

Parametric Technology (Denmark) A/S

Annual Report 2016/2017

Parametric Technology (Denmark) A/S

Lyngbyvej 14, ST TH

2100 KØBENHAVN Ø

CVR No.:16 99 34 33

The Annual Report has been presented and adopted at the Annual General Meeting of the Company on 22th of January, 2017

A handwritten signature in blue ink, appearing to read "Charles C W Dunn", written over a horizontal line.

Charles C W Dunn

Chairman

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MANAGEMENT'S STATEMENT ON THE ANNUAL REPORT

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Parametric Technology (Denmark) A/S for the financial year 1 October 2016 – 30 September 2017.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 30 September 2017 of the Company and of the results of the Company operations for the financial year 1 October 2016 – 30 September 2017.

We recommend that the Annual Report will be adopted at the Annual General Meeting.

Copenhagen, 22th of January, 2018

Executive Board



Charles C W Dunn

Supervisory Board



Charles C W Dunn

Petra Heck



Tobias Broda

INDEPENDENT AUDITOR'S REPORT

To the shareholder of Parametric Technology (Denmark) A/S

Opinion

We have audited the financial statements of Parametric Technology (Denmark) A/S for the financial year 1 October, 2016 - 30 September 2017, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 30 September 2017 and of the results of the company's operations for the financial year 1 October - 30 September 2017 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as management determines 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, management 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 in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has 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 and the additional requirements applicable in Denmark 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 22th January 2018

MAZARS

Statsautoriseret Revisionspartnerselskab

CVR no. 31 06 17 41

Christian Hjortshøj

State Authorised Public Accountant

MNE no. 34485

COMPANY INFORMATION

The company	Parametric Technology (Denmark) A/S Lyngbyvej 14 st.th. 2100 København Ø
CVR no.	16 99 34 33
Financial year	October 1 – September 30
Municipality of reg. office	Copenhagen
Supervisory Board	Charles C W Dunn Petra Heck Tobias Broda
Executive Board	Charles C W Dunn
Auditors	Mazars Statsautoriseret Revisionspartnerselskab Østerfælled Torv 10, 2, 2100 Copenhagen Ø
Consolidated Financial Statements	The Annual Report for the Company is part of the consolidated financial statements of the ultimate Parent Company PTC Inc., 140 Kendrick Street, Needham MA 02494, USA. The above-mentioned consolidated financial statements can be obtained upon written request to Parametric Technology (Denmark) A/S.
Main activity	The Company carries out marketing activities in connection with its parent company's sale of software in Denmark.

ACCOUNTING POLICIES

Basis of preparation

The Annual Report of Parametric Technology (Denmark) A/S for 2016/2017 has been prepared in accordance with the Danish Financial Statements Act applying to companies in reporting class B.

The accounting policies applied remain unchanged from last year.

The Annual Report for 2016/2017 is presented in DKK.

Recognition and measurement

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when the Company has a legal and constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated during the year at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Corporation tax and deferred tax

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity entries is recognised directly in equity. Any share of the tax reported in the income statement arising from profit/loss on extraordinary activities for the year is attributed to such activities, whereas the remaining share is attributed to profit/loss on ordinary activities for the year.

Current tax liabilities and current tax receivable are recognised in receivables in the balance sheet in the event of overpayment of tax on account, and in debt in the event of underpayment of tax on account.

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

INCOME STATEMENT

Gross profit

Gross profit consists of net Revenue minus cost of sales and other external expenses.

Revenue

Revenue consists of re-invoiced cost to the group including a mark-up. Revenue is recognized when costs are incurred or when service is delivered.

Other external expenses

Other external expenses are comprised of expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses are comprised of salaries and wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment as well as gains and losses from current replacement of fixed assets.

Financial income and expenses

Financial income and expenses comprise of interest, realised and unrealised exchange adjustments, as well as extra payments and repayment under the on-account taxation scheme.

BALANCE SHEET

Depreciation

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	Term of lease

Gains and losses on current replacement of property, plant and equipment are recognised in "Depreciation, amortisation and impairment of property, plant and equipment".

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortized cost, usually equalling nominal value less provisions for bad debt.

Prepayments and deferred income

Prepayments include expenses incurred in respect of subsequent financial years. Such expenses are typically prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Financial debts

Debts are measured at amortised costs, substantially corresponding to nominal value.

Income Statement

	<u>Note</u>	<u>2016/17</u>	<u>2015/16</u>
		DKK	DKK
Revenue		7,181,913	16,482,128
Other external expenses		2,559,087	2,740,071
Gross profit		<u>4,622,826</u>	<u>13,742,057</u>
Staff expenses	1	4,110,164	13,206,405
Depreciation	3	40,928	40,955
Profit/(loss) before financial income and expenses		<u>471,734</u>	<u>494,697</u>
Financial income		0	0
Financial expenses		738	2,656
Profit/(loss) before tax		<u>470,996</u>	<u>492,041</u>
Tax on profit/(loss) for the year	2	111,852	114,775
Net profit/(loss) for the year		<u>359,144</u>	<u>377,266</u>
Proposed distribution of profit			
Retained earnings	4	359,144	377,266
Distributed to retained earnings		359,144	377,266

Balance Sheet

Assets

	Note	2016/17 DKK	2015/16 DKK
Other fixtures and fittings, tools and equipment		64,486	83,059
Depreciation		64,486	83,059
Deposits		130,558	129,910
Financial Fixed Assets		130,558	129,910
Fixed Assets	3	195,044	212,969
Deferred tax asset		23,320	26,819
Receivables from group enterprises		2,634,134	1,976,163
Other receivables		38,099	29,946
Prepayments		121,989	37,894
Receivables		2,817,542	2,070,822
Cash at bank and in hand		3,546,726	2,935,047
Current assets		6,364,268	5,005,869
Total Assets		6,559,312	5,218,838

Liabilities and equity

	<u>Note</u>	<u>2016/17</u>	<u>2015/16</u>
		DKK	DKK
Share capital		500,000	500,000
Retained earnings		2,862,363	2,503,220
Proposed dividend		0	0
Equity	4	<u>3,362,363</u>	<u>3,003,220</u>
Corporation tax		66,258	61,708
Long-term debt		<u>66,258</u>	<u>61,708</u>
Trade payables		390,595	341,707
Corporation tax		17,802	14,685
Payables to group enterprises		0	0
Other payables		2,722,294	1,797,518
Short-term debt		<u>3,130,691</u>	<u>2,153,910</u>
Debt		<u>3,196,949</u>	<u>2,215,618</u>
Liabilities and equity		<u>6,559,312</u>	<u>5,218,838</u>
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Notes to the Annual Report

Note 1 - Staff Expenses

	<u>2016/17</u>	<u>2015/16</u>
	DKK	DKK
Salaries	3,113,397	12,151,643
Pensions	491,348	480,867
Other Social Security expenses	32,324	39,164
Other Costs	470,405	534,731
	<u>4,107,474</u>	<u>13,206,405</u>
Average number of employees	7	8

Note 2 - Taxes

	<u>2016/17</u>	<u>2015/16</u>
	DKK	DKK
Tax on profit/(loss) for the year		
Current tax for the year	106,258	107,708
Adjustment deferred tax	3,499	6,123
Adjustment re prior years	2,094	944
Total tax for the year	<u>111,851</u>	<u>114,775</u>

Note 3 - Depreciation

	Leasehold improvements DKK	Other fixtures and fittings, tools and equipment DKK
Cost at 1 October	191,808	994,345
Additions for the year	0	22,354
Disposals for the year	0	0
Cost at 30 September	<u>191,808</u>	<u>1,016,699</u>
Depreciation at 1 October	191,808	911,285
Depreciation for the year	0	40,928
Impairment losses and depreciation at 30th of September	<u>191,808</u>	<u>952,213</u>
Carrying amount at 30. September	<u>0</u>	<u>64,486</u>

Depreciated over Term of lease 3-5 years

Note 4 - Equity

	Share Capital DKK	Retained Earnings DKK	Dividend DKK	Total DKK
Equity at 1. October	-500,000	-2,503,220	0	-3,003,220
Net profit/(loss) for the year	0	-359,144	0	-359,144
Equity at 30th of September	<u>-500,000</u>	<u>-2,862,364</u>	0	<u>-3,362,364</u>

The share capital consists of 500 shares of a nominal value of DKK 1.000. No shares carry any special rights.

Note 5 - Contingent assets, liabilities and other financial obligations

Rental agreements and leases

The company has the option to terminate the tenancy with 6 months' notice. The present annual rent is approximately DKK 313k.

The company has taken on leasing commitments of DKK 11k which is due in 2018.

Note 6 – Related parties and ownership

Controlling interest	Basis
PTC Inc., Needham, MA 02494, USA	Ultimate parent company
The Company's share capital is wholly owned by Parametric Technology Europe B.V., Netherlands	Controlling shareholder
Other related parties	
Petra Heck	Member of the Supervisory Board
Tobias Broda	Member of the Supervisory Board
Charles C.W. Dunn	Member of the Supervisory Board

Transactions

There have been no transactions with the Supervisory Board, the Executive Board, senior employees, significant shareholders, group enterprises or other related parties, except for the intercompany transactions and normal management remuneration.

