PTC’s Source Book is intended to provide the investment community with a single point of reference to learn about our company – including our products and addressable markets, our corporate strategy, our financial targets, and our historic performance and risk factors.

Of course, there is no substitute for our SEC filings, and the reader should always refer to the latest disclosures including press releases and investor presentations available on our IR website investor.ptc.com. This document should not be used as a substitute for, but rather a supplement to, those resources. Please be aware that this source book speaks only to financial data as of December 28, 2019 and will not be updated to reflect any changes in PTC’s business or financial condition after that date.

Thank you for your interest in PTC.
SAFE HARBOR STATEMENT
This Source Book includes forward looking statements regarding PTC’s future financial performance, strategic outlook and expectations, anticipated future operations, and products and markets. Because such statements deal with future events, actual results may differ materially from those projected in the forward-looking statements. Information concerning factors that could cause actual results to differ materially from those in the forward-looking statements can be found on page 28 and in PTC’s Annual Report on Form 10-K, Forms 10-Q and other filings with the U.S. Securities and Exchange Commission.

IMPORTANT INFORMATION ABOUT OPERATING AND NON-GAAP FINANCIAL MEASURES
This Source Book includes operating and non-GAAP financial measures and targets. All prior period financial results and future period financial expectations and targets are non-GAAP financial measures. The non-GAAP financial measures are not prepared in accordance with generally accepted accounting principles. Future period non-GAAP financial targets cannot be reconciled to GAAP targets as items that affect GAAP results cannot be predicted. An explanation of our operating measures, including ARR, can be found at the back of this presentation.

ASC 606
We adopted ASC 606 on October 1, 2018, which impacts our reported financial results, including the timing and classification of revenue. For comparability purposes, and unless otherwise specified, the amounts included in this presentation refer to results under ASC 606 as shown in our financial statements, including the notes thereto.
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INVESTMENT HIGHLIGHTS

• Scaled industrial software leader enabling digital transformation
• Diverse product, vertical market, and geographic exposure
• Momentum growing with strategic alliances; becoming the IoT / AR platform of choice
• Successful transition to highly recurring subscription model
• Strong and growing free cash flow
• Strong, experienced management team
Digital Transformation is the means by which industrial companies capitalize on PHYSICAL DIGITAL convergence.
- Founded as Parametric Technology Corporation in 1985 by Dr. Samuel P. Geisberg, who had a vision of developing a radically new approach to Computer-Aided Design (CAD) software.
  - Developed Pro/ENGINEER, an advanced design software based in a three-dimensional atmosphere.
- In 1998, PTC acquired Windchill Technologies in connection with its Computervision acquisition.
- Windchill Technologies was an early pioneer in product data management for the enterprise.
  - This technology soon became known as Product Lifecycle Management (PLM) and is now a $5 billion industry in which PTC is a significant player.
  - Jim Heppelmann, who joined PTC with the acquisition, had served as the Chief Technology Officer (CTO) and was a co-founder of Windchill Technologies.
- PTC’s portfolio continues to be built through organic development and strategic acquisitions.
  - Expanding growth focus through PTC’s IoT and AR platforms, further supported by its recent acquisition of Onshape.
STRONG, EXPERIENCED MANAGEMENT TEAM

JIM HEPELMANN
President & CEO

EDUARDA CAMACHO
EVP, Customer Operations

STEVE DERTIEN
Managing Director, OCTO

MIKE DITULLIO
EVP, Sales & Marketing

JON HIRSCHTICK
EVP & President, SaaS

CRAIG MELROSE
EVP, Digital Transformation Solutions

KATHLEEN MITFORD
EVP & Chief Strategy Officer

KRISTIAN TALVITIE
EVP & Chief Financial Officer

AARON VON STAATS
EVP & General Counsel

JILL LARSEN
EVP & Chief Human Resources Officer

KEVIN WRENN
EVP, Products
James (Jim) Heppelmann is the president and chief executive officer (CEO) of PTC, responsible for driving the company’s global business strategy and operations. During Mr. Heppelmann’s leadership tenure, PTC has assembled the industry’s leading industrial innovation platform and field-proven solutions and services that enable companies to design, manufacture, operate, and service things for a smart, connected world. He also serves on PTC’s Board of Directors.

Experience
Prior to his appointment as CEO in 2010, Mr. Heppelmann served as PTC’s president and chief operating officer, responsible for managing the operating business units of the company including R&D, marketing, sales, and services. From 2001 to 2009, he served as PTC’s chief technology officer, driving the company’s product vision and strategy, product development, and product marketing and management.

Mr. Heppelmann joined PTC in 1998 when the company acquired Windchill Technology, a Minnesota-based company that he co-founded and served as its chief technology officer. Before co-founding Windchill Technology, Mr. Heppelmann served as chief technology officer at Metaphase Technology.

Education
Mr. Heppelmann attended University of Minnesota, where he earned a bachelor’s degree in mechanical engineering with an emphasis on computer-aided design.

Kristian Talvitie is executive vice president (EVP) and chief financial officer (CFO) at PTC. In this role, Mr. Talvitie is responsible for PTC’s worldwide accounting, financial planning and analysis, tax and treasury, investor relations, and information technology functions.

Experience
Mr. Talvitie has a broad business background, including having previously worked at PTC from 2008 to 2016. From 2002 to 2008, Talvitie worked at electronics contract manufacturer Plexus in roles as market sector vice president, leading sales and business development, and vice president of corporate marketing. He joined PTC in 2008 and served in various executive finance roles under PTC CFOs Jeff Glidden and Andy Miller. He left PTC in 2016 to become CFO at SaaS and subscription company Sovos, and in 2018 joined software company Syncsort as CFO.

A true change agent, Kristian has lead cross-functional initiatives at each of his companies, implementing new policies and optimizing business processes to grow market presence and increase corporate revenue.

Education
Mr. Talvitie earned a Master of Science in Management from Boston University, and a Bachelor of Arts from Allegheny College.
Robert Schechter
Independent Chairman
PTC director since 2009. Mr. Schechter served as the Chief Executive Officer of NMS Communications Corporation, a global provider of hardware and software solutions for the communications industry from 1995 until his retirement in 2008. Mr. Schechter has significant financial and accounting expertise as a result of his positions at NMS Communications Corporation and Lotus Development Corporation, where he was the Chief Financial Officer.

Janice Chaffin
Independent Director
PTC director since 2013. Ms. Chaffin served as Group President, Consumer Business Unit of Symantec Corporation from April 2007 to March 2013. Prior to that, she served as Chief Marketing Officer of Symantec. Prior to joining Symantec, Ms. Chaffin spent 21 years at Hewlett-Packard Company where she held a variety of marketing and business management positions.

Paul Lacy
Independent Director
PTC director since 2009. Mr. Lacy served as President and Secretary of Kronos from May 2006 through June 2008. Prior to that, Mr. Lacy served as President, Chief Financial and Administrative Officer, Treasurer and Secretary of Kronos from November 2003 through April 2006, and as Executive Vice President and Chief Financial and Administrative Officer of Kronos from April 2002 through October 2005.

Phillip Fernandez
Independent Director
PTC director since 2016. Mr. Fernandez was a Venture Partner at Shasta Ventures, a venture capital firm, from January 2017 until January 2018. He was a founder of Marketo, Inc., a global digital marketing software company, and served as its Chief Executive Officer and President from January 2006 to August 2016. Prior to that, he was with Epiphany, Inc., a marketing software company, from 1999 to 2005.

Dr. Corinna Lathan
Independent Director
Dr. Corinna Lathan is the Chief Executive Officer, Co-Founder and Chair of the Board of AnthroTronix, Inc., a biomedical engineering research and development company. Prior to that, Dr. Lathan was an Associate Professor of Biomedical Engineering at The Catholic University of America and an Adjunct Associate Professor of Aerospace Engineering at the University of Maryland, College Park. Dr. Lathan received her B.A. in Biopsychology and Mathematics from Swarthmore College, and an M.S. in Aeronautics and Astronautics and Ph.D. in Neuroscience from MIT.

Klaus Hoehn
Independent Director
PTC director since 2015. Dr. Hoehn serves as Senior Advisor, Innovation and Technology to the Office of the Chairman, Deere & Company, an agricultural, construction, commercial and consumer equipment manufacturer. Prior to that, he served as the Vice President, Advanced Technology and Engineering, at Deere & Company from January 2006 through November 2018. He joined Deere & Company in 1992 and has served in several engineering and product development roles at the company.

Corinna Lathan
Independent Director
PTC director since January 2019. Ms. Lathan serves as a member of the Board of Directors of Biomedical Research, Inc. (BRI), a non-profit biomedical research organization. From 2011 to 2019, she was the President and CEO of BRI.

Blake Moret
Independent Director
PTC director since 2018. has been the President and Chief Executive Officer of Rockwell Automation, Inc., a company focused on industrial automation and information, since July 2016. Mr. Moret has been with Rockwell Automation for over 32 years, during which he served in various roles, including leadership roles in marketing, solutions, services and product groups.

Jim Heppelmann
President & CEO
See Executive Team biography.

Director/Nominee
Janice Chaffin, Independent
Phillip Fernandez, Independent
Klaus Hoehn, Independent
Paul Lacy, Independent
Corinna Lathan, Independent
Blake Moret
Robert Schechter, Independent

Audit
✓ ✓
✓ ✓
✓ ✓
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✓ ✓
✓ ✓
✓ ✓

Compensation
C
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C
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C

Corporate Governance
✓ ✓
✓ ✓
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✓ ✓
✓ ✓
✓ ✓
✓ ✓

Oversight
✓ ✓
✓ ✓
✓ ✓
✓ ✓
✓ ✓
✓ ✓
✓ ✓

Strategic Partnerships

C Chair ✓ Member ✓ Audit Committee Financial Expert
BUSINESS OVERVIEW
PTC SNAPSHOT

PTC Overview

• PTC is a global software and services company that, together with a partner ecosystem, empowers digital transformation for industrial, A&D, electronics and other companies

• PTC’s solutions and software products include:
  – 3D (CAD) - Effective and collaborative product design across the globe
  – Product Lifecycle Management (PLM) - Management of product development from concept to retirement across functional processes and distributed teams
  – Internet of Things (IOT) - Enables the connectivity and development of software applications for smart, connected products
  – Experience Creation (AR) – Offers a way to capture, create, and deliver content for industrial augmented reality experiences
  – Onshape – Software as a Service product development platform uniting robust CAD with powerful data management and collaboration tools

ARR by product group and geography¹

Geographic presence²

• ~6,000 employees, over 60% located outside the US
  – ~2,000 in product development
  – ~1,700 in customer support, training, consulting, cloud services and product distribution
  – ~1,800 in sales and marketing
  – ~700 in general administration

• Expansive ecosystem of technology and service partners. Including value-added resellers, enterprise software and performance team partners, hardware and system integration partners, and service and training partners

¹ Onshape included in Growth ARR
² As of FY'19
<table>
<thead>
<tr>
<th>Vertical</th>
<th>FY'19 ARR</th>
<th>(20% in other verticals not listed below)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>Federal, Aerospace &amp; Defense</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Electronics &amp; High Tech</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Automotive</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Professional Services</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Med Devices</td>
<td>4%</td>
<td></td>
</tr>
</tbody>
</table>

**Customer Base:**
- Industrial
- Federal, Aerospace & Defense
- Electronics & High Tech
- Automotive
- Professional Services
- Med Devices

**Customer Logos:**
- Caterpillar
- John Deere
- Komatsu
- Johnson Controls
- Mitsubishi Electric
- Rolls Royce
- Schneider Electric
- United Technologies
- Stanley Black & Decker
- General Motors
- Boeing
- NASA
- Lenovo
- Samsung
- Infineon Technologies
- Jabil
- Analog Devices
- Airbus
- Lockheed Martin
- BAE Systems
- Northrop Grumman
- Raytheon
- NASA
- U.S. Army
- General Atomics
- Denali Holdings
- Magna
- Toyota
- BMW
- Cognizant
- Apple
- HCL
- Alstom
- Medtronic
- Abbott
- GE Healthcare
- Canon
- Stryker
- Boston Scientific
- Johnson & Johnson
- Elekta
- Teradata
MARKET TRENDS DRIVING INDUSTRIAL DISRUPTION

WORKER SHORTAGE
Ten million jobs with manufacturing organizations cannot be filled today due to a growing skills gap.

RISK & COST PRESSURE
The competitive landscape is also changing fast. Incumbents are under attack from start-ups, on one side, and tech giants, on the other.

DIGITAL DISRUPTION
At the current churn rate, about half of today’s S&P 500 firms will be replaced over the next 10 years.
The two industries that will invest the most in digital transformation in 2019 are discrete manufacturing ($221.6 billion) and process manufacturing ($124.5 billion). For both industries, the top DX spending priority is smart manufacturing...

Source: IDC, April 2019
PTC UNLEASHES DIGITAL TRANSFORMATION

Service Optimization
Improve customer success, reduce service costs, and deliver new value via product performance and world class service

Product and Service Innovation
Develop new products, services, and business models that enable differentiation and new revenue opportunities

Manufacturing and Supply Chain
Improve operational efficiency, reduce manufacturing costs, accelerate time to production, and ensure quality and compliance

Engineering Excellence
Seamless data and model centric workflow that enables data driven decisions throughout the design and manufacturing process

Sales and Marketing Experiences
Virtual product demonstrations, product companions, “voice of the product” feedback, and augmented experiences

PRODUCTS | PEOPLE | PROCESSES
Scaled Leader Across Key Software Areas
Driving Industrial Growth

18% Combined CAGR Grows Addressable Market to ~$22B By 2024

CAD¹
FY'19: $5.1B, FY'24: $7.5B
8% CAGR

PLM¹
FY'19: $1.9B, FY'24: $2.7B
7% CAGR

IOT¹
FY'19: $2B, FY'24: $6.5B
26% CAGR

AR¹
FY'19: $0.5B, FY'24: $5B
60% CAGR

¹ Company estimates based on industry data
LEADING TECHNOLOGY IN EACH SEGMENT

2019 Top Ranking of 3D CAD Systems

2019 Top Ranking of Enterprise Augmented Reality Platforms

2019 IDC MarketScape for Industrial IoT Platforms

2018 SPARK Matrix: PLM Leader
CORE CAD OVERVIEW

CAD key offerings

• Enables companies to design and optimize their products through the creation of 3D virtual prototypes
• CAD modeling software enables customers to improve product quality and increase time-to-market by automating the product development process

Principal product

CREO

Industry trends and performance

• CAD is a $5.1bn market with an expected growth rate of ~8% from FY19-FY24
• Creo Simulation Live launched in Feb’19 through our alliance with Ansys
• FY’19 ARR of ~$485mm

1 As of FY’19
2 Company estimates based on industry data
3 Onshape included in growth segment of PTC
CORE PLM OVERVIEW

PLM key offerings

• Enables efficient and consistent management of product development from concept to retirement
• Planning and delivery of service, including product intelligence, connected service, predictive service and remote diagnostics

Principal product

Industry trends and performance

• PLM is a $1.9bn market, with an expected growth rate of ~7% from FY19-FY24
  – Outpacing the PLM market
• Digital transformation driving growth
  – Easing data collection and task management, allowing employees to easily observe and optimize workflows
• PLM + IoT + Cloud deals accelerating
• FY’19 ARR of ~$315mm

Q1’20 ARR by product group

Customers

Competitors

1 As of FY’19
2 Company estimates based on industry data
# GROWTH PRODUCT GROUP OVERVIEW

<table>
<thead>
<tr>
<th>Key offerings</th>
<th>IoT</th>
<th>AR</th>
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</thead>
<tbody>
<tr>
<td>* Enables connectivity and development of software applications for smart, connected products*</td>
<td>• Enables connectivity and development of software applications for smart, connected products</td>
<td>• AR solutions for manufacturing; augmented work instructions and training that enables companies to elevate skills, performance, uptime, safety and efficiency.</td>
</tr>
<tr>
<td>* Connect equipment and provide real-time data to enterprise applications*</td>
<td>• Connect equipment and provide real-time data to enterprise applications</td>
<td>• AR solutions for service; to empower technicians with real-time access to relevant information to resolve problems faster and reduce services costs.</td>
</tr>
<tr>
<td>* Principal products:*</td>
<td>• Principal products:</td>
<td>• Principal product:</td>
</tr>
<tr>
<td></td>
<td>• thingworx</td>
<td>• vuforia</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Industry trends</th>
<th>IoT</th>
<th>AR</th>
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<tbody>
<tr>
<td>1,2</td>
<td>IoT is a $2.0bn market</td>
<td>AR is a $0.5bn market</td>
</tr>
<tr>
<td>1,2</td>
<td>Expected growth rate of 26% from FY19-FY24</td>
<td>Expected growth rate of 60% from FY19-FY24</td>
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<table>
<thead>
<tr>
<th>Competitors</th>
<th></th>
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</tr>
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<tbody>
<tr>
<td>Microsoft Azure</td>
<td>SAP</td>
<td>Gainsight</td>
</tr>
<tr>
<td>IBM</td>
<td>Oracle</td>
<td>UpSkill</td>
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<tr>
<td>Frontline</td>
<td>Librestream</td>
<td>SCOPE</td>
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<table>
<thead>
<tr>
<th>Key customers</th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fujitsu</td>
<td>Airbus</td>
<td>Philips</td>
</tr>
<tr>
<td>Ingersoll Rand</td>
<td>Abbott</td>
<td>Bosch</td>
</tr>
<tr>
<td>Carrier</td>
<td>Toshiba</td>
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</tr>
</tbody>
</table>

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1 As of FY’19
2 Company estimates based on industry data
3 Onshape included in growth segment of PTC

**Q1’20 ARR by product group**

- Core 72%
- Growth 13%
- Onshape 15%

**FY’19 AR / IoT ARR ~$135mm**

Onshape provides a SaaS CAD platform that enables PTC to attract new CAD and PLM customers and positions PTC to capitalize on an industry transition to SaaS.
Internal combustion engine (hybrid)

All electric vehicle

On-Premises Software vs SaaS example: Tesla has disrupted the car industry and become a sensation, and today every major auto manufacturer has launched an aggressive electrification strategy in an effort to catch up.
On-Premise Software vs SaaS example: Tesla has disrupted the car industry and became a sensation, and today every major auto manufacturer has launched an aggressive electrification strategy in an effort to catch up.

Accelerate PTC’s ability to attract new CAD and PLM customers with SaaS-based product offering.

Position PTC to capitalize on an industry transition to SaaS.

Supports transition to a recurring revenue business model.

Talented technical and business leaders; unites industry pioneers.

Internal combustion engine (hybrid)

All electric vehicle
MOMENTUM GROWING WITH STRATEGIC ALLIANCES…

Reseller of PTC’s solutions

Packages in a symbiotic solution for all

PTC products on Microsoft Azure

Sells product to PTC

Align our respective smart factory technologies to address the market for smart, connected operations, with particular focus on the plant and factory setting

Ability to leverage the two companies’ complementary technologies and together pursue opportunities in industrial sectors

Integration enables us to deliver a combined and connected solution for industrial IoT and digital product lifecycle management

Enables us to offer a fully-integrated CAD and real-time simulation solution

“...what was perceived as a "competitor" is now a very strategic partner for us”
SUCCESSFUL TRANSITION TO HIGHLY RECURRING SUBSCRIPTION MODEL

Recurring Software Revenue

- Subscription business = more reliable revenue
- Completed subscription licensing transition; subscription optimization underway

1 As a percent of total Software revenue
# ATTRACTIVE RANGE OF POSSIBLE OUTCOMES IN FY’24

<table>
<thead>
<tr>
<th></th>
<th>Optimist</th>
<th>Market</th>
<th>Pessimist</th>
<th>Recession</th>
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</thead>
<tbody>
<tr>
<td>ARR</td>
<td>~$2.4B</td>
<td>~$2.3B</td>
<td>~$2.1B</td>
<td>~$2.0B</td>
</tr>
<tr>
<td>ARR Growth</td>
<td>17% CAGR</td>
<td>15% CAGR</td>
<td>13% CAGR</td>
<td>12% CAGR</td>
</tr>
<tr>
<td>Cash from Ops</td>
<td>~$930M</td>
<td>~$880M</td>
<td>~$780M</td>
<td>~$730M</td>
</tr>
<tr>
<td>Cash from Ops Growth</td>
<td>27% CAGR</td>
<td>25% CAGR</td>
<td>22% CAGR</td>
<td>21% CAGR</td>
</tr>
<tr>
<td>FCF</td>
<td>~$900M</td>
<td>~$850M</td>
<td>~$750M</td>
<td>~$700M</td>
</tr>
<tr>
<td>FCF Growth</td>
<td>32% CAGR</td>
<td>30% CAGR</td>
<td>28% CAGR</td>
<td>26% CAGR</td>
</tr>
</tbody>
</table>

**ARR Assumptions:**
- Total churn improves ~150 bps by FY’24 for all scenarios
- Core Business New ACV flat, High single-digit ARR CAGR
- FSG New ACV decelerates 5%, Low single-digit ARR CAGR
- Growth Business
  - New ACV growth decelerates from current levels to between mid-teens to low 30’s depending on scenario
  - ARR CAGR range of ~50% to mid-30’s depending on scenario

**FCF Assumptions:**
- Opex growth at ~50% of ARR growth
- Capex ~$30M in all scenarios
- Cash taxes and Fx could impact Cash from Ops and FCF by up to ~$50M
- Gross margins expected to scale in line with revenue mix
FORWARD LOOKING STATEMENTS

Statements in this document that are not historic facts, including statements about our future financial and growth expectations and targets, are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those projected. These risks include: the macroeconomic and/or global manufacturing climates may deteriorate due to, among other factors, the geopolitical environment, including the focus on technology transactions with non-U.S. entities and potential expanded prohibitions, and ongoing trade tensions and tariffs; the COVID-19 pandemic may cause customers to delay or reduce purchases of new software, to reduce the number of subscriptions they carry, or delay payments to us, all of which would adversely affect ARR and our financial results, including cash flow; customers may not purchase our solutions or convert existing support contracts to subscription when or at the rates we expect; our businesses, including our Internet of Things (IoT) and Augmented Reality businesses, may not expand and/or generate the revenue we expect; foreign currency exchange rates may vary from our expectations and thereby affect our reported revenue and expense; the mix of revenue between license & subscription solutions, support and professional services could be different than we expect, which could impact our EPS results; our transition to subscription-only licensing could adversely affect sales and revenue; sales of our solutions as subscriptions may not have the longer-term effect on revenue and earnings that we expect; purchases associated with minimum ACV commitments under our Strategic Alliance Agreement with Rockwell Automation may not result in subscription contracts sold through to end-user customers; our strategic initiatives and investments may not generate the revenue we expect; we may be unable to expand our partner ecosystem as we expect and our partners may not generate the revenue we expect; we may be unable to generate sufficient operating cash flow to return 50% of free cash flow to shareholders and other uses of cash or our credit facility limits or other matters could preclude share repurchases. In addition, our assumptions concerning our future GAAP and non-GAAP effective income tax rates are based on estimates and other factors that could change, including the geographic mix of our revenue, expenses and profits. Other risks and uncertainties that could cause actual results to differ materially from those projected are detailed from time to time in reports we file with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.
OPERATING MEASURES

Management believes certain operating measures provide additional meaningful information that should be considered when assessing our performance. These measures should be considered in addition to, not as a substitute for, the reported GAAP results.

Annualized Recurring Revenue (ARR) - To help investors understand and assess the success of our subscription transition, we provide an ARR operating measure. On September 5, 2019, we revised the ARR definition. ARR represents the annualized value of our portfolio of recurring customer arrangements as of the end of the reporting period, including subscription software, cloud, and support contracts. This is a change from our prior definition where ARR for a quarter was calculated by dividing the portion of non-GAAP software revenue attributable to subscription and support under ASC 605 for the quarter by the number of days in the quarter and multiplying by 365. We believe ARR is a valuable operating metric to measure the health of a subscription business because it captures expected subscription and support cash generation from new customers, existing customer expansions and includes the impact of churn (gross churn net of pricing). Because this measure represents the annualized value of recurring customer contracts as of the end of a reporting period, ARR does not represent revenue or billings for any particular period or remaining revenue that will be recognized in future periods.

Recurring Revenue – Any reference to “recurring software revenue” means the sum of subscription revenue and support revenue.

Foreign Currency Impacts – We have a global business, with Europe and Asia historically representing approximately 60% of our revenue, and fluctuation in foreign currency exchange rates can significantly impact our results. We do not forecast currency movements; rather we provide detailed constant currency commentary.
PTC provides non-GAAP supplemental information 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 core operating results. We believe that these non-GAAP measures help illustrate underlying trends in our business, and we use the measures to establish budgets and operational goals, communicated internally and externally, for managing our business and evaluating our performance. We believe that providing non-GAAP measures affords investors a view of our operating results that may be more easily compared to the results of peer companies. In addition, compensation of our executives is based in part on the performance of our business based on these non-GAAP measures. However, non-GAAP information should not be construed as an alternative to GAAP information as the items excluded from the non-GAAP measures often have a material impact on our financial results and such items often recur. Management uses, and investors should consider, non-GAAP measures in conjunction with our GAAP results.

Non-GAAP revenue, 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: fair value of acquired deferred revenue, fair value adjustment to deferred services cost, stock-based compensation, amortization of acquired intangible assets, acquisition-related charges included in general and administrative costs, restructuring charges, 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” of our Annual Report on Form 10-K for the fiscal year ended September 30, 2019.

A reconciliation of non-GAAP measures to GAAP results is provided on slide 34.

PTC also provides information on “free cash flow” (a non-GAAP financial measure) 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 goal of returning approximately 50% of our free cash flow to shareholders via stock repurchases. Free cash flow is net cash provided by (used in) operating activities less capital expenditures. Free cash flow is not a measure of cash available for discretionary expenditures.
## Consolidated Statements of Operations - GAAP

<table>
<thead>
<tr>
<th>Yr Ended</th>
<th>29-Dec</th>
<th>30-Mar</th>
<th>29-Jun</th>
<th>30-Sep</th>
<th>30-Sep</th>
<th>28-Dec</th>
<th>28-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Recurring revenue</td>
<td>$251</td>
<td>$239</td>
<td>$244</td>
<td>$283</td>
<td>$1,017</td>
<td>$305</td>
<td>$316</td>
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<tr>
<td>Perpetual license</td>
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<td>10</td>
<td>9</td>
<td>9</td>
<td>71</td>
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<td>Professional services</td>
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<td>42</td>
<td>43</td>
<td>168</td>
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<td>36</td>
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<td>Total revenue</td>
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<td>335</td>
<td>1,256</td>
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<td><strong>Cost of revenue:</strong></td>
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<td>Total cost of revenue</td>
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<td>80</td>
<td>83</td>
<td>85</td>
<td>305</td>
<td>87</td>
<td>83</td>
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<tr>
<td>Gross profit</td>
<td>257</td>
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<td>213</td>
<td>250</td>
<td>930</td>
<td>269</td>
<td>277</td>
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### Operating expenses:

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<tbody>
<tr>
<td><strong>Sales and marketing</strong></td>
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<td><strong>Research and development</strong></td>
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<td><strong>General and administrative</strong></td>
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<tr>
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<tr>
<td><strong>Restructuring and other charges (credits)</strong></td>
<td>18</td>
<td>27</td>
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<tr>
<td><strong>Total operating expenses</strong></td>
<td>227</td>
<td>233</td>
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<tr>
<td><strong>Operating income (loss)</strong></td>
<td>30</td>
<td>23</td>
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<tr>
<td><strong>Interest and other income (expense), net</strong></td>
<td>(10)</td>
<td>(11)</td>
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<tr>
<td><strong>Income (loss) before income taxes</strong></td>
<td>20</td>
<td>(33)</td>
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<tr>
<td><strong>Provision (benefit) for income taxes</strong></td>
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<td>(10)</td>
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<tr>
<td><strong>Net income (loss)</strong></td>
<td>21</td>
<td>(44)</td>
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<table>
<thead>
<tr>
<th></th>
<th>FY'19</th>
<th>FY'20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic net income (loss) per share</td>
<td>$0.18</td>
<td>$(0.37)</td>
</tr>
<tr>
<td>Diluted net income (loss) per share</td>
<td>$0.18</td>
<td>$(0.37)</td>
</tr>
<tr>
<td>Weighted average shares outstanding - Basic</td>
<td>118</td>
<td>118</td>
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<tr>
<td>Weighted average shares outstanding - Diluted</td>
<td>120</td>
<td>118</td>
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### Key Ratios:

- **Gross margin:** 76.9% 72.5% 72.0% 74.5% 74.1% 75.5% 76.9%
- **Operating margin:** 9.0% -7.9% 3.1% 13.9% 5.0% 8.5% 13.9%
- **S&M % of total revenue:** 31.1% 35.7% 36.6% 30.2% 33.2% 30.2% 29.9%
- **R&D % of total revenue:** 18.2% 21.1% 20.5% 19.1% 19.7% 18.3% 16.7%
- **G&A % of total revenue:** 11.3% 12.2% 9.7% 7.7% 10.2% 12.5% 9.4%
- **Tax rate:** -2.8% -30.2% -2942.9% 70.9% 235.3% -86.3% 54.6%
## Consolidated Statements of Operations - Yr Ended
Reconciliation between GAAP and Non-GAAP 29-Dec 30-Mar 29-Jun 30-Sep ...        0.22$        0.23$        0.64$        1.64$        0.57$        0.59$        
FY’19
Qtr Ended
FY’20
Qtr Ended

<table>
<thead>
<tr>
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<th>FY19 30-Mar</th>
<th>FY19 29-Jun</th>
<th>FY19 30-Sep</th>
<th>FY20 29-Dec</th>
<th>FY20 30-Mar</th>
<th>FY20 29-Jun</th>
<th>FY20 30-Sep</th>
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<tr>
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<td>$295</td>
<td>$295</td>
<td>$355</td>
<td>$356</td>
<td>$360</td>
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<tr>
<td>Non-GAAP revenue</td>
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<td>$291</td>
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<td>$351</td>
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<td>$85</td>
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<tr>
<td>Non-GAAP cost of sales</td>
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<td>$88</td>
<td>$85</td>
<td>$325</td>
<td>$87</td>
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<tr>
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<td>$183</td>
<td>$156</td>
<td>$126</td>
<td>$173</td>
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<tr>
<td>Non-GAAP gross profit</td>
<td>$55</td>
<td>$183</td>
<td>$183</td>
<td>$156</td>
<td>$126</td>
<td>$173</td>
<td></td>
<td></td>
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<tr>
<td>GAAP margins</td>
<td>16.1%</td>
<td>62.3%</td>
<td>62.3%</td>
<td>51.6%</td>
<td>35.3%</td>
<td>48.7%</td>
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<tr>
<td>Non-GAAP margins</td>
<td>16.1%</td>
<td>62.3%</td>
<td>62.3%</td>
<td>51.6%</td>
<td>35.3%</td>
<td>48.7%</td>
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<tr>
<td>GAAP operating income (loss)</td>
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<td>($7)</td>
<td>($7)</td>
<td>($6)</td>
<td>$32</td>
<td>$35</td>
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<tr>
<td>Non-GAAP operating income (loss)</td>
<td>$35</td>
<td>($7)</td>
<td>($7)</td>
<td>($6)</td>
<td>$32</td>
<td>$35</td>
<td></td>
<td></td>
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<tr>
<td>GAAP operating margin</td>
<td>10.0%</td>
<td>24.0%</td>
<td>24.0%</td>
<td>17.0%</td>
<td>33.0%</td>
<td>32.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-GAAP operating margin</td>
<td>10.0%</td>
<td>24.0%</td>
<td>24.0%</td>
<td>17.0%</td>
<td>33.0%</td>
<td>32.5%</td>
<td></td>
<td></td>
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<tr>
<td>GAAP net income (loss)</td>
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<td>($10)</td>
<td>($10)</td>
<td>($9)</td>
<td>$26</td>
<td>$29</td>
<td></td>
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</tr>
<tr>
<td>Non-GAAP net income (loss)</td>
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<td>($10)</td>
<td>($10)</td>
<td>($9)</td>
<td>$26</td>
<td>$29</td>
<td></td>
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<tr>
<td>GAAP diluted net income (loss) per share</td>
<td>$0.16</td>
<td>($0.06)</td>
<td>($0.06)</td>
<td>($0.06)</td>
<td>$0.13</td>
<td>$0.14</td>
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<tr>
<td>Non-GAAP diluted net income (loss) per share</td>
<td>$0.16</td>
<td>($0.06)</td>
<td>($0.06)</td>
<td>($0.06)</td>
<td>$0.13</td>
<td>$0.14</td>
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<tr>
<td>GAAP basic net income (loss) per share</td>
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<td>($0.07)</td>
<td>($0.07)</td>
<td>($0.07)</td>
<td>$0.13</td>
<td>$0.14</td>
<td></td>
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</tr>
<tr>
<td>Non-GAAP basic net income (loss) per share</td>
<td>$0.18</td>
<td>($0.07)</td>
<td>($0.07)</td>
<td>($0.07)</td>
<td>$0.13</td>
<td>$0.14</td>
<td></td>
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<tr>
<td>GAAP non-GAAP operating income (loss)</td>
<td>$176</td>
<td>$148</td>
<td>$148</td>
<td>$142</td>
<td>$149</td>
<td>$152</td>
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<tr>
<td>Non-GAAP non-GAAP operating income (loss)</td>
<td>$176</td>
<td>$148</td>
<td>$148</td>
<td>$142</td>
<td>$149</td>
<td>$152</td>
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<tr>
<td>GAAP non-GAAP operating margin</td>
<td>24.0%</td>
<td>24.0%</td>
<td>24.0%</td>
<td>24.0%</td>
<td>33.0%</td>
<td>33.0%</td>
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<tr>
<td>Non-GAAP non-GAAP operating margin</td>
<td>24.0%</td>
<td>24.0%</td>
<td>24.0%</td>
<td>24.0%</td>
<td>33.0%</td>
<td>33.0%</td>
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<tr>
<td>GAAP non-GAAP earnings per share</td>
<td>$0.91</td>
<td>$0.73</td>
<td>$0.73</td>
<td>$0.68</td>
<td>$0.99</td>
<td>$0.99</td>
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<tr>
<td>Non-GAAP non-GAAP earnings per share</td>
<td>$0.91</td>
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<td>$0.73</td>
<td>$0.68</td>
<td>$0.99</td>
<td>$0.99</td>
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</tr>
<tr>
<td>GAAP non-GAAP diluted earnings per share</td>
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<td>$0.73</td>
<td>$0.73</td>
<td>$0.68</td>
<td>$0.99</td>
<td>$0.99</td>
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<tr>
<td>Non-GAAP non-GAAP diluted earnings per share</td>
<td>$0.91</td>
<td>$0.73</td>
<td>$0.73</td>
<td>$0.68</td>
<td>$0.99</td>
<td>$0.99</td>
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## Reconciliation between GAAP and Non-GAAP Financial Measures

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<thead>
<tr>
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<th>FY19</th>
<th>FY20</th>
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<tbody>
<tr>
<td>GAAP operating income</td>
<td>($30)</td>
<td>($30)</td>
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<tr>
<td>Non-GAAP operating income</td>
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<td>($23)</td>
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<td>Stock-based compensation</td>
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<td>Restructuring and other charges (credits)</td>
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<td>13</td>
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<tr>
<td>Non-GAAP operating income</td>
<td>($91)</td>
<td>($91)</td>
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</tbody>
</table>

**Consolidated Statements of Operations - Yr Ended**

**Reconciliation between GAAP and Non-GAAP**

**GAAP revenue**

- Fair value adjustment of acquired deferred subscription revenue
- Fair value adjustment of acquired deferred services cost

**Non-GAAP revenue**

- License and subscription stock-based compensation expense
- Support stock-based compensation expense
- Professional services stock-based compensation expense
- Software amortization of acquired intangible assets

**GAAP cost of sales**

- Stock-based compensation expense
- Acquisition-related charges
- Restructuring and other charges (credits)
- Amortization of acquired intangible assets
- Non-GAAP operating margin

**GAAP gross profit**

- Fair value adjustment of acquired deferred revenue
- Stock-based compensation expense
- Acquisition-related charges
- Restructuring and other charges (credits)
- Amortization of acquired intangible assets

**GAAP margins**

- Stock-based compensation expense
- Fair value adjustment to deferred services cost
- Support stock-based compensation expense
- Restructuring and other charges (credits)
- Amortization of acquired intangible assets

**GAAP operating income (loss)**

- Fair value adjustment of acquired deferred revenue
- Stock-based compensation expense
- Acquisition-related charges
- Restructuring and other charges (credits)
- Amortization of acquired intangible assets

**GAAP operating margin**

- Stock-based compensation expense
- Acquisition-related charges
- Restructuring and other charges (credits)
- Amortization of acquired intangible assets

**GAAP net income (loss)**

- Fair value adjustment of acquired deferred revenue
- Stock-based compensation expense
- Acquisition-related charges
- Restructuring and other charges (credits)
- Amortization of acquired intangible assets
- Non-GAAP operating margin

**GAAP diluted net income (loss) per share**

- Fair value adjustment of acquired deferred revenue
- Stock-based compensation expense
- Acquisition-related charges
- Restructuring and other charges (credits)
- Amortization of acquired intangible assets

**GAAP basic net income (loss) per share**

- Fair value adjustment of acquired deferred revenue
- Stock-based compensation expense
- Acquisition-related charges
- Restructuring and other charges (credits)
- Amortization of acquired intangible assets

**GAAP non-GAAP operating income (loss)**

- Fair value adjustment of acquired deferred revenue
- Stock-based compensation expense
- Restructuring and other charges (credits)
- Amortization of acquired intangible assets

**GAAP non-GAAP operating margin**

- Stock-based compensation expense
- Acquisition-related charges
- Restructuring and other charges (credits)
- Amortization of acquired intangible assets

**GAAP non-GAAP diluted net income (loss) per share**

- Fair value adjustment of acquired deferred revenue
- Stock-based compensation expense
- Restructuring and other charges (credits)
- Amortization of acquired intangible assets

**GAAP non-GAAP basic net income (loss) per share**

- Fair value adjustment of acquired deferred revenue
- Stock-based compensation expense
- Acquisition-related charges
- Restructuring and other charges (credits)
- Amortization of acquired intangible assets

**GAAP non-GAAP diluted net income (loss) per share**

- Fair value adjustment of acquired deferred revenue
- Stock-based compensation expense
- Acquisition-related charges
- Restructuring and other charges (credits)
- Amortization of acquired intangible assets

**GAAP non-GAAP non-GAAP operating income (loss)**

- Fair value adjustment of acquired deferred revenue
- Stock-based compensation expense
- Restructuring and other charges (credits)
- Amortization of acquired intangible assets

**GAAP non-GAAP non-GAAP operating margin**

- Stock-based compensation expense
- Acquisition-related charges
- Restructuring and other charges (credits)
- Amortization of acquired intangible assets

**GAAP non-GAAP non-GAAP diluted net income (loss) per share**

- Fair value adjustment of acquired deferred revenue
- Stock-based compensation expense
- Restructuring and other charges (credits)
- Amortization of acquired intangible assets

**GAAP non-GAAP basic non-GAAP income (loss) per share**

- Fair value adjustment of acquired deferred revenue
- Stock-based compensation expense
- Acquisition-related charges
- Restructuring and other charges (credits)
- Amortization of acquired intangible assets

**GAAP non-GAAP diluted net income (loss) per share**

- Fair value adjustment of acquired deferred revenue
- Stock-based compensation expense
- Acquisition-related charges
- Restructuring and other charges (credits)
- Amortization of acquired intangible assets
## Consolidated Balance Sheets

### FY'19

<table>
<thead>
<tr>
<th></th>
<th>29-Dec</th>
<th>30-Mar</th>
<th>29-Jun</th>
<th>30-Sep</th>
<th>28-Dec</th>
<th>28-Mar</th>
</tr>
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<tbody>
<tr>
<td><strong>ASSETS</strong></td>
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<tr>
<td>Current assets:</td>
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<td></td>
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<td>Cash and cash equivalents</td>
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<td>$270</td>
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<td>783</td>
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<tr>
<td>Goodwill</td>
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<td>1,606</td>
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<td>$2,665</td>
<td>3,280</td>
<td>3,866</td>
</tr>
</tbody>
</table>

### FY'20

<table>
<thead>
<tr>
<th></th>
<th>29-Dec</th>
<th>30-Mar</th>
<th>29-Jun</th>
<th>30-Sep</th>
<th>28-Dec</th>
<th>28-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$277</td>
<td>$294</td>
<td>$268</td>
<td>$270</td>
<td>$237</td>
<td>$827</td>
</tr>
<tr>
<td>Short term marketable securities</td>
<td>26</td>
<td>25</td>
<td>33</td>
<td>26</td>
<td>29</td>
<td>34</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>$386</td>
<td>$352</td>
<td>$321</td>
<td>$373</td>
<td>$344</td>
<td>$353</td>
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<tr>
<td>Prepaid expenses and other current assets</td>
<td>112</td>
<td>119</td>
<td>130</td>
<td>112</td>
<td>128</td>
<td>128</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>800</td>
<td>791</td>
<td>753</td>
<td>783</td>
<td>739</td>
<td>1,341</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>107</td>
<td>107</td>
<td>108</td>
<td>106</td>
<td>105</td>
<td>104</td>
</tr>
<tr>
<td>Goodwill</td>
<td>1,231</td>
<td>1,230</td>
<td>1,245</td>
<td>1,238</td>
<td>1,606</td>
<td>1,603</td>
</tr>
<tr>
<td>Acquired intangible assets, net</td>
<td>205</td>
<td>192</td>
<td>183</td>
<td>170</td>
<td>266</td>
<td>251</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>201</td>
<td>196</td>
<td>189</td>
<td>199</td>
<td>208</td>
<td>203</td>
</tr>
<tr>
<td>Long term marketable securities</td>
<td>30</td>
<td>31</td>
<td>22</td>
<td>30</td>
<td>28</td>
<td>23</td>
</tr>
<tr>
<td>Lease Assets, Net</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>165</td>
<td>157</td>
</tr>
<tr>
<td>Other assets</td>
<td>178</td>
<td>170</td>
<td>149</td>
<td>140</td>
<td>162</td>
<td>184</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2,753</td>
<td>$2,716</td>
<td>2,649</td>
<td>$2,665</td>
<td>3,280</td>
<td>3,866</td>
</tr>
</tbody>
</table>

### LIABILITIES AND SHAREHOLDERS’ EQUITY

<table>
<thead>
<tr>
<th></th>
<th>29-Dec</th>
<th>30-Mar</th>
<th>29-Jun</th>
<th>30-Sep</th>
<th>28-Dec</th>
<th>28-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable, accrued expenses and other current liabilities</td>
<td>$141</td>
<td>$137</td>
<td>$140</td>
<td>$146</td>
<td>$130</td>
<td>$149</td>
</tr>
<tr>
<td>Accrued compensation and benefits</td>
<td>74</td>
<td>73</td>
<td>79</td>
<td>89</td>
<td>86</td>
<td>84</td>
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<tr>
<td>Accrued income taxes</td>
<td>0</td>
<td>7</td>
<td>8</td>
<td>17</td>
<td>22</td>
<td>16</td>
</tr>
<tr>
<td>Current portion of long term debt</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>496</td>
<td></td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>325</td>
<td>381</td>
<td>374</td>
<td>386</td>
<td>359</td>
<td>407</td>
</tr>
<tr>
<td>Short-term lease obligations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>34</td>
<td>39</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>541</td>
<td>598</td>
<td>601</td>
<td>628</td>
<td>632</td>
<td>1,192</td>
</tr>
<tr>
<td>Long term debt, net of current portion</td>
<td>778</td>
<td>739</td>
<td>699</td>
<td>669</td>
<td>1,124</td>
<td>1,134</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>36</td>
<td>36</td>
<td>37</td>
<td>42</td>
<td>21</td>
<td>20</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>10</td>
<td>10</td>
<td>8</td>
<td>11</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Long-term lease obligations</td>
<td>66</td>
<td>84</td>
<td>87</td>
<td>102</td>
<td>191</td>
<td>185</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>56</td>
<td>52</td>
<td>56</td>
<td>52</td>
<td>56</td>
<td>52</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,432</td>
<td>1,468</td>
<td>1,433</td>
<td>1,463</td>
<td>2,032</td>
<td>2,592</td>
</tr>
</tbody>
</table>

### Shareholders’ equity:

<table>
<thead>
<tr>
<th></th>
<th>29-Dec</th>
<th>30-Mar</th>
<th>29-Jun</th>
<th>30-Sep</th>
<th>28-Dec</th>
<th>28-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>1,554</td>
<td>1,524</td>
<td>1,505</td>
<td>1,503</td>
<td>1,508</td>
<td>1,537</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(139)</td>
<td>(182)</td>
<td>(197)</td>
<td>(191)</td>
<td>(158)</td>
<td>(150)</td>
</tr>
<tr>
<td>Accumulated other comprehensive income (loss)</td>
<td>(95)</td>
<td>(95)</td>
<td>(93)</td>
<td>(111)</td>
<td>(104)</td>
<td>(113)</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>1,427</td>
<td>1,458</td>
<td>1,431</td>
<td>1,462</td>
<td>2,028</td>
<td>2,574</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>29-Dec</th>
<th>30-Mar</th>
<th>29-Jun</th>
<th>30-Sep</th>
<th>28-Dec</th>
<th>28-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td>$2,753</td>
<td>$2,716</td>
<td>$2,649</td>
<td>$2,665</td>
<td>$3,280</td>
<td>$3,866</td>
</tr>
</tbody>
</table>
The results for fiscal 2017 and fiscal 2018 have been revised to reflect this reclassification for comparability. With any change reflected as a net change in cash, cash equivalents and restricted cash. The change in restricted cash was historically included in "other" in cash provided by (used in) cash from operations. Effective the beginning of fiscal 2019, in accordance with the adoption of ASU 2016-18, "Statement of Cash Flows (Topic 230)," restricted cash is now included in cash, cash equivalents and restricted cash with any change reflected as a net change in cash, cash equivalents and restricted cash. The change in restricted cash was historically included in "other" in cash provided by (used in) cash from operations.

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**Consolidated Statements of Cash Flows**

<table>
<thead>
<tr>
<th>FY'19</th>
<th>FY'20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$21</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>29</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>20</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>34</td>
</tr>
<tr>
<td>Accounts payable and accruals</td>
<td>37</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(22)</td>
</tr>
<tr>
<td>Pension settlement loss</td>
<td>-</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(22)</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>$21</td>
</tr>
</tbody>
</table>

**Cash flows from investing activities:**

- Capital expenditures: $30 | $21 | $8 | $5 | $64 | $5 | $6 |
- Cost of acquisitions, net: (70) | 0 | (17) | - | (87) | (468) | (1) |
- (Purchase of)/Proceeds from investments: - | (8) | - | - | - | - | - |
- (Purchase of)/Proceeds from marketable securities: 0 | (1) | 2 | (3) | (1) | (0) | (0) |
- Other investing activities: (2) | 2 | 4 | 5 | 10 | (1) | 3 |
| Net cash used in investing activities | $101 | $27 | $19 | $2 | $152 | $473 | $3 | $3 |

**Cash flows from financing activities:**

- Proceeds (payments) on debt, net: $135 | $40 | $40 | $30 | $25 | $455 | $520 |
- Proceeds from issuance of common stock: (5) | 9 | - | 9 | 13 | - | 9 |
- Payments of withholding taxes in connection with vesting stock-based awards: (34) | (1) | (10) | (6) | (44) | (23) | (1) |
- Repurchases of common stock: - | (65) | (25) | (25) | (115) | - | - |
- Contingent consideration: (2) | - | - | - | (2) | - | - |
- Other financing activities: - | - | - | - | - | (1) | (15) |
| Net cash provided by (used in) financing activities | $95 | $97 | $70 | $46 | $123 | $431 | $513 |

**Effect of exchange rate change on cash**

- $2 | $0 | $0 | (5) | $3 | $2 | $8 |

**Net increase (decrease) in cash, cash equivalents, and restricted cash**

- $17 | 17 | (26) | 2 | 10 | (33) | 596 |

**Cash, cash equivalents, and restricted cash at beginning of period**

- $261 | 278 | 296 | 269 | 261 | 271 | 238 |

**Cash, cash equivalents, and restricted cash at end of period**

- $278 | $285 | $299 | $271 | $271 | $238 | $528 |

**Free cash flow**

- Net cash provided by (used in) operating activities: $21 | $141 | $68 | $55 | $285 | $8 | $88 |
- Capital expenditures: (30) | (21) | (8) | (5) | (64) | (5) | (6) |
- Free cash flow: $9 | $120 | $59 | $50 | $221 | $7 | $82 |
- Repurchases of common stock: - | (65) | (25) | (25) | (115) | - | - |
- Free cash flow return %: 54% | 42% | 50% | 52% | 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 the substantive information investors can use to evaluate the Company’s performance relative to that goal.

(2) Effective the beginning of fiscal 2019, in accordance with the adoption of ASU 2016-18, "Statement of Cash Flows (Topic 230)," restricted cash is now included in cash, cash equivalents and restricted cash with any change reflected as a net change in cash, cash equivalents and restricted cash. The change in restricted cash was historically included in "other" in cash provided by (used in) cash from operations. The results for fiscal 2017 and fiscal 2018 have been revised to reflect this reclassification for comparability.