 | 63,493 | 44,753 |
| Marketing and sales | 200,406 | 202,700 | 200,595 | 192,560 | 206,778 |
| Research and development | 392,026 | 439,102 | 442,057 | 423,031 | 464,582 |
| General and administrative | 70,228 | 63,098 | 69,029 | 78,035 | 103,225 |
| Amortization of acquired intangibles | 9,153 | 8,922 | 9,204 | 10,233 | 11,578 |
| Loss related to contingent liability | 8,322 | - | 128,545 | - | - |
| Restructuring | (1,020) | (109) | 47 | 27,394 | 1,862 |
| Total costs and expenses | 899,106 | 880,846 | 1,033,644 | 913,448 | 976,779 |
| Income from operations | 456,875 | 361,520 | 241,797 | 425,390 | 463,335 |
| Interest expense | (29,907) | (29,118) | (28,948) | (29,035) | (29,440) |
| Other income (expense), net | 9,684 | 23,290 | 67,758 | (3,572) | 59,066 |
| Income before provision for income taxes | 436,652 | 355,692 | 280,607 | 392,783 | 492,961 |
| Provision for income taxes | 96,442 | 82,113 | 120,556 | 105,661 | 104,825 |
| Net income | \$ 340,210 | \$ 273,579 | \$ 160,051 | \$ 287,122 | \$ 388,136 |
| Net income per share - basic | \$ 1.25 | \$ 1.01 | \$ 0.59 | \$ 1.06 | \$ 1.43 |
| Net income per share - diluted | \$ 1.24 | \$ 1.00 | \$ 0.59 | \$ 1.05 | \$ 1.42 |
| Weighted average common shares outstanding - basic | 272,069 | 271,973 | 271,294 | 271,152 | 270,924 |
| Weighted average common shares outstanding - diluted | 274,292 | 273,631 | 272,899 | 273,798 | 272,932 |

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

| | Years Ended | |
|--|------------------------------|------------------------------|
| | December 31, 2025 | December 31, 2024 |
| Cash and cash equivalents at beginning of year | \$ 2,644,030 | \$ 1,008,152 |
| Cash flows from operating activities: | | |
| Net income | 1,108,888 | 1,055,484 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 227,828 | 196,935 |
| Stock-based compensation | 455,175 | 391,219 |
| Gain on divestitures and investments, net | (69,089) | (49,593) |
| Deferred income taxes | 66,048 | (128,737) |
| ROU asset amortization and change in operating lease liabilities | 6,016 | (1,920) |
| Other non-cash items | 7,166 | 6,138 |
| Changes in operating assets and liabilities, net of effect of acquired businesses: | | |
| Receivables | (274,894) | (180,287) |
| Inventories | (91,029) | (82,771) |
| Prepaid expenses and other | 43,382 | (81,529) |
| Other assets | (18,569) | 11,866 |
| Accounts payable and accrued liabilities | 184,897 | 33,676 |
| Deferred revenue | 69,411 | 66,478 |
| Other long-term liabilities | 13,551 | 23,592 |
| Net cash provided by operating activities | <u>1,728,781</u> | <u>1,260,551</u> |
| Cash flows from investing activities: | | |
| Purchases of investments | (40,895) | (4,982) |
| Proceeds from the sale and maturity of investments | 140,281 | 47,980 |
| Proceeds from the sale of IP and other assets | 11,500 | - |
| Purchases of property, plant and equipment | (141,871) | (142,542) |
| Cash paid in business combinations, net of cash acquired | (429,538) | (737,574) |
| Net cash used for investing activities | <u>(460,523)</u> | <u>(837,118)</u> |
| Cash flows from financing activities: | | |
| Proceeds from issuance of debt | - | 3,196,595 |
| Payments of debt | - | (1,350,000) |
| Payments of debt issuance costs | - | (23,828) |
| Proceeds from issuance of common stock | 145,901 | 204,237 |
| Stock received for payment of employee taxes on vesting of restricted stock | (169,842) | (237,737) |
| Payments for repurchases of common stock | (925,034) | (550,026) |
| Net cash provided by (used for) financing activities | <u>(948,975)</u> | <u>1,239,241</u> |
| Effect of exchange rate changes on cash and cash equivalents | <u>38,004</u> | <u>(26,796)</u> |
| Increase in cash and cash equivalents | <u>357,287</u> | <u>1,635,878</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 3,001,317</u></u> | <u><u>\$ 2,644,030</u></u> |

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

| | Q4 2024 | Q1 2025 | Q2 2025 | Q3 2025 | Q4 2025 |
|--|--------------|--------------|--------------|--------------|--------------|
| Cash and cash equivalents at beginning of period | \$ 2,786,040 | \$ 2,644,030 | \$ 2,777,674 | \$ 2,822,762 | \$ 2,753,246 |
| Cash flows from operating activities: | | | | | |
| Net income | 340,210 | 273,579 | 160,051 | 287,122 | 388,136 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | | |
| Depreciation and amortization | 54,683 | 52,916 | 53,676 | 56,677 | 64,559 |
| Stock-based compensation | 106,508 | 107,613 | 118,325 | 116,073 | 113,164 |
| (Gain) loss on divestitures and investments, net | 14,865 | 1,791 | (38,445) | 14,519 | (46,954) |
| Deferred income taxes | (123,655) | (1,861) | 5,102 | 86,515 | (23,708) |
| ROU asset amortization and change in operating lease liabilities | (820) | (1,446) | 4,075 | (927) | 4,314 |
| Other non-cash items | 2,324 | 862 | 2,640 | 1,211 | 2,453 |
| Changes in operating assets and liabilities, net of effect of acquired businesses: | | | | | |
| Receivables | (135,521) | 102,136 | (113,347) | (79,455) | (184,228) |
| Inventories | 56,408 | 15,018 | (7,490) | (68,386) | (30,171) |
| Prepaid expenses and other | 33,256 | 10,316 | (34,517) | 9,367 | 58,216 |
| Other assets | 20,625 | 12,237 | 2 | (6,428) | (24,380) |
| Accounts payable and accrued liabilities | 11,818 | (69,621) | 185,224 | (138,840) | 208,134 |
| Deferred revenue | 59,798 | (14,377) | 36,201 | 22,632 | 24,955 |
| Other long-term liabilities | 860 | (2,142) | 6,106 | 10,582 | (995) |
| Net cash provided by operating activities | 441,359 | 487,021 | 377,603 | 310,662 | 553,495 |
| Cash flows from investing activities: | | | | | |
| Purchases of investments | (2,887) | (11,469) | (10,127) | (13,586) | (5,713) |
| Proceeds from the sale and maturity of investments | 2,324 | 1,246 | 743 | 1,504 | 136,788 |
| Proceeds from the sale of IP and other assets | - | 11,500 | - | - | - |
| Purchases of property, plant and equipment | (37,202) | (23,061) | (44,085) | (33,684) | (41,041) |
| Cash paid in business combinations, net of cash acquired | (2,247) | - | (122,146) | (128,549) | (178,843) |
| Net cash used for investing activities | (40,012) | (21,784) | (175,615) | (174,315) | (88,809) |
| Cash flows from financing activities: | | | | | |
| Payments of debt | (350,000) | - | - | - | - |
| Payments of debt issuance costs | (1,159) | - | - | - | - |
| Proceeds from issuance of common stock | 10,304 | 76,789 | 1,533 | 59,747 | 7,832 |
| Stock received for payment of employee taxes on vesting of restricted stock | (20,275) | (72,566) | (21,768) | (53,796) | (21,712) |
| Payments for repurchases of common stock | (150,008) | (350,007) | (175,009) | (200,009) | (200,009) |
| Net cash used for financing activities | (511,138) | (345,784) | (195,244) | (194,058) | (213,889) |
| Effect of exchange rate changes on cash and cash equivalents | (32,219) | 14,191 | 38,344 | (11,805) | (2,726) |
| Increase (decrease) in cash and cash equivalents | (142,010) | 133,644 | 45,088 | (69,516) | 248,071 |
| Cash and cash equivalents at end of period | \$ 2,644,030 | \$ 2,777,674 | \$ 2,822,762 | \$ 2,753,246 | \$ 3,001,317 |

Cadence Design Systems, Inc.
(Unaudited)

Revenue Mix by Geography (% of Total Revenue)

| <u>GEOGRAPHY</u> | 2024 | | | | | 2025 | | | | |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Q1 | Q2 | Q3 | Q4 | Year | Q1 | Q2 | Q3 | Q4 | Year |
| Americas | 46% | 49% | 50% | 49% | 49% | 48% | 49% | 43% | 47% | 47% |
| China | 12% | 12% | 13% | 13% | 12% | 11% | 9% | 18% | 12% | 13% |
| Other Asia | 20% | 19% | 17% | 17% | 18% | 19% | 19% | 18% | 20% | 19% |
| Europe, Middle East and Africa | 17% | 14% | 14% | 15% | 15% | 16% | 16% | 14% | 14% | 15% |
| Japan | 5% | 6% | 6% | 6% | 6% | 6% | 7% | 7% | 7% | 6% |
| Total | 100% | 100% | 100% | 100% | 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 | Q2 | Q3 | Q4 | Year |
| Core EDA | 76% | 73% | 70% | 68% | 71% | 71% | 71% | 71% | 69% | 70% |
| Semiconductor IP | 12% | 13% | 14% | 13% | 13% | 14% | 13% | 14% | 15% | 14% |
| System Design and Analysis | 12% | 14% | 16% | 19% | 16% | 15% | 16% | 15% | 16% | 16% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Operating Margin
As of February 17, 2026
(Unaudited)

| | Three Months Ending March 31, 2026 Forecast | Year Ending December 31, 2026 Forecast |
|---|--|---|
| GAAP operating margin as a percent of total revenue | 30% - 31% | 31.75% - 32.75% |
| 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† | 44% - 45% | 44.75% - 45.75% |

†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 February 17, 2026
(Unaudited)

| | Three Months Ending March 31, 2026 Forecast | Year Ending December 31, 2026 Forecast |
|---|--|---|
| Diluted net income per share on a GAAP basis | \$1.16 to \$1.22 | \$4.95 to \$5.05 |
| Stock-based compensation expense | 0.50 | 2.04 |
| Amortization of acquired intangibles | 0.12 | 0.46 |
| Acquisition and integration-related costs | 0.11 | 0.36 |
| Income tax effect of non-GAAP adjustments | 0.00 | 0.24 |
| Diluted net income per share on a non-GAAP basis† | <u><u>\$1.89 to \$1.95</u></u> | <u><u>\$8.05 to \$8.15</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 February 17, 2026
(Unaudited)

| (\$ in millions) | Three Months Ending March 31, 2026 Forecast | Year Ending December 31, 2026 Forecast |
|---|--|---|
| Net income on a GAAP basis | \$317 to \$333 | \$1,355 to \$1,382 |
| Stock-based compensation expense | 137 | 557 |
| Amortization of acquired intangibles | 32 | 125 |
| Acquisition and integration-related costs | 31 | 100 |
| Income tax effect of non-GAAP adjustments | 1 | 66 |
| Net income on a non-GAAP basis† | <u><u>\$518 to \$534</u></u> | <u><u>\$2,203 to \$2,230</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 Months and Years Ended December 31, 2025 and December 31, 2024
(Unaudited)

| (In thousands) | Three Months Ended | | Years Ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2025 | December 31, 2024 | December 31, 2025 | December 31, 2024 |
| Net income on a GAAP basis | \$ 388,136 | \$ 340,210 | \$ 1,108,888 | \$ 1,055,484 |
| Stock-based compensation expense* | 113,164 | 106,508 | 455,175 | 391,219 |
| Amortization of acquired intangibles** | 30,229 | 26,776 | 105,332 | 90,449 |
| Acquisition and integration-related costs*** | 48,652 | 23,477 | 135,073 | 95,562 |
| Restructuring | 1,862 | (1,020) | 29,194 | 23,765 |
| Non-qualified deferred compensation expenses**** | 2,064 | 293 | 14,029 | 11,145 |
| Special charges***** | - | 1,902 | 1,988 | 3,135 |
| Loss related to contingent liability | - | 8,322 | 128,545 | 8,322 |
| Other income or expense related to foreign currency forward exchange contract associated with a pending acquisition | 10,666 | - | 29,227 | - |
| Other income or expense related to investments, divestitures and non-qualified deferred compensation plan assets | (49,111) | 14,654 | (83,286) | (60,798) |
| Income tax effect of non-GAAP adjustments | (2,505) | (5,456) | 27,497 | 17,162 |
| Net income on a non-GAAP basis + | <u>\$ 543,157</u> | <u>\$ 515,666</u> | <u>\$ 1,951,662</u> | <u>\$ 1,635,445</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 fourth quarter and fiscal year 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 | | Years Ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2025 | December 31, 2024 | December 31, 2025 | December 31, 2024 |
| Cost of product and maintenance | \$ 1,926 | \$ 1,915 | \$ 8,216 | \$ 6,402 |
| Cost of services | 2,246 | 2,438 | 9,498 | 8,149 |
| Marketing and sales | 20,896 | 21,682 | 87,150 | 77,195 |
| Research and development | 68,008 | 65,745 | 278,489 | 241,730 |
| General and administrative | 20,088 | 14,728 | 71,822 | 57,743 |
| Total stock-based compensation expense | <u>\$ 113,164</u> | <u>\$ 106,508</u> | <u>\$ 455,175</u> | <u>\$ 391,219</u> |

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

| (In thousands) | Three Months Ended | | Years Ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2025 | December 31, 2024 | December 31, 2025 | December 31, 2024 |
| Cost of product and maintenance | \$ 18,651 | \$ 17,623 | \$ 65,395 | \$ 60,074 |
| Amortization of acquired intangibles | 11,578 | 9,153 | 39,937 | 30,375 |
| Total amortization of acquired intangibles | <u>\$ 30,229</u> | <u>\$ 26,776</u> | <u>\$ 105,332</u> | <u>\$ 90,449</u> |

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

| (In thousands) | Three Months Ended | | Years Ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2025 | December 31, 2024 | December 31, 2025 | December 31, 2024 |
| Cost of product and maintenance | \$ 331 | \$ 954 | \$ 2,502 | \$ 2,199 |
| Cost of services | 347 | 920 | 1,734 | 3,869 |
| Marketing and sales | 2,726 | 6,100 | 13,903 | 20,820 |
| Research and development | 30,448 | 12,520 | 76,280 | 47,682 |
| General and administrative | 14,800 | 2,983 | 40,654 | 20,992 |
| Total acquisition and integration-related costs | <u>\$ 48,652</u> | <u>\$ 23,477</u> | <u>\$ 135,073</u> | <u>\$ 95,562</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 | | Years Ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2025 | December 31, 2024 | December 31, 2025 | December 31, 2024 |
| Cost of product and maintenance | \$ 16 | \$ (11) | \$ 108 | \$ 63 |
| Cost of services | 24 | (16) | 157 | 91 |
| Marketing and sales | 398 | 140 | 2,752 | 2,291 |
| Research and development | 1,073 | 431 | 7,577 | 6,877 |
| General and administrative | 553 | (251) | 3,435 | 1,823 |
| Total non-qualified deferred compensation expenses | <u>\$ 2,064</u> | <u>\$ 293</u> | <u>\$ 14,029</u> | <u>\$ 11,145</u> |

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

| (In thousands) | Three Months Ended | | Years Ended | |
|----------------------------|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2025 | December 31, 2024 | December 31, 2025 | December 31, 2024 |
| Marketing and sales | \$ - | \$ - | \$ - | \$ 1,233 |
| Research and development | - | 1,000 | 825 | 1,000 |
| General and administrative | - | 902 | 1,163 | 902 |
| Total special charges | <u>\$ -</u> | <u>\$ 1,902</u> | <u>\$ 1,988</u> | <u>\$ 3,135</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 and Years Ended December 31, 2025 and December 31, 2024
(Unaudited)

| (In thousands, except per share data) | Three Months Ended | | Years Ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2025 | December 31, 2024 | December 31, 2025 | December 31, 2024 |
| Diluted net income per share on a GAAP basis | \$ 1.42 | \$ 1.24 | \$ 4.06 | \$ 3.85 |
| Stock-based compensation expense | 0.41 | 0.39 | 1.67 | 1.43 |
| Amortization of acquired intangibles | 0.11 | 0.10 | 0.38 | 0.33 |
| Acquisition and integration-related costs | 0.18 | 0.08 | 0.49 | 0.35 |
| Restructuring | 0.01 | - | 0.11 | 0.09 |
| Non-qualified deferred compensation expenses | 0.01 | - | 0.05 | 0.04 |
| Special charges | - | 0.01 | 0.01 | 0.01 |
| Loss related to contingent liability | - | 0.03 | 0.47 | 0.03 |
| Other income or expense related to foreign currency forward exchange contract associated with a pending acquisition | 0.04 | - | 0.11 | - |
| Other income or expense related to investments, divestitures and non-qualified deferred compensation plan assets | (0.18) | 0.05 | (0.31) | (0.22) |
| Income tax effect of non-GAAP adjustments | (0.01) | (0.02) | 0.10 | 0.06 |
| Diluted net income per share on a non-GAAP basis + | <u>\$ 1.99</u> | <u>\$ 1.88</u> | <u>\$ 7.14</u> | <u>\$ 5.97</u> |
| Shares used in calculation of diluted net income per share | 272,932 | 274,292 | 273,312 | 273,833 |

+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 fourth quarter and fiscal year 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)

| | Three Months Ended December 31, 2025 | Three Months Ended December 31, 2024 |
|--|---|---|
| | Actual | Actual |
| | (In thousands) | (In thousands) |
| GAAP total costs and expenses | \$ 976,779 | \$ 899,106 |
| Reconciling items to non-GAAP total costs and expenses | | |
| Stock-based compensation expense | (113,164) | (106,508) |
| Amortization of acquired intangibles | (30,229) | (26,776) |
| Acquisition and integration-related costs | (48,652) | (23,477) |
| Restructuring | (1,862) | 1,020 |
| Non-qualified deferred compensation expenses | (2,064) | (293) |
| Special charges | - | (1,902) |
| Loss related to contingent liability | - | (8,322) |
| Non-GAAP total costs and expenses† | <u>\$ 780,808</u> | <u>\$ 732,848</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 fourth quarter and fiscal year 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)

| For the three months ended December 31, 2025 | | | | | | | |
|--|-------------------------------------|----------------------------------|--------------------------------------|---|--|--|--|
| (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 | 144,001 | (1,926) | (18,651) | (331) | (16) | 123,077 | |
| Cost of services | 44,753 | (2,246) | - | (347) | (24) | 42,136 | |
| Marketing and sales | 206,778 | (20,896) | - | (2,726) | (398) | 182,758 | |
| Research and development | 464,582 | (68,008) | - | (30,448) | (1,073) | 365,053 | |
| General and administrative | 103,225 | (20,088) | - | (14,800) | (553) | 67,784 | |
| Amortization of acquired intangibles | 11,578 | - | (11,578) | - | - | - | |
| | | (113,164) | (30,229) | (48,652) | (2,064) | | |
| For the year ended December 31, 2025 | | | | | | | |
| (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 | Special charges | Operating expenses on a non-GAAP basis |
| Cost of product and maintenance | 518,673 | (8,216) | (65,395) | (2,502) | (108) | - | 442,452 |
| Cost of services | 203,576 | (9,498) | - | (1,734) | (157) | - | 192,187 |
| Marketing and sales | 802,633 | (87,150) | - | (13,903) | (2,752) | - | 698,828 |
| Research and development | 1,768,772 | (278,489) | - | (76,280) | (7,577) | (825) | 1,405,601 |
| General and administrative | 313,387 | (71,822) | - | (40,654) | (3,435) | (1,163) | 196,313 |
| Amortization of acquired intangibles | 39,937 | - | (39,937) | - | - | - | - |
| | | (455,175) | (105,332) | (135,073) | (14,029) | (1,988) | |

†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 fourth quarter and fiscal year 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 December 31, 2025
(In thousands)
(Unaudited)

| | Three Months Ended December 31, 2025 | | |
|--|---|---------------------|-------------------|
| | GAAP | Adjustments | Non-GAAP* |
| Revenue: | | | |
| Product and maintenance | \$ 1,332,526 | \$ - | \$ 1,332,526 |
| Services | <u>107,588</u> | <u>-</u> | <u>107,588</u> |
| Total revenue | <u>1,440,114</u> | <u>-</u> | <u>1,440,114</u> |
| Costs and expenses: | | | |
| Cost of product and maintenance | 144,001 | (20,924) (A) | 123,077 |
| Cost of services | 44,753 | (2,617) (A) | 42,136 |
| Marketing and sales | 206,778 | (24,020) (A) | 182,758 |
| Research and development | 464,582 | (99,529) (A) | 365,053 |
| General and administrative | 103,225 | (35,441) (A) | 67,784 |
| Amortization of acquired intangibles | 11,578 | (11,578) (A) | - |
| Restructuring | <u>1,862</u> | <u>(1,862)</u> | <u>-</u> |
| Total costs and expenses | <u>976,779</u> | <u>(195,971)</u> | <u>780,808</u> |
| Income from operations | 463,335 | 195,971 | 659,306 |
| Interest expense | (29,440) | - | (29,440) |
| Other income, net | <u>59,066</u> | <u>(38,445) (B)</u> | <u>20,621</u> |
| Income before provision for income taxes | 492,961 | 157,526 | 650,487 |
| Provision for income taxes | <u>104,825</u> | <u>2,505 (C)</u> | <u>107,330</u> |
| Net income | <u>\$ 388,136</u> | <u>\$ 155,021</u> | <u>\$ 543,157</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 fourth quarter and fiscal year 2025 for a further discussion of its non-GAAP measures.**

Notes:

(A) For the three months ended December 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 | Total adjustments |
|--------------------------------------|--|--|--|---|----------------------|
| Cost of product and maintenance | \$ 1,926 | \$ 18,651 | \$ 331 | \$ 16 | \$ 20,924 |
| Cost of services | 2,246 | - | 347 | 24 | 2,617 |
| Marketing and sales | 20,896 | - | 2,726 | 398 | 24,020 |
| Research and development | 68,008 | - | 30,448 | 1,073 | 99,529 |
| General and administrative | 20,088 | - | 14,800 | 553 | 35,441 |
| Amortization of acquired intangibles | - | 11,578 | - | - | 11,578 |
| Total | <u>\$ 113,164</u> | <u>\$ 30,229</u> | <u>\$ 48,652</u> | <u>\$ 2,064</u> | <u>\$ 194,109</u> |

(B) Other income or expense related to foreign currency forward exchange contracts associated with a pending 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 December 31, 2024
(In thousands)
(Unaudited)

| | Three Months Ended December 31, 2024 | | |
|--|---|-------------------|-------------------|
| | GAAP | Adjustments | Non-GAAP* |
| Revenue: | | | |
| Product and maintenance | \$ 1,239,287 | \$ - | \$ 1,239,287 |
| Services | <u>116,694</u> | <u>-</u> | <u>116,694</u> |
| Total revenue | <u>1,355,981</u> | <u>-</u> | <u>1,355,981</u> |
| Costs and expenses: | | | |
| Cost of product and maintenance | 157,249 | (20,481) (A) | 136,768 |
| Cost of services | 62,742 | (3,342) (A) | 59,400 |
| Marketing and sales | 200,406 | (27,922) (A) | 172,484 |
| Research and development | 392,026 | (79,696) (A) | 312,330 |
| General and administrative | 70,228 | (18,362) (A) | 51,866 |
| Amortization of acquired intangibles | 9,153 | (9,153) (A) | - |
| Loss related to contingent liability | 8,322 | (8,322) | - |
| Restructuring | <u>(1,020)</u> | <u>1,020</u> | <u>-</u> |
| Total costs and expenses | <u>899,106</u> | <u>(166,258)</u> | <u>732,848</u> |
| Income from operations | 456,875 | 166,258 | 623,133 |
| Interest expense | (29,907) | - | (29,907) |
| Other income, net | <u>9,684</u> | <u>14,654</u> (B) | <u>24,338</u> |
| Income before provision for income taxes | 436,652 | 180,912 | 617,564 |
| Provision for income taxes | <u>96,442</u> | <u>5,456</u> (C) | <u>101,898</u> |
| Net income | <u>\$ 340,210</u> | <u>\$ 175,456</u> | <u>\$ 515,666</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 fourth quarter and fiscal year 2025 for a further discussion of its non-GAAP measures.

Notes:

(A) For the three months ended December 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 | Special charges | Total adjustments |
|--------------------------------------|--|--|--|---|--------------------|----------------------|
| Cost of product and maintenance | \$ 1,915 | \$ 17,623 | \$ 954 | \$ (11) | \$ - | \$ 20,481 |
| Cost of services | 2,438 | - | 920 | (16) | - | 3,342 |
| Marketing and sales | 21,682 | - | 6,100 | 140 | - | 27,922 |
| Research and development | 65,745 | - | 12,520 | 431 | 1,000 | 79,696 |
| General and administrative | 14,728 | - | 2,983 | (251) | 902 | 18,362 |
| Amortization of acquired intangibles | - | 9,153 | - | - | - | 9,153 |
| Total | <u>\$ 106,508</u> | <u>\$ 26,776</u> | <u>\$ 23,477</u> | <u>\$ 293</u> | <u>\$ 1,902</u> | <u>\$ 158,956</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 Year Ended December 31, 2025
(In thousands)
(Unaudited)

| | Year Ended December 31, 2025 | | |
|--|---------------------------------|---------------|--------------|
| | GAAP | Adjustments | Non-GAAP* |
| Revenue: | | | |
| Product and maintenance | \$ 4,821,589 | \$ - | \$ 4,821,589 |
| Services | 475,170 | - | 475,170 |
| Total revenue | 5,296,759 | - | 5,296,759 |
| Costs and expenses: | | | |
| Cost of product and maintenance | 518,673 | (76,221) (A) | 442,452 |
| Cost of services | 203,576 | (11,389) (A) | 192,187 |
| Marketing and sales | 802,633 | (103,805) (A) | 698,828 |
| Research and development | 1,768,772 | (363,171) (A) | 1,405,601 |
| General and administrative | 313,387 | (117,074) (A) | 196,313 |
| Amortization of acquired intangibles | 39,937 | (39,937) (A) | - |
| Loss related to contingent liability | 128,545 | (128,545) | - |
| Restructuring | 29,194 | (29,194) | - |
| Total costs and expenses | 3,804,717 | (869,336) | 2,935,381 |
| Income from operations | 1,492,042 | 869,336 | 2,361,378 |
| Interest expense | (116,541) | - | (116,541) |
| Other income, net | 146,542 | (54,059) (B) | 92,483 |
| Income before provision for income taxes | 1,522,043 | 815,277 | 2,337,320 |
| Provision for income taxes | 413,155 | (27,497) (C) | 385,658 |
| Net income | \$ 1,108,888 | \$ 842,774 | \$ 1,951,662 |

*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 fourth quarter and fiscal year 2025 for a further discussion of its non-GAAP measures.

Notes:

(A) For the year ended December 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 | Special charges | Total adjustments |
|--------------------------------------|--|--|--|---|--------------------|----------------------|
| Cost of product and maintenance | \$ 8,216 | \$ 65,395 | \$ 2,502 | \$ 108 | \$ - | \$ 76,221 |
| Cost of services | 9,498 | - | 1,734 | 157 | - | 11,389 |
| Marketing and sales | 87,150 | - | 13,903 | 2,752 | - | 103,805 |
| Research and development | 278,489 | - | 76,280 | 7,577 | 825 | 363,171 |
| General and administrative | 71,822 | - | 40,654 | 3,435 | 1,163 | 117,074 |
| Amortization of acquired intangibles | - | 39,937 | - | - | - | 39,937 |
| Total | \$ 455,175 | \$ 105,332 | \$ 135,073 | \$ 14,029 | \$ 1,988 | \$ 711,597 |

(B) Other income or expense related to foreign currency forward exchange contracts associated with a pending 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 Year Ended December 31, 2024
(In thousands)
(Unaudited)

| | Year Ended December 31, 2024 | | |
|--|---------------------------------|---------------|--------------|
| | GAAP | Adjustments | Non-GAAP* |
| Revenue: | | | |
| Product and maintenance | \$ 4,213,509 | \$ - | \$ 4,213,509 |
| Services | 427,755 | - | 427,755 |
| Total revenue | 4,641,264 | - | 4,641,264 |
| Costs and expenses: | | | |
| Cost of product and maintenance | 436,600 | (68,738) (A) | 367,862 |
| Cost of services | 210,902 | (12,109) (A) | 198,793 |
| Marketing and sales | 757,483 | (101,539) (A) | 655,944 |
| Research and development | 1,549,093 | (297,289) (A) | 1,251,804 |
| General and administrative | 273,961 | (81,460) (A) | 192,501 |
| Amortization of acquired intangibles | 30,375 | (30,375) (A) | - |
| Loss related to contingent liability | 8,322 | (8,322) | - |
| Restructuring | 23,765 | (23,765) | - |
| Total costs and expenses | 3,290,501 | (623,597) | 2,666,904 |
| Income from operations | 1,350,763 | 623,597 | 1,974,360 |
| Interest expense | (75,999) | - | (75,999) |
| Other income, net | 121,055 | (60,798) (B) | 60,257 |
| Income before provision for income taxes | 1,395,819 | 562,799 | 1,958,618 |
| Provision for income taxes | 340,335 | (17,162) (C) | 323,173 |
| Net income | \$ 1,055,484 | \$ 579,961 | \$ 1,635,445 |

*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 fourth quarter and fiscal year 2025 for a further discussion of its non-GAAP measures.

Notes:

(A) For the year ended December 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 | Special charges | Total adjustments |
|--------------------------------------|--|--|--|---|--------------------|----------------------|
| Cost of product and maintenance | \$ 6,402 | \$ 60,074 | \$ 2,199 | \$ 63 | \$ - | \$ 68,738 |
| Cost of services | 8,149 | - | 3,869 | 91 | - | 12,109 |
| Marketing and sales | 77,195 | - | 20,820 | 2,291 | 1,233 | 101,539 |
| Research and development | 241,730 | - | 47,682 | 6,877 | 1,000 | 297,289 |
| General and administrative | 57,743 | - | 20,992 | 1,823 | 902 | 81,460 |
| Amortization of acquired intangibles | - | 30,375 | - | - | - | 30,375 |
| Total | \$ 391,219 | \$ 90,449 | \$ 95,562 | \$ 11,145 | \$ 3,135 | \$ 591,510 |

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

(C) Income tax effect of non-GAAP adjustments