Q2'24 FINANCIAL RESULTS

Neil Barua
CEO

Kristian Talvitie
CFO

May 1, 2024

FORWARD LOOKING STATEMENTS

This presentation includes forward looking statements regarding PTC's future financial performance, strategic outlook and expectations, anticipated future operations, and expected effects of strategic investments and initiatives. Because such statements deal with future events, actual results may differ materially from those projected in the forward-looking statements. Information about factors that could cause actual results to differ materially from those in the forward-looking statements can be found in the appendix to this presentation 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 presentation includes supplemental operating and non-GAAP financial measures, targets and estimates. The non-GAAP financial measures are not prepared in accordance with generally accepted accounting principles. The definitions of these items and reconciliations of non-GAAP financial measures to comparable GAAP measures are included in the appendix to this presentation.

NEIL BARUA, CEO

DISCIPLINED AND CONSISTENT EXECUTION ACROSS OUR LARGEST VALUE CREATION OPPORTUNITIES

PLM

Product Lifecycle Management

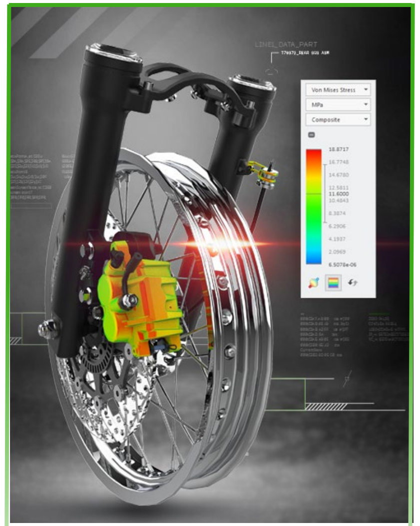
ALM

Application Lifecycle Management

SLM

Service Lifecycle Management

CAD



Computer Aided Design

SaaS

Converting our installed base

PLM EXPANSION ACROSS A MEDICAL EQUIPMENT COMPANY

Goal

- With over 50% of their revenue based on products developed in the last 5 years, this MedTech company is focused on **driving faster growth by significantly improving their new product introduction timelines**

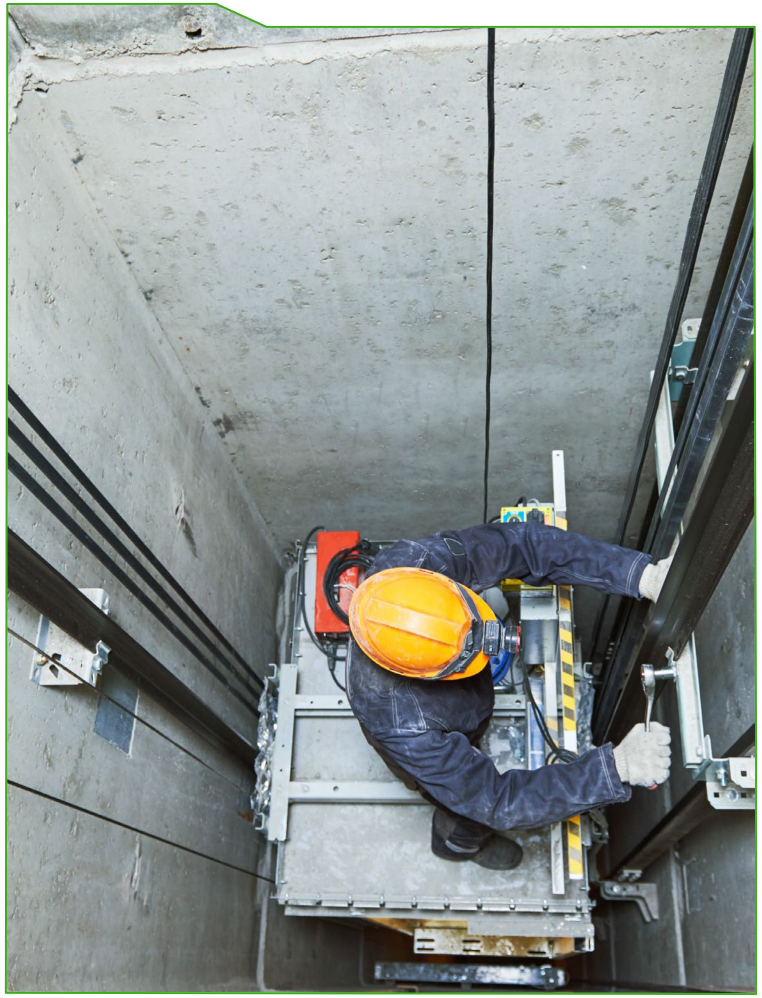
Solution and Impact

- **Expand the use of Windchill PLM within R&D across all business divisions**
  - Ensure traceability of work performed and updates made by standardizing on Windchill as the authoritative source of truth for their product data
- **Leverage their Windchill PLM foundation as a backbone for cross -functional enterprise collaboration around their product data**
  - Drive real-time collaboration across the company by **expanding the use of Windchill beyond R&D** to teams including **Manufacturing**, **Supply Chain, Quality, Regulatory/Compliance, and Marketing**
  - Shorten new product introduction timelines by **enabling the work to progress concurrently**
  - Provide teams outside of Engineering with visibility to relevant product data through Windchill, enabling issues to be identified and resolved significantly earlier in the process

PTC 3-year ARR Growth (Q2'21 to Q2'24): Over 200%

windchill®

CROSS SELLING SERVICEMAX INTO OUR BASE



Goal

- One of the largest elevator companies in the world is focused on **growing their services business in terms of both revenue and profit**
- Because this company intends to drive a **complete service transformation** – from disparate, disconnected systems that have held them back to a unified and streamlined solution – they want to leverage best-in-class technology

Solution and Impact

- ServiceMax will help provide the Services business with an enriched view of their customers, enabling **new service-related revenue streams, as well as improved field service productivity and efficiency**
- Elevators are long lived assets, and this customer will be using the ServiceMax application to provide their field service technicians with critical information to **drive improved service outcomes** (for example, the as-maintained state of a specific elevator, and a summary of the previous work history on that specific elevator)
- The elevator business is highly regulated and this customer will also leverage the ServiceMax application to **ensure and automate strong regulatory compliance processes**
- The customer's **multi-year experience as a Windchill PLM and Creo CAD customer** was an important aspect of closing the deal

KRISTIAN TALVITIE, CFO

SOLID ARR AND CASH FLOW RESULTS

ARR: Solid growth across geographic regions and product groups

$ in millions	Q2'24	Q2'23	YoY Change	Q2'24 Guidance
ARR as reported	$2,088	$1,882	11%	
Constant currency ARR	$2,075	$1,850	12%	$2,050 - $2,065

CASH FLOW: Solid growth driven by ARR increase and operating efficiency[1] expansion

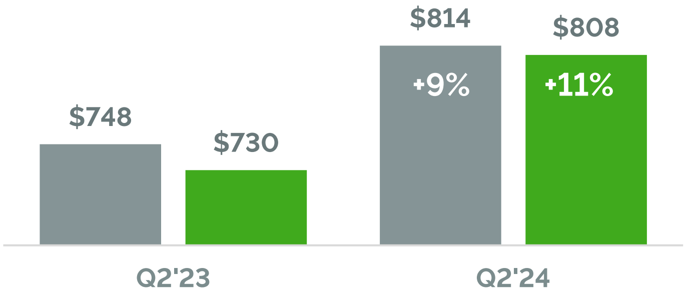
$ in millions	Q2'24	Q2'23	YoY Change	Q2'24 Guidance
Operating cash flow	$251	$211	19%	~$245
Free cash flow	$247	$207	19%	~$240

- Exceeded our Q2'24 guidance for ARR and cash flow and extended our track record of disciplined operational management
- Over the mid-term, we expect free cash flow to grow faster than ARR, with non-GAAP operating expenses expected to grow at roughly half the rate of ARR

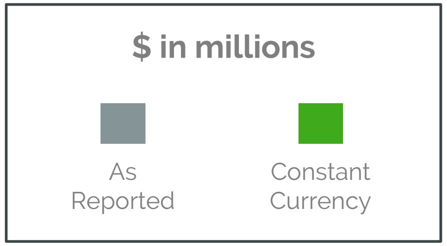
[1] Operating Efficiency % = Cash generation less non-GAAP cost of revenue and non-GAAP operating expenses, divided by cash generation;
Cash generation = ARR + Perpetual revenue + Professional services revenue

ARR BY PRODUCT GROUP AND GEOGRAPHIC REGION

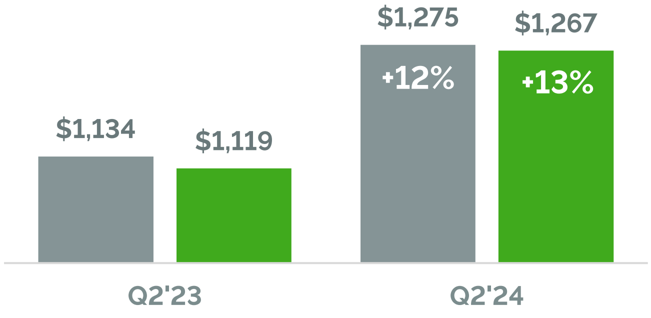
CAD: Product data authoring software[1]



- Growth primarily driven by Creo

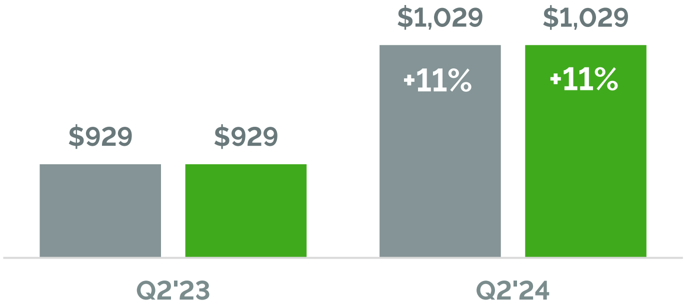


PLM: Product data management and process orchestration software[2]

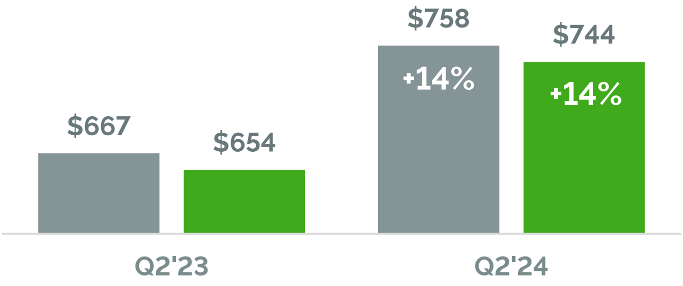


- Growth primarily driven by Windchill

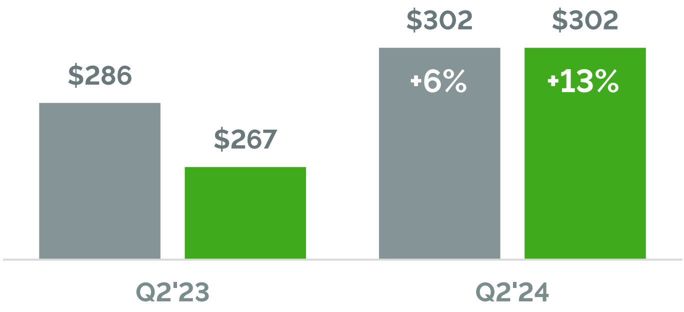
Americas



Europe



APAC



[1] CAD includes Creo, Onshape, Vuforia Augmented Reality, and Arbortext
[2] PLM includes Windchill, Arena, Retail PLM, Codebeamer ALM, ServiceMax SLM, Thingworx IoT, Servigistics, and Classic products

BALANCE SHEET AND SHARE REPURCHASE PROGRAM

Balance sheet update

$ in millions	Q2'24		Q1'24		Change	
Cash and cash equivalents	**$**	**249**	**$**	**265**	**$**	**(16)**
Senior notes with an aggregate interest rate of 3.8%	$	1,000	$	1,000	$	-
Term loan with a variable interest rate of 6.9%	$	497	$	500	$	(3)
$1,250 revolving credit facility with a variable interest rate of 6.9%	$	514	$	767	$	(253)
Gross debt with a weighted average interest rate of 5.4% as of Q2'24	**$**	**2,011**	**$**	**2,267**	**$**	**(256)**

Debt/EBITDA ratio and gross debt expectations

- Debt/EBITDA ratio at the end of Q2'24 was 2.3x and is expected to remain below 3x throughout the rest of FY'24
- Gross debt is expected to be approximately $1.7 billion at the end of FY'24
- We expect to use substantially all of our FY'24 free cash flow to pay down debt in FY'24

Share repurchase program

- We expect to prioritize paying down our debt in FY'24
- Our long-term goal, assuming our Debt/EBITDA ratio is below 3x, is to return approximately 50% of our free cash flow to shareholders via share repurchases, while also taking into consideration the interest rate environment and strategic opportunities
- Fully diluted share count expected to increase by approximately 1.5 million in FY'24

FY'24 AND Q3'24 GUIDANCE

$ in millions	FY'24 Previous Guidance	FY'24 Guidance	FY'24 YoY Growth Guidance	Q3'24 Guidance
Constant currency ARR (FY'24 Plan FX rates)[1]	$2,190 - $2,250	$2,200 - $2,240	11% - 13%	$2,115 - $2,130
Operating cash flow	~$745	~$745	~22%	~$225
Free cash flow[2]	~$725	~$725	~23%	~$220
Revenue	$2,270 - $2,360	$2,270 - $2,340	8% - 12%	$525 - $540
Earnings per share	$2.42 - $3.32	$2.52 - $3.22	22% - 56%	$0.41 - $0.54
Non-GAAP earnings per share	$4.50 - $5.20	$4.60 - $5.10	6% - 18%	$0.90 - $1.00

[1] On a constant currency basis, using our FY'24 Plan foreign exchange rates (rates as of September 30, 2023) for all periods
[2] Refer to the Non-GAAP reconciliation tables on slide 26; Assumes capital expenditures of approximately $20 million in FY'24 and approximately $5 million in Q3'24

FY’24 ILLUSTRATIVE CONSTANT CURRENCY ARR MODEL

What does PTC need to deliver to achieve the midpoint of FY’24 constant currency ARR guidance?

Using FX rates as of September 30, 2023 $ in millions	Actual 1H'22	Actual 2H'22	Actual 1H23	Actual 2H'23	Actual 1H24	What you need to believe 2H'24
Beginning ARR	$ 1,379	$ 1,470	$ 1,605	$ 1,850	$ 1,979	$ 2,075
Ending ARR	**1,470**	**1,605**	**1,850**	**1,979**	**2,075**	**2,220**
Sequential ARR growth	$ 91	$ 135	$ 245	$ 129	$ 96	$ 145
Acquisitions and exits[1]	3	(14)	(160)	-	-	-
Net ARR growth	$ 94	$ 121	$ 85	$ 129	$ 96	$ 145
Net ARR growth %	*7%*	*8%*	*5%*	*7%*	*5%*	*7%*

- FY’24 ending ARR modelled at the midpoint of our constant currency guidance range
- To hit the midpoint of guidance for FY’24, we need $145M of net ARR growth in 2H’24
  - $16M more than we added in 2H’23
  - $24M more than we added in 2H’22
- 2H’24 growth compared to growth in 2H’23 and 2H’22 supported by Codebeamer, cross-selling ServiceMax with an aligned and enabled sales force, and approximately $10M of benefit related to customer contracts with committed start dates

[1] Russia exit in Q2’22, Codebeamer acquisition in Q3’22, ServiceMax acquisition in Q2’23

Q3'24 ILLUSTRATIVE CONSTANT CURRENCY ARR MODEL

What does PTC need to deliver to achieve the midpoint of Q3'24 constant currency ARR guidance?

Using FX rates as of September 30, 2023 $ in millions	Actual Q1'22	Actual Q2'22	Actual Q3'22	Actual Q4'22	Actual Q1'23	Actual Q2'23	Actual Q3'23	Actual Q4'23	Actual Q1'24	Actual Q2'24	What you need to believe Q3'24
Beginning ARR	$ 1,379	$ 1,416	$ 1,470	$ 1,527	$ 1,605	$ 1,636	$ 1,850	$ 1,904	$ 1,979	$ 2,016	$ 2,075
Ending ARR	**1,416**	**1,470**	**1,527**	**1,605**	**1,636**	**1,850**	**1,904**	**1,979**	**2,016**	**2,075**	**2,123**
Sequential ARR growth	$ 37	$ 54	$ 57	$ 77	$ 32	$ 213	$ 55	$ 74	$ 38	$ 58	$ 48
Acquisitions and exits[1]	-	3	(14)	-	-	(160)	-	-	-	-	-
Net ARR growth	**$ 37**	**$ 57**	**$ 44**	**$ 77**	**$ 32**	**$ 53**	**$ 55**	**$ 74**	**$ 38**	**$ 58**	**$ 48**
Net ARR growth %	***3%***	***4%***	***3%***	***5%***	***2%***	***3%***	***3%***	***4%***	***2%***	***3%***	***2%***

- Q3'24 ending ARR modelled at the midpoint of our guidance range
- To hit the midpoint of guidance for Q3'24, we need $48M of sequential net ARR growth
  - $7M less than we added QoQ in Q3'23
  - $4M more than we added QoQ in Q3'22

[1] Russia exit in Q2'22, Codebeamer acquisition in Q3'22, and ServiceMax acquisition in Q2'23

Q&A

ptc

THANK YOU

ptc.com

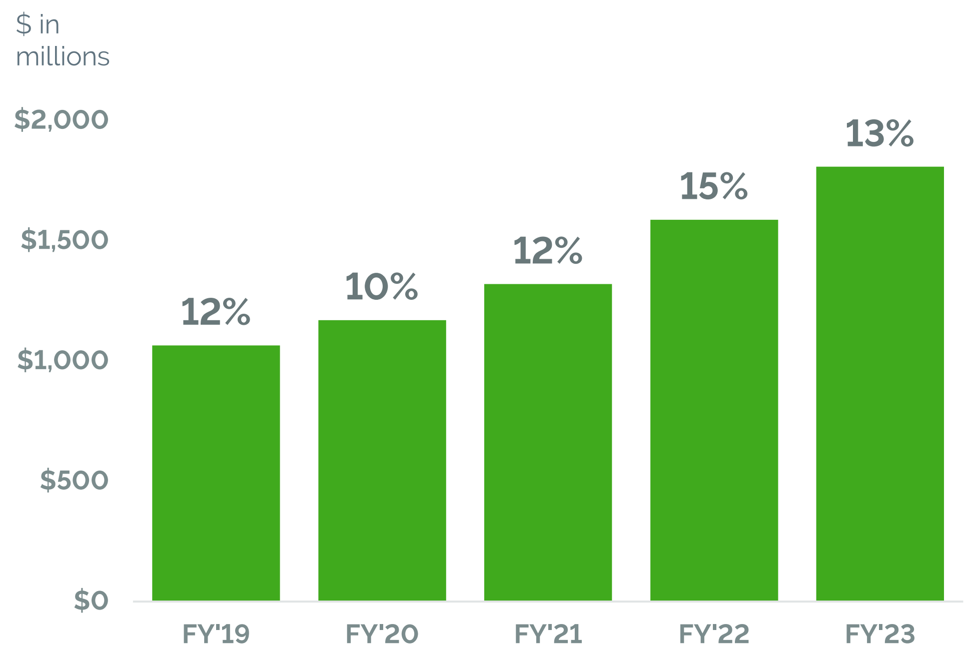
APPENDIX

FY'24 GUIDANCE INCLUDES THE FOLLOWING ASSUMPTIONS

- We provide ARR guidance on a constant currency basis, using our FY'24 Plan foreign exchange rates (rates as of September 30, 2023) for all periods. Foreign exchange fluctuations during the first half of FY'24 had a $14 million favorable impact on our Q2'24 reported ARR, compared to our Q2'24 constant currency ARR. Using foreign exchange rates as of the end of Q2'24 and assuming the midpoint of our constant currency guidance ranges:
  - Q3'24 reported ARR would be higher by approximately $14 million, compared to Q3'24 constant currency ARR guidance; and
  - FY'24 reported ARR would be higher by approximately $15 million, compared to FY'24 constant currency ARR guidance.
- We expect churn to remain low.
- For cash flow, due to invoicing seasonality, and consistent with the past 3 years, we expect the majority of our collections to occur in the first half of our fiscal year and for fiscal Q4 to be our lowest cash flow generation quarter.
- Compared to FY'23, at the midpoint of FY'24 ARR guidance, FY'24 GAAP operating expenses are expected to increase approximatel y 6%, and FY'24 non-GAAP operating expenses are expected to increase approximately 8%, primarily due to investments to drive future growth, the acquisition of ServiceMax, and foreign exchange rate fluctuations.
- FY'24 GAAP P&L results are expected to include the items below, totaling approximately $285 million to $315 million, as well as their related tax effects:
  - approximately $200 million to $230 million of stock-based compensation expense,
  - approximately $81 million of intangible asset amortization expense, and
  - approximately $2 million, net, related to acquisition and transaction -related expense and a restructuring credit, and
  - approximately $2 million of other non-operating expenses, related to an impairment loss on an available-for-sale debt security.
- Our FY'24 GAAP and non-GAAP tax rates are expected to be approximately 20%.
- Cash tax payments are expected to be approximately $80 million in FY'24.
- Capital expenditures are expected to be approximately $20 million in FY'24.
- Cash interest payments are expected to be approximately $135 million in FY'24.
- Our long-term goal, assuming our Debt/EBITDA ratio is below 3x, is to return approximately 50% of our free cash flow to shareholders via share repurchases, while also taking into consideration the interest rate environment and strategic opportunities.
  - We expect to prioritize paying down our debt in FY'24.
  - We expect gross debt of approximately $1.7 billion at the end of FY'24.
  - We expect our fully diluted share count to increase by approximately 1.5 million in FY'24.

CONSISTENT AND DURABLE ORGANIC ARR GROWTH

CONSTANT CURRENCY ORGANIC ARR



PTC ARR Focus Areas

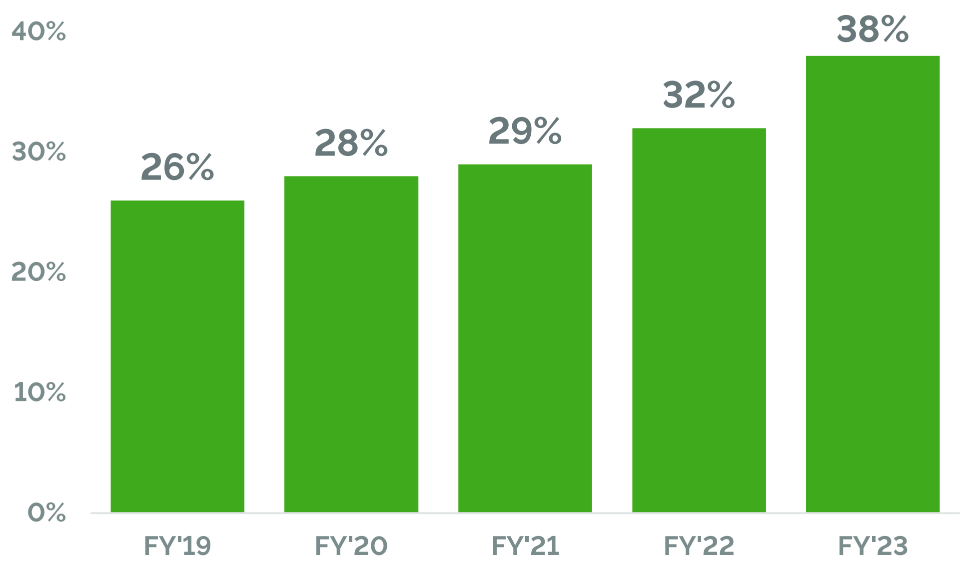
- PLM Expansion
- Codebeamer ALM
- ServiceMax SLM
- CAD
- SaaS
- Foundation: Subscription Model with Low Churn and Commercial Discipline

Overall Market Growth: **High single-digit growth** driven by digital transformation at industrial product companies

PTC Constant Currency ARR Growth Target: **Low double-digit growth** driven by digital transformation, our unique portfolio with strength in higher growth segments of the market, subscription model, and solid execution

CONSISTENT AND DISCIPLINED OPERATIONAL EXECUTION

OPERATING EFFICIENCY %[1]



PTC Operating Efficiency Drivers

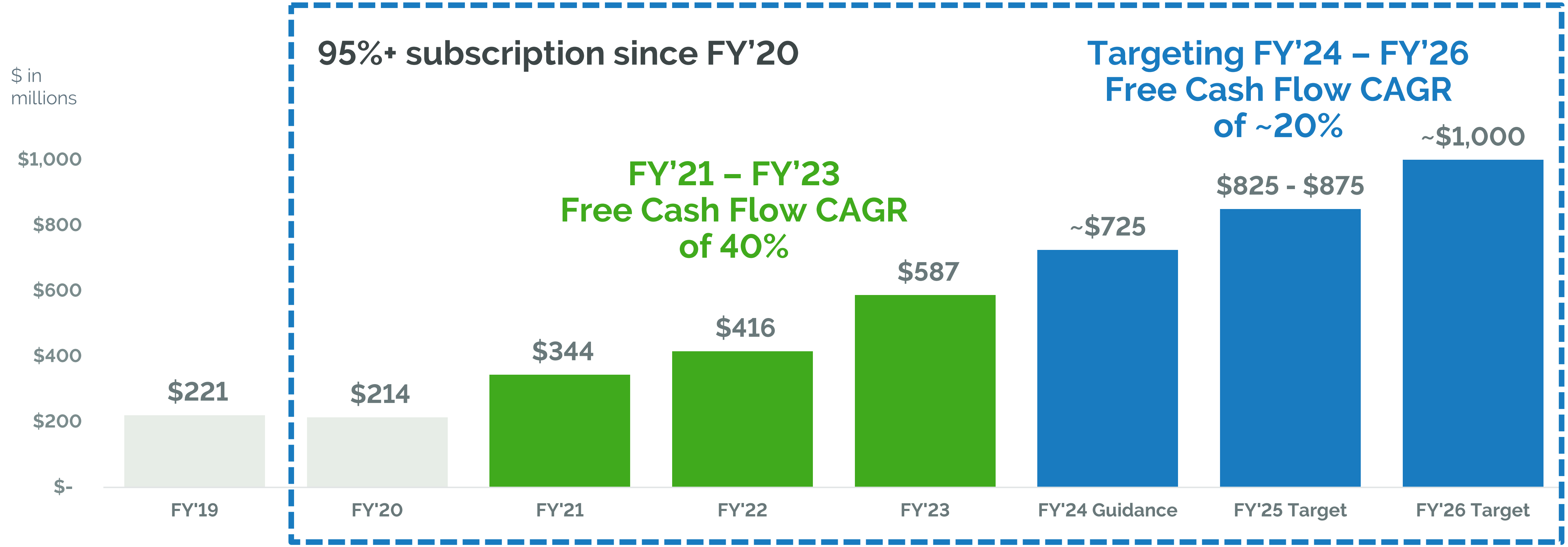
- Subscription Model with Low Churn
- Operational Agility
- Commercial Discipline
- Operational Discipline

PTC Target Model: **40%+ Operating Efficiency %, with non-GAAP operating expenses growing at roughly half the rate of ARR over time**, supported by our subscription model and solid execution

[1] Operating Efficiency % = Cash generation less non-GAAP cost of revenue and non-GAAP operating expenses, divided by cash generation;
Cash generation = ARR + Perpetual revenue + Professional services revenue

CONSISTENT AND STRONG FREE CASH FLOW[1] GENERATION

DRIVEN BY DURABLE ARR GROWTH AND DISCIPLINED OPERATIONAL EXECUTION



[1] Refer to the Non-GAAP reconciliation tables on slide 26

FX IMPACT ON ARR

Using FY'24 Plan FX rates as of Sept 30, 2023	FY'23				FY'24			
In millions	Quarter Ended				Quarter Ended			
Constant Currency ARR by Product Group	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun Guidance Midpoint	30-Sep Guidance Midpoint
CAD (product data authoring)	$ 712	$ 730	$ 752	$ 769	$ 785	$ 808		
PLM (product data management and process orchestration)	924	1,119	1,153	1,209	1,231	1,267		
Ending ARR	**$ 1,636**	**$ 1,850**	**$ 1,904**	**$ 1,979**	**$ 2,016**	**$ 2,075**	**$ 2,123**	**$ 2,220**

As Reported	FY'23				FY'24			
In millions	Quarter Ended				Quarter Ended			
ARR by Product Group	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30 Jun Midpoint[1]	30-Sep Midpoint[2]
CAD (product data authoring)	$ 727	$ 748	$ 764	$ 769	$ 805	$ 814		
PLM (product data management and process orchestration)	936	1,134	1,165	1,209	1,252	1,275		
Ending ARR	**$ 1,663**	**$ 1,882**	**$ 1,929**	**$ 1,979**	**$ 2,057**	**$ 2,088**	**$ 2,136**	**$ 2,235**
Impact of FX fluctuations embedded in ARR as reported	**$ 26**	**$ 32**	**$ 24**	**$ 0**	**$ 41**	**$ 14**	**$ 14**	**$ 15**

We provide constant currency ARR to help investors understand and assess our business performance excluding FX volatility

For comparative purposes in FY'24, we are reporting constant currency ARR results using our FY'24 Plan FX rates for all periods

[1] At end of Q2'24 FX rates, Q3'24 ARR would be higher by approximately $14 million, compared to our constant currency guidance
[2] At end of Q2'24 FX rates, FY'24 ARR would be higher by approximately $15 million, compared to our constant currency guidance

FORWARD-LOOKING STATEMENTS

Statements in this document that are not historic facts, including statements about our future financial and growth expectations and potential stock repurchases, 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 not improve when or as we expect or may deteriorate due to, among other factors, high interest rates or increases in interest rates and inflation, volatile foreign exchange rates and the relative strength of the U.S. dollar, tightening of credit standards and availability, the effects of the conflicts between Russia and Ukraine and in the Middle East, and growing tensions with China, any of which could cause customers to delay or reduce purchases of new software, reduce the number of subscriptions they carry, or delay payments to us, which would adversely affect ARR and/or our financial results, including cash flow; our investments in our solutions may not drive expansion of those solutions and/or generate the ARR and/or cash flow we expect if customers are slower to adopt those solutions than we expect or if they adopt competing solutions; other uses of cash or our credit facility limits could limit or preclude the return of 50% of free cash flow to shareholders via share repurchases; and foreign exchange rates may differ materially from those we expect. 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 changes to tax laws in the U.S. and other countries and 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, Quarterly Reports on Form 10-Q, and other filings with the U.S. Securities and Exchange Commission.

OPERATING MEASURE

ARR: ARR (Annual Run Rate) represents the annualized value of our portfolio of active subscription software, cloud, SaaS, and support contracts as of the end of the reporting period. We calculate ARR as follows:

- We consider a contract to be active when the product or service contractual term commences (the "start date") until the right to use the product or service ends (the "expiration date"). Even if the contract with the customer is executed before the start date, the contract will not count toward ARR until the customer right to receive the benefit of the products or services has commenced.
- For contracts that include annual values that increase over time as there are additional deliverables in subsequent periods, which we refer to as ramp contracts, we include in ARR only the annualized value of components of the contract that are considered active as of the date of the ARR calculation. We do not include the future committed increases in the contract value as of the date of the ARR calculation.
- As ARR includes only contracts that are active at the end of the reporting period, ARR does not reflect assumptions or estima tes regarding future customer renewals or non-renewals.
- Active contracts are annualized by dividing the total active contract value by the contract duration in days (expiration date minus start date), then multiplying that by 365 days (or 366 days for leap years).

We believe ARR is a valuable operating measure to assess the health of a subscription business because it is aligned with the amount that we invoice the customer on an annual basis. We invoice customers annually for the current year of the contract. A customer with a one-year contract will typically be invoiced for the total value of the contract at the beginning of the contractual term, while a customer with a multi-year contract will be invoiced for each annual period at the beginning of each year of the contract.

ARR increases by the annualized value of active contracts that commence in a reporting period and decreases by the annualized value of contracts that expire in the reporting period.

OPERATING MEASURE (CONTINUED)

As ARR is not annualized recurring revenue, it is not calculated based on recognized or unearned revenue and is not affected by variability in the timing of revenue under ASC 606, particularly for on-premises license subscriptions where a substantial portion of the total value of the contract is recognized at a point in time upon the later of when the software is made available, or the subscription term commences.

ARR should be viewed independently of recognized and unearned revenue and is not intended to be combined with, or to replace, either of those items. Investors should consider our ARR operating measure only in conjunction with our GAAP financial results.

Organic ARR: We provide an organic ARR measure to help investors understand and assess the performance of our business without the distorting effects of ARR from acquisitions in the comparative period. We do not adjust for acquisitions that have an immaterial impact on our ARR results when providing organic ARR results.

Organic Constant Currency ARR: We provide an organic constant currency ARR measure to help investors understand and assess the performance of our business without the distorting effects of ARR from acquisitions in the comparative period and foreign exchange rate fluctuations. We do not adjust for acquisitions that have an immaterial impact on our ARR results when providing organic constant currency ARR results.

Deferred ARR: Deferred ARR is ARR attributable to our portfolio of subscription software, cloud, SaaS and support contracts that are not active as of the end of the reporting period but are contractually committed to commence in a future period.

Because ARR is independent of recognized and unearned revenue, deferred ARR should not be viewed as a measurement of revenue which will be recognized in future periods.

NON-GAAP FINANCIAL MEASURES

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

Non-GAAP operating expense, non-GAAP operating margin, non-GAAP gross profit, non-GAAP gross margin, non-GAAP net income and non-GAAP EPS exclude the effect of the following items: stock-based compensation; amortization of acquired intangible assets; acquisition and transaction-related charges included in general and administrative expenses; restructuring and other charges, net; non-operating charges and credits shown in the reconciliation provided; 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” in our Annual Report on Form 10-K for the fiscal year ended September 30, 2023.

Free Cash Flow: PTC provides information on free cash flow to enable investors to assess our ability to generate cash without incurring additional external financings and to evaluate our performance against our announced long-term goals and intent to return approximately 50% of our free cash flow to shareholders via stock repurchases. Free cash flow is cash provided by (used in) operations net of capital expenditures. Free cash flow is not a measure of cash available for discretionary expenditures.

Constant Currency (CC): We present CC information to provide a framework for assessing how our underlying business performed excluding the effects of foreign currency rate fluctuations. To present CC information, FY’24 and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars using the foreign exchange rate as of September 30, 2023, rather than the actual exchange rates in effect during that period.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP

Free Cash Flow

In millions	FY'19	FY'20	FY'21	FY'22	FY'23	Q2'23	Q2'24
Net cash provided by (used in) operating activitie	$285	$234	$369	$435	$611	$211	$251
Capital expenditures	(64)	(20)	(25)	(19)	(24)	(4)	(4)
Free cash flow	$221	$214	$344	$416	$587	$207	$247

In millions	Q3'24 Guidance	FY'24 Guidance	FY'25 Target	FY'26 Target
Net cash provided by (used in) operating activitie	~$225	~$745	~$850 - $900	~$1,025
Capital expenditures	(5)	(20)	(25)	(25)
Free cash flow	~$220	~$725	~$825 - $875	~$1,000

Earnings per share

	FY'24 Guidance	Q3'24 Guidance
Diluted Earnings per share	$2.52 - $3.22	$0.41 - $0.54
Stock-based compensation expense	1.91 - 1.66	0.44 - 0.40
Intangible asset amortization expense	~0.68	~0.17
Acquisition and transaction-related expense	~0.01	~0.00
Income tax adjustments related to the reconciling items	(0.52) – (0.47)	~(0.12)
Non-GAAP diluted earnings per share	$4.60 - $5.10	$0.90 - $1.00