PTC Inc.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	Three Months Ended	
	December 31, 2021	December 31, 2020
Revenue:		
Recurring revenue	$ 405,125	$ 384,957
Perpetual license	8,468	8,463
Professional services	44,128	35,630
Total revenue [1]	457,721	429,050
Cost of revenue [2]	95,118	86,830
Gross margin	362,603	342,220
Operating expenses:		
Sales and marketing [2]	125,476	124,725
Research and development [2]	80,534	70,835
General and administrative [2]	51,940	49,528
Amortization of acquired intangible assets	8,484	6,547
Restructuring and other charges, net	33,991	247
Total operating expenses	300,425	251,882
Operating income	62,178	90,338
Other income (expense), net	(6,802)	(12,931)
Income before income taxes	55,376	77,407
Provision for income taxes	9,287	53,892
Net income	$ 46,089	$ 23,515
Earnings per share:		
Basic	$ 0.39	$ 0.20
Weighted average shares outstanding	117,347	116,401
Diluted	$ 0.39	$ 0.20
Weighted average shares outstanding	118,598	117,605

(1) See supplemental financial data for revenue by license, support, and professional services.
(2) See supplemental financial data for additional information about stock-based compensation.

PTC Inc.
SUPPLEMENTAL FINANCIAL DATA FOR REVENUE AND STOCK-BASED COMPENSATION
(in thousands)

Revenue by license, support and services is as follows:

	Three Months Ended	
	December 31, 2021	December 31, 2020
License revenue [1]	$ 169,108	$ 177,175
Support and cloud services revenue	244,485	216,245
Professional services revenue	44,128	35,630
Total revenue	$ 457,721	$ 429,050

(1) License revenue includes the portion of subscription revenue allocated to license.

The amounts in the income statement include stock-based compensation as follows:

	Three Months Ended	
	December 31, 2021	December 31, 2020
Cost of revenue	$ 5,972	$ 4,434
Sales and marketing	13,081	14,999
Research and development	10,176	8,443
General and administrative	16,713	18,212
Total stock-based compensation	$ 45,942	$ 46,088

PTC Inc.

NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS (UNAUDITED)

(in thousands, except per share data)

	Three Months Ended	
	December 31, 2021	December 31, 2020
GAAP gross margin	$ 362,603	$ 342,220
Stock-based compensation	5,972	4,434
Amortization of acquired intangible assets included in cost of revenue	6,493	6,267
Non-GAAP gross margin	$ 375,068	$ 352,921
GAAP operating income	$ 62,178	$ 90,338
Stock-based compensation	45,942	46,088
Amortization of acquired intangible assets	14,977	12,814
Acquisition-related and other transactional charges	1,050	3,916
Restructuring and other charges, net	33,991	247
Non-GAAP operating income [(1)]	$ 158,138	$ 153,403
GAAP net income	$ 46,089	$ 23,515
Stock-based compensation	45,942	46,088
Amortization of acquired intangible assets	14,977	12,814
Acquisition-related and other transactional charges	1,050	3,916
Restructuring and other charges, net	33,991	247
Non-operating charges (credits) [(2)]	(9,766)	-
Income tax adjustments [(3)]	(19,225)	27,151
Non-GAAP net income	$ 113,058	$ 113,731
GAAP diluted earnings per share	$ 0.39	$ 0.20
Stock-based compensation	0.39	0.39
Amortization of acquired intangibles	0.13	0.11
Acquisition-related and other transactional charges	0.01	0.03
Restructuring and other charges, net	0.29	-
Non-operating charges (credits)	(0.08)	-
Income tax adjustments	(0.16)	0.23
Non-GAAP diluted earnings per share	$ 0.95	$ 0.97

(1) Operating margin impact of non-GAAP adjustments:

	Three Months Ended	
	December 31, 2021	December 31, 2020
GAAP operating margin	13.6%	21.1%
Stock-based compensation	10.0%	10.7%
Amortization of acquired intangibles	3.3%	3.0%
Acquisition-related and other transactional charges	0.2%	0.9%
Restructuring and other charges, net	7.4%	0.1%
Non-GAAP operating margin	34.5%	35.8%

(2) In the first quarter of 2022, we recorded a $9.8 million gain on our investment in Matterport, Inc.

(3) Income tax adjustments reflect the tax effects of non-GAAP adjustments which are calculated by applying the applicable tax rate by jurisdiction to the non-GAAP adjustments listed above. In 2021 we had recorded a full valuation allowance against our U.S. net deferred tax assets. As we were profitable on a non-GAAP basis, the 2021 tax provision was calculated assuming there was no valuation allowance. Additionally, our Q1'21 non-GAAP results excluded tax expense of $34.6 million related to a South Korean tax exposure, primarily related to foreign withholding taxes.

PTC Inc.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 2021	September 30, 2021
ASSETS		
Cash and cash equivalents	$ 296,125	$ 326,532
Accounts receivable, net	478,673	541,072
Property and equipment, net	96,848	100,237
Goodwill and acquired intangible assets, net	2,553,757	2,570,854
Lease assets, net	150,261	152,337
Other assets	844,956	816,528
Total assets	$ 4,420,620	$ 4,507,560
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deferred revenue	$ 481,070	$ 497,677
Debt, net of deferred issuance costs	1,440,014	1,439,471
Lease obligations	206,032	208,799
Other liabilities	339,692	323,145
Stockholders' equity	1,953,812	2,038,468
Total liabilities and stockholders' equity	$ 4,420,620	$ 4,507,560

PTC Inc.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Three Months Ended	
	December 31, 2021	December 31, 2020
Cash flows from operating activities:		
Net income	$ 46,089	$ 23,515
Stock-based compensation	45,942	46,088
Depreciation and amortization	22,088	18,835
Amortization of right-of-use lease assets	8,860	9,391
Accounts receivable	57,316	10,315
Accounts payable and accruals	15,812	3,129
Deferred revenue	(13,696)	(851)
Income taxes	(8,328)	44,537
Other	(36,347)	(41,197)
Net cash provided by operating activities	137,736	113,762
Capital expenditures	(3,362)	(2,857)
Purchase of intangible assets	(450)	(550)
Borrowings (payments) on debt, net	-	(18,000)
Repurchases of common stock	(119,739)	-
Payments of withholding taxes in connection with vesting of stock-based awards	(49,165)	(24,500)
Settlement of net investment hedges	6,473	(7,359)
Net proceeds from (purchases of) marketable securities [(1)]	-	58,469
Other financing & investing activities	(239)	(1,279)
Foreign exchange impact on cash	(1,661)	5,553
Net change in cash, cash equivalents, and restricted cash	(30,407)	123,239
Cash, cash equivalents, and restricted cash, beginning of period	327,046	275,960
Cash, cash equivalents, and restricted cash, end of period	$ 296,639	$ 399,199

	Three Months Ended	
	December 31, 2021	December 31, 2020
Cash provided by operating activities	$ 137,736	$ 113,762
Capital expenditures	(3,362)	(2,857)
Free cash flow	134,374	110,905
Restructuring and other related payments	10,511	7,267
Acquisition-related payments	-	2,880
Adjusted free cash flow	$ 144,885	$ 121,052

(1) In the first quarter of 2021, we sold all of our available-for-sale securities.