



Important Information About Non-GAAP References

PTC provides supplemental non-GAAP financial measures to its financial results. We use these non-GAAP financial measures, and we believe that they assist our investors, to make period-to-period comparisons of our operating performance because they provide a view of our operating results without items that are not, in our view, indicative of our operating results. These non-GAAP financial measures should not be construed as an alternative to GAAP results as the items excluded from the non-GAAP financial measures often have a material impact on our operating results, certain of those items are recurring, and others often recur. Management uses, and investors should consider, our non-GAAP financial measures only in conjunction with our GAAP results.

Non-GAAP operating expense, non-GAAP operating margin, non-GAAP gross profit, non-GAAP gross margin, non-GAAP net income and non-GAAP EPS exclude the effect of the following items: stock-based compensation; amortization of acquired intangible assets; acquisition-related and other transactional charges included in general and administrative expenses; restructuring and other charges, net; certain non-operating charges and credits; and income tax adjustments. Additional information about the items we exclude from our non-GAAP financial measures and the reasons we exclude them can be found in "Non-GAAP Financial Measures" on page 24 of our Annual Report on Form 10-K for the fiscal year ended September 30, 2021. In FY'21, we incurred tax expense related to a South Korean tax matter which is excluded from our non-GAAP financial measures as it is related to prior periods and not included in management's view of results for comparative purposes. We also recorded a tax benefit in FY'21 related to the release of our U.S. valuation allowance as a result of the Arena acquisition and our conclusion that it is now more likely than not that we will realize the majority of our deferred tax assets in the U.S. As the non-GAAP tax provision is calculated assuming that there is no valuation allowance, this benefit has been excluded from our non-GAAP financial measures.

Free Cash Flow

PTC provides information on free cash flow and adjusted free cash flow to enable investors to assess our ability to generate cash without incurring additional external financings and to evaluate our performance against our announced long-term goals and intent to return approximately 50% of our free cash flow to shareholders via stock repurchases. Free cash flow is cash provided by (used in) operations net of capital expenditures.

Constant Currency (CC)

We present CC information to provide a framework for assessing how our underlying business performed excluding the effects of foreign currency rate fluctuations. To present CC information, FY'22 and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars using the foreign exchange rate as of September 30, 2021, rather than the actual exchange rates in effect during that period.



Consolidated Balance Sheets

(in millions)

ASSETS

Current assets:

Cash and cash equivalents	\$ 270
Short term marketable securities	28
Accounts receivable, net	373
Prepaid expenses and other current assets	112

Total current assets

Property and equipment, net

Goodwill

Acquired intangible assets, net

Deferred tax assets

Long term marketable securities

Lease Assets, Net

Other assets

Total assets

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Accounts payable, accrued expenses and other current liabilities	\$ 146
Accrued compensation and benefits	89
Accrued income taxes	17
Current portion of long term debt	-
Deferred revenue	386
Short-term lease obligations	-

Total current liabilities

Long term debt, net of current portion

Deferred tax liabilities

Deferred revenue

Long-term lease obligations

Other liabilities

Total liabilities

Shareholders' equity:

Common stock	1
Additional paid-in capital	1,503
Accumulated earnings (deficit)	(191)
Accumulated other comprehensive income (loss)	(111)

Total shareholders' equity

Total liabilities and shareholders' equity

FY'19	
Yr Ended 30-Sep	
\$	270
	28
	373
	112
	783
	106
	1,238
	170
	199
	30
	-
	140
\$	2,665
\$	146
	89
	17
	-
	386
	-
	638
	669
	42
	11
	-
	102
	1,463
	1
	1,503
	(191)
	(111)
	1,202
\$	2,665
\$	-



Consolidated Statements of Operations - GAAP

(in millions, except per share amounts)

Revenue:

Recurring revenue

Perpetual license

Professional services

Total revenue

Cost of revenue

Gross profit

Operating expenses:

Sales and marketing

Research and development

General and administrative

Amortization of acquired intangible assets

Restructuring and other charges (credits)

Total operating expenses

Operating income (loss)

Interest and other income (expense), net

Income (loss) before income taxes

Provision (benefit) for income taxes

Net income (loss)

Basic net income (loss) per share

Diluted net income (loss) per share

Weighted average shares outstanding -- Basic

Weighted average shares outstanding -- Diluted

Gross margin

Operating margin

S&M % of total revenue

R&D % of total revenue

G&A % of total revenue

Tax rate

FY'19

Yr Ended 30-Sep	
\$	1,017
	71
	168
	1,256
	325
	930
	417
	247
	128
	24
	51
	867
	63
	(43)
	20
	48
\$	(27)
\$	(0.23)
\$	(0.23)
	118
	118
	74.1%
	5.0%
	33.2%
	19.7%
	10.2%
	235.3%



**Consolidated Statements of Operations -
Reconciliation between GAAP and Non-GAAP**
(in millions, except per share amounts and %)

	FY'19
	Yr Ended 30-Sep
GAAP revenue	\$ 1,256
Fair value adjustment of acquired deferred subscription revenue	0
Fair value adjustment of acquired deferred services revenue	1
Non-GAAP revenue	\$ 1,256
GAAP cost of revenue	\$ 325
License and subscription stock-based compensation expense	(1)
Support stock-based compensation expense	(5)
Professional services stock-based compensation expense	(6)
Fair value adjustment to deferred services cost	0
Software amortization of acquired intangible assets	(27)
Non-GAAP cost of revenue	\$ 286
GAAP gross profit	\$ 930
Fair value adjustment of acquired deferred revenue	1
Stock-based compensation expense	12
Fair value adjustment to deferred services cost	(0)
Amortization of acquired intangible assets	27
Non-GAAP gross profit	\$ 970
GAAP gross margin	74.1%
Fair value adjustment of acquired deferred revenue	0.1%
Stock-based compensation expense	1.0%
Fair value adjustment to deferred services cost	0.0%
Amortization of acquired intangible assets	2.2%
Non-GAAP gross margin	77.2%
GAAP sales and marketing expense	\$ 417
Stock-based compensation expense	(32)
Non-GAAP sales and marketing expense	\$ 385
GAAP research and development expense	\$ 247
Stock-based compensation expense	(22)
Non-GAAP research and development expense	\$ 225
GAAP general and administrative expense	\$ 128
Stock-based compensation expense	(20)
Acquisition-related charges	(3)
Non-GAAP general and administrative expense	\$ 104
GAAP operating income (loss)	\$ 63
Fair value adjustment of acquired deferred revenue	1
Stock-based compensation expense	86
Fair value adjustment to deferred services cost	(0)
Acquisition-related charges	3
Restructuring and other charges (credits)	51
Amortization of acquired intangible assets	51
Non-GAAP operating income (loss)	\$ 255



**Consolidated Statements of Operations -
Reconciliation between GAAP and Non-GAAP**

	FY'19
	Yr Ended 30-Sep
GAAP operating margin	5.0%
Fair value adjustment of acquired deferred revenue	0.1%
Stock-based compensation expense	6.9%
Fair value adjustment to deferred services cost	0.0%
Acquisition-related charges	0.2%
Restructuring and other charges (credits)	4.1%
Amortization of acquired intangible assets	4.1%
Non-GAAP operating margin	20.3%
GAAP net income (loss)	\$ (27)
Fair value adjustment of acquired deferred revenue	1
Stock-based compensation expense	86
Fair value adjustment to deferred services cost	(0)
Acquisition-related charges	3
Restructuring and other charges (credits)	51
Amortization of acquired intangible assets	51
Non-operating one-time gain/loss	-
Income tax adjustments	30
Non-GAAP net income (loss)	\$ 195
GAAP basic net income (loss) per share	\$ (0.23)
Fair value adjustment of acquired deferred revenue	0.01
Stock-based compensation expense	0.73
Fair value adjustment to deferred services cost	(0.00)
Acquisition-related charges	0.03
Restructuring and other charges (credits)	0.43
Amortization of acquired intangible assets	0.43
Non-operating one-time gain/loss	-
Income tax adjustments	0.25
Non-GAAP basic net income (loss) per share	\$ 1.65
GAAP diluted net income (loss) per share	\$ (0.23)
Fair value adjustment of acquired deferred revenue	0.01
Stock-based compensation expense	0.73
Fair value adjustment to deferred services cost	(0.00)
Acquisition-related charges	0.03
Restructuring and other charges (credits)	0.43
Amortization of acquired intangible assets	0.43
Non-operating one-time gain/loss	-
Income tax adjustments	0.25
Non-GAAP diluted net income (loss) per share	\$ 1.64



Consolidated Statements of Cash Flows

(in millions)

Cash flows from operating activities:

Net income (loss)	\$ (54)	\$ 6	\$ 52	\$ (27)
Stock-based compensation	66	77	83	86
Depreciation and amortization	87	87	87	78
Amortization of lease right-of-use assets	-	-	-	-
Loss (Gain) on investment	-	-	-	-
Gain on divestiture of business	-	-	-	-
Accounts receivable	53	13	20	29
Accounts payable and accruals	47	(15)	(2)	4
Deferred revenue	16	6	56	46
Income taxes	(37)	(29)	(46)	2
Other	7	(10)	(3)	67
Net cash provided by (used in) operating activities	\$ 183	\$ 135	\$ 248	\$ 285

Cash flows from investing activities:

Capital expenditures	\$ (26)	\$ (25)	\$ (36)	\$ (64)
Cost of acquisitions, net	(166)	(5)	(3)	(87)
(Purchase of)/Proceeds from investments	(1)	15	(1)	(8)
(Purchase of)/Proceeds from marketable securities	(45)	(1)	(6)	(1)
Divestiture of business, net	-	-	-	-
Other investing activities	-	-	(3)	10
Net cash used in investing activities	\$ (237)	\$ (16)	\$ (49)	\$ (150)

Cash flows from financing activities:

Proceeds (payments) on debt, net	\$ 90	\$ (40)	\$ (70)	\$ 25
Proceeds from issuance of common stock	0	11	1,016	13
Payments of withholding taxes in connection with vesting stock-based awards	(21)	(27)	(45)	(44)
Repurchases of common stock	-	(51)	(1,100)	(115)
Contingent consideration	(11)	(11)	(8)	(2)
Other financing activities	(7)	(0)	(3)	-
Net cash provided by (used in) financing activities	\$ 52	\$ (118)	\$ (211)	\$ (123)

Effect of exchange rate change on cash

Effect of exchange rate change on cash	\$ 7	\$ 1	\$ (8)	\$ (3)
Net increase (decrease) in cash, cash equivalents, and restricted cash	5	2	(20)	10
Cash, cash equivalents, and restricted cash at beginning of period	273	279	281	261
Cash, cash equivalents, and restricted cash at end of period	\$ 278	\$ 281	\$ 261	\$ 271

Free cash flow⁽¹⁾

Net cash provided by (used in) operating activities	\$ 183	\$ 135	\$ 248	\$ 285
Capital expenditures	(26)	(25)	(36)	(64)
Free cash flow ⁽¹⁾	\$ 157	\$ 110	\$ 212	\$ 221
Repurchases of common stock	-	(51)	(1,100)	(115)
Free cash flow return % ⁽¹⁾		46%	520%	52%

(1) PTC has announced a long-term goal of returning approximately 50% of free cash flow to shareholders via stock repurchases. This information provides that goal.



ARR by Product Group (Constant Currency)

(in millions)

ARR by Product Group:

Digital Thread - Core

Digital Thread - Growth

Digital Thread - FSG

Digital Thread (Total)

Velocity

Ending ARR

% of total:

Digital Thread - Core

Digital Thread - Growth

Digital Thread - FSG

Digital Thread (Total)

Velocity

Ending ARR

Change year over year in constant currency:

Digital Thread - Core

Digital Thread - Growth

Digital Thread - FSG

Digital Thread (Total)

Velocity

Ending ARR

FY'19	FY'20					FY'21					FY'22		
Yr Ended 30-Sep	Qtr Ended				Yr Ended 30-Sep	Qtr Ended				Yr Ended 30-Sep	31-Dec	Qtr Ended 31-Mar	30-Jun
	28-Dec	28-Mar	27-Jun	30-Sep		31-Dec	31-Mar	30-Jun	30-Sep				
\$ 819	\$ 842	\$ 865	\$ 882	\$ 906	\$ 906	\$ 940	\$ 956	\$ 976	\$ 1,013	\$ 1,013	\$1,041	\$1,079	\$1,110
132	139	142	147	165	165	174	180	180	193	193	198	207	214
185	179	181	178	178	178	178	180	181	190	190	190	195	213
\$ 1,137	\$ 1,160	\$ 1,188	\$ 1,208	\$ 1,249	\$ 1,249	\$ 1,292	\$ 1,315	\$ 1,337	\$ 1,396	\$ 1,396	\$1,429	\$1,481	\$1,537
-	7	8	8	9	9	10	65	69	73	73	78	83	89
\$ 1,137	\$ 1,167	\$ 1,196	\$ 1,217	\$ 1,258	\$ 1,258	\$ 1,302	\$ 1,380	\$ 1,406	\$ 1,468	\$ 1,468	\$1,507	\$1,564	\$1,625
72%	72%	72%	73%	72%	72%	72%	69%	69%	69%	69%	69%	69%	68%
12%	12%	12%	12%	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%
16%	15%	15%	14%	14%	14%	14%	13%	13%	13%	13%	13%	12%	13%
100%	99%	99%	99%	99%	99%	99%	95%	95%	95%	95%	95%	95%	95%
0%	1%	1%	1%	1%	1%	1%	5%	5%	5%	5%	5%	5%	5%
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
11%	10%	10%	10%	11%	11%	12%	10%	11%	12%	12%	11%	13%	14%
29%	30%	24%	17%	26%	26%	25%	27%	22%	17%	17%	14%	15%	19%
10%	1%	2%	0%	-4%	-4%	0%	-1%	1%	7%	7%	6%	8%	17%
12%	11%	10%	9%	10%	10%	11%	11%	11%	12%	12%	11%	13%	15%
N/A	N/A	N/A	N/A	N/A	N/A	35%	728%	730%	710%	710%	688%	27%	29%
12%	11%	11%	10%	11%	11%	12%	15%	16%	17%	17%	16%	13%	16%

(1) For go-forward comparability purposes, \$6 million of Digital Thread - Growth ARR was removed from ARR in both FY21 and FY20, and \$5 million was removed in FY19, as we no longer intend to sell a specific Vuforia AR product on a recurring subscription basis beginning in FY22.



ARR by Product Group (as Reported)

(in millions)

ARR by Product Group:

Digital Thread - Core
Digital Thread - Growth
Digital Thread - FSG
Digital Thread (Total)
Velocity
Ending ARR

% of total:

Digital Thread - Core
Digital Thread - Growth
Digital Thread - FSG
Digital Thread (Total)
Velocity
Ending ARR

Change year over year:

Digital Thread - Core
Digital Thread - Growth
Digital Thread - FSG
Digital Thread (Total)
Velocity
Ending ARR

FY'19	FY'20					FY'21					FY'22			
Yr Ended 30-Sep	28-Dec	28-Mar	Qtr Ended 27-Jun	30-Sep	Yr Ended 30-Sep	31-Dec	31-Mar	Qtr Ended 30-Jun	30-Sep	Yr Ended 30-Sep	31-Dec	Qtr Ended 31-Mar	30-Jun	
\$ 799	\$ 830	\$ 848	\$ 869	\$ 911	\$ 911	\$ 967	\$ 960	\$ 986	\$ 1,013	\$ 1,013	\$ 1,033	\$ 1,055	\$1,047	
130	138	140	146	166	166	177	181	181	193	193	197	204	205	
183	178	178	177	178	178	182	180	183	190	190	189	191	203	
\$ 1,111	\$ 1,146	\$ 1,165	\$ 1,191	\$ 1,255	\$ 1,255	\$ 1,326	\$ 1,321	\$ 1,350	\$ 1,396	\$ 1,396	\$ 1,418	\$ 1,450	\$1,456	
-	7	8	8	9	9	10	65	69	73	73	78	83	88	
\$ 1,111	\$ 1,153	\$ 1,173	\$ 1,199	\$ 1,264	\$ 1,264	\$ 1,336	\$ 1,386	\$ 1,418	\$ 1,468	\$ 1,468	\$ 1,496	\$ 1,532	\$1,544	
72%	72%	72%	72%	72%	72%	72%	69%	69%	69%	69%	69%	69%	68%	
12%	12%	12%	12%	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%	
16%	15%	15%	15%	14%	14%	14%	13%	13%	13%	13%	13%	13%	13%	
100%	99%	99%	99%	99%	99%	99%	95%	95%	95%	95%	95%	95%	94%	
0%	1%	1%	1%	1%	1%	1%	5%	5%	5%	5%	5%	5%	6%	
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
8%	9%	9%	9%	14%	14%	17%	13%	14%	11%	11%	7%	10%	6%	
27%	29%	23%	16%	28%	28%	28%	29%	24%	16%	16%	11%	13%	13%	
8%	1%	1%	-1%	-2%	-2%	2%	1%	4%	6%	6%	4%	6%	11%	
10%	10%	9%	8%	13%	13%	16%	13%	13%	11%	11%	7%	10%	8%	
N/A	N/A	N/A	N/A	N/A	N/A	35%	728%	730%	711%	711%	688%	27%	29%	
10%	11%	10%	9%	14%	14%	16%	18%	18%	16%	16%	12%	11%	9%	

(1) For go-forward comparability purposes, \$6 million of Digital Thread - Growth ARR was removed from ARR in both FY21 and FY20, and \$5 million was removed in FY19, as we no longer intend to sell a specific Vuforia AR product on a recurring subscription basis beginning in FY22.



ARR by Region

(in millions)

ARR by region:

Americas
Europe
APAC
Ending ARR

% of total:

Americas
Europe
APAC
Ending ARR

Change year over year:

Americas
Europe
APAC
Ending ARR

Change year over year in constant currency:

Americas
Europe
APAC
Ending ARR

FY'19

Yr Ended 30-Sep
\$ 509
413
190
\$ 1,111
46%
37%
17%
100%
10%
7%
17%
10%
10%
13%
16%
12%



ARR by Distribution Type

(in millions)

ARR by distribution type

Direct

Channel

Ending ARR

% of total

Direct

Channel

Ending ARR

Change year over year:

Direct

FY'19

**Yr Ended
30-Sep**

\$ 787

324

\$ 1,111

71%

29%

100%

9%



Software Revenue by Product Group

(in millions)

Software Revenue by Product Group:

Digital Thread - Core
Digital Thread - Growth
Digital Thread - FSG
Digital Thread (Total)
Velocity
Total Software Revenue

% of total:

Digital Thread - Core
Digital Thread - Growth
Digital Thread - FSG
Digital Thread (Total)
Velocity
Total Software Revenue

Change year over year:

Digital Thread - Core
Digital Thread - Growth
Digital Thread - FSG
Digital Thread (Total)
Velocity
Total Software Revenue

Change year over year in constant currency:

Digital Thread - Core
Digital Thread - Growth
Digital Thread - FSG
Digital Thread (Total)
Velocity
Total Software Revenue

FY'19	FY'20				
Yr Ended 30-Sep	28-Dec	Qtr Ended		30-Sep	Yr Ended 30-Sep
	28-Mar	27-Jun			
\$ 762	\$ 226	\$ 234	\$ 230	\$ 256	\$ 947
140	42	42	38	55	177
186	45	46	47	45	184
\$ 1,088	\$ 313	\$ 322	\$ 315	\$ 357	\$ 1,307
-	1	2	2	2	7
\$ 1,088	\$ 314	\$ 324	\$ 317	\$ 359	\$ 1,315
70%	72%	72%	73%	71%	72%
13%	13%	13%	12%	15%	13%
17%	14%	14%	15%	13%	14%
100%	100%	99%	99%	99%	99%
0%	0%	1%	1%	1%	1%
100%	100%	100%	100%	100%	100%
	6%	36%	33%	26%	24%
	32%	17%	4%	53%	26%
	-6%	12%	8%	-14%	-1%
	7%	29%	24%	22%	20%
	N/A	N/A	N/A	N/A	N/A
	7%	30%	25%	23%	21%
	7%	38%	34%	25%	25%
	33%	18%	5%	51%	27%
	-5%	13%	10%	-15%	0%
	8%	31%	26%	21%	21%
	N/A	N/A	N/A	N/A	N/A
	8%	32%	26%	22%	21%

Total Revenue by Product Group

(in millions)

Total Revenue by Product Group:

Digital Thread - Core
Digital Thread - Growth
Digital Thread - FSG
Digital Thread (Total)
Velocity
Total Revenue

% of total:

Digital Thread - Core
Digital Thread - Growth
Digital Thread - FSG
Digital Thread (Total)
Velocity
Total Revenue

Change year over year:

Digital Thread - Core
Digital Thread - Growth
Digital Thread - FSG
Digital Thread (Total)
Velocity
Total Revenue

Change year over year in constant currency:

Digital Thread - Core
Digital Thread - Growth
Digital Thread - FSG
Digital Thread (Total)
Velocity
Total Revenue

Yr Ended 30-Sep	28-Dec	Qtr Ended		30-Sep	Yr Ended 30-Sep
	28-Mar	27-Jun			
\$ 869	\$ 252	\$ 253	\$ 249	\$ 272	\$ 1,026
168	52	51	47	65	215
219	52	53	53	52	210
\$ 1,256	\$ 355	\$ 358	\$ 350	\$ 389	\$ 1,451
-	1	2	2	2	7
\$ 1,256	\$ 356	\$ 360	\$ 352	\$ 391	\$ 1,458
69%	71%	70%	71%	70%	70%
13%	14%	14%	13%	17%	15%
17%	14%	15%	15%	13%	14%
100%	100%	99%	99%	99%	100%
0%	0%	1%	1%	1%	0%
100%	100%	100%	100%	100%	100%
	5%	27%	23%	19%	18%
	36%	25%	11%	42%	29%
	-9%	6%	4%	-15%	-4%
	6%	23%	18%	16%	16%
	N/A	N/A	N/A	N/A	N/A
	6%	24%	19%	17%	16%
	6%	29%	24%	18%	19%
	38%	26%	12%	40%	29%
	-8%	6%	5%	-15%	-4%
	7%	25%	19%	15%	16%
	N/A	N/A	N/A	N/A	N/A
	7%	25%	20%	16%	17%