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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Current assets:		
Cash and cash equivalents	\$ 1,406,668	\$ 3,001,317
Receivables, net	1,033,814	944,939
Inventories	317,951	303,545
Prepaid expenses and other	421,967	419,872
Total current assets	<u>3,180,400</u>	<u>4,669,673</u>
Property, plant and equipment, net	536,903	517,004
Goodwill	4,929,581	2,749,143
Acquired intangibles, net	1,933,262	718,223
Deferred taxes	843,209	917,733
Other assets	674,999	581,372
Total assets	<u>\$ 12,098,354</u>	<u>\$ 10,153,148</u>
Current liabilities:		
Revolving credit facility	\$ 425,000	\$ -
Accounts payable and accrued liabilities	863,910	856,856
Current portion of deferred revenue	873,598	778,435
Total current liabilities	<u>2,162,508</u>	<u>1,635,291</u>
Long-term liabilities:		
Long-term portion of deferred revenue	146,574	155,997
Long-term debt	2,481,170	2,480,150
Other long-term liabilities	746,639	407,529
Total long-term liabilities	<u>3,374,383</u>	<u>3,043,676</u>
Stockholders' equity	6,561,463	5,474,181
Total liabilities and stockholders' equity	<u>\$ 12,098,354</u>	<u>\$ 10,153,148</u>

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

	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025	March 31, 2026
Current assets:					
Cash and cash equivalents	\$ 2,777,674	\$ 2,822,762	\$ 2,753,246	\$ 3,001,317	\$ 1,406,668
Receivables, net	580,887	670,166	755,265	944,939	1,033,814
Inventories	225,621	226,162	286,193	303,545	317,951
Prepaid expenses and other	413,905	503,453	492,336	419,872	421,967
Total current assets	<u>3,998,087</u>	<u>4,222,543</u>	<u>4,287,040</u>	<u>4,669,673</u>	<u>3,180,400</u>
Property, plant and equipment, net	466,322	482,131	494,701	517,004	536,903
Goodwill	2,419,717	2,599,798	2,644,910	2,749,143	4,929,581
Acquired intangibles, net	584,228	618,952	672,508	718,223	1,933,262
Deferred taxes	986,191	980,223	892,568	917,733	843,209
Other assets	558,941	605,051	607,544	581,372	674,999
Total assets	<u>\$ 9,013,486</u>	<u>\$ 9,508,698</u>	<u>\$ 9,599,271</u>	<u>\$ 10,153,148</u>	<u>\$ 12,098,354</u>
Current liabilities:					
Revolving credit facility	\$ -	\$ -	\$ -	\$ -	\$ 425,000
Accounts payable and accrued liabilities	570,197	766,636	631,273	856,856	863,910
Current portion of deferred revenue	730,570	729,929	775,284	778,435	873,598
Total current liabilities	<u>1,300,767</u>	<u>1,496,565</u>	<u>1,406,557</u>	<u>1,635,291</u>	<u>2,162,508</u>
Long-term liabilities:					
Long-term portion of deferred revenue	110,702	154,448	130,060	155,997	146,574
Long-term debt	2,477,159	2,478,145	2,479,142	2,480,150	2,481,170
Other long-term liabilities	348,601	373,002	384,510	407,529	746,639
Total long-term liabilities	<u>2,936,462</u>	<u>3,005,595</u>	<u>2,993,712</u>	<u>3,043,676</u>	<u>3,374,383</u>
Stockholders' equity:					
Common stock and capital in excess of par value	4,327,187	4,445,872	4,605,230	4,719,443	5,700,929
Treasury stock, at cost	(5,693,200)	(5,888,804)	(6,126,147)	(6,344,213)	(6,535,792)
Retained earnings	6,265,447	6,425,498	6,712,620	7,100,756	7,436,416
Accumulated other comprehensive income (loss)	(123,177)	23,972	7,299	(1,805)	(40,090)
Total stockholders' equity	<u>4,776,257</u>	<u>5,006,538</u>	<u>5,199,002</u>	<u>5,474,181</u>	<u>6,561,463</u>
Total liabilities and stockholders' equity	<u>\$ 9,013,486</u>	<u>\$ 9,508,698</u>	<u>\$ 9,599,271</u>	<u>\$ 10,153,148</u>	<u>\$ 12,098,354</u>

Cadence Design Systems, Inc.
Condensed Consolidated Income Statements
For the Three Months Ended March 31, 2026 and March 31, 2025
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended	
	March 31, 2026	March 31, 2025
Revenue:		
Product and maintenance	\$ 1,348,922	\$ 1,110,850
Services	125,298	131,516
Total revenue	<u>1,474,220</u>	<u>1,242,366</u>
Costs and expenses:		
Cost of product and maintenance	153,312	116,672
Cost of services	61,235	50,461
Marketing and sales	211,485	202,700
Research and development	508,437	439,102
General and administrative	88,217	63,098
Amortization of acquired intangibles	20,210	8,922
Restructuring	(5)	(109)
Total costs and expenses	<u>1,042,891</u>	<u>880,846</u>
Income from operations	431,329	361,520
Interest expense	(31,613)	(29,118)
Other income, net	28,387	23,290
Income before provision for income taxes	428,103	355,692
Provision for income taxes	92,443	82,113
Net income	<u>\$ 335,660</u>	<u>\$ 273,579</u>
Net income per share - basic	<u>\$ 1.23</u>	<u>\$ 1.01</u>
Net income per share - diluted	<u>\$ 1.23</u>	<u>\$ 1.00</u>
Weighted average common shares outstanding - basic	<u>272,061</u>	<u>271,973</u>
Weighted average common shares outstanding - diluted	<u>273,725</u>	<u>273,631</u>

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

	Three Months Ended				
	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025	March 31, 2026
Revenue:					
Product and maintenance	\$ 1,110,850	\$ 1,170,510	\$ 1,207,703	\$ 1,332,526	\$ 1,348,922
Services	131,516	104,931	131,135	107,588	125,298
Total revenue	<u>1,242,366</u>	<u>1,275,441</u>	<u>1,338,838</u>	<u>1,440,114</u>	<u>1,474,220</u>
Costs and expenses:					
Cost of product and maintenance	116,672	139,298	118,702	144,001	153,312
Cost of services	50,461	44,869	63,493	44,753	61,235
Marketing and sales	202,700	200,595	192,560	206,778	211,485
Research and development	439,102	442,057	423,031	464,582	508,437
General and administrative	63,098	69,029	78,035	103,225	88,217
Amortization of acquired intangibles	8,922	9,204	10,233	11,578	20,210
Loss related to contingent liability	-	128,545	-	-	-
Restructuring	(109)	47	27,394	1,862	(5)
Total costs and expenses	<u>880,846</u>	<u>1,033,644</u>	<u>913,448</u>	<u>976,779</u>	<u>1,042,891</u>
Income from operations	361,520	241,797	425,390	463,335	431,329
Interest expense	(29,118)	(28,948)	(29,035)	(29,440)	(31,613)
Other income (expense), net	23,290	67,758	(3,572)	59,066	28,387
Income before provision for income taxes	355,692	280,607	392,783	492,961	428,103
Provision for income taxes	82,113	120,556	105,661	104,825	92,443
Net income	<u>\$ 273,579</u>	<u>\$ 160,051</u>	<u>\$ 287,122</u>	<u>\$ 388,136</u>	<u>\$ 335,660</u>
Net income per share - basic	<u>\$ 1.01</u>	<u>\$ 0.59</u>	<u>\$ 1.06</u>	<u>\$ 1.43</u>	<u>\$ 1.23</u>
Net income per share - diluted	<u>\$ 1.00</u>	<u>\$ 0.59</u>	<u>\$ 1.05</u>	<u>\$ 1.42</u>	<u>\$ 1.23</u>
Weighted average common shares outstanding - basic	<u>271,973</u>	<u>271,294</u>	<u>271,152</u>	<u>270,924</u>	<u>272,061</u>
Weighted average common shares outstanding - diluted	<u>273,631</u>	<u>272,899</u>	<u>273,798</u>	<u>272,932</u>	<u>273,725</u>

Cadence Design Systems, Inc.
Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2026 and March 31, 2025
(In thousands)
(Unaudited)

	Three Months Ended	
	March 31, 2026	March 31, 2025
Cash and cash equivalents at beginning of period	\$ 3,001,317	\$ 2,644,030
Cash flows from operating activities:		
Net income	335,660	273,579
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	84,622	52,916
Stock-based compensation	138,183	107,613
(Gain) loss on divestitures and investments, net	(13,925)	1,791
Deferred income taxes	73,128	(1,861)
ROU asset amortization and change in operating lease liabilities	(250)	(1,446)
Other non-cash items	1,629	862
Changes in operating assets and liabilities, net of effect of acquired businesses:		
Receivables	(18,548)	102,136
Inventories	(31,376)	15,018
Prepaid expenses and other	9,100	10,316
Other assets	(1,870)	12,237
Accounts payable and accrued liabilities	(232,568)	(69,621)
Deferred revenue	20,422	(14,377)
Other long-term liabilities	(8,425)	(2,142)
Net cash provided by operating activities	<u>355,782</u>	<u>487,021</u>
Cash flows from investing activities:		
Purchases of investments	(29,064)	(11,469)
Proceeds from the sale and maturity of investments	40,443	1,246
Proceeds from the sale of IP and other assets	-	11,500
Purchases of property, plant and equipment	(48,820)	(23,061)
Cash paid in business combinations, net of cash acquired	(2,074,534)	-
Net cash used for investing activities	<u>(2,111,975)</u>	<u>(21,784)</u>
Cash flows from financing activities:		
Proceeds from revolving credit facility	425,000	-
Proceeds from issuance of common stock	72,610	76,789
Stock received for payment of employee taxes on vesting of restricted stock	(123,094)	(72,566)
Payments for repurchases of common stock	(200,000)	(350,007)
Net cash provided by (used for) financing activities	<u>174,516</u>	<u>(345,784)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(12,972)</u>	<u>14,191</u>
Increase (decrease) in cash and cash equivalents	<u>(1,594,649)</u>	<u>133,644</u>
Cash and cash equivalents at end of period	<u>\$ 1,406,668</u>	<u>\$ 2,777,674</u>

Cadence Design Systems, Inc.
Trended Condensed Consolidated Statements of Cash Flows
For the Five Quarters Ended March 31, 2026
(In thousands)
(Unaudited)

	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Cash and cash equivalents at beginning of period	\$ 2,644,030	\$ 2,777,674	\$ 2,822,762	\$ 2,753,246	\$ 3,001,317
Cash flows from operating activities:					
Net income	273,579	160,051	287,122	388,136	335,660
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	52,916	53,676	56,677	64,559	84,622
Stock-based compensation	107,613	118,325	116,073	113,164	138,183
(Gain) loss on divestitures and investments, net	1,791	(38,445)	14,519	(46,954)	(13,925)
Deferred income taxes	(1,861)	5,102	86,515	(23,708)	73,128
ROU asset amortization and change in operating lease liabilities	(1,446)	4,075	(927)	4,314	(250)
Other non-cash items	862	2,640	1,211	2,453	1,629
Changes in operating assets and liabilities, net of effect of acquired businesses:					
Receivables	102,136	(113,347)	(79,455)	(184,228)	(18,548)
Inventories	15,018	(7,490)	(68,386)	(30,171)	(31,376)
Prepaid expenses and other	10,316	(34,517)	9,367	58,216	9,100
Other assets	12,237	2	(6,428)	(24,380)	(1,870)
Accounts payable and accrued liabilities	(69,621)	185,224	(138,840)	208,134	(232,568)
Deferred revenue	(14,377)	36,201	22,632	24,955	20,422
Other long-term liabilities	(2,142)	6,106	10,582	(995)	(8,425)
Net cash provided by operating activities	<u>487,021</u>	<u>377,603</u>	<u>310,662</u>	<u>553,495</u>	<u>355,782</u>
Cash flows from investing activities:					
Purchases of investments	(11,469)	(10,127)	(13,586)	(5,713)	(29,064)
Proceeds from the sale and maturity of investments	1,246	743	1,504	136,788	40,443
Proceeds from the sale of IP and other assets	11,500	-	-	-	-
Purchases of property, plant and equipment	(23,061)	(44,085)	(33,684)	(41,041)	(48,820)
Cash paid in business combinations, net of cash acquired	-	(122,146)	(128,549)	(178,843)	(2,074,534)
Net cash used for investing activities	<u>(21,784)</u>	<u>(175,615)</u>	<u>(174,315)</u>	<u>(88,809)</u>	<u>(2,111,975)</u>
Cash flows from financing activities:					
Proceeds from revolving credit facility	-	-	-	-	425,000
Proceeds from issuance of common stock	76,789	1,533	59,747	7,832	72,610
Stock received for payment of employee taxes on vesting of restricted stock	(72,566)	(21,768)	(53,796)	(21,712)	(123,094)
Payments for repurchases of common stock	(350,007)	(175,009)	(200,009)	(200,009)	(200,000)
Net cash provided by (used for) financing activities	<u>(345,784)</u>	<u>(195,244)</u>	<u>(194,058)</u>	<u>(213,889)</u>	<u>174,516</u>
Effect of exchange rate changes on cash and cash equivalents	14,191	38,344	(11,805)	(2,726)	(12,972)
Increase (decrease) in cash and cash equivalents	<u>133,644</u>	<u>45,088</u>	<u>(69,516)</u>	<u>248,071</u>	<u>(1,594,649)</u>
Cash and cash equivalents at end of period	<u>\$ 2,777,674</u>	<u>\$ 2,822,762</u>	<u>\$ 2,753,246</u>	<u>\$ 3,001,317</u>	<u>\$ 1,406,668</u>

Cadence Design Systems, Inc.
(Unaudited)

Revenue Mix by Geography (% of Total Revenue)

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

Revenue Mix by Product Category (% of Total Revenue)

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

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Operating Margin
As of April 27, 2026
(Unaudited)

	<u>Three Months Ending</u> <u>June 30, 2026</u> <u>Forecast</u>	<u>Year Ending</u> <u>December 31, 2026</u> <u>Forecast</u>
GAAP operating margin as a percent of total revenue	28.5% - 29.5%	27.5% - 28.5%
Reconciling items to non-GAAP operating margin as a percent of total revenue:		
Stock-based compensation expense	9%	9%
Amortization of acquired intangibles	5%	5%
Acquisition and integration-related costs	2%	2%
Non-GAAP operating margin as a percent of total revenue†	<u>44.5% - 45.5%</u>	<u>43.5% - 44.5%</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.

Cadence Design Systems, Inc.
Impact of Non-GAAP Adjustments on Forward Looking Diluted Net Income Per Share
As of April 27, 2026
(Unaudited)

	Three Months Ending June 30, 2026 Forecast	Year Ending December 31, 2026 Forecast
Diluted net income per share on a GAAP basis	\$1.07 to \$1.13	\$4.39 to \$4.49
Stock-based compensation expense	0.54	2.06
Amortization of acquired intangibles	0.29	1.04
Acquisition and integration-related costs	0.10	0.40
Non-qualified deferred compensation credits	-	(0.01)
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	-	(0.04)
Income tax effect of non-GAAP adjustments	0.02	0.02
Diluted net income per share on a non-GAAP basis†	\$2.02 to \$2.08	\$7.85 to \$7.95

†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 April 27, 2026
(Unaudited)

(\$ in millions)	Three Months Ending June 30, 2026 Forecast	Year Ending December 31, 2026 Forecast
Net income on a GAAP basis	\$296 to \$312	\$1,212 to \$1,239
Stock-based compensation expense	148	569
Amortization of acquired intangibles	79	286
Acquisition and integration-related costs	28	111
Non-qualified deferred compensation credits	-	(3)
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	-	(11)
Income tax effect of non-GAAP adjustments	6	6
Net income on a non-GAAP basis†	\$557 to \$573	\$2,167 to \$2,194

†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 Ended March 31, 2026 and March 31, 2025
(Unaudited)

(In thousands)	Three Months Ended	
	March 31, 2026	March 31, 2025
Net income on a GAAP basis	\$ 335,660	\$ 273,579
Stock-based compensation expense*	138,183	107,613
Amortization of acquired intangibles**	50,949	25,416
Acquisition and integration-related costs***	41,258	23,105
Restructuring	(5)	(109)
Non-qualified deferred compensation credits****	(2,826)	(1,573)
Special charges*****	-	1,988
Other income or expense related to foreign currency forward exchange contract and settlement associated with an acquisition	(3,135)	-
Other income or expense related to investments, divestitures and non-qualified deferred compensation plan assets	(11,177)	3,332
Income tax effect of non-GAAP adjustments	(13,380)	(2,939)
Net income on a non-GAAP basis +	<u>\$ 535,527</u>	<u>\$ 430,412</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 first 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	
	March 31, 2026	March 31, 2025
Cost of product and maintenance	\$ 3,006	\$ 2,154
Cost of services	3,421	2,466
Marketing and sales	24,102	21,671
Research and development	87,341	67,089
General and administrative	20,313	14,233
Total stock-based compensation expense	<u>\$ 138,183</u>	<u>\$ 107,613</u>

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

(In thousands)	Three Months Ended	
	March 31, 2026	March 31, 2025
Cost of product and maintenance	\$ 30,739	\$ 16,494
Amortization of acquired intangibles	20,210	8,922
Total amortization of acquired intangibles	<u>\$ 50,949</u>	<u>\$ 25,416</u>

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

(In thousands)	Three Months Ended	
	March 31, 2026	March 31, 2025
Cost of product and maintenance	\$ 485	\$ 1,019
Cost of services	494	511
Marketing and sales	3,771	4,914
Research and development	17,629	14,049
General and administrative	18,879	2,612
Total acquisition and integration-related costs	<u>\$ 41,258</u>	<u>\$ 23,105</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	
	March 31, 2026	March 31, 2025
Cost of product and maintenance	\$ (9)	\$ (5)
Cost of services	(12)	(7)
Marketing and sales	(348)	(473)
Research and development	(1,940)	(1,261)
General and administrative	(517)	173
Total non-qualified deferred compensation expenses (credits)	<u>\$ (2,826)</u>	<u>\$ (1,573)</u>

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

(In thousands)	Three Months Ended	
	March 31, 2026	March 31, 2025
Research and development	\$ -	\$ 825
General and administrative	-	1,163
Total special charges	<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 Months Ended March 31, 2026 and March 31, 2025
(Unaudited)

(In thousands, except per share data)	Three Months Ended	
	March 31, 2026	March 31, 2025
Diluted net income per share on a GAAP basis	\$ 1.23	\$ 1.00
Stock-based compensation expense	0.50	0.39
Amortization of acquired intangibles	0.19	0.09
Acquisition and integration-related costs	0.15	0.09
Restructuring	-	-
Non-qualified deferred compensation credits	(0.01)	(0.01)
Special charges	-	0.01
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	(0.04)	0.01
Income tax effect of non-GAAP adjustments	(0.05)	(0.01)
Diluted net income per share on a non-GAAP basis +	\$ 1.96	\$ 1.57
Shares used in calculation of diluted net income per share	273,725	273,631

+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 first 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)

	<u>Three Months Ended</u> <u>March 31, 2026</u>	<u>Three Months Ended</u> <u>March 31, 2025</u>
	<u>Actual</u>	<u>Actual</u>
	<u>(In thousands)</u>	<u>(In thousands)</u>
GAAP total costs and expenses	\$ 1,042,891	\$ 880,846
Reconciling items to non-GAAP total costs and expenses		
Stock-based compensation expense	(138,183)	(107,613)
Amortization of acquired intangibles	(50,949)	(25,416)
Acquisition and integration-related costs	(41,258)	(23,105)
Restructuring	5	109
Non-qualified deferred compensation credits	2,826	1,573
Special charges	-	(1,988)
Non-GAAP total costs and expenses†	<u>\$ 815,332</u>	<u>\$ 724,406</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 first 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)

	<u>For the three months ended March 31, 2026</u>					
<u>(In thousands)</u>	<u>Operating expenses</u> <u>on a GAAP basis†</u>	<u>Stock-based</u> <u>compensation</u> <u>expense</u>	<u>Amortization</u> <u>of acquired</u> <u>intangibles</u>	<u>Acquisition and</u> <u>integration-</u> <u>related costs</u>	<u>Non-qualified</u> <u>deferred compensation</u> <u>credits</u>	<u>Operating</u> <u>expenses on a</u> <u>non-GAAP basis</u>
Cost of product and maintenance	153,312	(3,006)	(30,739)	(485)	9	119,091
Cost of services	61,235	(3,421)	-	(494)	12	57,332
Marketing and sales	211,485	(24,102)	-	(3,771)	348	183,960
Research and development	508,437	(87,341)	-	(17,629)	1,940	405,407
General and administrative	88,217	(20,313)	-	(18,879)	517	49,542
Amortization of acquired intangibles	20,210	-	(20,210)	-	-	-
		<u>(138,183)</u>	<u>(50,949)</u>	<u>(41,258)</u>	<u>2,826</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 first 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 March 31, 2026
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2026		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 1,348,922	\$ -	\$ 1,348,922
Services	<u>125,298</u>	<u>-</u>	<u>125,298</u>
Total revenue	<u>1,474,220</u>	<u>-</u>	<u>1,474,220</u>
Costs and expenses:			
Cost of product and maintenance	153,312	(34,221) (A)	119,091
Cost of services	61,235	(3,903) (A)	57,332
Marketing and sales	211,485	(27,525) (A)	183,960
Research and development	508,437	(103,030) (A)	405,407
General and administrative	88,217	(38,675) (A)	49,542
Amortization of acquired intangibles	20,210	(20,210) (A)	-
Restructuring	<u>(5)</u>	<u>5</u>	<u>-</u>
Total costs and expenses	<u>1,042,891</u>	<u>(227,559)</u>	<u>815,332</u>
Income from operations	431,329	227,559	658,888
Interest expense	(31,613)	-	(31,613)
Other income, net	<u>28,387</u>	<u>(14,312) (B)</u>	<u>14,075</u>
Income before provision for income taxes	428,103	213,247	641,350
Provision for income taxes	<u>92,443</u>	<u>13,380 (C)</u>	<u>105,823</u>
Net income	<u>\$ 335,660</u>	<u>\$ 199,867</u>	<u>\$ 535,527</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 first quarter of 2026 for a further discussion of its non-GAAP measures.

Notes:

(A) For the three months ended March 31, 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 credits	Total adjustments
Cost of product and maintenance	\$ 3,006	\$ 30,739	\$ 485	\$ (9)	\$ 34,221
Cost of services	3,421	-	494	(12)	3,903
Marketing and sales	24,102	-	3,771	(348)	27,525
Research and development	87,341	-	17,629	(1,940)	103,030
General and administrative	20,313	-	18,879	(517)	38,675
Amortization of acquired intangibles	-	20,210	-	-	20,210
Total	<u>\$ 138,183</u>	<u>\$ 50,949</u>	<u>\$ 41,258</u>	<u>\$ (2,826)</u>	<u>\$ 227,564</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 Three Months Ended March 31, 2025
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2025		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 1,110,850	\$ -	\$ 1,110,850
Services	<u>131,516</u>	<u>-</u>	<u>131,516</u>
Total revenue	<u>1,242,366</u>	<u>-</u>	<u>1,242,366</u>
Costs and expenses:			
Cost of product and maintenance	116,672	(19,662) (A)	97,010
Cost of services	50,461	(2,970) (A)	47,491
Marketing and sales	202,700	(26,112) (A)	176,588
Research and development	439,102	(80,702) (A)	358,400
General and administrative	63,098	(18,181) (A)	44,917
Amortization of acquired intangibles	8,922	(8,922) (A)	-
Restructuring	<u>(109)</u>	<u>109</u>	<u>-</u>
Total costs and expenses	<u>880,846</u>	<u>(156,440)</u>	<u>724,406</u>
Income from operations	361,520	156,440	517,960
Interest expense	(29,118)	-	(29,118)
Other income, net	<u>23,290</u>	<u>3,332</u> (B)	<u>26,622</u>
Income before provision for income taxes	355,692	159,772	515,464
Provision for income taxes	<u>82,113</u>	<u>2,939</u> (C)	<u>85,052</u>
Net income	<u>\$ 273,579</u>	<u>\$ 156,833</u>	<u>\$ 430,412</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 first quarter of 2026 for a further discussion of its non-GAAP measures.

Notes:

(A) For the three months ended March 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 (credits)	Special charges	Total adjustments
Cost of product and maintenance	\$ 2,154	\$ 16,494	\$ 1,019	\$ (5)	\$ -	\$ 19,662
Cost of services	2,466	-	511	(7)	-	2,970
Marketing and sales	21,671	-	4,914	(473)	-	26,112
Research and development	67,089	-	14,049	(1,261)	825	80,702
General and administrative	14,233	-	2,612	173	1,163	18,181
Amortization of acquired intangibles	-	8,922	-	-	-	8,922
Total	<u>\$ 107,613</u>	<u>\$ 25,416</u>	<u>\$ 23,105</u>	<u>\$ (1,573)</u>	<u>\$ 1,988</u>	<u>\$ 156,549</u>

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

(C) Income tax effect of non-GAAP adjustments