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

	June 30, 2026	December 31, 2025
Current assets:		
Cash and cash equivalents	$ 1,440,443	$ 3,001,317
Receivables, net	1,065,023	944,939
Inventories	390,378	303,545
Prepaid expenses and other	326,049	419,872
Total current assets	3,221,893	4,669,673
Property, plant and equipment, net	560,161	517,004
Goodwill	4,914,788	2,749,143
Acquired intangibles, net	1,874,455	718,223
Deferred taxes	832,566	917,733
Other assets	676,462	581,372
Total assets	$ 12,080,325	$ 10,153,148
Current liabilities:		
Accounts payable and accrued liabilities	$ 823,724	$ 856,856
Current portion of deferred revenue	1,025,118	778,435
Total current liabilities	1,848,842	1,635,291
Long-term liabilities:		
Long-term portion of deferred revenue	144,453	155,997
Long-term debt	2,482,200	2,480,150
Other long-term liabilities	746,867	407,529
Total long-term liabilities	3,373,520	3,043,676
Stockholders' equity	6,857,963	5,474,181
Total liabilities and stockholders' equity	$ 12,080,325	$ 10,153,148

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

	June 30, 2025	September 30, 2025	December 31, 2025	March 31, 2026	June 30, 2026
Current assets:					
Cash and cash equivalents	$ 2,822,762	$ 2,753,246	$ 3,001,317	$ 1,406,668	$ 1,440,443
Receivables, net	670,166	755,265	944,939	1,033,814	1,065,023
Inventories	226,162	286,193	303,545	317,951	390,378
Prepaid expenses and other	503,453	492,336	419,872	421,967	326,049
Total current assets	4,222,543	4,287,040	4,669,673	3,180,400	3,221,893
Property, plant and equipment, net	482,131	494,701	517,004	536,903	560,161
Goodwill	2,599,798	2,644,910	2,749,143	4,929,581	4,914,788
Acquired intangibles, net	618,952	672,508	718,223	1,933,262	1,874,455
Deferred taxes	980,223	892,568	917,733	843,209	832,566
Other assets	605,051	607,544	581,372	674,999	676,462
Total assets	$ 9,508,698	$ 9,599,271	$ 10,153,148	$ 12,098,354	$ 12,080,325
Current liabilities:					
Revolving credit facility	$ -	$ -	$ -	$ 425,000	$ -
Accounts payable and accrued liabilities	766,636	631,273	856,856	863,910	823,724
Current portion of deferred revenue	729,929	775,284	778,435	873,598	1,025,118
Total current liabilities	1,496,565	1,406,557	1,635,291	2,162,508	1,848,842
Long-term liabilities:					
Long-term portion of deferred revenue	154,448	130,060	155,997	146,574	144,453
Long-term debt	2,478,145	2,479,142	2,480,150	2,481,170	2,482,200
Other long-term liabilities	373,002	384,510	407,529	746,639	746,867
Total long-term liabilities	3,005,595	2,993,712	3,043,676	3,374,383	3,373,520
Stockholders' equity:					
Common stock and capital in excess of par value	4,445,872	4,605,230	4,719,443	5,700,929	5,865,954
Treasury stock, at cost	(5,888,804)	(6,126,147)	(6,344,213)	(6,535,792)	(6,755,331)
Retained earnings	6,425,498	6,712,620	7,100,756	7,436,416	7,803,492
Accumulated other comprehensive income (loss)	23,972	7,299	(1,805)	(40,090)	(56,152)
Total stockholders' equity	5,006,538	5,199,002	5,474,181	6,561,463	6,857,963
Total liabilities and stockholders' equity	$ 9,508,698	$ 9,599,271	$ 10,153,148	$ 12,098,354	$ 12,080,325

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

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Revenue:				
Product and maintenance	$ 1,430,668	$ 1,170,510	$ 2,779,590	$ 2,281,360
Services	153,783	104,931	279,081	236,447
Total revenue	1,584,451	1,275,441	3,058,671	2,517,807
Costs and expenses:				
Cost of product and maintenance	175,183	139,298	328,495	255,970
Cost of services	64,135	44,869	125,370	95,330
Marketing and sales	241,034	200,595	452,519	403,295
Research and development	531,273	442,057	1,039,710	881,159
General and administrative	88,548	69,029	176,765	132,127
Amortization of acquired intangibles	34,315	9,204	54,525	18,126
Loss related to contingent liability	-	128,545	-	128,545
Restructuring	(352)	47	(357)	(62)
Total costs and expenses	1,134,136	1,033,644	2,177,027	1,914,490
Income from operations	450,315	241,797	881,644	603,317
Interest expense	(35,136)	(28,948)	(66,749)	(58,066)
Other income, net	95,055	67,758	123,442	91,048
Income before provision for income taxes	510,234	280,607	938,337	636,299
Provision for income taxes	143,158	120,556	235,601	202,669
Net income	$ 367,076	$ 160,051	$ 702,736	$ 433,630
Net income per share - basic	$ 1.34	$ 0.59	$ 2.57	$ 1.60
Net income per share - diluted	$ 1.33	$ 0.59	$ 2.56	$ 1.59
Weighted average common shares outstanding - basic	273,955	271,294	273,012	271,633
Weighted average common shares outstanding - diluted	276,163	272,899	274,948	273,264

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

	Three Months Ended				
	June 30, 2025	**September 30, 2025**	**December 31, 2025**	**March 31, 2026**	**June 30, 2026**
Revenue:					
Product and maintenance	$ 1,170,510	$ 1,207,703	$ 1,332,526	$ 1,348,922	$ 1,430,668
Services	104,931	131,135	107,588	125,298	153,783
Total revenue	1,275,441	1,338,838	1,440,114	1,474,220	1,584,451
Costs and expenses:					
Cost of product and maintenance	139,298	118,702	144,001	153,312	175,183
Cost of services	44,869	63,493	44,753	61,235	64,135
Marketing and sales	200,595	192,560	206,778	211,485	241,034
Research and development	442,057	423,031	464,582	508,437	531,273
General and administrative	69,029	78,035	103,225	88,217	88,548
Amortization of acquired intangibles	9,204	10,233	11,578	20,210	34,315
Loss related to contingent liability	128,545	-	-	-	-
Restructuring	47	27,394	1,862	(5)	(352)
Total costs and expenses	1,033,644	913,448	976,779	1,042,891	1,134,136
Income from operations	241,797	425,390	463,335	431,329	450,315
Interest expense	(28,948)	(29,035)	(29,440)	(31,613)	(35,136)
Other income (expense), net	67,758	(3,572)	59,066	28,387	95,055
Income before provision for income taxes	280,607	392,783	492,961	428,103	510,234
Provision for income taxes	120,556	105,661	104,825	92,443	143,158
Net income	$ 160,051	$ 287,122	$ 388,136	$ 335,660	$ 367,076
Net income per share - basic	$ 0.59	$ 1.06	$ 1.43	$ 1.23	$ 1.34
Net income per share - diluted	$ 0.59	$ 1.05	$ 1.42	$ 1.23	$ 1.33
Weighted average common shares outstanding - basic	271,294	271,152	270,924	272,061	273,955
Weighted average common shares outstanding - diluted	272,899	273,798	272,932	273,725	276,163

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

	Six Months Ended	
	June 30, 2026	June 30, 2025
Cash and cash equivalents at beginning of period	$ 3,001,317	$ 2,644,030
Cash flows from operating activities:		
Net income	702,736	433,630
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	201,611	106,592
Stock-based compensation	285,073	225,938
Gain on divestitures and investments, net	(85,817)	(36,654)
Deferred income taxes	76,189	3,241
ROU asset amortization and change in operating lease liabilities	1,072	2,629
Other non-cash items	3,921	3,502
Changes in operating assets and liabilities, net of effect of acquired businesses:		
Receivables	(38,326)	(11,211)
Inventories	(106,987)	7,528
Prepaid expenses and other	56,296	(24,201)
Other assets	(20,470)	12,239
Accounts payable and accrued liabilities	(255,486)	115,603
Deferred revenue	169,728	21,824
Other long-term liabilities	1,171	3,964
Net cash provided by operating activities	990,711	864,624
Cash flows from investing activities:		
Purchases of investments	(39,880)	(21,596)
Proceeds from the sale and maturity of investments	162,889	1,989
Proceeds from the sale of IP and other assets	-	11,500
Purchases of property, plant and equipment	(101,448)	(67,146)
Purchases of intangible assets	(6,975)	-
Cash paid in business combinations, net of cash acquired	(2,100,292)	(122,146)
Net cash used for investing activities	(2,085,706)	(197,399)
Cash flows from financing activities:		
Proceeds from revolving credit facility	600,000	-
Payments on revolving credit facility	(600,000)	-
Proceeds from issuance of common stock	88,840	78,322
Stock received for payment of employee taxes on vesting of restricted stock	(140,722)	(94,334)
Payments for repurchases of common stock	(400,006)	(525,016)
Net cash used for financing activities	(451,888)	(541,028)
Effect of exchange rate changes on cash and cash equivalents	(13,991)	52,535
Increase (decrease) in cash and cash equivalents	(1,560,874)	178,732
Cash and cash equivalents at end of period	$ 1,440,443	$ 2,822,762

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

	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Cash and cash equivalents at beginning of period	$ 2,777,674	$ 2,822,762	$ 2,753,246	$ 3,001,317	$ 1,406,668
Cash flows from operating activities:					
Net income	160,051	287,122	388,136	335,660	367,076
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	53,676	56,677	64,559	84,622	116,989
Stock-based compensation	118,325	116,073	113,164	138,183	146,890
(Gain) loss on divestitures and investments, net	(38,445)	14,519	(46,954)	(13,925)	(71,892)
Deferred income taxes	5,102	86,515	(23,708)	73,128	3,061
ROU asset amortization and change in operating lease liabilities	4,075	(927)	4,314	(250)	1,322
Other non-cash items	2,640	1,211	2,453	1,629	2,292
Changes in operating assets and liabilities, net of effect of acquired businesses:					
Receivables	(113,347)	(79,455)	(184,228)	(18,548)	(19,778)
Inventories	(7,490)	(68,386)	(30,171)	(31,376)	(75,611)
Prepaid expenses and other	(34,517)	9,367	58,216	9,100	47,196
Other assets	2	(6,428)	(24,380)	(1,870)	(18,600)
Accounts payable and accrued liabilities	185,224	(138,840)	208,134	(232,568)	(22,918)
Deferred revenue	36,201	22,632	24,955	20,422	149,306
Other long-term liabilities	6,106	10,582	(995)	(8,425)	9,596
Net cash provided by operating activities	377,603	310,662	553,495	355,782	634,929
Cash flows from investing activities:					
Purchases of investments	(10,127)	(13,586)	(5,713)	(29,064)	(10,816)
Proceeds from the sale and maturity of investments	743	1,504	136,788	40,443	122,446
Purchases of property, plant and equipment	(44,085)	(33,684)	(41,041)	(48,820)	(52,628)
Purchases of intangible assets	-	-	-	-	(6,975)
Cash paid in business combinations, net of cash acquired	(122,146)	(128,549)	(178,843)	(2,074,534)	(25,758)
Net cash provided by (used for) investing activities	(175,615)	(174,315)	(88,809)	(2,111,975)	26,269
Cash flows from financing activities:					
Proceeds from revolving credit facility	-	-	-	425,000	175,000
Payments on revolving credit facility	-	-	-	-	(600,000)
Proceeds from issuance of common stock	1,533	59,747	7,832	72,610	16,230
Stock received for payment of employee taxes on vesting of restricted stock	(21,768)	(53,796)	(21,712)	(123,094)	(17,628)
Payments for repurchases of common stock	(175,009)	(200,009)	(200,009)	(200,000)	(200,006)
Net cash provided by (used for) financing activities	(195,244)	(194,058)	(213,889)	174,516	(626,404)
Effect of exchange rate changes on cash and cash equivalents	38,344	(11,805)	(2,726)	(12,972)	(1,019)
Increase (decrease) in cash and cash equivalents	45,088	(69,516)	248,071	(1,594,649)	33,775
Cash and cash equivalents at end of period	$ 2,822,762	$ 2,753,246	$ 3,001,317	$ 1,406,668	$ 1,440,443

Cadence Design Systems, Inc.
(Unaudited)

Revenue Mix by Geography (% of Total Revenue)

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

Revenue Mix by Product Category (% of Total Revenue)

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

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

	Three Months Ending September 30, 2026 Forecast	Year Ending December 31, 2026 Forecast
GAAP operating margin as a percent of total revenue	**27.5% - 28.5%**	**27.75% - 28.75%**
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†	43.5% - 44.5%	43.75% - 44.75%

†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 July 27, 2026
(Unaudited)

	Three Months Ending September 30, 2026 Forecast	**Year Ending December 31, 2026 Forecast**
Diluted net income per share on a GAAP basis	**$1.11 to $1.17**	**$4.76 to $4.86**
Stock-based compensation expense	0.53	2.06
Amortization of acquired intangibles	0.29	1.04
Acquisition and integration-related costs	0.09	0.44
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	-	(0.34)
Income tax effect of non-GAAP adjustments	(0.01)	0.07
Diluted net income per share on a non-GAAP basis†	$2.01 to $2.07	$8.05 to $8.15

†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 July 27, 2026
(Unaudited)

($ in millions)	**Three Months Ending September 30, 2026 Forecast**	**Year Ending December 31, 2026 Forecast**
Net income on a GAAP basis	**$308 to $324**	**$1,316 to $1,344**
Stock-based compensation expense	146	569
Amortization of acquired intangibles	80	289
Acquisition and integration-related costs	26	122
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	-	(95)
Income tax effect of non-GAAP adjustments	(2)	19
Net income on a non-GAAP basis†	$558 to $574	$2,226 to $2,254

†The non-GAAP measures presented in the table above should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP.

Reconciliation of GAAP Net Income to Non-GAAP Net Income
For the Three and Six Months Ended June 30, 2026 and June 30, 2025
(Unaudited)

	Three Months Ended		Six Months Ended	
(In thousands)	**June 30, 2026**	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Net income on a GAAP basis	**$ 367,076**	**$ 160,051**	**$ 702,736**	**$ 433,630**
Stock-based compensation expense*	146,890	118,325	285,073	225,938
Amortization of acquired intangibles**	79,922	23,703	130,871	49,119
Acquisition and integration-related costs***	32,823	26,021	74,081	49,126
Restructuring	(352)	47	(357)	(62)
Non-qualified deferred compensation expenses****	11,430	7,778	8,604	6,205
Special charges*****	-	-	-	1,988
Loss related to contingent liability	-	128,545	-	128,545
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	(83,496)	(46,248)	(94,673)	(42,916)
Income tax effect of non-GAAP adjustments	28,079	31,658	14,699	28,719
Net income on a non-GAAP basis +	$ 582,372	$ 449,880	$ 1,117,899	$ 880,292

+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 second 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:

	Three Months Ended		Six Months Ended	
(In thousands)	**June 30, 2026**	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Cost of product and maintenance	$ 3,205	$ 2,122	$ 6,211	$ 4,276
Cost of services	3,660	2,449	7,081	4,915
Marketing and sales	26,285	22,857	50,387	44,528
Research and development	93,318	73,188	180,659	140,277
General and administrative	20,422	17,709	40,735	31,942
Total stock-based compensation expense	$ 146,890	$ 118,325	$ 285,073	$ 225,938

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

	Three Months Ended		Six Months Ended	
(In thousands)	**June 30, 2026**	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Cost of product and maintenance	$ 45,607	$ 14,499	$ 76,346	$ 30,993
Amortization of acquired intangibles	34,315	9,204	54,525	18,126
Total amortization of acquired intangibles	$ 79,922	$ 23,703	$ 130,871	$ 49,119

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

	Three Months Ended		Six Months Ended	
(In thousands)	**June 30, 2026**	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Cost of product and maintenance	$ (219)	$ 822	$ 266	$ 1,841
Cost of services	505	506	999	1,017
Marketing and sales	3,640	3,671	7,411	8,585
Research and development	16,766	15,603	34,395	29,652
General and administrative	12,131	5,419	31,010	8,031
Total acquisition and integration-related costs	$ 32,823	$ 26,021	$ 74,081	$ 49,126

**** 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:

	Three Months Ended		Six Months Ended	
(In thousands)	**June 30, 2026**	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Cost of product and maintenance	$ 75	$ 56	$ 66	$ 51
Cost of services	110	81	98	74
Marketing and sales	2,065	1,559	1,717	1,086
Research and development	6,741	4,485	4,801	3,224
General and administrative	2,439	1,597	1,922	1,770
Total non-qualified deferred compensation expenses	$ 11,430	$ 7,778	$ 8,604	$ 6,205

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

	Three Months Ended		Six Months Ended	
(In thousands)	**June 30, 2026**	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Research and development	$ -	$ -	-	825
General and administrative	-	-	-	1,163
Total special charges	$ -	$ -	$ -	$ 1,988

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

	Three Months Ended		Six Months Ended	
(In thousands, except per share data)	**June 30, 2026**	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Diluted net income per share on a GAAP basis	**$ 1.33**	**$ 0.59**	**$ 2.56**	**$ 1.59**
Stock-based compensation expense	0.53	0.43	1.04	0.83
Amortization of acquired intangibles	0.29	0.09	0.47	0.18
Acquisition and integration-related costs	0.12	0.09	0.27	0.18
Restructuring	-	-	-	-
Non-qualified deferred compensation expenses	0.04	0.03	0.03	0.02
Special charges	-	-	-	0.01
Loss related to contingent liability	-	0.47	-	0.47
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	(0.30)	(0.17)	(0.34)	(0.16)
Income tax effect of non-GAAP adjustments	0.10	0.12	0.05	0.10
Diluted net income per share on a non-GAAP basis +	$ 2.11	$ 1.65	$ 4.07	$ 3.22
Shares used in calculation of diluted net income per share	276,163	272,899	274,948	273,264

+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 second 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 June 30, 2026 Actual (In thousands)	Three Months Ended June 30, 2025 Actual (In thousands)
GAAP total costs and expenses	**$ 1,134,136**	**$ 1,033,644**
Reconciling items to non-GAAP total costs and expenses		
Stock-based compensation expense	(146,890)	(118,325)
Amortization of acquired intangibles	(79,922)	(23,703)
Acquisition and integration-related costs	(32,823)	(26,021)
Restructuring	352	(47)
Non-qualified deferred compensation expenses	(11,430)	(7,778)
Loss related to contingent liability	-	(128,545)
Non-GAAP total costs and expenses†	$ 863,423	$ 729,225

†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 second 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 June 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	175,183	(3,205)	(45,607)	219	(75)	126,515
Cost of services	64,135	(3,660)	-	(505)	(110)	59,860
Marketing and sales	241,034	(26,285)	-	(3,640)	(2,065)	209,044
Research and development	531,273	(93,318)	-	(16,766)	(6,741)	414,448
General and administrative	88,548	(20,422)	-	(12,131)	(2,439)	53,556
Amortization of acquired intangibles	34,315	-	(34,315)	-	-	-
		(146,890)	(79,922)	(32,823)	(11,430)	

For the six months ended June 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	328,495	(6,211)	(76,346)	(266)	(66)	245,606
Cost of services	125,370	(7,081)	-	(999)	(98)	117,192
Marketing and sales	452,519	(50,387)	-	(7,411)	(1,717)	393,004
Research and development	1,039,710	(180,659)	-	(34,395)	(4,801)	819,855
General and administrative	176,765	(40,735)	-	(31,010)	(1,922)	103,098
Amortization of acquired intangibles	54,525	-	(54,525)	-	-	-
		(285,073)	(130,871)	(74,081)	(8,604)	

†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 second 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 June 30, 2026
(In thousands)
(Unaudited)

	Three Months Ended June 30, 2026			
	GAAP	**Adjustments**		**Non-GAAP***
Revenue:				
Product and maintenance	**$ 1,430,668**	$ -		$ 1,430,668
Services	**153,783**	-		153,783
Total revenue	**1,584,451**	-		1,584,451
Costs and expenses:				
Cost of product and maintenance	**175,183**	(48,668)	(A)	126,515
Cost of services	**64,135**	(4,275)	(A)	59,860
Marketing and sales	**241,034**	(31,990)	(A)	209,044
Research and development	**531,273**	(116,825)	(A)	414,448
General and administrative	**88,548**	(34,992)	(A)	53,556
Amortization of acquired intangibles	**34,315**	(34,315)	(A)	-
Restructuring	**(352)**	352		-
Total costs and expenses	**1,134,136**	(270,713)		863,423
Income from operations	**450,315**	270,713		721,028
Interest expense	**(35,136)**	-		(35,136)
Other income, net	**95,055**	(83,496)	(B)	11,559
Income before provision for income taxes	**510,234**	187,217		697,451
Provision for income taxes	**143,158**	(28,079)	(C)	115,079
Net income	**$ 367,076**	$ 215,296		$ 582,372

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

Notes:
(A) For the three months ended June 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	$ 3,205	$ 45,607	$ (219)	$ 75	$ 48,668
Cost of services	3,660	-	505	110	4,275
Marketing and sales	26,285	-	3,640	2,065	31,990
Research and development	93,318	-	16,766	6,741	116,825
General and administrative	20,422	-	12,131	2,439	34,992
Amortization of acquired intangibles	-	34,315	-	-	34,315
Total	$ 146,890	$ 79,922	$ 32,823	$ 11,430	$ 271,065

(B) Other income or expense related to 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 June 30, 2025
(In thousands)
(Unaudited)

	Three Months Ended June 30, 2025			
	GAAP	**Adjustments**		**Non-GAAP***
Revenue:				
Product and maintenance	**$ 1,170,510**	$ -		$ 1,170,510
Services	**104,931**	-		104,931
Total revenue	**1,275,441**	-		1,275,441
Costs and expenses:				
Cost of product and maintenance	**139,298**	(17,499)	(A)	121,799
Cost of services	**44,869**	(3,036)	(A)	41,833
Marketing and sales	**200,595**	(28,087)	(A)	172,508
Research and development	**442,057**	(93,276)	(A)	348,781
General and administrative	**69,029**	(24,725)	(A)	44,304
Amortization of acquired intangibles	**9,204**	(9,204)	(A)	-
Loss related to contingent liability	**128,545**	(128,545)		-
Restructuring	**47**	(47)		-
Total costs and expenses	**1,033,644**	(304,419)		729,225
Income from operations	**241,797**	304,419		546,216
Interest expense	**(28,948)**	-		(28,948)
Other income, net	**67,758**	(46,248)	(B)	21,510
Income before provision for income taxes	**280,607**	258,171		538,778
Provision for income taxes	**120,556**	(31,658)	(C)	88,898
Net income	**$ 160,051**	$ 289,829		$ 449,880

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

Notes:
(A) For the three months ended June 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	$ 2,122	$ 14,499	$ 822	$ 56	$ 17,499
Cost of services	2,449	-	506	81	3,036
Marketing and sales	22,857	-	3,671	1,559	28,087
Research and development	73,188	-	15,603	4,485	93,276
General and administrative	17,709	-	5,419	1,597	24,725
Amortization of acquired intangibles	-	9,204	-	-	9,204
Total	$ 118,325	$ 23,703	$ 26,021	$ 7,778	$ 175,827

(B) Other income or expense related to 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 Six Months Ended June 30, 2026
(In thousands)
(Unaudited)

	Six Months Ended June 30, 2026		
	GAAP	**Adjustments**	**Non-GAAP***
Revenue:			
Product and maintenance	**$ 2,779,590**	$ -	$ 2,779,590
Services	**279,081**	-	279,081
Total revenue	**3,058,671**	-	3,058,671
Costs and expenses:			
Cost of product and maintenance	**328,495**	(82,889) (A)	245,606
Cost of services	**125,370**	(8,178) (A)	117,192
Marketing and sales	**452,519**	(59,515) (A)	393,004
Research and development	**1,039,710**	(219,855) (A)	819,855
General and administrative	**176,765**	(73,667) (A)	103,098
Amortization of acquired intangibles	**54,525**	(54,525) (A)	-
Restructuring	**(357)**	357	-
Total costs and expenses	**2,177,027**	(498,272)	1,678,755
Income from operations	**881,644**	498,272	1,379,916
Interest expense	**(66,749)**	-	(66,749)
Other income, net	**123,442**	(97,808) (B)	25,634
Income before provision for income taxes	**938,337**	400,464	1,338,801
Provision for income taxes	**235,601**	(14,699) (C)	220,902
Net income	**$ 702,736**	$ 415,163	$ 1,117,899

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

Notes:
(A) For the six months ended June 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	$ 6,211	$ 76,346	$ 266	$ 66	$ 82,889
Cost of services	7,081	-	999	98	8,178
Marketing and sales	50,387	-	7,411	1,717	59,515
Research and development	180,659	-	34,395	4,801	219,855
General and administrative	40,735	-	31,010	1,922	73,667
Amortization of acquired intangibles	-	54,525	-	-	54,525
Total	$ 285,073	$ 130,871	$ 74,081	$ 8,604	$ 498,629

(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 Six Months Ended June 30, 2025
(In thousands)
(Unaudited)

	Six Months Ended June 30, 2025		
	GAAP	**Adjustments**	**Non-GAAP***
Revenue:			
Product and maintenance	**$ 2,281,360**	$ -	$ 2,281,360
Services	**236,447**	-	236,447
Total revenue	**2,517,807**	-	2,517,807
Costs and expenses:			
Cost of product and maintenance	**255,970**	(37,161) (A)	218,809
Cost of services	**95,330**	(6,006) (A)	89,324
Marketing and sales	**403,295**	(54,199) (A)	349,096
Research and development	**881,159**	(173,978) (A)	707,181
General and administrative	**132,127**	(42,906) (A)	89,221
Amortization of acquired intangibles	**18,126**	(18,126) (A)	-
Loss related to contingent liability	**128,545**	(128,545)	-
Restructuring	**(62)**	62	-
Total costs and expenses	**1,914,490**	(460,859)	1,453,631
Income from operations	**603,317**	460,859	1,064,176
Interest expense	**(58,066)**	-	(58,066)
Other income, net	**91,048**	(42,916) (B)	48,132
Income before provision for income taxes	**636,299**	417,943	1,054,242
Provision for income taxes	**202,669**	(28,719) (C)	173,950
Net income	**$ 433,630**	$ 446,662	$ 880,292

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

Notes:
(A) For the six months ended June 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	$ 4,276	$ 30,993	$ 1,841	$ 51	$ -	$ 37,161
Cost of services	4,915	-	1,017	74	-	6,006
Marketing and sales	44,528	-	8,585	1,086	-	54,199
Research and development	140,277	-	29,652	3,224	825	173,978
General and administrative	31,942	-	8,031	1,770	1,163	42,906
Amortization of acquired intangibles	-	18,126	-	-	-	18,126
Total	$ 225,938	$ 49,119	$ 49,126	$ 6,205	$ 1,988	$ 332,376

(B) Other income or expense related to investments, divestitures and non-qualified deferred compensation plan assets
(C) Income tax effect of non-GAAP adjustments