

**Cadence Design Systems, Inc.**  
**Condensed Consolidated Balance Sheets**  
**April 2, 2022 and January 1, 2022**  
(In thousands)  
(Unaudited)

	<b>April 2, 2022</b>	<b>January 1, 2022</b>
Current assets:		
Cash and cash equivalents	\$ 1,134,752	\$ 1,088,940
Receivables, net	361,789	337,596
Inventories	110,213	115,721
Prepaid expenses and other	128,143	173,512
Total current assets	1,734,897	1,715,769
Property, plant and equipment, net	310,690	305,911
Goodwill	923,719	928,358
Acquired intangibles, net	219,110	233,265
Deferred taxes	787,111	763,770
Other assets	419,540	439,226
Total assets	\$ 4,395,067	\$ 4,386,299
Current liabilities:		
Accounts payable and accrued liabilities	\$ 360,547	\$ 417,283
Current portion of deferred revenue	600,279	553,942
Total current liabilities	960,826	971,225
Long-term liabilities:		
Long-term portion of deferred revenue	106,838	101,148
Long-term debt	347,792	347,588
Other long-term liabilities	219,428	225,663
Total long-term liabilities	674,058	674,399
Stockholders' equity	2,760,183	2,740,675
Total liabilities and stockholders' equity	\$ 4,395,067	\$ 4,386,299

**Cadence Design Systems, Inc.**  
**Condensed Consolidated Income Statements**  
**For the Three Months Ended April 2, 2022 and April 3, 2021**  
(In thousands, except per share amounts)  
(Unaudited)

	<u>Three Months Ended</u>	
	<u>April 2, 2022</u>	<u>April 3, 2021</u>
Revenue:		
Product and maintenance	\$ 846,244	\$ 699,054
Services	55,522	36,974
	<u>901,766</u>	<u>736,028</u>
Costs and expenses:		
Cost of product and maintenance	72,795	64,906
Cost of services	25,048	19,061
Marketing and sales	140,186	132,826
Research and development	290,895	270,992
General and administrative	48,937	39,952
Amortization of acquired intangibles	4,964	4,631
Restructuring	12	(277)
	<u>582,837</u>	<u>532,091</u>
Total costs and expenses		
	318,929	203,937
Interest expense	(4,108)	(4,217)
Other income (expense), net	(4,900)	2,701
	<u>309,921</u>	<u>202,421</u>
Income before provision for income taxes		
	74,586	15,252
Provision for income taxes		
Net income	<u>\$ 235,335</u>	<u>\$ 187,169</u>
Net income per share - basic	<u>\$ 0.86</u>	<u>\$ 0.68</u>
Net income per share - diluted	<u>\$ 0.85</u>	<u>\$ 0.67</u>
Weighted average common shares outstanding - basic	<u>272,431</u>	<u>274,021</u>
Weighted average common shares outstanding - diluted	<u>276,918</u>	<u>280,140</u>

**Cadence Design Systems, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**For the Three Months Ended April 2, 2022 and April 3, 2021**  
**(In thousands)**  
**(Unaudited)**

	<b>Three Months Ended</b>	
	<b>April 2, 2022</b>	<b>April 3, 2021</b>
Cash and cash equivalents at beginning of period	\$ 1,088,940	\$ 928,432
Cash flows from operating activities:		
Net income	235,335	187,169
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	34,825	36,218
Amortization of debt discount and fees	268	264
Stock-based compensation	59,469	52,596
(Gain) loss on investments, net	2,038	(1,433)
Deferred income taxes	(24,920)	2,710
Provisions for losses (recoveries) on receivables	(344)	77
ROU asset amortization and change in operating lease liabilities	926	(2,136)
Other non-cash items	88	302
Changes in operating assets and liabilities, net of effect of acquired businesses:		
Receivables	(28,426)	(45,927)
Inventories	4,580	(669)
Prepaid expenses and other	44,419	(3,014)
Other assets	11,588	6,260
Accounts payable and accrued liabilities	(58,203)	(80,769)
Deferred revenue	56,225	59,166
Other long-term liabilities	(1,260)	(2,372)
Net cash provided by operating activities	<u>336,608</u>	<u>208,442</u>
Cash flows from investing activities:		
Purchases of non-marketable investments	(1,000)	-
Purchases of property, plant and equipment	(18,130)	(16,968)
Purchases of intangible assets	(750)	-
Cash paid in business combinations, net of cash acquired	-	(189,262)
Net cash used for investing activities	<u>(19,880)</u>	<u>(206,230)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock	45,673	46,384
Stock received for payment of employee taxes on vesting of restricted stock	(56,343)	(56,385)
Payments for repurchases of common stock	(250,016)	(172,267)
Net cash used for financing activities	<u>(260,686)</u>	<u>(182,268)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(10,230)</u>	<u>(5,395)</u>
Increase (decrease) in cash and cash equivalents	<u>45,812</u>	<u>(185,451)</u>
Cash and cash equivalents at end of period	<u>\$ 1,134,752</u>	<u>\$ 742,981</u>



**Cadence Design Systems, Inc.**  
**Impact of Non-GAAP Adjustments on Forward Looking Operating Margin**  
**As of April 25, 2022**  
**(Unaudited)**

	<b>Three Months Ending</b>	<b>Year Ending</b>
	<b>July 2, 2022</b>	<b>December 31, 2022</b>
	<b>Forecast</b>	<b>Forecast</b>
GAAP operating margin as a percent of total revenue	<b>29% - 30%</b>	<b>28.5% - 30%</b>
Reconciling items to non-GAAP operating margin as a percent of total revenue:		
Stock-based compensation expense	8%	8%
Amortization of acquired intangibles	2%	2%
Acquisition and integration-related costs	0%	0%
Non-qualified deferred compensation credits	0%	0%
Non-GAAP operating margin as a percent of total revenue†	<b>39% - 40%</b>	<b>38.5% - 40%</b>

†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 25, 2022**  
**(Unaudited)**

	<u>Three Months Ending</u> <u>July 2, 2022</u> <u>Forecast</u>	<u>Year Ending</u> <u>December 31, 2022</u> <u>Forecast</u>
Diluted net income per share on a GAAP basis	<b>\$0.59 to \$0.63</b>	<b>\$2.51 to \$2.59</b>
Stock-based compensation expense	0.23	0.98
Amortization of acquired intangibles	0.05	0.19
Acquisition and integration-related costs	0.01	0.03
Non-qualified deferred compensation credits	-	(0.01)
Other income or expense related to investments and non-qualified deferred compensation plan assets*	-	0.02
Income tax effect of non-GAAP adjustments	0.07	0.17
Diluted net income per share on a non-GAAP basis†	<u><u>\$0.95 to \$0.99</u></u>	<u><u>\$3.89 to \$3.97</u></u>

**Cadence Design Systems, Inc.**  
**Impact of Non-GAAP Adjustments on Forward Looking Net Income**  
**As of April 25, 2022**  
**(Unaudited)**

(\$ in millions)	<u>Three Months Ending</u> <u>July 2, 2022</u> <u>Forecast</u>	<u>Year Ending</u> <u>December 31, 2022</u> <u>Forecast</u>
Net income on a GAAP basis	<b>\$164 to \$175</b>	<b>\$697 to \$719</b>
Stock-based compensation expense	64	272
Amortization of acquired intangibles	15	52
Acquisition and integration-related costs	1	8
Non-qualified deferred compensation credits	-	(3)
Other income or expense related to investments and non-qualified deferred compensation plan assets*	-	5
Income tax effect of non-GAAP adjustments	19	49
Net income on a non-GAAP basis†	<u><u>\$263 to \$274</u></u>	<u><u>\$1,080 to \$1,102</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.

\* Includes, as applicable, equity in losses or income from investments, write-down of investments, gains or losses on investments and gains or losses on non-qualified deferred compensation plan assets recorded in other income or expense.