

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

	<b>July 2, 2022</b>	<b>January 1, 2022</b>
Current assets:		
Cash and cash equivalents	\$ 1,029,544	\$ 1,088,940
Receivables, net	391,738	337,596
Inventories	106,372	115,721
Prepaid expenses and other	129,966	173,512
Total current assets	1,657,620	1,715,769
Property, plant and equipment, net	316,741	305,911
Goodwill	924,460	928,358
Acquired intangibles, net	215,781	233,265
Deferred taxes	802,886	763,770
Other assets	443,786	439,226
Total assets	\$ 4,361,274	\$ 4,386,299
Current liabilities:		
Accounts payable and accrued liabilities	\$ 437,195	\$ 417,283
Current portion of deferred revenue	605,296	553,942
Total current liabilities	1,042,491	971,225
Long-term liabilities:		
Long-term portion of deferred revenue	114,573	101,148
Long-term debt	347,999	347,588
Other long-term liabilities	230,982	225,663
Total long-term liabilities	693,554	674,399
Stockholders' equity	2,625,229	2,740,675
Total liabilities and stockholders' equity	\$ 4,361,274	\$ 4,386,299

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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>July 2, 2022</u>	<u>July 3, 2021</u>	<u>July 2, 2022</u>	<u>July 3, 2021</u>
<b>Revenue:</b>				
Product and maintenance	\$ 802,285	\$ 687,884	\$ 1,648,529	\$ 1,386,938
Services	55,236	40,401	110,758	77,375
Total revenue	<u>857,521</u>	<u>728,285</u>	<u>1,759,287</u>	<u>1,464,313</u>
<b>Costs and expenses:</b>				
Cost of product and maintenance	68,717	55,842	141,512	120,748
Cost of services	23,948	20,917	48,996	39,978
Marketing and sales	139,296	135,967	279,482	268,793
Research and development	286,597	285,227	577,492	556,219
General and administrative	51,426	40,333	100,363	80,285
Amortization of acquired intangibles	4,633	5,030	9,597	9,661
Restructuring	16	(469)	28	(746)
Total costs and expenses	<u>574,633</u>	<u>542,847</u>	<u>1,157,470</u>	<u>1,074,938</u>
Income from operations	282,888	185,438	601,817	389,375
Interest expense	(4,281)	(4,316)	(8,389)	(8,533)
Other income (expense), net	(5,962)	2,143	(10,862)	4,844
Income before provision for income taxes	272,645	183,265	582,566	385,686
Provision for income taxes	85,725	27,365	160,311	42,617
Net income	<u>\$ 186,920</u>	<u>\$ 155,900</u>	<u>\$ 422,255</u>	<u>\$ 343,069</u>
Net income per share - basic	<u>\$ 0.69</u>	<u>\$ 0.57</u>	<u>\$ 1.55</u>	<u>\$ 1.25</u>
Net income per share - diluted	<u>\$ 0.68</u>	<u>\$ 0.56</u>	<u>\$ 1.53</u>	<u>\$ 1.23</u>
Weighted average common shares outstanding - basic	<u>271,520</u>	<u>273,565</u>	<u>272,028</u>	<u>273,843</u>
Weighted average common shares outstanding - diluted	<u>275,172</u>	<u>278,558</u>	<u>276,097</u>	<u>279,399</u>

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

	<b>Six Months Ended</b>	
	<b>July 2, 2022</b>	<b>July 3, 2021</b>
Cash and cash equivalents at beginning of period	\$ 1,088,940	\$ 928,432
Cash flows from operating activities:		
Net income	422,255	343,069
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	67,690	71,799
Amortization of debt discount and fees	539	687
Stock-based compensation	123,739	103,114
(Gain) loss on investments, net	3,124	(795)
Deferred income taxes	(41,597)	1,710
Provisions for losses on receivables	133	242
ROU asset amortization and change in operating lease liabilities	1,742	(2,483)
Other non-cash items	88	183
Changes in operating assets and liabilities, net of effect of acquired businesses:		
Receivables	(64,036)	(48,016)
Inventories	367	(14,527)
Prepaid expenses and other	40,571	7,690
Other assets	14,476	6,991
Accounts payable and accrued liabilities	17,470	(14,771)
Deferred revenue	80,460	127,286
Other long-term liabilities	(5,872)	6,639
Net cash provided by operating activities	<u>661,149</u>	<u>588,818</u>
Cash flows from investing activities:		
Purchases of non-marketable investments	(1,000)	-
Purchases of property, plant and equipment	(42,202)	(31,139)
Purchases of intangible assets	(750)	-
Cash paid in business combinations, net of cash acquired	(25,000)	(220,660)
Net cash used for investing activities	<u>(68,952)</u>	<u>(251,799)</u>
Cash flows from financing activities:		
Payment of debt issuance costs	-	(1,285)
Proceeds from issuance of common stock	50,224	52,252
Stock received for payment of employee taxes on vesting of restricted stock	(63,544)	(78,053)
Payments for repurchases of common stock	(600,049)	(392,290)
Net cash used for financing activities	<u>(613,369)</u>	<u>(419,376)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(38,224)</u>	<u>1,085</u>
Decrease in cash and cash equivalents	<u>(59,396)</u>	<u>(81,272)</u>
Cash and cash equivalents at end of period	<u>\$ 1,029,544</u>	<u>\$ 847,160</u>



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

	<u>Three Months Ending</u> <u>October 1, 2022</u> <u>Forecast</u>	<u>Year Ending</u> <u>December 31, 2022</u> <u>Forecast</u>
GAAP operating margin as a percent of total revenue	26% - 27%	29.25% - 30.25%
Reconciling items to non-GAAP operating margin as a percent of total revenue:		
Stock-based compensation expense	8%	7.7%
Amortization of acquired intangibles	2%	1.8%
Acquisition and integration-related costs	1%	0.8%
Non-qualified deferred compensation credits	0%	(0.3)%
Non-GAAP operating margin as a percent of total revenue†	<u>37% - 38%</u>	<u>39.25% - 40.25%</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 July 25, 2022**  
**(Unaudited)**

	<b>Three Months Ending October 1, 2022 Forecast</b>	<b>Year Ending December 31, 2022 Forecast</b>
Diluted net income per share on a GAAP basis	<b>\$0.58 to \$0.62</b>	<b>\$2.59 to \$2.65</b>
Stock-based compensation expense	0.26	0.98
Amortization of acquired intangibles	0.06	0.24
Acquisition and integration-related costs	0.02	0.10
Non-qualified deferred compensation credits	-	(0.03)
Other income or expense related to investments and non-qualified deferred compensation plan assets*	-	0.04
Income tax effect of non-GAAP adjustments	0.02	0.14
Diluted net income per share on a non-GAAP basis†	<b>\$0.94 to \$0.98</b>	<b>\$4.06 to \$4.12</b>

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

<b>(\$ in millions)</b>	<b>Three Months Ending October 1, 2022 Forecast</b>	<b>Year Ending December 31, 2022 Forecast</b>
Net income on a GAAP basis	<b>\$160 to \$170</b>	<b>\$716 to \$732</b>
Stock-based compensation expense	73	270
Amortization of acquired intangibles	16	65
Acquisition and integration-related costs	6	28
Non-qualified deferred compensation credits	-	(9)
Other income or expense related to investments and non-qualified deferred compensation plan assets*	-	12
Income tax effect of non-GAAP adjustments	5	39
Net income on a non-GAAP basis†	<b>\$260 to \$270</b>	<b>\$1,121 to \$1,137</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.

\* 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.