Q1'25 FINANCIAL RESULTS

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February 5, 2025

FORWARD LOOKING STATEMENTS

This presentation includes forward looking statements regarding PTC's future financial performance, strategic outlook and expectations, anticipated future operations, expected effects of strategic investments and initiatives, and share repurchase expectations. 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

SCALING OUR BUSINESS THROUGH CONSISTENT EXECUTION

Realigning our existing go-to-market organization to focus on industry verticals

Update on our go-to-market realignment:

During Q1, we made significant progress aligning our sales, customer success, and marketing resources with vertical market opportunities

New Chief Revenue Officer, Rob Dahdah, started in December

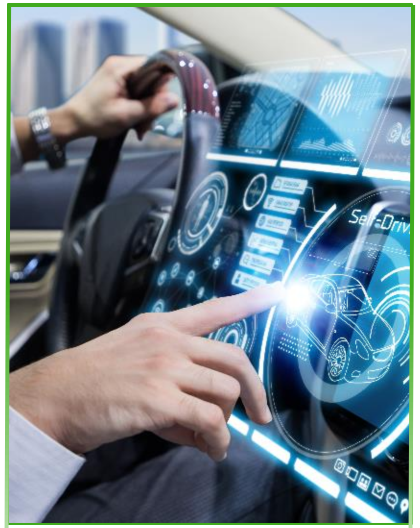
We have added key leadership roles in growth marketing, technical and sales enablement, and customer success, and we expect to continue adding resources to drive speed and value for our customers

OUR UNIQUE PORTFOLIO HELPS CUSTOMERS ACCELERATE TIME TO MARKET AND MANAGE INCREASING COMPLEXITY

PLM

Product Lifecycle Management

ALM

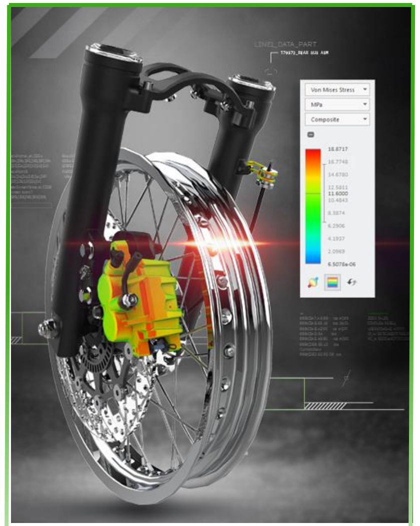


Application Lifecycle Management

SLM

Service Lifecycle Management

CAD



Computer Aided Design

SaaS

Software as a Service

LEVERAGING AI

DISPLACING COMPETITORS AND CROSS-SELLING CODEBEAMER ALM AT A MED TECH COMPANY

Goal

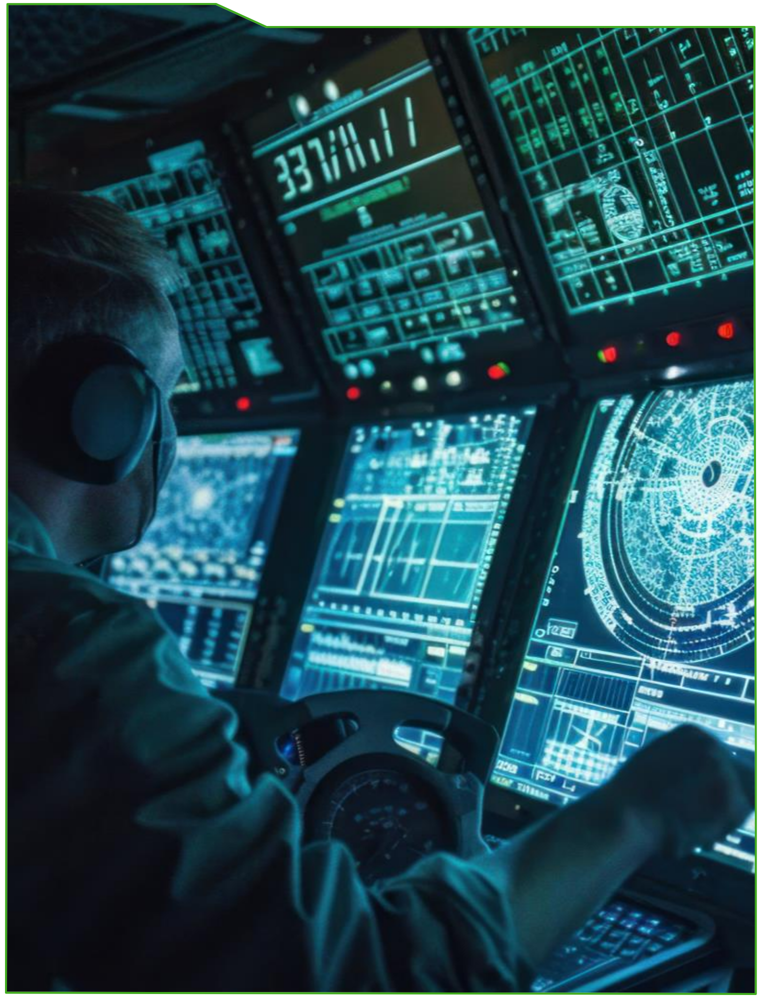
- This subsidiary of a global med tech company is a leader in technologies to help treat blood- and cell-based diseases and conditions. **This customer is expanding their software focus, and needs help managing software variants and software releases. In addition, the company wants to further strengthen their requirements management and traceability processes, which are crucial for compliance with FDA regulations.**
- This customer currently has a fragmented ALM implementation. **They are now focused on modernizing and expanding their use of ALM. Over time, they also see value in driving integration between their ALM and PLM systems and moving to SaaS.**

Solution and Impact

- **This customer decided to standardize on Codebeamer for ALM, displacing their two other ALM vendors, due to Codebeamer's industry-leading software variant management and traceability capabilities**, as well as Codebeamer's roadmap (which includes Windchill PLM integration and SaaS) being aligned with their needs.
- **Effective cross-selling was a key part of this deal.** This customer has been using Windchill PLM since 2017. They are leveraging Windchill as an enterprise platform to accelerate time to market for their products, and they have expanded Windchill usage beyond core engineering (10% to 15% of their employees) to over half of their employees. **With software now a key driver of their competitive differentiation, this customer sees the value of having a digital thread that connects product data across their ALM and PLM tools.**

codebeamer™

CREO CAD AND WINDCHILL PLM EXPANSION AT A FEDERAL, AEROSPACE, AND DEFENSE COMPANY



Goal

- This customer is a leading global defense company. **They are focused on continuing to increase their level of production because of the strong growth they are seeing.**
- **This customer needs best-in-class CAD and PLM tools**, because their products are state-of-the-art from a technology perspective – at the boundary of what is physically possible.

Solution and Impact

- **This customer decided to license additional Creo modules and expand Windchill further across their enterprise. Their Creo and Windchill ARR has grown significantly, and they see value in continuing to invest in digital transformation.**
- Most of the employees at this customer are engineers. They focus on design excellence because **improvements in design engineering directly impact their productivity**. To further improve their capabilities and productivity, **they are licensing advanced Creo modules including Creo Simulation Live, Composites, and Generative Design.**
- **This customer continues to focus on leveraging their Windchill system as an enterprise platform to drive collaboration around product data.** Operational functions beyond design and manufacturing engineering – including supply chain, quality, offer creation, and service – can view real-time, trusted product data in Windchill. **The productivity benefits have led to continued expansion of their Windchill deployment, to approximately 70% of their employees, and they are now expanding further to employees on the factory floor.**

creo® windchill®

KRISTIAN TALVITIE, CFO

SOLID ARR AND CASH FLOW RESULTS

ARR

$ in millions	Q1'25	Q1'24	YoY Change	Q1'25 Guidance
ARR as reported	$2,205	$2,057	7%	
Constant currency ARR at FY'25 Plan FX rates[1]	$2,277	$2,059	11%	~10.5% growth

CASH FLOW

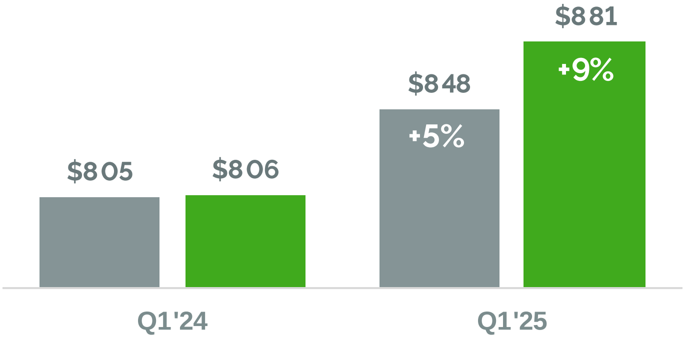
$ in millions	Q1'25	Q1'24	YoY Change	Q1'25 Guidance
Operating cash flow	$238	$187	27%	~$234
Free cash flow	$236	$183	29%	~$230

- Q1'25 ARR and cash flow results were in-line with our guidance, as we extended our track record of disciplined operational management
- Q1'25 ARR was impacted, consistent with our expectations from a quarter ago, due to the linearity of deferred ARR and contracts that resulted in churn in Q1'25, which are contracted to come back into ARR later this fiscal year.

[1] On a constant currency basis, using our FY'25 Plan foreign exchange rates (rates as of September 30, 2024) for all periods.

ARR BY PRODUCT GROUP AND GEOGRAPHIC REGION

CAD: Product data authoring software

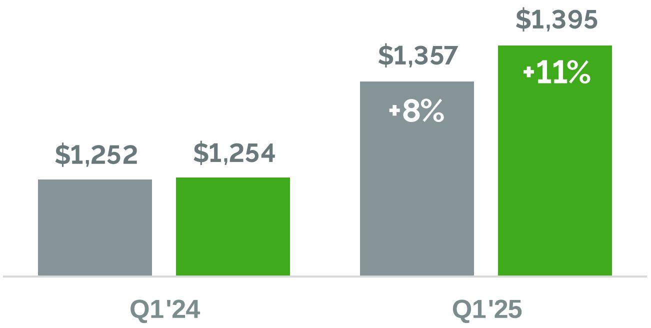


$ in millions

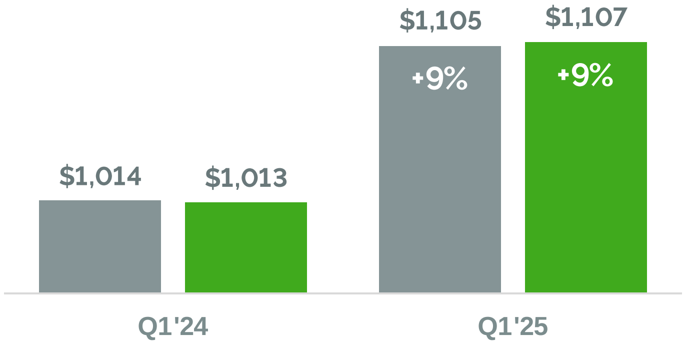
As Reported

Constant Currency

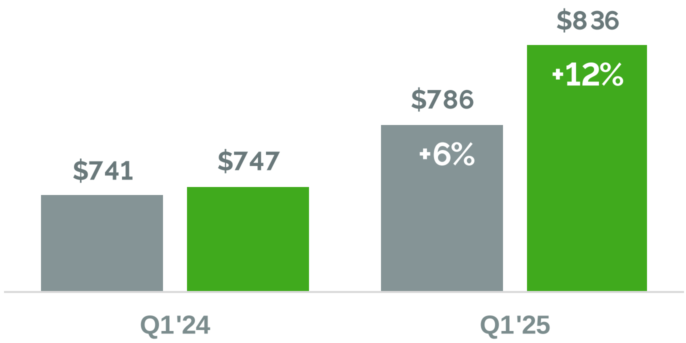
PLM: Product data management and process orchestration software



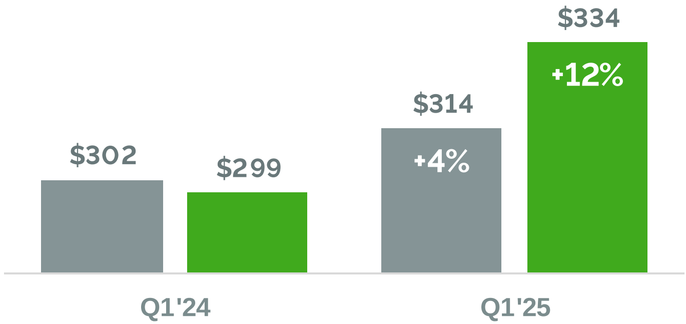
Americas[1]



Europe[1]



APAC[1]



[1] For comparability purposes, Q1'24 ARR amounts by geographic region reflect immaterial adjustments to previously reported amounts, with no change to total ARR.

BALANCE SHEET AND SHARE REPURCHASE PROGRAM

Balance sheet

$ in millions	Q1'25	Q4'24	Change
Cash and cash equivalents	**$ 196**	**$ 266**	**$ (70)**
Senior notes with an aggregate interest rate of 3.8%	$ 1,000	$ 1,000	$ -
Term loan with a variable interest rate of 5.9%	$ 488	$ 491	$ (3)
$1,250 revolving credit facility with a variable interest rate of 5.8%	$ 60	$ 262	$ (202)
Gross debt with a weighted average interest rate of 4.6% as of Q1'25	**$ 1,548**	**$ 1,753**	**$ (205)**

- Debt/EBITDA ratio at the end of Q1'25 was 1.7x
- In Q1'25, we generated $236 million of free cash flow and our cash and cash equivalents balance decreased by $70 million, of which:
  - $205 million, net, was used to pay down debt
  - $75 million was used to repurchase shares of our common stock
- $500 million senior notes due in February 2025 expected to be retired with cash on hand and drawing on our revolver
- Due to the consistency and predictability of our cash flows, we intend to maintain a low cash balance

$2 billion share repurchase authorization through FY'27

- In FY'25, we currently intend to repurchase approximately $300 million of our common stock, as we balance debt paydown with returning capital to shareholders
- 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 currently expected to be approximately flat in FY'25

FY'25 AND Q2'25 GUIDANCE

$ in millions	FY'25 Previous Guidance	FY'25 Guidance	FY'25 YoY Growth Guidance	Q2'25 Guidance
Constant currency ARR **at FY'25 Plan FX rates**[1]	9% to 10% growth	9% to 10% growth	9% to 10%	~9.5% growth
Operating cash flow	$850 to $865[3]	$850 to $865[3]	13% to 15%	~$274[3]
Free cash flow[2]	$835 to $850[3]	$835 to $850[3]	14% to 16%	~$270[3]
Revenue	$2,505 to $2,605	$2,430 to $2,530	6% to 10%	$590 to $620
Earnings per share	$3.68 to $4.57	$3.36 to $4.24	8% to 36%	$0.79 to $1.05
Non-GAAP earnings per share[2]	$5.60 to $6.30	$5.30 to $6.00	4% to 18%	$1.30 to $1.50

In FY'25, we expect approximately 60% of our free cash flow to be generated in the first half of the year

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] On a constant currency basis, using our FY'25 Plan foreign exchange rates (rates as of September 30, 2024) for all periods.
[2] Refer to the non-GAAP to GAAP reconciliation tables on slide 24.
[3] FY'25 cash flow guidance includes approximately $20 million of outflows related to go-to-market realignment, of which approximately $4 million is expected in Q2'25.

Q2'25 ILLUSTRATIVE CONSTANT CURRENCY ARR MODEL

What does PTC need to deliver to achieve our Q2'25 constant currency ARR guidance?

Using FX rates as of September 30, 2024 $ in millions	Actual Q1'23	Actual Q2'23	Actual Q3'23	Actual Q4'23	Actual Q1'24	Actual Q2'24	Actual Q3'24	Actual Q4'24	Actual Q1'25	What you need to believe Q2'25
Beginning ARR	$ 1,641	$ 1,674	$ 1,889	$ 1,945	$ 2,021	$ 2,059	$ 2,119	$ 2,170	$ 2,255	$ 2,277
Ending ARR	**1,674**	**1,889**	**1,945**	**2,021**	**2,059**	**2,119**	**2,170**	**2,255**	**2,277**	**2,321**
Sequential ARR growth	$ 32	$ 215	$ 56	$ 76	$ 39	$ 60	$ 51	$ 84	$ 22	$ 44
Acquisitions and exits[1]	-	(160)	-	-	-	-	-	-	-	-
Sequential net ARR growth	**$ 32**	**$ 55**	**$ 56**	**$ 76**	**$ 39**	**$ 60**	**$ 51**	**$ 84**	**$ 22**	**$ 44**

- Using FX rates as of September 30, 2024 for all periods
- Q2'25 ending ARR modelled at 9.5% growth; guidance is for approximately 9.5% growth
- We expect churn to remain low
- To hit 9.5% ARR growth for Q2'25, we need $44 million of sequential net ARR growth
  - $16 million less than Q2'24; $11 million less than Q2'23
  - Our guidance factors in our go-to-market changes

[1] ServiceMax acquisition in Q2'23.

FY'25 ILLUSTRATIVE CONSTANT CURRENCY ARR MODEL

What does PTC need to deliver to achieve our FY'25 constant currency ARR guidance?

Using FX rates as of September 30, 2024 $ in millions	Actual FY'22	Actual FY'23	Actual FY'24	What you need to believe FY'25
Beginning ARR	$ 1,411	$ 1,641	$ 2,021	$ 2,255
Ending ARR	**1,641**	**2,021**	**2,255**	**2,469**
ARR growth	$ 231	$ 379	$ 234	$ 214
Acquisitions and exits[1]	(12)	(160)	-	-
Net ARR growth	**$ 219**	**$ 219**	**$ 234**	**$ 214**

- Using FX rates as of September 30, 2024 for all periods
- FY'25 ending ARR modelled at 9.5% growth; guidance is for 9% to 10% growth
- We expect churn to remain low
- To hit 9.5% ARR growth for FY'25, we need $214 million of net ARR growth
  - $20 million less than FY'24; $5 million less than FY'23 and FY'22
  - FY'24 benefitted by approximately $10 million due to deferred ARR
  - Our guidance factors in our go-to-market changes

[1] Russia exit and Codebeamer acquisition in FY'22, ServiceMax acquisition in FY'23.

Q&A

ptc

THANK YOU

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APPENDIX

APPENDIX: FY'25 GUIDANCE INCLUDES THE FOLLOWING ASSUMPTIONS

- We provide ARR guidance on a constant currency basis, using our FY'25 Plan foreign exchange rates (rates as of September 30, 2024) for all periods.
- We expect churn to remain low.
- For cash flow, due to largely similar invoicing seasonality, and consistent with the past 4 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'24, at our FY'25 ARR guidance, FY'25 GAAP operating expenses are expected to increase approximately 4% and FY'25 non-GAAP operating expenses are expected to increase approximately 5%, primarily due to investments to drive future growth.
- Cash flow guidance includes approximately $20 million of outflows related to go-to-market realignment.
- Capital expenditures are expected to be approximately $15 million.
- Cash interest payments are expected to be approximately $90 million.
- Cash tax payments are expected to be approximately $110 million.
- GAAP and non-GAAP tax rates are expected to be approximately 25%.
- GAAP P&L results are expected to include the items below, totaling approximately $284 million to $314 million, as well as their related tax effects:
  - approximately $200 million to $230 million of stock-based compensation expense,
  - approximately $79 million of intangible asset amortization expense, and
  - approximately $5 million of impairment charges to right-of-use lease assets related to facilities subleasing activities.
- 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 currently intend to repurchase approximately $300 million of our common stock in FY'25 and retire the $500 million senior notes due in Q2'25.
  - We currently expect our fully diluted share count to be approximately flat in FY'25.

APPENDIX: FX IMPACT ON ARR

Using FX rates as of September 30, 2024 (FY'25 Plan FX rates)	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25 Guidance Midpoint	Q3'25	Q4'25 Guidance Midpoint
Constant Currency ARR by Product Group								
CAD (product data authoring)	$ 806	$ 829	$ 846	$ 868	$ 881			
PLM (product data management and process orchestration)	1,254	1,291	1,325	1,387	1,395			
Ending ARR on a constant currency basis	**$ 2,059**	**$ 2,119**	**$ 2,170**	**$ 2,255**	**$ 2,277**	**$ 2,321**		**$ 2,469**

As reported	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25[1]	Q2'25 Implied Guidance Midpoint[2]	Q3'25	Q4'25 Implied Guidance Midpoint[3]
ARR by Product Group								
CAD (product data authoring)	$ 805	$ 814	$ 824	$ 868	$ 848			
PLM (product data management and process orchestration)	1,252	1,275	1,302	1,387	1,357			
Ending ARR	**$ 2,057**	**$ 2,088**	**$ 2,126**	**$ 2,255**	**$ 2,205**	**$ 2,247**		**$ 2,390**
Impact of FX fluctuations embedded in ARR as reported	**$ (2)**	**$ (31)**	**$ (44)**	**$ 0**	**$ (71)**	**$ (73)**		**$ (79)**

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

[1] At end of Q1'25 FX rates, our Q1'25 as reported ARR was $71 million lower than our constant currency results.
[2] At end of Q1'25 FX rates, our Q2'25 as reported ARR guidance midpoint would be lower by approximately $73 million, compared to our constant currency guidance.
[3] At end of Q1'25 FX rates, our FY'25 as reported ARR guidance midpoint would be lower by approximately $79 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 targets, potential stock repurchases, and the expected effect of our go-to-market realignment, 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 or may deteriorate due to, among other factors, the effects of recently imposed import tariffs and threats of additional import tariffs, volatile foreign exchange rates, high interest rates or increases in interest rates and inflation, tightening of credit standards and availability, geopolitical uncertainty, including the effects of the conflicts between Russia and Ukraine and in the Middle East, and 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 and cash flow; our investments in our software 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; our go-to-market realignment and other strategic initiatives to improve organizational and operational efficiency may not do so when or as we expect and may disrupt our business to a greater extent than we expect; 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, or could change the amount and timing of any 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, SaaS, hosting, 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 estimates 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.

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, 2024.

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’25 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, 2024, rather than the actual exchange rates in effect during that period.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP

Free Cash Flow

In millions	Q1'24	Q1'25	Q2'25 Guidance	FY'25 Guidance
Operating Cash Flow	$187	$238	~$274	$850 to $865
Capital expenditures	($5)	($3)	~($4)	~($15)
Free cash flow	$183	$236	~$270	$835 to $850

Diluted Earnings per Share: GAAP vs. Non-GAAP

In millions	Q1'25	Q2'25 Guidance	FY'25 Guidance
Diluted earnings per share	$0.68	$0.79 to $1.05	$3.36 to $4.24
Stock-based compensation expense	$0.46	$0.48 to $0.40	$1.90 to $1.66
Intangible asset amortization expense	$0.16	~$0.16	~$0.65
Impairment charges to right-of-use lease assets	-	~$0.04	~$0.04
Income tax adjustments related to the reconciling items	($0.20)	($0.17) to ($0.15)	($0.65) to ($0.59)
Non-GAAP diluted earnings per share	$1.10	$1.30 to $1.50	$5.30 to $6.00