

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

	Three Months Ended		Twelve Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenue:				
Recurring revenue	\$ 429,350	\$ 350,097	\$ 1,616,328	\$ 1,281,949
Perpetual license	10,369	8,680	33,013	32,668
Professional services	40,937	32,204	157,818	143,798
Total revenue ⁽¹⁾	480,656	390,981	1,807,159	1,458,415
Cost of revenue ⁽²⁾	99,748	84,615	371,102	334,271
Gross margin	380,908	306,366	1,436,057	1,124,144
Operating expenses:				
Sales and marketing ⁽²⁾	129,464	115,815	517,779	435,451
Research and development ⁽²⁾	78,403	69,884	299,917	256,575
General and administrative ⁽²⁾	48,589	45,931	206,006	159,826
Amortization of acquired intangible assets	7,688	7,346	29,396	28,713
Restructuring and other charges, net	1,627	378	2,211	32,716
Total operating expenses	265,771	239,354	1,055,309	913,281
Operating income	115,137	67,012	380,748	210,863
Other income (expense), net	54,385	(11,631)	11,007	(76,157)
Income before income taxes	169,522	55,381	391,755	134,706
Provision (benefit) for income taxes	(123,421)	1,975	(85,168)	4,011
Net income	\$ 292,943	\$ 53,406	\$ 476,923	\$ 130,695
Earnings per share:				
Basic	\$ 2.50	\$ 0.46	\$ 4.08	\$ 1.13
Weighted average shares outstanding	117,230	116,069	116,836	115,663
Diluted	\$ 2.46	\$ 0.46	\$ 4.03	\$ 1.12
Weighted average shares outstanding	118,921	117,097	118,367	116,267

(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, except per share data)

Revenue by license, support and services is as follows:

	Three Months Ended		Twelve Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
License revenue ⁽¹⁾	\$ 199,284	\$ 140,507	\$ 738,053	\$ 509,792
Support and cloud services revenue	240,435	218,270	911,288	804,825
Professional services revenue	40,937	32,204	157,818	143,798
Total revenue	\$ 480,656	\$ 390,981	\$ 1,807,159	\$ 1,458,415

(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		Twelve Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Cost of revenue	\$ 5,229	\$ 4,761	\$ 19,263	\$ 13,969
Sales and marketing	11,179	13,346	53,712	37,351
Research and development	9,394	9,725	34,272	27,005
General and administrative	17,591	13,712	70,042	36,824
Total stock-based compensation	\$ 43,393	\$ 41,544	\$ 177,289	\$ 115,149

PTC Inc.
NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS (UNAUDITED)
(in thousands, except per share data)

	Three Months Ended		Twelve Months Ended	
	September 30,		September 30,	
	2021	2020	2021	2020
GAAP gross margin	\$ 380,908	\$ 306,366	\$ 1,436,057	\$ 1,124,144
Stock-based compensation	5,229	4,761	19,263	13,969
Amortization of acquired intangible assets included in cost of revenue	8,125	6,856	29,769	27,391
Non-GAAP gross margin	<u><u>\$ 394,262</u></u>	<u><u>\$ 317,983</u></u>	<u><u>\$ 1,485,089</u></u>	<u><u>\$ 1,165,504</u></u>
GAAP operating income	\$ 115,137	\$ 67,012	\$ 380,748	\$ 210,863
Stock-based compensation	43,393	41,544	177,289	115,149
Amortization of acquired intangible assets included in cost of revenue	8,125	6,856	29,769	27,391
Amortization of acquired intangible assets	7,688	7,346	29,396	28,713
Acquisition-related and other transactional charges included in general and administrative costs	166	552	15,010	8,616
Restructuring and other charges, net	1,627	378	2,211	32,716
Non-GAAP operating income ⁽¹⁾	<u><u>\$ 176,136</u></u>	<u><u>\$ 123,688</u></u>	<u><u>\$ 634,423</u></u>	<u><u>\$ 423,448</u></u>
GAAP net income	\$ 292,943	\$ 53,406	\$ 476,923	\$ 130,695
Stock-based compensation	43,393	41,544	177,289	115,149
Amortization of acquired intangible assets included in cost of revenue	8,125	6,856	29,769	27,391
Amortization of acquired intangible assets	7,688	7,346	29,396	28,713
Acquisition-related and other transactional charges included in general and administrative costs	166	552	15,010	8,616
Restructuring and other charges, net	1,627	378	2,211	32,716
Non-operating charges (credits) ⁽²⁾	(68,829)	-	(68,829)	18,451
Income tax adjustments ⁽³⁾	<u><u>(154,546)</u></u>	<u><u>(18,295)</u></u>	<u><u>(191,611)</u></u>	<u><u>(63,283)</u></u>
Non-GAAP net income	<u><u>\$ 130,567</u></u>	<u><u>\$ 91,787</u></u>	<u><u>\$ 470,158</u></u>	<u><u>\$ 298,448</u></u>
GAAP diluted earnings per share	\$ 2.46	\$ 0.46	\$ 4.03	\$ 1.12
Stock-based compensation	0.36	0.35	1.50	0.99
Amortization of acquired intangibles	0.13	0.12	0.50	0.48
Acquisition-related and other transactional charges	-	-	0.13	0.07
Restructuring and other charges, net	0.01	-	0.02	0.28
Non-operating charges (credits)	(0.58)	-	(0.58)	0.16
Income tax adjustments	<u><u>(1.30)</u></u>	<u><u>(0.16)</u></u>	<u><u>(1.62)</u></u>	<u><u>(0.54)</u></u>
Non-GAAP diluted earnings per share	<u><u>\$ 1.10</u></u>	<u><u>\$ 0.78</u></u>	<u><u>\$ 3.97</u></u>	<u><u>\$ 2.57</u></u>

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

	Three Months Ended		Twelve Months Ended	
	September 30,		September 30,	
	2021	2020	2021	2020
GAAP operating margin	24.0%	17.1%	21.1%	14.5%
Stock-based compensation	9.0%	10.6%	9.8%	7.9%
Amortization of acquired intangibles	3.3%	3.6%	3.3%	3.8%
Acquisition-related and other transactional charges	0.0%	0.1%	0.8%	0.6%
Restructuring and other charges, net	0.3%	0.1%	0.1%	2.2%
Non-GAAP operating margin	<u><u>36.6%</u></u>	<u><u>31.6%</u></u>	<u><u>35.1%</u></u>	<u><u>29.0%</u></u>

(2) In the fourth quarter of 2021, we recorded a \$69 million gain on our investment in Matterport, Inc. In fiscal 2020, we recognized \$15 million of expense related to penalties for the early redemption of the 6.000% Senior Notes due in 2024 and wrote off approximately \$3 million of related debt issuance costs.

(3) In the three months ended September 30, 2021 our GAAP results included a benefit of \$137.4 million related to the release of the valuation allowance on the majority of our U.S. net deferred tax assets. In the twelve months ended September 30, 2021 and September 30, 2020 our GAAP results included benefits of \$179.7 million and \$21.2 million, respectively. These results include the benefits of \$42.3 million and \$21.2 million, respectively, related to the release of a valuation allowance as a result of the Arena and Onshape acquisitions. As the non-GAAP tax provision is calculated assuming that there is no valuation allowance, these benefits have been excluded. 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. Additionally, our non-GAAP results for the twelve months of FY'21 exclude tax expense of \$34.8 million related to a non-U.S. prior period tax exposure, primarily related to foreign withholding taxes.

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

	<u>September 30, 2021</u>	<u>September 30, 2020</u>
ASSETS		
Cash and cash equivalents	\$ 326,532	\$ 275,458
Marketable securities	-	59,099
Accounts receivable, net	541,072	415,221
Property and equipment, net	100,237	101,499
Goodwill and acquired intangible assets, net	2,570,854	1,863,356
Lease assets, net	152,337	149,933
Other assets	826,037	518,172
 Total assets	 <u>\$ 4,517,069</u>	 <u>\$ 3,382,738</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deferred revenue	\$ 497,677	\$ 426,465
Debt, net of deferred issuance costs	1,439,471	1,005,314
Lease obligations	208,799	215,023
Other liabilities	332,654	297,688
Stockholders' equity	2,038,468	1,438,248
 Total liabilities and stockholders' equity	 <u>\$ 4,517,069</u>	 <u>\$ 3,382,738</u>

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

	Three Months Ended		Twelve Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Cash flows from operating activities:				
Net income	\$ 292,943	\$ 53,406	\$ 476,923	\$ 130,695
Stock-based compensation	43,393	41,544	177,289	115,149
Depreciation and amortization	22,569	20,140	85,239	80,817
Amortization of right-of-use lease assets	9,264	9,220	37,295	38,687
Gain on investment	(68,829)	-	(68,829)	-
Accounts receivable	(115,308)	(87,027)	(119,418)	(32,365)
Accounts payable and accruals	25,916	14	41,871	5,147
Deferred revenue	27,969	13,689	58,702	17,046
Income taxes	(130,602)	(6,812)	(144,126)	(51,257)
Other	<u>(61,994)</u>	<u>(10,200)</u>	<u>(176,137)</u>	<u>(70,111)</u>
Net cash provided by operating activities	45,321	33,974	368,809	233,808
Capital expenditures	(13,051)	(4,784)	(24,713)	(20,196)
Acquisition of businesses, net of cash acquired ⁽¹⁾	(251)	(14,958)	(718,030)	(483,478)
Purchase of intangible assets	-	-	(550)	(11,050)
Purchase of investment	(2,000)	-	(4,000)	-
Borrowings (payments) on debt, net	(40,000)	(120,000)	432,000	344,875
Repurchases of common stock	(30,000)	-	(30,000)	-
Net proceeds associated with issuance of common stock	11,091	9,402	21,575	18,382
Payments of withholding taxes in connection with vesting of stock-based awards	(10,742)	(508)	(52,957)	(33,740)
Debt issuance costs	-	(24)	-	(17,107)
Debt early redemption premium	-	-	-	(15,000)
Net proceeds from (purchases of) marketable securities ⁽²⁾	-	(1,532)	58,469	(1,827)
Other financing & investing activities	2,181	(7,692)	611	(9,421)
Foreign exchange impact on cash	<u>(1,773)</u>	<u>4,152</u>	<u>(127)</u>	<u>25</u>
Net change in cash, cash equivalents, and restricted cash	(39,224)	(101,970)	51,087	5,271
Cash, cash equivalents, and restricted cash, beginning of period	366,271	377,930	275,960	270,689
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 327,047</u>	<u>\$ 275,960</u>	<u>\$ 327,047</u>	<u>\$ 275,960</u>
 Three Months Ended				
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Cash provided by operating activities ⁽³⁾	\$ 45,321	\$ 33,974	\$ 368,809	\$ 233,808
Capital expenditures	(13,051)	(4,784)	(24,713)	(20,196)
Free cash flow ⁽³⁾	<u>\$ 32,270</u>	<u>\$ 29,190</u>	<u>\$ 344,096</u>	<u>\$ 213,612</u>

(1) In the second quarter of 2021, we acquired Arena for approximately \$715 million, net of cash acquired. In the first quarter of 2020, we acquired Onshape for \$469 million, net of cash acquired.

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

(3) Operating and free cash flow includes \$0.8 million and \$14.5 million of restructuring payments in the three and twelve months ended September 30, 2021, respectively, compared with \$7.2 million and \$42.0 million in the three and twelve months ended September 30, 2020. Operating and free cash flow includes \$0.1 million and \$15.0 million of acquisition-related payments for the three and twelve months ended September 30, 2021, respectively, compared with \$0.8 million and \$9.6 million in the three and twelve months ended September 30, 2020. Operating and free cash flow includes \$17.9 million in un-forecasted payments related to the prior period tax exposure from a non-U.S. tax dispute in the twelve months ended September 30, 2021.