

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

	Three Months Ended		Six Months Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Revenue:				
Recurring revenue	\$ 452,710	\$ 414,845	\$ 857,835	\$ 799,803
Perpetual license	9,540	6,922	18,008	15,385
Professional services	42,977	40,018	87,105	75,648
Total revenue <sup>(1)</sup>	505,227	461,785	962,948	890,836
Cost of revenue <sup>(2)</sup>	93,337	89,448	188,455	176,278
Gross margin	411,890	372,337	774,493	714,558
Operating expenses:				
Sales and marketing <sup>(2)</sup>	116,408	129,178	241,884	253,903
Research and development <sup>(2)</sup>	81,935	72,545	162,469	143,380
General and administrative <sup>(2)</sup>	47,469	60,805	99,409	110,333
Amortization of acquired intangible assets	8,450	7,650	16,934	14,197
Restructuring and other charges, net	(1,562)	469	32,429	716
Total operating expenses	252,700	270,647	553,125	522,529
Operating income	159,190	101,690	221,368	192,029
Other expense, net	(55,624)	(15,333)	(62,426)	(28,265)
Income before income taxes	103,566	86,357	158,942	163,764
Provision (benefit) for income taxes	13,887	(22,905)	23,174	30,987
Net income	<u>\$ 89,679</u>	<u>\$ 109,262</u>	<u>\$ 135,768</u>	<u>\$ 132,777</u>
Earnings per share:				
Basic	\$ 0.77	\$ 0.94	\$ 1.16	\$ 1.14
Weighted average shares outstanding	117,008	116,777	117,135	116,587
Diluted	\$ 0.76	\$ 0.92	\$ 1.15	\$ 1.13
Weighted average shares outstanding	117,811	118,331	118,162	117,966

(1) See supplemental financial data for revenue by license, support, and professional services. Recurring revenue for the three and six months ended March 31, 2022 includes an adjustment of \$0.2 million and \$1.3 million, respectively, due to a reduction of acquired deferred revenue; compared to an adjustment in the three and six months ended March 31, 2021 of \$3.8 million.

(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		Six Months Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
License revenue <sup>(1)</sup>	\$ 218,375	\$ 198,011	\$ 387,483	\$ 375,186
Support and cloud services revenue <sup>(2)</sup>	243,875	223,756	488,360	440,002
Professional services revenue	42,977	40,018	87,105	75,648
Total revenue <sup>(2)</sup>	\$ 505,227	\$ 461,785	\$ 962,948	\$ 890,836

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

(2) Revenue for the three and six months ended March 31, 2022 includes an adjustment of \$0.2 million and \$1.3 million, respectively, due to a reduction of acquired deferred revenue; compared to an adjustment in the three and six months ended March 31, 2021 of \$3.8 million.

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

	Three Months Ended		Six Months Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Cost of revenue	\$ 4,264	\$ 4,506	\$ 10,236	\$ 8,940
Sales and marketing	11,446	13,305	24,527	28,304
Research and development	9,504	7,921	19,680	16,364
General and administrative	12,707	19,008	29,420	37,220
Total stock-based compensation	\$ 37,921	\$ 44,740	\$ 83,863	\$ 90,828

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

	Three Months Ended		Six Months Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
GAAP gross margin	\$ 411,890	\$ 372,337	\$ 774,493	\$ 714,558
Stock-based compensation	4,264	4,506	10,236	8,940
Amortization of acquired intangible assets included in cost of revenue	5,921	7,117	12,414	13,384
Non-GAAP gross margin	<u>\$ 422,075</u>	<u>\$ 383,960</u>	<u>\$ 797,143</u>	<u>\$ 736,882</u>
GAAP operating income	\$ 159,190	\$ 101,690	\$ 221,368	\$ 192,029
Stock-based compensation	37,921	44,740	83,863	90,828
Amortization of acquired intangible assets	14,371	14,767	29,348	27,581
Acquisition-related and other transactional charges	3,903	10,310	4,953	14,226
Restructuring and other charges, net	(1,562)	469	32,429	716
Non-GAAP operating income <sup>(1)</sup>	<u>\$ 213,823</u>	<u>\$ 171,976</u>	<u>\$ 371,961</u>	<u>\$ 325,380</u>
GAAP net income	\$ 89,679	\$ 109,262	\$ 135,768	\$ 132,777
Stock-based compensation	37,921	44,740	83,863	90,828
Amortization of acquired intangible assets	14,371	14,767	29,348	27,581
Acquisition-related and other transactional charges	3,903	10,310	4,953	14,226
Restructuring and other charges, net	(1,562)	469	32,429	716
Non-operating charges <sup>(2)</sup>	44,613	-	34,847	-
Income tax adjustments <sup>(3)</sup>	(25,444)	(51,703)	(44,669)	(24,552)
Non-GAAP net income	<u>\$ 163,481</u>	<u>\$ 127,845</u>	<u>\$ 276,539</u>	<u>\$ 241,576</u>
GAAP diluted earnings per share	\$ 0.76	\$ 0.92	\$ 1.15	\$ 1.13
Stock-based compensation	0.32	0.38	0.71	0.77
Amortization of acquired intangibles	0.12	0.12	0.25	0.23
Acquisition-related and other transactional charges	0.03	0.09	0.04	0.12
Restructuring and other charges, net	(0.01)	-	0.27	0.01
Non-operating charges	0.38	-	0.29	-
Income tax adjustments	(0.22)	(0.44)	(0.38)	(0.21)
Non-GAAP diluted earnings per share	<u>\$ 1.39</u>	<u>\$ 1.08</u>	<u>\$ 2.34</u>	<u>\$ 2.05</u>

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

	Three Months Ended		Six Months Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
GAAP operating margin	31.5%	22.0%	23.0%	21.6%
Stock-based compensation	7.5%	9.7%	8.7%	10.2%
Amortization of acquired intangibles	2.8%	3.2%	3.0%	3.1%
Acquisition-related and other transactional charges	0.8%	2.2%	0.5%	1.6%
Restructuring and other charges, net	(0.3)%	0.1%	3.4%	0.1%
Non-GAAP operating margin	42.3%	37.2%	38.6%	36.5%

(2) Expense recognized due to the reduction in value of an equity investment in a publicly-traded company.

(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 non-GAAP results for the six months ended March 31, 2021 excluded tax expenses 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)

	March 31, 2022	September 30, 2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 306,701	\$ 326,532
Accounts receivable, net	510,196	541,072
Property and equipment, net	92,897	100,237
Goodwill and acquired intangible assets, net	2,541,516	2,570,854
Lease assets, net	149,801	152,337
Other assets	777,412	816,528
Total assets	\$ 4,378,523	\$ 4,507,560
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deferred revenue	\$ 534,681	\$ 497,677
Debt, net of deferred issuance costs	1,265,546	1,439,471
Lease obligations	203,990	208,799
Other liabilities	290,329	323,145
Stockholders' equity	2,083,977	2,038,468
Total liabilities and stockholders' equity	\$ 4,378,523	\$ 4,507,560

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

	Three Months Ended		Six Months Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Cash flows from operating activities:				
Net income	\$ 89,679	\$ 109,262	\$ 135,768	\$ 132,777
Stock-based compensation	37,921	44,740	83,863	90,828
Depreciation and amortization	21,380	21,334	43,468	40,169
Amortization of right-of-use lease assets	8,676	9,565	17,536	18,956
Accounts receivable	(45,006)	(20,169)	12,310	(9,854)
Accounts payable and accruals	(55,744)	(4,025)	(39,932)	(896)
Deferred revenue	60,708	53,061	47,012	52,210
Income taxes	2,049	(49,481)	(6,279)	(4,944)
Other	22,662	(42,595)	(13,685)	(83,792)
Net cash provided by operating activities	142,325	121,692	280,061	235,454
Capital expenditures	(2,148)	(5,385)	(5,510)	(8,242)
Acquisition of businesses, net of cash acquired <sup>(1)</sup>	-	(717,198)	-	(717,198)
Borrowings (payments) on debt, net	(175,000)	520,000	(175,000)	502,000
Repurchases of common stock	(5,261)	-	(125,000)	-
Net proceeds associated with issuance of common stock	10,857	10,484	10,857	10,484
Payments of withholding taxes in connection with vesting of stock-based awards	(1,430)	(2,742)	(50,595)	(27,242)
Net proceeds from marketable securities <sup>(2)</sup>	-	-	-	58,469
Net proceeds from sale of investments <sup>(3)</sup>	42,693	-	42,693	-
Other financing & investing activities	831	5,556	6,615	(3,632)
Foreign exchange impact on cash	(2,078)	(5,010)	(3,739)	543
Net change in cash, cash equivalents, and restricted cash	10,789	(72,603)	(19,618)	50,636
Cash, cash equivalents, and restricted cash, beginning of period	296,639	399,199	327,046	275,960
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 307,428</u>	<u>\$ 326,596</u>	<u>\$ 307,428</u>	<u>\$ 326,596</u>
	<b>Three Months Ended</b>	<b>March 31,</b>	<b>March 31,</b>	<b>Six Months Ended</b>
	<b>2022</b>	<b>2021</b>	<b>March 31,</b>	<b>March 31,</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Cash provided by operating activities	\$ 142,325	\$ 121,692	\$ 280,061	\$ 235,454
Capital expenditures	(2,148)	(5,385)	(5,510)	(8,242)
Free cash flow	140,177	116,307	274,551	227,212
Restructuring and other related payments	17,840	4,463	28,351	11,729
Acquisition & transaction-related payments	432	8,195	432	11,075
Non-ordinary course tax payment <sup>(4)</sup>	-	971	-	971
Adjusted free cash flow	<u>\$ 158,449</u>	<u>\$ 129,936</u>	<u>\$ 303,334</u>	<u>\$ 250,987</u>

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

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

(3) In the second quarter of 2022, we sold an equity investment in a publicly-traded company.

(4) In the second quarter of 2021, we made \$1.0 million of un-forecasted payments related to a prior period tax exposure from a non-U.S. tax dispute.