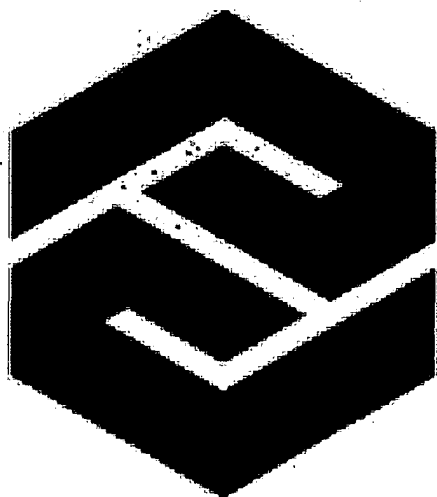


Annual Report Parametric Holdings (UK) Limited

For the year ended 30 September 2019



Registered number: 03723625

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Company Information

Director	Steve Bouchard
Company number	03723625 (England and Wales)
Registered office	Abbey House 282 Farnborough Road Farnborough, Hampshire England GU14 7NA
Auditor	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

Director's Report

For the year ended 30 September 2019

The director presents his report and the financial statements for the year ended 30 September 2019. This report has taken the small companies exemption to not prepare a Strategic Report in accordance with section 414B of the Companies Act 2006.

Principal activities

The company's principal activity is to act as an intermediate holding company for subsidiaries of PTC Inc.

Results

The result for the year ended 30 September 2019 was a loss of \$0.3m (2018: \$0.9m).

Dividends

The director does not recommend the payment of a dividend (2018: \$nil).

Directors

The directors who served the company during the year and up to the date of signing the financial statements were as follows:

Charles Dunn (resigned on 26 March 2019)

Steve Bouchard

Marina Stavriniades (appointed on 28 November 2018; resigned 26 March 2020)

The Director of the company has the benefit of a qualifying indemnity provision (as provided through the ultimate parent company) throughout the financial year ending 30 September 2019 and is currently in force.

Going concern

In December 2019, a novel strain of coronavirus, now referred to as COVID-19, surfaced. The virus has spread to over 100 countries and has been declared a pandemic by the World Health Organization on 11 March 2020. The COVID-19 pandemic has significantly impacted global economic activity and has created future macroeconomic uncertainty. At the date of this report, there has been no material impact to our financial position and we have considered COVID-19 to be a non-adjusting post balance sheet event. However, the magnitude and duration of the virus could result in a material impact going forward.

We expect that our results will be impacted, by our ability to close large transactions, which has been adversely impacted by the COVID-19 pandemic as customers delay purchases due to the macroeconomic uncertainty and the inability to implement many of our solutions due to the on-site work generally required to do so. The amount of revenue attributable to large transactions, and the number of such transactions, may also vary significantly from quarter to quarter based on customer purchasing decisions and macroeconomic conditions. Such transactions may have long lead times as they often follow a lengthy product selection and evaluation process and, for existing customers, are influenced by contract expiration cycles. This may cause volatility in our results. For the PTC group we currently anticipate new bookings will be down approximately 30% year over year for the second half of 2020 due to the COVID-19 pandemic as described above.

We also anticipate that our churn rate may deteriorate to approximately 8% for the year rather than a modest improvement over the fiscal 2019 churn rate as previously expected as customers may not renew their subscriptions or support contracts in full due to the COVID-19 pandemic if they reduce their workforces and users or due to macroeconomic and liquidity uncertainty. We expect to continue to control costs due to savings on certain expenses due to the COVID-19 pandemic (such as curtailing travel), as well as lower anticipated variable compensation and increased cost discipline related to employee hiring.

Director's Report

For the year ended 30 September 2019

Despite the challenges associated with COVID-19, we are anticipating FY'20 ARR growth of approximately 11%, revenue growth of approximately 12% for the PTC group.

We expect to have sufficient liquidity with cash on hand and cash generated from operations to meet our working capital requirements through at least the next twelve months.

Principal risks and uncertainties

The principal risk for the company is a downturn in the market for the products and services of the PTC Group, which in turn would reduce the underlying investments the company holds. From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of the PTC Group, which include those of the company, are discussed in PTC Inc.'s annual report which does not form part of this report.

Following the withdrawal of the United Kingdom from the European Union on 31 January 2020, the uncertainties as a result of the withdrawal are a risk for the Group and the company, however as the terms of the future trade and other relationships with the European Union are not yet clear it is difficult to identify all the potential implications. The PTC Group is working to mitigate potential risks that may arise as a result.

As discussed above, the impact of Covid-19 is a principal risk and uncertainty at this time.

Statement of Director's responsibilities

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Director's Report (continued)

For the year ended 30 September 2019

Statement of disclosure of information to auditors


The director at the time when this Director's report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

Mazars LLP was appointed as approved by shareholders on 18 June 2020 in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 18 June 2020 and is signed on its behalf:



.....
Axel Aurelio Helzer
Director

Company registration no: 03723625

Independent auditor's report to the members of Parametric Holdings (UK) Limited

Opinion

We have audited the financial statements of Parametric Holdings (UK) Limited (the 'company') for the year ended 30 September 2019 which comprise Profit and Loss account, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the director's view on the impact of the COVID-19 as disclosed on page 2, and the consideration in the going concern basis of preparation on page 11 and non-adjusting post balance sheet events on page 21.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK. The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

Independent auditor's report to the members of Parametric Holdings (UK) Limited (continued)

Conclusions relating to going concern (Continued)

- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The director is responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies exemption from the requirements to prepare a Strategic Report.

Independent auditor's report to the members of Parametric Holdings (UK) Limited (continued)

Responsibilities of Director

As explained more fully in the director's responsibilities statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

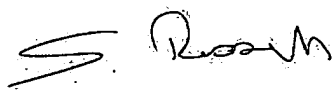
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Samantha Russell (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD
Date 22 June 2020

Profit and loss account

For the year ended 30 September 2019

	Note	2019 \$'000	2018 \$'000
Administrative expenses		<u>(1)</u>	<u>(1)</u>
Operating loss		<u>(1)</u>	<u>(1)</u>
Loss on ordinary activities before interest and taxation		<u>(1)</u>	<u>(1)</u>
Interest receivable and similar charges	4	4,395	3,133
Interest payable and similar charges	5	<u>(4,772)</u>	<u>(4,289)</u>
Loss on ordinary activities before taxation		<u>(378)</u>	<u>(1,157)</u>
Tax on loss on ordinary activities	8	<u>72</u>	<u>220</u>
Loss for the financial year		<u>(306)</u>	<u>(937)</u>
Total comprehensive loss for the financial year		<u><u>(306)</u></u>	<u><u>(937)</u></u>
Loss for the year attributable to:			
Owners of the parent		(306)	(937)
Total comprehensive loss for the year attributable to:			
Owners of the parent		(306)	(937)

All amounts relate to continuing operations.

The notes on pages 11 to 22 form part of these financial statements and include significant accounting policies.

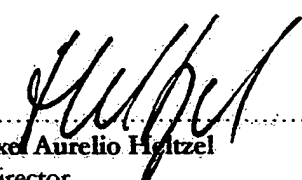
Balance sheet

As at 30 September 2019

Registered number: 03723625

	Note	2019 \$'000	2018 \$'000
Fixed assets			
Investments	9	<u>14,653</u>	<u>14,653</u>
		14,653	14,653
Current assets			
Debtors:			
amounts falling due within one year	10	72	216
amounts falling due after more than one year	10	-	79,929
Cash at bank and in hand		<u>45</u>	<u>1,206</u>
		117	81,351
Creditors: amounts falling due within one year		<u>-</u>	<u>-</u>
Net current assets		117	81,351
Total assets less current liabilities		14,770	96,004
Creditors: amounts falling due after more than one year	11	<u>(6,165)</u>	<u>(87,093)</u>
Net assets		8,605	8,911
Capital and reserves			
Called up share capital	13	672	672
Share premium account	14	87,591	87,591
Profit and loss account	14	<u>(79,658)</u>	<u>(79,352)</u>
		8,605	8,911

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 June 2020.


 Axel Aurelio Heltzel
 Director

Statement of changes in equity

As at 30 September 2019

	Called- up share capital \$'000	Share premium account \$'000	Profit and loss account \$'000	Total \$'000
Balance as at 30 September 2017	672	87,591	(78,415)	9,848
Loss for the year	-	-	(937)	(937)
Total comprehensive income	-	-	(937)	(937)
Balance as at 30 September 2018	<u>672</u>	<u>87,591</u>	<u>(79,352)</u>	<u>8,911</u>
Loss for the year	-	-	(306)	(306)
Total comprehensive income	-	-	(306)	(306)
Balance as at 30 September 2019	<u>672</u>	<u>87,591</u>	<u>(79,658)</u>	<u>8,605</u>

The notes on pages 11 to 22 form part of these financial statements and also include significant account policies.

Notes to the financial statements

For the year ended 30 September 2019

1. Company information

Parametric Holdings (UK) Ltd is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is Abbey House, 282 Farnborough Road, Farnborough, Hampshire, England, GU14 7NA.

The functional currency of the company is US Dollars and the financial statements have been prepared using US Dollars as the presentation currency rounded to the nearest thousand.

2. Basis of preparation

These financial statements for the year ended 30 September 2019 have been prepared in accordance with FRS 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' issued by the Financial Reporting Council, and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis, unless otherwise stated.

In preparing these financial statements, the company has taken advantage of the disclosure exemptions, as permitted by FRS 102 paragraph 1.12. The company has therefore complied with the applicable conditions.

The company has taken advantage of the following exemptions in preparing the Company financial statements:

- (i) from preparing a Cash Flow Statement in accordance with Section 7 'Cash Flow Statements';
- (ii) from providing the financial instrument disclosures, required under paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as this information is provided in the PTC Inc. consolidated financial statements;
- (iii) from disclosing the company's key management personnel compensation, as required by paragraph 7 of Section 33 'Related Party Disclosures'; and
- (iv) from disclosing share based payment arrangements, required under paragraphs 26.18(c), 26.19 to 26.21 and 26.23 concerning its own equity instruments.

Going concern

In December 2019, a novel strain of coronavirus, now referred to as COVID-19, surfaced. The virus has spread to over 100 countries and has been declared a pandemic by the World Health Organization. The COVID-19 pandemic has significantly impacted global economic activity and has created future macroeconomic uncertainty. While there was not a material impact to our financial statements, our financial condition and the results of operations as of the date of this report, resulting from our assessments, our future assessment of our current expectations at that time of the magnitude and duration of COVID-19, as well as other factors, could result in material impacts to our financial statements, our financial condition and the results of operations. We expect that our results will be impacted, by our ability to close large transactions, which has been adversely impacted by the COVID-19 pandemic as customers delay purchases due to the macroeconomic uncertainty and the inability to implement many of our solutions due to the on-site work generally required to do so. The amount of revenue attributable to large transactions, and the number of such transactions, may also vary significantly from quarter to quarter based on customer purchasing decisions and macroeconomic conditions. Such transactions may have long lead times as they often follow a lengthy product selection and evaluation process and, for existing customers, are influenced by contract expiration cycles. This may cause volatility in our results. For the PTC group we currently anticipate new bookings will be down approximately 30% year over year for the second half of 2020 due to the COVID-19 pandemic as described above. We also anticipate that our churn rate may deteriorate to

Notes to the financial statements (continued)

For the year ended 30 September 2019

approximately 8% for the year rather than a modest improvement over the fiscal 2019 churn rate as previously expected as customers may not renew their subscriptions or support contracts in full due to the COVID-19 pandemic if they reduce their workforces and users or due to macroeconomic and liquidity uncertainty. We expect to continue to control costs due to savings on certain expenses due to the COVID-19 pandemic (such as curtailing travel), as well as lower anticipated variable compensation and increased cost discipline related to employee hiring. Despite the challenges associated with COVID-19, we are anticipating FY'20 ARR growth of approximately 11%, revenue growth of approximately 12% for the PTC group. As a result of this we do not anticipate any material adverse effects resulting from Covid-19 to the company.

We expect to have sufficient liquidity with cash on hand and cash generated from operations to meet our working capital requirements through at least the next twelve months.

Taking into consideration the company's 2019 results, the competitive strength of its products and the positioning in the markets served as well as the anticipated impact of COVID-19, we have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Consolidation

The financial statements contain information about Parametric Holdings (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the publicly available consolidated financial statements of its parent, PTC Inc., a company incorporated in the Commonwealth of Massachusetts.

3. Principal accounting policies

3.1. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the balance sheet immediately below goodwill.

3.2. Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements. Impairment reviews are conducted on an annual basis.

3.3. Investments

Investments are accounted for at cost less impairment in the individual financial statements. Impairment reviews are conducted on an annual basis.

Notes to the financial statements (continued)

For the year ended 30 September 2019

3. Principal accounting policies (continued)

3.4. Financial instruments

Basic financial instruments are measured at transaction price and subsequently measured at amortised cost using the effective interest method. A financial asset or liability that is repayable on demand is measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

3.5. Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3.6. Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the company is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the financial statements (continued)

For the year ended 30 September 2019

3. Principal accounting policies (continued)

3.7. Foreign currency translation

Functional currency and presentation currency

In preparing the financial statements, transactions in currencies other than the functional currency of the company (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Transactions and balances

Exchange differences are recognised in the Profit and Loss Account in the period in which they arise.

4. Interest receivable and similar charges

	Note	2019 \$'000	2018 \$'000
Interest on intercompany loan to PTC Inc.	10	4,395	3,133

The interest rate is based on LIBOR plus 3%

5. Interest payable and similar charges

	Note	2019 \$'000	2018 \$'000
Interest on intercompany loan with PTC (IFSC) Limited	11	4,772	4,289

The interest rate is based on LIBOR plus 3%

6. Directors emoluments and employee information

No directors are remunerated for their services as directors of Parametric Holdings (UK) Limited (2018: £nil). No directors were entitled to retirement benefits under any pension scheme at 30 September 2019 (2018: none). The directors are employed by the group and their services to the company are incidental.

The company has no other employees (2018: nil).

7. Auditors' remuneration

The audit fees for the company for the years ended 30 September 2019 and 30 September 2018 were paid by its subsidiary, Parametric Technology (UK) Limited. No recharge is made to the Company and it is not possible to apportion the auditors' remuneration in respect of the company.

Notes to the financial statements (continued)

For the year ended 30 September 2019

8. Tax on loss on ordinary activities

The tax credit is based on the loss for the year and represents:

	2019 £'000	2018 £'000
Analysis of tax credit for the period		
<i>Current tax</i>		
UK Corporation Tax at 19%	-	-
Group relief receivable	(72)	(220)
Total current tax credit	<u>(72)</u>	<u>(220)</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Effect on tax rate change on opening balance	-	-
Total deferred tax charge	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	<u>(72)</u>	<u>(220)</u>
Provision for deferred tax		
<i>Movement in Provision</i>		
Provision at start of period	-	-
Deferred tax charged in Statement of comprehensive income for the period	-	-
Provision at end of period	<u>-</u>	<u>-</u>
Deferred tax asset not recognised (note 12)	<u>(372)</u>	<u>(372)</u>
Reconciliation of tax credit		
Loss on ordinary activities before tax	<u>(378)</u>	<u>(1,157)</u>
Tax on loss on ordinary activities at standard Corporation Tax rate of 19% (2018: 19%)	(72)	(220)
Effects of:		
Expenses not deductible for tax purposes		
Group relief surrendered	72	220
Receipt for group relief	(72)	(220)
Adjust closing deferred tax to average rate of 19%		44
Adjust opening deferred tax to average rate of 19%		(44)
Tax credit for the period	<u>(72)</u>	<u>(220)</u>

Notes to the financial statements (continued)

For the year ended 30 September 2019

9. Investments

Total fixed asset investments comprise:

	2019	2018
	\$'000	\$'000
Interests in subsidiaries	14,093	14,093
Other fixed asset investments	560	560
	<u>14,653</u>	<u>14,653</u>

Interests in subsidiaries

	Investments in subsidiaries \$'000
Cost	
At 1 October 2018	105,494
At 30 September 2019	<u>105,494</u>
Provision for impairment	
At 1 October 2018	91,401
At 30 September 2019	<u>91,401</u>
Net book amount at 30 September 2019	<u>14,093</u>
Net book amount at 30 September 2018	<u>14,093</u>

All investments by the company are at cost less amounts written off due to permanent diminution in value.

Notes to the financial statements (continued)

For the year ended 30 September 2019

9. Investments (continued)

At 30 September 2019 the company had interests in the following subsidiaries:

Subsidiaries	Type of shares held	Proportion held (%)	Country of incorporation	Nature of business
Parametric Technology (UK) Limited	Ordinary	100%	United Kingdom	Software, maintenance and related services
PTC (IFSC) Limited	Ordinary	100%	Ireland	Internal Financing Services

The net income/(loss) for the year ended 30 September 2019 and aggregate capital and reserves for the subsidiary undertakings at 30 September 2019 were:

	2019		2018	
	Net income/(loss) for the financial year \$'000	Aggregate capital and reserves \$'000	Net income/(loss) for the financial year \$'000	Aggregate capital and reserves \$'000
Parametric Technology (UK) Limited	1,880	8,690	1,982	8,460
PTC (IFSC) Limited	2,799	14,737	(424)	11,938

The values of Parametric Technology (UK) Limited and PTC (IFSC) Limited are supported by the net assets in the subsidiaries, therefore no impairment necessary.

Notes to the financial statements (continued)

For the year ended 30 September 2019

9. Investments (continued)

Other fixed asset investments

At 30 September 2019 the company had interests in the following other fixed asset investments:

	Outsource Technical Concepts Ltd \$'000
Cost	
At 30 September 2018 and at 30 September 2019	<u>560</u>

On 23 September 2016 the company subscribed €500,000 for 50,000 €1 convertible preference shares from Outsource Technical Concepts Limited, a private company limited by shares Incorporated in Ireland.

At 30 September 2019 the investment is held at cost, converted with an exchange rate of 1.1195. The investment will be valued at cost less impairment as fair value cannot be reliably determined. No impairment has been recognised during the current financial year as value of the investment is supported by the net assets in the company.

10. Debtors

	2019 \$'000	2018 \$'000
Amounts falling due within one year:		
Taxation	<u>72</u>	<u>216</u>
Amounts falling due after more than one year:		
Loan to PTC Inc.	<u>-</u>	<u>79,929</u>

On 1st December 2017 Parametric Holdings (UK) Ltd issued a revolving loan facility to Coldlight Solutions, LLC of a total principal not to exceed USD 3,500,000 and on 30 December 2017 Parametric Holdings (UK) Ltd issued a loan facility to PTC Inc. of a total principal not to exceed USD 76,916,863. The interest rate for each loan was based on LIBOR for USD plus 3%. The loan to Coldlight Solutions, LLC was transferred to PTC Inc. as part of a merger in June 2018 and has been repaid in full during the year ended 30 September 2019.

Notes to the financial statements (continued)

For the year ended 30 September 2019

10. Debtors (continued)

	2018 \$'000
At 30 September 2018	79,929
Interest	4,395
Repayment	(84,323)
At 30 September 2019	-

11. Creditors: amounts falling due after more than one year

	2019 \$'000	2018 \$'000
Intercompany loan	6,165	87,093

On 5 May 2015 Parametric Holdings (UK) Ltd entered an unsecured receiving loan agreement with PTC (IFSC) Limited of a total principal not to exceed \$100m. The interest rate is based on LIBOR plus 3%.

	2019 \$'000
At 30 September 2018	87,093
Interest	4,772
Repayment	(85,700)
At 30 September 2019	6,165

The loan shall be repayable (with any accrued interest that remains unpaid) (i) in full or a fraction thereof, as may be demanded by IFSC, within 7 days of written demand served on the company by PTC (IFSC) Limited or (ii) 30 September 2025, whichever of (i) and (ii) is earlier.

Notes to the financial statements (continued)

For the year ended 30 September 2019

12. Deferred taxation

The unrecognised deferred taxation asset is as follows:

	2019	2018
	£'000	£'000
Losses	372	372
Total deferred tax asset not recognised	372	372
At 01 October 2018	372	372
Losses and other deductions	-	-
At 30 September 2019	372	372

In the directors' opinion it is uncertain as to when and whether the deferred tax asset will crystallise and accordingly it has not been recognised.

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate (for all profits except ring fence profits) at 19% for the years starting the 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate (for all profits except ring fence profits) for the year starting 1 April 2020, setting the rate at 17%. At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%.

13. Called up share capital

	2019	2018
	\$'000	\$'000
Allotted and fully paid:		
443,807 (2018: 443,807) ordinary shares of USD 1.51391 each	672	672

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the company.

14. Reserves

Share premium account

This reserve represents any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

This reserve represents the cumulative profits and losses.

Notes to the financial statements (continued)

For the year ended 30 September 2019

15. Events after the reporting period

On 28 February 2020 the Board of Directors of Parametric Technology (UK) Limited passed a special resolution to reduce the Company's share premium account of £37,280,914 to nil and to credit a distributable reserve account, creating a distributable reserve upon registration of a copy of the required directors' solvency statement. Furthermore, the board of directors declared a dividend of £4,800,000 to its parent company Parametric Technology Holdings Limited which was distributed on 6 March 2020.

On March 6th, 2020 Parametric Technology (UK) Holdings Limited settled its outstanding loan including principle and interest with PTC (IFSC) Limited.

In December 2019, a novel strain of coronavirus, now referred to as COVID-19, surfaced. The virus has spread to over 100 countries and has been declared a pandemic by the World Health Organization. The COVID-19 pandemic has significantly impacted global economic activity and has created future macroeconomic uncertainty. We assessed certain accounting matters that generally require consideration of forecasted financial information in context with the information reasonably available to us and the unknown future impacts COVID-19 through the date of this report. While there was not a material impact to our financial statements as of the date of this report, resulting from our assessments, our future assessment of our current expectations at that time of the magnitude and duration of COVID-19, as well as other factors, could result in material impacts to our financial statements, our financial condition and the results of operations.

We expect that our results will be impacted, by our ability to close large transactions, which has been adversely impacted by the COVID-19 pandemic as customers delay purchases due to the macroeconomic uncertainty and the inability to implement many of our solutions due to the on-site work generally required to do so. The amount of revenue attributable to large transactions, and the number of such transactions, may also vary significantly from quarter to quarter based on customer purchasing decisions and macroeconomic conditions. Such transactions may have long lead times as they often follow a lengthy product selection and evaluation process and, for existing customers, are influenced by contract expiration cycles. This may cause volatility in our results. For the PTC group we currently anticipate new bookings will be down approximately 30% year over year for the second half of 2020 due to the COVID-19 pandemic as described above. We also anticipate that our churn rate may deteriorate to approximately 8% for the year rather than a modest improvement over the fiscal 2019 churn rate as previously expected as customers may not renew their subscriptions or support contracts in full due to the COVID-19 pandemic if they reduce their workforces and users or due to macroeconomic and liquidity uncertainty. We expect to continue to control costs due to savings on certain expenses due to the COVID-19 pandemic (such as curtailing travel), as well as lower anticipated variable compensation and increased cost discipline related to employee hiring. Despite the challenges associated with COVID-19, we are anticipating FY'20 ARR growth of approximately 11%, revenue growth of approximately 12% for the PTC group.

We expect to have sufficient liquidity with cash on hand and cash generated from operations to meet our working capital requirements through at least the next twelve months.

16. Parent undertakings and ultimate controlling party

The immediate and ultimate parent undertaking, and the parent of the smallest and largest group for which group financial statements are prepared and of which Parametric Holdings (UK) Limited is a member, is PTC Inc., a company incorporated in the Commonwealth of Massachusetts.

Copies of these consolidated financial statements can be obtained from:

Parametric Technology (UK) Limited
Abbey House
282 Farnborough Road
Farnborough
Hampshire
England
GU14 7NA

PTC Inc. is the ultimate controlling party.