

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2026
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number: **0-18059**

PTC Inc.

(Exact name of registrant as specified in its charter)

Massachusetts

(State or other jurisdiction of incorporation or organization)

04-2866152

(I.R.S. Employer Identification Number)

121 Seaport Boulevard, Boston, MA 02210
(Address of principal executive offices, including zip code)

(781) 370-5000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, \$.01 par value per share	PTC	NASDAQ Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 115,505,791 shares of our common stock outstanding on May 4, 2026.

PTC Inc.
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For the Quarter Ended March 31, 2026

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PART I—FINANCIAL INFORMATION

ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**PTC Inc.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)
(unaudited)**

	<u>March 31, 2026</u>	<u>September 30, 2025</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 439,112	\$ 184,415
Accounts receivable, net of allowance for doubtful accounts of \$1,890 and \$1,487 at March 31, 2026 and September 30, 2025, respectively	852,643	1,001,085
Prepaid expenses	134,077	119,107
Other current assets	78,307	78,760
Total current assets	<u>1,504,139</u>	<u>1,383,367</u>
Property and equipment, net	54,747	60,843
Goodwill	3,403,009	3,493,316
Acquired intangible assets, net	783,236	824,663
Deferred tax assets	66,634	194,070
Operating right-of-use lease assets	125,274	114,974
Other assets	600,221	545,939
Total assets	<u>\$ 6,537,260</u>	<u>\$ 6,617,172</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 14,455	\$ 11,504
Accrued expenses and other current liabilities	154,270	136,140
Accrued compensation and benefits	127,219	199,561
Accrued income taxes	118,318	28,749
Current portion of long-term debt	25,000	25,000
Deferred revenue	756,687	812,271
Short-term lease obligations	22,802	24,179
Total current liabilities	<u>1,218,751</u>	<u>1,237,404</u>
Long-term debt	1,172,972	1,172,434
Deferred tax liabilities	29,786	30,151
Long-term deferred revenue	14,363	14,794
Long-term lease obligations	160,278	148,254
Other liabilities	81,237	187,906
Total liabilities	<u>2,677,387</u>	<u>2,790,943</u>
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 5,000 shares authorized; none issued	—	—
Common stock, \$0.01 par value; 500,000 shares authorized; 115,498 and 119,536 shares issued and outstanding at March 31, 2026 and September 30, 2025, respectively	1,155	1,195
Additional paid-in capital	1,110,430	1,822,590
Retained earnings	2,840,848	2,083,607
Accumulated other comprehensive loss	(92,560)	(81,163)
Total stockholders' equity	<u>3,859,873</u>	<u>3,826,229</u>
Total liabilities and stockholders' equity	<u>\$ 6,537,260</u>	<u>\$ 6,617,172</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

PTC Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three months ended		Six months ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Revenue:				
License	\$ 362,732	\$ 254,395	\$ 632,386	\$ 427,149
Support and cloud services	387,586	352,990	780,842	713,952
Total software revenue	750,318	607,385	1,413,228	1,141,101
Professional services	23,985	28,981	46,900	60,393
Total revenue	774,303	636,366	1,460,128	1,201,494
Cost of revenue:				
Cost of license revenue	12,021	10,939	25,363	21,162
Cost of support and cloud services revenue	76,907	70,303	156,136	141,655
Total cost of software revenue	88,928	81,242	181,499	162,817
Cost of professional services revenue	24,690	25,020	49,865	55,242
Total cost of revenue	113,618	106,262	231,364	218,059
Gross margin	660,685	530,104	1,228,764	983,435
Operating expenses:				
Sales and marketing	140,093	125,031	280,984	282,563
Research and development	124,132	111,023	244,116	226,539
General and administrative	88,646	54,993	162,647	108,312
Amortization of acquired intangible assets	12,012	11,380	24,084	22,820
Impairment and other charges, net	—	4,213	—	4,213
Total operating expenses	364,883	306,640	711,831	644,447
Operating income	295,802	223,464	516,933	338,988
Interest expense	(15,328)	(19,606)	(32,588)	(41,654)
Other income, net	466,325	1,391	465,429	1,069
Income before income taxes	746,799	205,249	949,774	298,403
Provision for income taxes	156,076	42,605	192,533	53,527
Net income	\$ 590,723	\$ 162,644	\$ 757,241	\$ 244,876
Earnings per share—Basic	\$ 5.00	\$ 1.35	\$ 6.38	\$ 2.04
Earnings per share—Diluted	\$ 4.98	\$ 1.35	\$ 6.35	\$ 2.02
Weighted-average shares outstanding—Basic	118,185	120,177	118,764	120,210
Weighted-average shares outstanding—Diluted	118,553	120,854	119,277	121,000

The accompanying notes are an integral part of the condensed consolidated financial statements.

PTC Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three months ended		Six months ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Net income	\$ 590,723	\$ 162,644	\$ 757,241	\$ 244,876
Other comprehensive income (loss), net of tax:				
Hedge gain (loss) arising during the period, net of tax of \$(2.2) million and \$4.9 million in the second quarter of 2026 and 2025, respectively, and \$(2.0) million and \$(3.3) million in the first six months of 2026 and 2025, respectively	6,745	(15,014)	6,156	10,226
Foreign currency translation adjustment, net of tax of \$0 for each period	(18,414)	36,202	(17,885)	(27,795)
Change in pension benefit, net of tax of \$(0.1) million and \$0.0 million in the second quarter of 2026 and 2025, respectively, and \$(0.1) million and \$(0.1) million in the first six months of 2026 and 2025, respectively	256	(313)	332	531
Other comprehensive income (loss)	(11,413)	20,875	(11,397)	(17,038)
Comprehensive income	<u>\$ 579,310</u>	<u>\$ 183,519</u>	<u>\$ 745,844</u>	<u>\$ 227,838</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

PTC Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six months ended	
	March 31, 2026	March 31, 2025
Cash flows from operating activities:		
Net income	\$ 757,241	\$ 244,876
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	49,990	51,263
Amortization of right-of-use lease assets	17,728	16,165
Stock-based compensation	126,466	107,363
Gain on divestiture of businesses	(464,602)	—
Other non-cash items, net	(2,052)	1,903
Changes in operating assets and liabilities, excluding the effects of acquisitions:		
Accounts receivable	135,414	127,972
Accounts payable and accrued expenses	81,706	(35,405)
Accrued compensation and benefits	(37,897)	(15,301)
Deferred revenue	(48,648)	34,532
Accrued income taxes	108,888	5,565
Other current assets and prepaid expenses	(145,805)	(7,735)
Operating lease liabilities	12,414	(2,596)
Other noncurrent assets and liabilities	(181)	(8,864)
Net cash provided by operating activities	<u>590,662</u>	<u>519,738</u>
Cash flows from investing activities:		
Additions to property and equipment	(5,011)	(5,575)
Settlement of net investment hedges	16,706	12,260
Divestiture of businesses	523,306	—
Net cash provided by investing activities	<u>535,001</u>	<u>6,685</u>
Cash flows from financing activities:		
Borrowings under credit facility	76,250	860,000
Repayments of Senior Notes	—	(500,000)
Repayments of borrowings under credit facility	(76,250)	(720,125)
Repurchases of common stock	(826,159)	(150,000)
Proceeds from issuance of common stock	13,162	13,307
Payments of withholding taxes in connection with stock-based awards	(52,816)	(52,871)
Other financing activity	(1,007)	(1,410)
Net cash used in financing activities	<u>(866,820)</u>	<u>(551,099)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	<u>(4,146)</u>	<u>(6,048)</u>
Net change in cash, cash equivalents, and restricted cash	254,697	(30,724)
Cash, cash equivalents, and restricted cash, beginning of period	184,988	266,466
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 439,685</u>	<u>\$ 235,742</u>
Supplemental disclosure of non-cash financing and investing activities:		
Operating right-of-use assets obtained in exchange for operating lease liabilities	\$ 25,770	\$ 11,294

The accompanying notes are an integral part of the condensed consolidated financial statements.

PTC Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(unaudited)

	Three months ended March 31, 2026					
	Common Stock			Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Additional Paid-In Capital			
Balance as of December 31, 2025	118,892	\$ 1,189	\$ 1,672,252	\$ 2,250,125	\$ (81,147)	\$ 3,842,419
Common stock issued for employee stock-based awards	64	1	(1)	—	—	—
Shares surrendered by employees to pay taxes related to stock-based awards	(17)	(1)	(2,796)	—	—	(2,797)
Common stock issued for employee stock purchase plan	99	1	13,161	—	—	13,162
Compensation expense from stock-based awards	—	—	58,105	—	—	58,105
Repurchases of common stock, including excise tax	(3,540)	(35)	(630,291)	—	—	(630,326)
Net income	—	—	—	590,723	—	590,723
Gain on net investment hedges, net of tax	—	—	—	—	6,745	6,745
Foreign currency translation adjustment	—	—	—	—	(18,414)	(18,414)
Change in defined benefit pension items, net of tax	—	—	—	—	256	256
Balance as of March 31, 2026	<u>115,498</u>	<u>\$ 1,155</u>	<u>\$ 1,110,430</u>	<u>\$ 2,840,848</u>	<u>\$ (92,560)</u>	<u>\$ 3,859,873</u>

	Six months ended March 31, 2026					
	Common Stock			Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Additional Paid-In Capital			
Balance as of September 30, 2025	119,536	\$ 1,195	\$ 1,822,590	\$ 2,083,607	\$ (81,163)	\$ 3,826,229
Common stock issued for employee stock-based awards	845	9	(9)	—	—	—
Shares surrendered by employees to pay taxes related to stock-based awards	(300)	(4)	(52,624)	—	—	(52,628)
Common stock issued for employee stock purchase plan	99	1	13,161	—	—	13,162
Compensation expense from stock-based awards	—	—	158,753	—	—	158,753
Repurchases of common stock, including excise tax	(4,682)	(46)	(831,441)	—	—	(831,487)
Net income	—	—	—	757,241	—	757,241
Gain on net investment hedges, net of tax	—	—	—	—	6,156	6,156
Foreign currency translation adjustment	—	—	—	—	(17,885)	(17,885)
Change in defined benefit pension items, net of tax	—	—	—	—	332	332
Balance as of March 31, 2026	<u>115,498</u>	<u>\$ 1,155</u>	<u>\$ 1,110,430</u>	<u>\$ 2,840,848</u>	<u>\$ (92,560)</u>	<u>\$ 3,859,873</u>

	Three months ended March 31, 2025					
	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensiv e Loss	Total Stockholde rs' Equity
	Shares	Amount				
Balance as of December 31, 2024	120,219	\$ 1,202	\$ 1,936,411	\$ 1,431,842	\$ (139,634)	\$ 3,229,821
Common stock issued for employee stock-based awards	115	1	(1)	—	—	—
Shares surrendered by employees to pay taxes related to stock-based awards	(34)	—	(6,128)	—	—	(6,128)
Common stock issued for employee stock purchase plan	89	1	13,306	—	—	13,307
Compensation expense from stock-based awards	—	—	41,278	—	—	41,278
Repurchases of common stock, including excise tax	(463)	(5)	(75,329)	—	—	(75,334)
Net income	—	—	—	162,644	—	162,644
Loss on net investment hedges, net of tax	—	—	—	—	(15,014)	(15,014)
Foreign currency translation adjustment	—	—	—	—	36,202	36,202
Change in defined benefit pension items, net of tax	—	—	—	—	(313)	(313)
Balance as of March 31, 2025	<u>119,926</u>	<u>\$ 1,199</u>	<u>\$ 1,909,537</u>	<u>\$ 1,594,486</u>	<u>\$ (118,759)</u>	<u>\$ 3,386,463</u>

	Six months ended March 31, 2025					
	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensiv e Loss	Total Stockholde rs' Equity
	Shares	Amount				
Balance as of September 30, 2024	120,155	\$ 1,202	\$ 1,965,307	\$ 1,349,610	\$ (101,721)	\$ 3,214,398
Common stock issued for employee stock-based awards	810	8	(8)	—	—	—
Shares surrendered by employees to pay taxes related to stock-based awards	(282)	(3)	(53,318)	—	—	(53,321)
Common stock issued for employee stock purchase plan	89	1	13,306	—	—	13,307
Compensation expense from stock-based awards	—	—	134,575	—	—	134,575
Repurchases of common stock, including excise tax	(846)	(9)	(150,325)	—	—	(150,334)
Net income	—	—	—	244,876	—	244,876
Gain on net investment hedges, net of tax	—	—	—	—	10,226	10,226
Foreign currency translation adjustment	—	—	—	—	(27,795)	(27,795)
Change in defined benefit pension items, net of tax	—	—	—	—	531	531
Balance as of March 31, 2025	<u>119,926</u>	<u>\$ 1,199</u>	<u>\$ 1,909,537</u>	<u>\$ 1,594,486</u>	<u>\$ (118,759)</u>	<u>\$ 3,386,463</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

PTC Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Basis of Presentation

General

The accompanying unaudited condensed consolidated financial statements include the accounts of PTC Inc. and its wholly owned subsidiaries and have been prepared by management in accordance with accounting principles generally accepted in the United States of America (GAAP) and in accordance with the rules and regulations of the Securities and Exchange Commission regarding interim financial reporting. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. While we believe that the disclosures presented are adequate in order to make the information not misleading, these unaudited quarterly financial statements should be read in conjunction with our annual consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2025. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting only of those of a normal recurring nature, necessary for a fair statement of our financial position, results of operations and cash flows as of the dates and for the periods indicated. The September 30, 2025 Consolidated Balance Sheet included herein is derived from our audited consolidated financial statements.

Unless otherwise indicated, all references to a year mean our fiscal year, which ends on September 30.

Recently Adopted Accounting Pronouncements

Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract

In September 2025, the FASB issued ASU 2025-07, Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract, which expands the scope exceptions of the derivatives guidance and clarifies the guidance on share-based payments from a customer. Specifically, the ASU introduces a scope exception for contracts that are not exchange-traded and that have variables based on operations or activities specific to one of the parties of the contract. The ASU is effective for us in the first quarter of 2028, with early adoption permitted. We early adopted this standard prospectively in the second quarter of 2026. The adoption of this ASU did not have an impact on our consolidated financial statements and related disclosures.

Pending Accounting Pronouncements

Narrow-Scope Improvements for Interim Reporting

In December 2025, the FASB issued ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements, which clarifies interim disclosure requirements and the applicability of Topic 270. The ASU will be effective for us in the first quarter of 2029, with early adoption permitted. We expect the adoption to result in disclosure changes only.

Targeted Improvements to the Accounting for Internal-Use Software

In September 2025, the FASB issued ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software, which modernizes the accounting for internal-use software by eliminating project stage-based capitalization and clarifying the probable-to-complete threshold to commence the capitalization of software costs. The ASU will be effective for us in the first quarter of 2029, with early adoption permitted. The standard may be applied prospectively, retrospectively, or via a modified prospective transition method. We are currently evaluating the impact of this guidance on our consolidated financial statements and related disclosures.

Measurements of Credit Losses for Accounts Receivable and Contract Assets

In July 2025, the FASB issued ASU 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets, which provides a practical expedient to measure credit losses on accounts receivable and contract assets. The ASU will be effective for us in the first quarter of 2027, with early adoption permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements and related disclosures.

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses and in January 2025, the FASB issued ASU 2025-01, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date. As clarified by ASU 2025-01, ASU 2024-03 will be effective for us in the fourth quarter of 2028. We expect the adoption to result in disclosure changes only.

Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The ASU will be effective for us in the fourth quarter of 2026. We expect the adoption to result in disclosure changes only.

2. Revenue from Contracts with Customers

Receivables, Contract Assets and Contract Liabilities

<i>(in thousands)</i>	March 31, 2026	September 30, 2025
Short-term receivables	\$ 852,643	\$ 1,001,085
Long-term receivables	\$ 446,508	\$ 378,941
Contract asset	\$ 12,070	\$ 11,044
Deferred revenue	\$ 771,050	\$ 827,065

During the six months ended March 31, 2026, we recognized \$551.1 million of revenue that was included in Deferred revenue as of September 30, 2025. The remainder of the change in the Deferred revenue balance was driven by additional deferrals, primarily from new billings, offset by a decrease of approximately \$56 million related to the Kepware and ThingWorx divestiture and a decrease resulting from changes in foreign currency exchange rates.

Our multi-year, non-cancellable on-premises subscription contracts provide customers with an annual right to exchange software within the subscription with other software. As of March 31, 2026 and September 30, 2025, our total revenue liability was \$44.4 million and \$39.7 million, respectively, primarily associated with the annual right to exchange on-premises subscription software.

Remaining Performance Obligations (RPO)

Our contracts with customers include amounts allocated to performance obligations that will be satisfied and recognized as revenue at a later date. The value of RPO and timing of recognition may be impacted by several factors, including the performance obligation type, duration and timing of commencement, as well as foreign currency exchange rate fluctuations. As of March 31, 2026, RPO totaled \$2,514.5 million, of which \$771.1 million is recorded in Deferred revenue and \$1,743.4 million is not yet recorded in the Consolidated Balance Sheets. Of the total, we expect to recognize approximately 53% over the next 12 months, 27% over the next 13 to 24 months, and the remaining amount thereafter.

Disaggregation of Revenue

(in thousands)

	Three months ended		Six months ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Recurring revenue ⁽¹⁾	\$ 743,376	\$ 601,549	\$ 1,400,656	\$ 1,125,860
Perpetual license	6,942	5,836	12,572	15,241
Professional services	23,985	28,981	46,900	60,393
Total revenue	<u>\$ 774,303</u>	<u>\$ 636,366</u>	<u>\$ 1,460,128</u>	<u>\$ 1,201,494</u>

(1) Recurring revenue is comprised of on-premises subscription, perpetual support, SaaS, and hosting services revenue.

We report revenue by the following two product groups:

(in thousands)

	Three months ended		Six months ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Product lifecycle management (PLM)	\$ 492,128	\$ 396,149	\$ 923,670	\$ 749,608
Computer-aided design (CAD)	282,175	240,217	536,458	451,886
Total revenue	<u>\$ 774,303</u>	<u>\$ 636,366</u>	<u>\$ 1,460,128</u>	<u>\$ 1,201,494</u>

Our international revenue is presented based on the location of our customer. Revenue for the geographic regions in which we operate is presented below.

(in thousands)

	Three months ended		Six months ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Americas	\$ 375,589	\$ 292,823	\$ 696,524	\$ 570,792
Europe	299,404	251,148	570,931	447,172
Asia Pacific	99,310	92,395	192,673	183,530
Total revenue	<u>\$ 774,303</u>	<u>\$ 636,366</u>	<u>\$ 1,460,128</u>	<u>\$ 1,201,494</u>

3. Stock-based Compensation

Compensation expense recorded for our stock-based awards is classified in our Consolidated Statements of Operations as follows:

(in thousands)

	Three months ended		Six months ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Cost of license revenue	\$ 107	\$ 72	\$ 206	\$ 106
Cost of support and cloud services revenue	5,216	3,912	9,462	7,970
Cost of professional services revenue	1,816	1,523	3,465	3,344
Sales and marketing	20,032	13,545	35,230	31,613
Research and development	18,157	14,391	34,072	30,546
General and administrative	23,271	18,069	44,031	33,784
Total stock-based compensation expense	<u>\$ 68,599</u>	<u>\$ 51,512</u>	<u>\$ 126,466</u>	<u>\$ 107,363</u>

As of March 31, 2026 and September 30, 2025, we had liability-classified awards related to stock-based compensation based on a fixed monetary amount of \$18.9 million and \$51.3 million, respectively. The liability as of September 30, 2025 was settled via the issuance of shares in the first quarter of 2026.

4. Earnings per Share (EPS) and Common Stock

EPS

The following table presents the calculation for both basic and diluted EPS:

(in thousands, except per share data)

	Three months ended		Six months ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Net income	\$ 590,723	\$ 162,644	\$ 757,241	\$ 244,876
Weighted-average shares outstanding—Basic	118,185	120,177	118,764	120,210
Dilutive effect of restricted stock units	368	677	513	790
Weighted-average shares outstanding—Diluted	118,553	120,854	119,277	121,000
Earnings per share—Basic	\$ 5.00	\$ 1.35	\$ 6.38	\$ 2.04
Earnings per share—Diluted	\$ 4.98	\$ 1.35	\$ 6.35	\$ 2.02

There were 0.3 million and 0.1 million anti-dilutive shares for the three and six months ended March 31, 2026, respectively. There were 0.3 million and 0.2 million anti-dilutive shares for the three and six months ended March 31, 2025, respectively.

Common Stock Repurchases

Our Articles of Organization authorize us to issue up to 500 million shares of our common stock. Our Board of Directors has authorized us to repurchase up to \$2 billion of our common stock in the period October 1, 2024 through September 30, 2026 (the “current authorization”), and \$2 billion of our common stock in the period October 1, 2026 through September 30, 2028. The amount remaining under the current authorization for repurchases as of March 31, 2026 is set forth in *Part II, Item 2 Unregistered Sales of Equity Securities and Use of Proceeds* of this Quarterly Report.

On March 17, 2026, we entered into an accelerated share repurchase agreement (“ASR”) with a major financial institution (“Bank”) to repurchase \$375 million of our outstanding common stock as a part of our existing share repurchase program. The ASR was funded with proceeds from the Kepware and ThingWorx divestiture. Upon execution of the ASR, we paid the Bank \$375 million and received an initial delivery of 1.9 million shares, which represented 80% (\$300 million) of the value of the ASR contract.

The remaining \$75 million represents the amount held back by the Bank pending final settlement of the ASR, which is expected to occur in the third quarter of 2026. Upon settlement of the ASR, the total shares repurchased will equal \$375 million divided by the average daily volume weighted-average price of our common stock during the term of the ASR less a fixed per-share discount. Settlement may occur in cash or shares at our election. We accounted for the ASR as an equity transaction; accordingly, this \$75 million was recorded as a reduction to Additional paid-in capital in the second quarter of 2026.

In addition to the ASR repurchases described above, in the second quarter and first six months of 2026, we repurchased 1.6 million shares for \$250 million and 2.8 million shares for \$450 million, respectively, through open market transactions. In the second quarter and first six months of 2026, we also paid \$1.1 million in excise taxes related to share repurchases. In the second quarter and first six months of 2025, we repurchased 0.5 million shares for \$75 million and 0.8 million shares for \$150 million, respectively, through open market transactions.

All shares repurchased are automatically restored to the status of authorized and unissued.

5. Acquisitions and Divestitures

Acquisition and transaction-related costs in the second quarter and first six months of 2026 totaled \$26.5 million and \$37.1 million, respectively, compared to \$0.6 million and \$0.8 million in the second quarter and first six months of 2025, respectively. These costs are classified in General and administrative expense in the accompanying Consolidated Statements of Operations.

Kepware and ThingWorx Divestiture

On March 13, 2026, we sold our Kepware and ThingWorx businesses pursuant to an Asset Purchase Agreement dated November 5, 2025 with Parrot US Buyer, L.P., a Delaware limited partnership ("Purchaser"), an entity controlled by investment funds affiliated with TPG Global, LLC. Total consideration for the transaction was \$530.8 million, of which \$523.3 million was received as cash proceeds in the second quarter of 2026 and \$7.5 million is expected to be received in 2026. Consideration is subject to final working capital and indebtedness adjustments.

Additional future contingent consideration of up to \$125 million may be received by PTC in certain circumstances following a sale of the Business by Purchaser. We have elected to defer the recognition of gains associated with contingent consideration unless and until they become realizable.

Goodwill was allocated to the sold businesses based on a relative fair value allocation of total goodwill. The assets and liabilities of the Kepware and ThingWorx businesses were classified as held for sale in the first quarter of 2026. Upon closing the transaction, we sold \$68.2 million of net assets and recognized a gain on the sale of \$462.6 million, which is included in Other income, net. This resulted in tax expense of \$102.4 million included in our income tax provision.

In connection with this divestiture, we entered into a transition services agreement ("TSA") with Purchaser, whereby we agreed to provide certain transition services for up to 12 months from the date of sale. Income related to the TSA offsets the operating costs to provide these services and is recognized as a reduction of the related operating expenses. TSA income was not material in the three months ended March 31, 2026.

6. Goodwill and Intangible Assets

Goodwill and acquired intangible assets consisted of the following:

(in thousands)

	March 31, 2026			September 30, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Goodwill			\$ 3,403,009			\$ 3,493,316
Intangible assets with finite lives:						
Purchased software	\$ 545,687	\$ 394,974	\$ 150,713	\$ 639,104	\$ 472,357	\$ 166,747
Capitalized software	22,877	22,877	—	22,877	22,877	—
Customer lists and relationships	1,090,276	470,332	619,944	1,149,262	505,202	644,060
Trademarks and trade names	31,882	19,303	12,579	38,179	24,323	13,856
Other	3,486	3,486	—	4,019	4,019	—
Total intangible assets with finite lives	\$ 1,694,208	\$ 910,972	\$ 783,236	\$ 1,853,441	\$ 1,028,778	\$ 824,663
Total goodwill and acquired intangible assets			\$ 4,186,245			\$ 4,317,979

Changes in Goodwill were as follows:

(in thousands)

Balance, October 1, 2025	\$ 3,493,316
Divestiture of businesses	(82,204)
Foreign currency translation adjustment	(8,103)
Balance, March 31, 2026	\$ 3,403,009

The aggregate amortization expense for intangible assets with finite lives is classified in our Consolidated Statements of Operations as follows:

(in thousands)

	Three months ended		Six months ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Amortization of acquired intangible assets	\$ 12,012	\$ 11,380	\$ 24,084	\$ 22,820
Cost of revenue	7,768	8,131	15,668	16,431
Total amortization expense	<u>\$ 19,780</u>	<u>\$ 19,511</u>	<u>\$ 39,752</u>	<u>\$ 39,251</u>

7. Fair Value Measurements

The valuation hierarchy for disclosure of assets and liabilities reported at fair value prioritizes the inputs for such valuations into three broad levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument; or
- Level 3: unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value.

A financial asset's or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Money market funds, time deposits, and corporate notes/bonds are classified within Level 1 of the fair value hierarchy because they are valued based on quoted market prices in active markets.

The principal market in which we execute our foreign currency derivatives is the institutional market in an over-the-counter environment with a relatively high level of price transparency. The market participants are generally large financial institutions. Our foreign currency derivatives' valuation inputs are based on quoted prices and quoted pricing intervals from public data sources and do not involve management judgment. These contracts are typically classified within Level 2 of the fair value hierarchy.

Our significant financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2026 and September 30, 2025 were as follows:

(in thousands)

	March 31, 2026			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash equivalents ⁽¹⁾	\$ 268,635	\$ —	\$ —	\$ 268,635
Forward contracts	—	735	—	735
Option contracts	—	6,882	—	6,882
	<u>\$ 268,635</u>	<u>\$ 7,617</u>	<u>\$ —</u>	<u>\$ 276,252</u>
Financial liabilities:				
Forward contracts	—	5,274	—	5,274
	<u>\$ —</u>	<u>\$ 5,274</u>	<u>\$ —</u>	<u>\$ 5,274</u>

(in thousands)

	September 30, 2025			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash equivalents ⁽¹⁾	\$ 38,031	\$ —	\$ —	\$ 38,031
Forward contracts	—	6,007	—	6,007
Option contracts	—	6,228	—	6,228
	<u>\$ 38,031</u>	<u>\$ 12,235</u>	<u>\$ —</u>	<u>\$ 50,266</u>
Financial liabilities:				
Forward contracts	—	4,773	—	4,773
	<u>\$ —</u>	<u>\$ 4,773</u>	<u>\$ —</u>	<u>\$ 4,773</u>

(1) Money market funds and time deposits.

8. Derivative Financial Instruments

We enter into derivative transactions to manage our exposure to fluctuations in foreign exchange rates, specifically foreign currency forward contracts to manage our exposure related to monetary assets and liabilities denominated in foreign currencies and foreign exchange option contracts to manage our exposure related to forecasted cash flows. We do not enter into derivative transactions for trading or speculative purposes.

The following table shows our derivative instruments measured at gross fair value as reflected in the Consolidated Balance Sheets:

(in thousands)

	Fair Value of Derivatives Designated As Hedging Instruments		Fair Value of Derivatives Not Designated As Hedging Instruments	
	March 31, 2026	September 30, 2025	March 31, 2026	September 30, 2025
Derivative assets⁽¹⁾:				
Forward contracts	\$ —	\$ 2,871	\$ 735	\$ 3,136
Option contracts	\$ —	\$ —	\$ 6,882	\$ 6,228
Derivative liabilities⁽²⁾:				
Forward contracts	\$ 2,149	\$ —	\$ 3,125	\$ 4,773

(1) As of March 31, 2026 and September 30, 2025, current derivative assets are recorded in Other current assets in the Consolidated Balance Sheets.

(2) As of March 31, 2026 and September 30, 2025, current derivative liabilities are recorded in Accrued expenses and other current liabilities in the Consolidated Balance Sheets.

Non-Designated Hedges

We hedge our net foreign currency monetary assets and liabilities with foreign exchange forward contracts to reduce the risk that our earnings and cash flows will be adversely affected by changes in foreign currency exchange rates. These contracts have maturities of up to approximately three months. Generally, we do not designate these foreign currency forward contracts as hedges for accounting purposes and changes in the fair value of these instruments are recognized immediately in earnings. Because we enter into forward contracts only as an economic hedge, gains or losses on the underlying foreign-denominated balance are generally offset by the losses or gains on the forward contract. Gains and losses on forward contracts and foreign denominated receivables and payables are included in Other income, net.

We hedge our forecasted U.S. Dollar cash flows with foreign exchange option contracts to reduce the risk that they will be adversely affected by changes in Euro or Japanese Yen exchange rates. These options have maturities of up to approximately fourteen months. We do not designate these foreign currency option contracts as hedges for accounting purposes and changes in the fair value of these instruments are recognized immediately in earnings. Because we enter into option contracts as an economic hedge, currency impacts on the Euro or Japanese Yen-denominated operations may be partially offset by gains on the option contracts. Gains and losses on foreign exchange option contracts are included in Other income, net.

As of March 31, 2026 and September 30, 2025, we had outstanding forward and option contracts not designated as hedging instruments with notional amounts equivalent to the following:

Currency Hedged (in thousands)	March 31, 2026	September 30, 2025
Euro / U.S. Dollar ⁽¹⁾	\$ 820,821	\$ 1,202,830
British Pound / U.S. Dollar	16,776	22,974
Israeli Shekel / U.S. Dollar	18,493	20,094
Indian Rupee / U.S. Dollar	54,756	53,465
Japanese Yen / U.S. Dollar ⁽²⁾	98,390	131,284
Swedish Krona / U.S. Dollar	12,392	21,568
New Taiwan Dollar / U.S. Dollar	8,074	23,098
All other	29,456	42,773
Total	\$ 1,059,158	\$ 1,518,086

- (1) As of March 31, 2026, \$677.5 million of the Euro to U.S. Dollar outstanding notional amount relates to forward contracts and \$143.3 million relates to option contracts. As of September 30, 2025, \$835.4 million of the Euro to U.S. Dollar outstanding notional amount relates to forward contracts and \$367.4 million relates to option contracts.
- (2) As of March 31, 2026, \$40.4 million of the Japanese Yen to U.S. Dollar outstanding notional amount relates to forward contracts and \$58.0 million relates to option contracts. As of September 30, 2025, \$41.9 million of the Japanese Yen to U.S. Dollar outstanding notional amount relates to forward contracts and \$89.4 million relates to option contracts.

The following table shows the effect of our non-designated hedges on the Consolidated Statements of Operations for the three and six months ended March 31, 2026 and March 31, 2025:

(in thousands)	Location of Gain (Loss)	Three months ended		Six months ended	
		March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Net realized and unrealized gain (loss), excluding the underlying foreign currency exposure being hedged	Other income, net	\$ 931	\$ (917)	\$ 1,143	\$ (360)

In the three months ended March 31, 2026 and March 31, 2025, total foreign currency gains, net were immaterial. In the six months ended March 31, 2026 and March 31, 2025, total foreign currency losses, net were \$1.9 million and \$1.1 million, respectively.

Net Investment Hedges

We translate balance sheet accounts of subsidiaries with foreign functional currencies into the U.S. Dollar using the exchange rate at each balance sheet date. Resulting translation adjustments are reported as a component of Accumulated other comprehensive loss on the Consolidated Balance Sheets. We designate certain foreign exchange forward contracts as net investment hedges against exposure on translation of balance sheet accounts of Euro and Japanese Yen functional subsidiaries. Net investment hedges partially offset the impact of Foreign currency translation adjustment recorded in Accumulated other comprehensive loss on the Consolidated Balance Sheets. All foreign exchange forward contracts are carried at fair value on the Consolidated Balance Sheets and the maximum duration of net investment hedge foreign exchange forward contracts is approximately three months.

Net investment hedge relationships are designated at inception, and effectiveness is assessed retrospectively on a quarterly basis using the net equity position of Euro and Japanese Yen functional subsidiaries. As the forward contracts are highly effective in offsetting exchange rate exposure, we record changes in these net investment hedges in Accumulated other comprehensive loss. Changes in the fair value of foreign exchange forward contracts due to changes in time value are excluded from the assessment of effectiveness. Our derivatives are not subject to any credit contingent features. We manage credit risk with counterparties by trading among several counterparties and we review our counterparties' credit at least quarterly.

As of March 31, 2026 and September 30, 2025, we had outstanding forward contracts designated as net investment hedges with notional amounts equivalent to the following:

Currency Hedged (in thousands)	March 31, 2026	September 30, 2025
Euro / U.S. Dollar	\$ 516,854	\$ 480,198
Japanese Yen / U.S. Dollar	18,957	10,260
Total	<u>\$ 535,811</u>	<u>\$ 490,458</u>

The following table shows the effect of our derivative instruments designated as net investment hedges in the Consolidated Statements of Operations for the three and six months ended March 31, 2026 and March 31, 2025:

(in thousands)	Location of Gain (Loss)	Three months ended		Six months ended	
		March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Gain (loss) recognized in Other comprehensive income (loss) ("OCI")	OCI	\$ 8,942	\$ (19,898)	\$ 8,160	\$ 13,550
Gain (loss) reclassified from OCI to earnings	n/a	\$ —	\$ —	\$ —	\$ —
Gain recognized, excluded portion	Other income, net	\$ 1,595	\$ 1,254	\$ 3,526	\$ 2,329

Offsetting Derivative Assets and Liabilities

We have entered into master netting arrangements for our foreign exchange contracts that allow net settlements under certain conditions. Although netting is permitted, it is currently our policy and practice to record all derivative assets and liabilities on a gross basis in the Consolidated Balance Sheets.

The following table sets forth the offsetting of derivative assets as of March 31, 2026:

<i>(in thousands)</i>	Gross Amounts Offset in the Consolidated Balance Sheets			Net Amounts of Assets Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets		
	Gross Amount of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheets			Financial Instruments	Cash Collateral Received	Net Amount
As of March 31, 2026							
Foreign exchange contracts	\$ 7,617	\$ —	\$ 7,617	\$ (5,274)	\$ —	\$ 2,343	

The following table sets forth the offsetting of derivative liabilities as of March 31, 2026:

<i>(in thousands)</i>	Gross Amounts Offset in the Consolidated Balance Sheets			Net Amounts of Liabilities Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets		
	Gross Amount of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheets			Financial Instruments	Cash Collateral Pledged	Net Amount
As of March 31, 2026							
Foreign exchange contracts	\$ 5,274	\$ —	\$ 5,274	\$ (5,274)	\$ —	\$ —	

9. Income Taxes

<i>(in thousands)</i>	Three months ended		Six months ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Income before income taxes	\$ 746,799	\$ 205,249	\$ 949,774	\$ 298,403
Provision for income taxes	\$ 156,076	\$ 42,605	\$ 192,533	\$ 53,527
Effective income tax rate	21%	21%	20%	18%

The effective tax rate for the six months ended March 31, 2026 was higher than the effective tax rate for the corresponding prior-year period primarily due to changes in the geographic mix of income before taxes. For the three and six months ended March 31, 2026, the provision for income taxes includes tax expense of \$102.4 million on the gain on sale of \$462.6 million related to the Kepware and ThingWorx divestiture. The effective tax rate for the six months ended March 31, 2026 also reflected a net income tax benefit of \$7.1 million related to Internal Revenue Service (IRS) procedural guidance, as described below. The six months ended March 31, 2025 included a benefit of \$10.4 million associated with the impact of tax reserves related to prior years in a foreign jurisdiction.

In the six months ended March 31, 2026, our rate included the effects of IRS procedural guidance requiring consent for previously automatic changes of accounting method. In 2024, we requested consent from the IRS to change our tax accounting method for the treatment of certain deductions. In the quarter ended December 31, 2025, upon receiving consent from the IRS, we released the reserve established in 2025 related to the procedural guidance, which resulted in a net income tax benefit of \$7.1 million for the reversal of the associated accrued interest and indirect effects on GILTI and FDII in 2024.

In the normal course of business, PTC and its subsidiaries are examined by various taxing authorities, including the IRS in the U.S. We regularly assess the likelihood of additional assessments by tax authorities and provide for these matters as appropriate. We are currently under audit by tax authorities in several jurisdictions. Audits by tax authorities typically involve examination of the deductibility of certain permanent items, transfer pricing, limitations on net operating losses and tax credits.

As of March 31, 2026 and September 30, 2025, income taxes payable and income tax accruals recorded on the accompanying Consolidated Balance Sheets were \$161.3 million (118.3 million in Accrued income taxes and \$43.0 million recorded in Other Liabilities) and \$179.1 million (\$28.7 million in Accrued income taxes and \$150.4 million in Other liabilities), respectively.

As of March 31, 2026 and September 30, 2025, we had unrecognized tax benefits of \$50.5 million and \$157.7 million, respectively. This decrease predominantly relates to the release of the reserve established in 2025 related to the IRS procedural guidance, primarily resulting in corresponding decreases to Deferred tax assets and the reserve for unrecognized tax benefits within Other liabilities. Additionally, this resulted in a \$7.1 million net income tax benefit as described above. If all our unrecognized tax benefits as of March 31, 2026 were to become recognizable in the future, we would record a benefit to the income tax provision of \$50.5 million, which would be partially offset by an increase in the U.S. valuation allowance of \$5.6 million.

Although we believe our tax estimates are appropriate, the final determination of tax audits and any related litigation could result in favorable or unfavorable changes in our estimates. We believe it is reasonably possible that within the next 12 months the amount of unrecognized tax benefits related to the resolution of multi-jurisdictional tax positions could be reduced by up to \$1 million.

On July 4, 2025, the “One Big Beautiful Bill Act” (the “Act”) was enacted into law. The Act includes changes to U.S. tax law that are applicable to us beginning in 2026. These changes include provisions allowing accelerated tax deductions for qualified property and research expenditures. Our financials reflect the impact of the provisions of the Act that are applicable beginning 2026.

10. Debt

As of March 31, 2026 and September 30, 2025, we had the following debt obligations:

<i>(in thousands)</i>	March 31, 2026	September 30, 2025
4.000% Senior notes due 2028	\$ 500,000	\$ 500,000
Credit facility revolver line ⁽¹⁾⁽²⁾	243,750	231,250
Credit facility term loan ⁽¹⁾⁽²⁾	456,250	468,750
Total debt	1,200,000	1,200,000
Unamortized debt issuance costs for the senior notes ⁽³⁾	(2,028)	(2,566)
Total debt, net of issuance costs ⁽⁴⁾	<u>\$ 1,197,972</u>	<u>\$ 1,197,434</u>

- (1) Unamortized debt issuance costs related to the credit facility were \$2.7 million included in Other current assets and \$2.9 million included in Other assets on the Consolidated Balance Sheet as of March 31, 2026 and \$2.7 million included in Other current assets and \$3.3 million included in Other assets on the Consolidated Balance Sheet as of September 30, 2025.
- (2) The stated maturity date under the credit facility on which both the revolver line and the term loan will mature and all amounts then outstanding will become due and payable is January 3, 2028. The term loan began amortizing in March 2024, with payments remaining of \$12.5 million in 2026, \$25.0 million in 2027, and \$418.7 million in 2028.
- (3) As of March 31, 2026 and September 30, 2025, all unamortized debt issuance costs for the senior notes were included in Long-term debt on the Consolidated Balance Sheets.
- (4) As of March 31, 2026 and September 30, 2025, \$25.0 million of debt associated with the credit facility term loan was classified as short term.

Senior Unsecured Notes

In February 2020, we issued \$500 million in aggregate principal amount of 4.0% senior, unsecured long-term debt at par value, due in 2028 (the 2028 notes). As of March 31, 2026, the total estimated fair value of the 2028 notes was approximately \$488.8 million based on quoted prices for the notes on that date. We were in compliance with all the covenants for our senior notes as of March 31, 2026.

Credit Agreement

Our credit facility consists of (i) a \$1.25 billion revolving credit facility, (ii) a \$500 million term loan credit facility, and (iii) an incremental facility pursuant to which we may incur additional term loan tranches or increase the revolving credit facility. As of March 31, 2026, unused commitments under our revolving credit facility were \$1,006.3 million and the amount available to borrow was \$989.2 million. As of March 31, 2026, the fair value of our credit facility approximates its book value. PTC and certain foreign subsidiaries are eligible borrowers under the credit facility. As of March 31, 2026, \$46.3 million was borrowed by an eligible foreign subsidiary borrower. We were in compliance with all financial and operating covenants of the credit facility as of March 31, 2026.

Loans under the credit facility bear interest at variable rates. As of March 31, 2026, the annual rate for borrowings outstanding was 5.1%. A quarterly revolving commitment fee on the undrawn portion of the revolving credit facility is required, ranging from 0.175% to 0.325% per annum, based upon our total leverage ratio.

Interest

We incurred interest expense on our debt of \$15.3 million and \$32.6 million in the second quarter and first six months of 2026, respectively, and \$19.6 million and \$41.7 million in the second quarter and first six months of 2025, respectively. The average interest rate on borrowings outstanding was approximately 4.7% during the second quarter and first six months of 2026, and 4.9% and 4.8% during the second quarter and first six months of 2025, respectively.

11. Commitments and Contingencies

Guarantees and Indemnification Obligations

We enter into standard indemnification agreements with our customers and business partners in the ordinary course of our business. Under such agreements, we typically indemnify, hold harmless, and agree to reimburse the indemnified party for losses suffered or incurred by the indemnified party, in connection with patent, copyright or other intellectual property infringement claims by any third party with respect to our products. Indemnification may also cover other types of claims, including claims relating to certain data breaches. These agreements typically limit our liability with respect to indemnification claims other than intellectual property infringement claims. Historically, our costs to defend lawsuits or settle claims relating to such indemnity agreements have been minimal and, accordingly, we believe the estimated fair value of liabilities under these agreements is immaterial.

We warrant that our software products will perform in all material respects in accordance with our standard published specifications during the term of the license. Additionally, we generally warrant that our consulting services will be performed consistent with generally accepted industry standards and, in the case of fixed price services, the agreed-upon specifications. In most cases, liability for these warranties is capped. If necessary, we would provide for the estimated cost of product and service warranties based on specific warranty claims and claim history; however, we have not incurred significant cost under our product or services warranties. As a result, we believe the estimated fair value of these liabilities is immaterial.

12. Segments

We operate as a single operating and reportable segment. Operating segments are defined as components of an enterprise about which separate financial information is evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. Our CODM is our Chief Executive Officer. The CODM evaluates financial performance and allocates resources based on consolidated results, including consolidated net income. The total assets of the segment are reported on the Consolidated Balance Sheets.

The following table presents revenue, significant expenses, and consolidated net income for our reportable segment:

(in thousands)

	Three months ended		Six months ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Revenue	\$ 774,303	\$ 636,366	\$ 1,460,128	\$ 1,201,494
Costs and expenses:				
Cost of revenue, adjusted ⁽¹⁾	98,711	92,624	202,563	190,208
Operating expenses, adjusted ⁽²⁾	264,939	244,432	537,279	520,646
Other segment items ⁽³⁾	(180,070)	136,666	(36,955)	245,764
Consolidated net income	<u>\$ 590,723</u>	<u>\$ 162,644</u>	<u>\$ 757,241</u>	<u>\$ 244,876</u>

- (1) Cost of revenue, adjusted excludes stock-based compensation and amortization of acquired intangible assets.
- (2) Operating expenses, adjusted excludes stock-based compensation, amortization of acquired intangible assets, acquisition and transaction-related charges, and Impairment and other charges, net.
- (3) Other segment items include stock-based compensation; amortization of acquired intangible assets; acquisition and transaction-related charges; Impairment and other charges, net; Other income, net; and Provision for income taxes.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business Overview

PTC is a global software company headquartered in Boston, Massachusetts. We employ over 7,000 people and support more than 30,000 customers globally.

We primarily serve customers in the following industry verticals:

- Industrials
- Federal, Aerospace and Defense
- Electronics and High Tech
- Automotive
- Medical Technology and Life Sciences

Our customers are focused on improving their competitiveness in the face of global competition and increasing product complexity, and our suite of software offerings is a strategic enabler of this and their digital transformation initiatives. Given the breadth and openness of our portfolio, we enable the Intelligent Product Lifecycle: establishing a strong product data foundation in the engineering department and democratizing the access and use of that data across the enterprise to drive cross-functional collaboration, accelerate new product introduction timelines, and deliver higher product quality. By embracing the Intelligent Product Lifecycle, our customers establish the quality, consistency, and traceability of product data, ensuring the data is up-to-date, accessible, reliable, and actionable. Our customers can then go on to use this data to break down silos, streamline workflows, and achieve interoperability across departments, functions, and systems. This includes the growing emphasis on AI-driven transformation across our customers' teams, operations, and processes. A product data foundation is the backbone of AI-driven transformation.

Our business is based on a subscription model and approximately 95% of our 2025 and 2026 year-to-date revenue was recurring in nature. Compared to a perpetual license model, our subscription model naturally drives higher customer engagement and retention and provides better business predictability. This, in turn, enables us to make steady and sustained investments to support our customers and pursue mid-to-long-term growth opportunities.

Forward-Looking Statements

Statements in this document that are not historic facts, including statements about our future operating, financial and growth expectations, potential stock repurchases, and the anticipated benefits of the sale of the Kepware and ThingWorx businesses (the "divestiture") 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 import tariffs, threats of additional and reciprocal import tariffs, global trade and geopolitical tensions and uncertainty, including the recent military conflict in Iran, volatile foreign exchange rates, high interest rates or increases in interest rates, inflation, and tightening of credit standards and availability, any of which could cause customers to delay or reduce purchases of new software, adopt competing software solutions, reduce the number of subscriptions they carry, or delay payments to us, which would adversely affect our ARR (Annual Run Rate) and/or financial results and cash flow and growth; our investments in our software solutions, including the integration of artificial intelligence (AI) capabilities into our software solutions, may not drive expansion of those solutions and/or generate the ARR and/or cash flow we expect if those capabilities are not made available when or as we expect, if customers are slower to adopt those solutions than we

expect, or if customers adopt competing solutions; customers may not build the product data foundations essential for the AI-driven transformation of their business when or as we expect, which could adversely affect our ARR and/or financial results and cash flow and growth; our go-to-market realignment and related initiatives may not generate the ARR and/or financial results or cash flow when or as we expect; the proceeds we receive under the Transition Services Agreement entered into in connection with the divestiture may be lower than expected and/or may not offset our expenses and/or the cash flow impact of the divestiture to the extent expected; the divestiture and/or performance of the Transition Services Agreement 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 excess cash to shareholders by way of 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 described below throughout or referenced in Part II, Item 1A. *Risk Factors* of this report.

Our Operating and Non-GAAP Financial Measures

Our discussion of results includes discussion of our ARR operating measure, non-GAAP financial measures, and disclosure of our results on a constant currency basis. ARR and our non-GAAP financial measures are described below in *Operating and Non-GAAP Financial Measures*. The methodology used to calculate constant currency disclosures is described in *Results of Operations - Impact of Foreign Currency Exchange on Results of Operations*. You should read those sections to understand our operating measure, non-GAAP financial measures, and constant currency disclosures.

Given the divestiture of our Kepware and ThingWorx businesses in Q2'26, we are also providing ARR excluding those divested businesses, which removes ARR attributable to those businesses from the applicable prior periods to facilitate meaningful period-to-period comparisons of our continuing business.

Executive Overview

We completed the divestiture of our Kepware and ThingWorx businesses on March 13, 2026. We received \$523 million upon closing of the transaction and recognized a \$463 million gain on the sale. Refer to *Note 5. Acquisitions and Divestitures* for additional detail.

ARR grew 3% (1% constant currency) to \$2.36 billion as of the end of Q2'26 compared to Q2'25, with growth impacted by the Q2'26 divestiture of Kepware and ThingWorx. Excluding the divested businesses from Q2'25 ARR, ARR growth would have been 11% (8.5% constant currency).

Cash provided by operating activities grew 14% to \$321 million in Q2'26 compared to Q2'25. Free cash flow grew 14% to \$318 million in Q2'26 compared to Q2'25. In Q2'26, we made \$5 million of divestiture-related payments. Our cash flow growth is attributable to resilient top-line growth due to our subscription business model and operational discipline. In Q2'26, we used \$626 million to repurchase outstanding shares, including \$375 million paid upon entry into an Accelerated Share Repurchase agreement (ASR).

Revenue grew 22% (15% constant currency) to \$774 million in Q2'26 compared to Q2'25, reflecting the value and duration of contracts that commenced in the period. Operating margin grew by approximately 310 basis points in Q2'26 compared to Q2'25, reflecting higher revenue and continued operating discipline, offset by the impact of divestiture-related charges of \$27 million. Diluted earnings per share grew 270% to \$4.98 in Q2'26 compared to Q2'25, primarily driven by the Q2'26 recognition of a \$360 million gain, net of tax on the Kepware and ThingWorx divestiture.

Results of Operations

(Dollar amounts in millions, except per share data)

	Three months ended		Percent Change	
	March 31, 2026	March 31, 2025	Actual	Constant Currency ⁽¹⁾
ARR	\$ 2,364.7	\$ 2,290.1	3%	1%
ARR excluding divested businesses ⁽²⁾	\$ 2,364.7	\$ 2,136.0	11%	8.5%
Total recurring revenue ⁽³⁾	\$ 743.4	\$ 601.5	24%	17%
Perpetual license	6.9	5.8	19%	14%
Professional services	24.0	29.0	(17)%	(21)%
Total revenue	774.3	636.4	22%	15%
Total cost of revenue	113.6	106.3	7%	5%
Gross margin	660.7	530.1	25%	17%
Operating expenses	364.9	306.6	19%	15%
Operating income	\$ 295.8	\$ 223.5	32%	20%
Non-GAAP operating income ⁽¹⁾	\$ 410.7	\$ 299.3	37%	27%
Operating margin	38.2%	35.1%		
Non-GAAP operating margin ⁽¹⁾	53.0%	47.0%		
Diluted earnings per share	\$ 4.98	\$ 1.35		
Non-GAAP diluted earnings per share ⁽¹⁾	\$ 2.69	\$ 1.79		
Cash provided by operating activities	\$ 320.9	\$ 281.3		
Capital expenditures	(2.7)	(2.8)		
Free cash flow	\$ 318.2	\$ 278.5		

(Dollar amounts in millions, except per share data)

	Six months ended		Percent Change	
	March 31, 2026	March 31, 2025	Actual	Constant Currency ⁽¹⁾
ARR	\$ 2,364.7	\$ 2,290.1	3%	1%
ARR excluding divested businesses ⁽²⁾	\$ 2,364.7	\$ 2,136.0	11%	8.5%
Total recurring revenue ⁽³⁾	\$ 1,400.7	\$ 1,125.9	24%	20%
Perpetual license	12.6	15.2	(18)%	(19)%
Professional services	46.9	60.4	(22)%	(24)%
Total revenue	1,460.1	1,201.5	22%	17%
Total cost of revenue	231.4	218.1	6%	5%
Gross margin	1,228.8	983.4	25%	20%
Operating expenses	711.8	644.4	10%	8%
Operating income	\$ 516.9	\$ 339.0	52%	40%
Non-GAAP operating income ⁽¹⁾	\$ 720.3	\$ 490.6	47%	38%
Operating margin	35.4%	28.2%		
Non-GAAP operating margin ⁽¹⁾	49.3%	40.8%		
Diluted earnings per share	\$ 6.35	\$ 2.02		
Non-GAAP diluted earnings per share ⁽¹⁾	\$ 4.61	\$ 2.89		
Cash provided by operating activities	\$ 590.7	\$ 519.7		
Capital expenditures	(5.0)	(5.6)		
Free cash flow	\$ 585.7	\$ 514.2		

- (1) See *Operating and Non-GAAP Financial Measures* below for a reconciliation of our GAAP results to our non-GAAP financial measures and *Impact of Foreign Currency Exchange on Results of Operations* below for a description of how we calculate our results on a constant currency basis.
- (2) ARR excluding divested businesses excludes ARR attributable to the Kepware and ThingWorx businesses from the prior-year period to facilitate period-to-period comparison following the Q2'26 divestiture of those businesses.
- (3) Recurring revenue is comprised of on-premises subscription, perpetual support, SaaS, and hosting services revenue.

Impact of Foreign Currency Exchange on Results of Operations

Approximately 55% of our revenue and 30% of our expenses are transacted in currencies other than the U.S. Dollar. Because we report our results of operations in U.S. Dollars, currency translation, particularly changes in the Euro, Yen, Shekel, and Rupee relative to the U.S. Dollar, affects our reported results. Our constant currency disclosures are calculated by multiplying the results in local currency for the quarterly periods for FY'26 and FY'25 by the exchange rates in effect on September 30, 2025.

If reported results for the six months ended March 31, 2026 were converted into U.S. Dollars using the rates in effect as of September 30, 2025, ARR would have been higher by \$23 million, revenue would have been higher by \$3 million, and expenses would have been materially consistent. If reported results for the six months ended March 31, 2025 were converted into U.S. Dollars using the rates in effect as of September 30, 2025, ARR would have been higher by \$68 million, revenue would have been higher by \$50 million, and expenses would have been higher by \$17 million.

Revenue

Under ASC 606, the value, mix, and duration of contract types (support, SaaS, on-premises subscription) commencing in any given period can have a material impact on revenue in the period, and as a result can impact the comparability of reported revenue period over period. We recognize revenue for the license portion of on-premises subscription contracts when we deliver the licenses to the customer, typically on the start date, and we recognize revenue on the support portion of on-premises subscription contracts and stand-alone support contracts ratably over the term. Revenue from our cloud services (primarily SaaS) contracts is recognized ratably. Over time, as we expand our SaaS offerings, release additional cloud functionality into our products, and migrate customers from on-premises subscriptions to SaaS, a higher portion of our revenue would be recognized ratably. Given the different value, mix, and duration of contracts commencing in any period, year-over-year or sequential revenue can vary significantly.

Revenue by Line of Business

(Dollar amounts in millions)

	Three months ended		Percent Change		Six months ended		Percent Change	
	March 31, 2026	March 31, 2025	Actual	Constant Currency	March 31, 2026	March 31, 2025	Actual	Constant Currency
License	\$ 362.7	\$ 254.4	43%	34%	\$ 632.4	\$ 427.1	48%	41%
Support and cloud services	387.6	353.0	10%	5%	780.8	714.0	9%	6%
Software revenue	750.3	607.4	24%	17%	1,413.2	1,141.1	24%	19%
Professional services	24.0	29.0	(17)%	(21)%	46.9	60.4	(22)%	(24)%
Total revenue	\$ 774.3	\$ 636.4	22%	15%	\$ 1,460.1	\$ 1,201.5	22%	17%

Software revenue growth in Q2'26 and the first six months of FY'26 compared to the corresponding FY'25 periods was driven by license revenue growth, which was driven by the value and duration of contracts that commenced in the period.

Support and cloud services revenue growth in Q2'26 and the first six months of FY'26 compared to the corresponding FY'25 periods was mainly driven by growth in both CAD and PLM.

Professional services revenue decreased in Q2'26 and the first six months of FY'26 as we continue to execute on our strategy of leveraging partners to deliver services rather than contracting to deliver services ourselves.

Software Revenue by Product Group

(Dollar amounts in millions)

	Three months ended		Percent Change		Six months ended		Percent Change	
	March 31, 2026	March 31, 2025	Actual	Constant Currency	March 31, 2026	March 31, 2025	Actual	Constant Currency
PLM	\$ 470.0	\$ 368.4	28%	21%	\$ 879.9	\$ 692.0	27%	23%
CAD	280.3	239.0	17%	10%	533.3	449.1	19%	14%
Software revenue	\$ 750.3	\$ 607.4	24%	17%	\$ 1,413.2	\$ 1,141.1	24%	19%

PLM software revenue growth in Q2'26 was driven by Windchill license revenue growth in the Americas. PLM software revenue growth in the first six months of FY'26 was driven by license revenue growth in Europe and the Americas, primarily in Windchill.

PLM ARR decreased 1% (3% constant currency) from Q2'25 to Q2'26, reflecting the impact of the Kepware and ThingWorx divestiture. Excluding Kepware and ThingWorx from Q2'25 ARR, PLM ARR growth would have been 11% (9% constant currency), primarily driven by Windchill and Codebeamer.

PLM ARR decreased 5% (5% constant currency) in the Americas and grew 4% (1% decrease in constant currency) in Europe and 3% (4% constant currency) in Asia Pacific. Excluding Kepware and ThingWorx from Q2'25 ARR, PLM ARR growth would have been 15% (9% constant currency) in Europe, 15% (16% constant currency) in Asia Pacific, and 7% (7% constant currency) in the Americas, primarily driven by Windchill in each region and Codebeamer in Europe and Asia Pacific.

CAD software revenue growth in Q2'26 and the first six months of FY'26 was driven by Creo license revenue growth in the Americas.

CAD ARR grew 10% (8% constant currency) from Q2'25 to Q2'26, primarily driven by Creo. CAD ARR grew 13% (7% constant currency) in Europe, 10% (11% constant currency) in Asia Pacific, and 8% (7% constant currency) in the Americas, primarily driven by Creo in each region.

Gross Margin

(Dollar amounts in millions)

	Three months ended		Percent Change	Six months ended		Percent Change
	March 31, 2026	March 31, 2025		March 31, 2026	March 31, 2025	
License gross margin	\$ 350.7	\$ 243.5	44%	\$ 607.0	\$ 406.0	50%
License gross margin percentage	97%	96%		96%	95%	
Support and cloud services gross margin	\$ 310.7	\$ 282.7	10%	\$ 624.7	\$ 572.3	9%
Support and cloud services gross margin percentage	80%	80%		80%	80%	
Professional services gross margin	\$ (0.7)	\$ 4.0	(118)%	\$ (3.0)	\$ 5.2	(158)%
Professional services gross margin percentage	(3)%	14%		(6)%	9%	
Total gross margin	\$ 660.7	\$ 530.1	25%	\$ 1,228.8	\$ 983.4	25%
Total gross margin percentage	85%	83%		84%	82%	
Non-GAAP gross margin ⁽¹⁾	\$ 675.6	\$ 543.7	24%	\$ 1,257.6	\$ 1,011.3	24%
Non-GAAP gross margin percentage ⁽¹⁾	87%	85%		86%	84%	

(1) Non-GAAP financial measures are reconciled to GAAP results under *Non-GAAP Financial Measures* below.

License gross margin growth in Q2'26 and the first six months of FY'26 was in line with license revenue growth. Cost of license revenue was higher in the first six months of FY'26 compared to the first six months of FY'25, primarily due to higher royalty expenses.

Support and cloud services gross margin growth in Q2'26 and the first six months of FY'26 compared to the corresponding FY'25 periods was in line with support and cloud services revenue growth. Cost of support and cloud services revenue increased 9% and 10% in Q2'26 and the first six months of FY'26,

respectively, compared to the corresponding FY'25 periods, primarily due to higher cloud and software subscription-related costs and compensation-related costs.

Professional services gross margin decreased in Q2'26 and the first six months of FY'26 compared to the corresponding FY'25 periods, primarily due to a sharper decrease in professional services revenue than in professional services expense. The decreases in professional services revenue and costs are due to our continued execution on our strategy of leveraging partners to deliver services rather than contracting to deliver services ourselves.

Operating Expenses

(Dollar amounts in millions)

	Three months ended			Six months ended		
	March 31, 2026	March 31, 2025	Percent Change	March 31, 2026	March 31, 2025	Percent Change
Sales and marketing	\$ 140.1	\$ 125.0	12%	\$ 281.0	\$ 282.6	(1)%
% of total revenue	18%	20%		19%	24%	
Research and development	\$ 124.1	\$ 111.0	12%	\$ 244.1	\$ 226.5	8%
% of total revenue	16%	17%		17%	19%	
General and administrative	\$ 88.6	\$ 55.0	61%	\$ 162.6	\$ 108.3	50%
% of total revenue	11%	9%		11%	9%	
Amortization of acquired intangible assets	\$ 12.0	\$ 11.4	6%	\$ 24.1	\$ 22.8	6%
% of total revenue	2%	2%		2%	2%	
Impairment and other charges, net	\$ —	\$ 4.2	(100)%	\$ —	\$ 4.2	(100)%
% of total revenue	0%	1%		0%	0%	
Total operating expenses	\$ 364.9	\$ 306.6	19%	\$ 711.8	\$ 644.4	10%

Total headcount decreased 4% between Q2'25 and Q2'26 due to the Kepware and ThingWorx divestiture.

Operating expenses in Q2'26 increased compared to Q2'25, primarily due to the following:

- \$27 million in charges associated with the Kepware and ThingWorx divestiture (included in General and administrative);
- a \$19 million increase in compensation expense (excluding stock-based compensation expense), driven by headcount growth prior to the Kepware and ThingWorx divestiture, annual merit increases and severance costs; and
- a \$15 million increase in stock-based compensation, driven by the timing and value of grants and the increase in the number of performance-based grants.

Operating expenses in the first six months of FY'26 increased compared to the first six months of FY'25, primarily due to the following:

- \$37 million in charges associated with the Kepware and ThingWorx divestiture (included in General and administrative);
- a \$25 million increase in compensation expense (excluding stock-based compensation expense and severance expense), driven by headcount growth prior to the Kepware and ThingWorx divestiture and annual merit increases;
- a \$17 million increase in stock-based compensation, driven by the timing and value of grants and the increase in the number of performance-based grants; and
- a \$7 million increase in travel-related expenses;

partially offset by:

- a \$14 million decrease in severance costs primarily related to our FY'25 go-to-market realignment (which was mainly included in Sales and marketing); and
- a \$7 million decrease in outside services, driven by FY'25 consulting services related to our go-to-market realignment and other corporate initiatives.

Interest Expense

(Dollar amounts in millions)

	Three months ended			Six months ended		
	March 31, 2026	March 31, 2025	Percent Change	March 31, 2026	March 31, 2025	Percent Change
Interest expense	\$ 15.3	\$ 19.6	(22)%	\$ 32.6	\$ 41.7	(22)%

Interest expense in FY'26 and FY'25 includes interest on our revolving credit facility, term loan, and senior notes due in 2028. Interest expense in Q2'25 and the first six months of FY'25 also included interest on our senior notes due in 2025, which were redeemed in Q2'25. Interest expense decreased in Q2'26 and the first six months of FY'26 compared to the corresponding FY'25 periods due to lower debt balances and lower interest rates.

Other Income

(Dollar amounts in millions)

	Three months ended			Six months ended		
	March 31, 2026	March 31, 2025	Percent Change	March 31, 2026	March 31, 2025	Percent Change
Interest income	\$ 1.2	\$ 0.8	55%	\$ 2.0	\$ 1.7	17%
Other income (expense), net	465.1	0.6	75,529%	463.4	(0.6)	73,199%
Other income, net	\$ 466.3	\$ 1.4	33,424%	\$ 465.4	\$ 1.1	43,439%

Other income, net increased in Q2'26 and the first six months of FY'26 compared to the corresponding FY'25 periods due to the Q2'26 recognition of a \$463 million gain on the Kepware and ThingWorx divestiture.

Income Taxes

(Dollar amounts in millions)

	Three months ended			Six months ended		
	March 31, 2026	March 31, 2025	Percent Change	March 31, 2026	March 31, 2025	Percent Change
Income before income taxes	\$ 746.8	\$ 205.2	264%	\$ 949.8	\$ 298.4	218%
Provision for income taxes	\$ 156.1	\$ 42.6	266%	\$ 192.5	\$ 53.5	260%
Effective income tax rate	21%	21%		20%	18%	

The effective tax rate for the first six months of FY'26 was higher than the effective tax rate for the corresponding prior-year period primarily due to changes in the geographic mix of income before taxes. For Q2'26 and the first six months of FY'26, the provision for income taxes includes tax expense of \$102 million on the gain on sale of \$463 million related to the Kepware and ThingWorx divestiture. The effective tax rate for the first six months of FY'26 also reflected a net income tax benefit of \$7 million related to IRS procedural guidance, as described below. The first six months of FY'25 included a benefit of \$10 million associated with the impact of tax reserves related to prior years in a foreign jurisdiction.

In the first six months of FY'26, our rate included the effects of IRS procedural guidance requiring consent for previously automatic changes of accounting method. In 2024, we requested consent from the IRS to change our tax accounting method for the treatment of certain deductions. In Q1'26, upon receiving consent from the IRS, we released the reserve established in 2025 related to the procedural guidance, which resulted in a net income tax benefit of \$7 million for the reversal of the associated accrued interest and indirect effects on GILTI and FDII in 2024.

On July 4, 2025, the “One Big Beautiful Bill Act” (the “Act”) was enacted into law. The Act includes changes to U.S. tax law that are applicable to us beginning in FY’26. These changes include provisions allowing accelerated tax deductions for qualified property and research expenditures. Our financials reflect the impact of the provisions of the Act that are applicable beginning FY’26.

Critical Accounting Policies and Estimates

There were no material changes to our critical accounting policies and estimates as set forth under the heading *Critical Accounting Policies and Estimates* in Part II, Item 7. *Management’s Discussion and Analysis of Financial Condition and Results of Operations* of our 2025 Annual Report on Form 10-K.

Recent Accounting Pronouncements

In accordance with recently issued accounting pronouncements, we will be required to comply with certain changes in accounting rules and regulations. Refer to *Note 1. Basis of Presentation* to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for all recently issued accounting pronouncements. We are evaluating the impact of ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software and ASU 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets and have not yet determined whether they will have a material impact.

Liquidity and Capital Resources

<i>(in millions)</i>	March 31, 2026	September 30, 2025
Cash and cash equivalents	\$ 439.1	\$ 184.4
Restricted cash	0.6	0.6
Total	<u>\$ 439.7</u>	<u>\$ 185.0</u>

<i>(in millions)</i>	Six months ended	
	March 31, 2026	March 31, 2025
Net cash provided by operating activities	\$ 590.7	\$ 519.7
Net cash provided by investing activities	\$ 535.0	\$ 6.7
Net cash used in financing activities	\$ (866.8)	\$ (551.1)

Cash, Cash Equivalents and Restricted Cash

We invest our cash with highly rated financial institutions. Cash and cash equivalents include highly liquid investments with original maturities of three months or less.

Due to the stability of our subscription model and consistency of annual, up-front billing, we aim to maintain a low cash balance. Cash balances are higher as of Q2’26 compared to Q4’25, reflecting the timing of expected tax payments and payment of divestiture-related charges associated with the Kepware and ThingWorx divestiture. A significant portion of our cash is generated and held outside the U.S. As of March 31, 2026, we had cash and cash equivalents of \$27 million in the U.S., \$269 million in Europe, \$122 million in Asia Pacific (including India) and \$21 million in other countries. We have substantial cash requirements in the U.S. but believe that the combination of our existing U.S. cash and cash equivalents, cash available under our revolving credit facility, future U.S. operating cash inflows, and our ability to repatriate cash to the U.S. will be sufficient to meet our ongoing U.S. operating expenses and known capital requirements.

Cash Provided by Operating Activities

Cash provided by operating activities increased \$71 million in the first six months of FY'26 compared to the same period in FY'25. Growth was driven by higher collections, partially offset by higher tax payments and higher payroll and related payments. Additionally, the first six months of FY'26 included \$15 million of divestiture-related payments.

Cash Provided by Investing Activities

Cash provided by investing activities in the first six months of FY'26 was driven by \$523 million in consideration received for the divestiture of the Kepware and ThingWorx businesses.

Cash Used in Financing Activities

Cash used in financing activities in the first six months of FY'26 was driven by \$826 million of repurchases of common stock, including \$375 million associated with the ASR entered into in Q2'26. Cash used in financing activities in the first six months of FY'25 included net payments of \$360 million on our outstanding debt, including the redemption of our 2025 senior notes primarily using a draw on our credit facility, and \$150 million of repurchases of common stock.

Outstanding Debt

<i>(in millions)</i>	March 31, 2026	September 30, 2025
4.000% Senior notes due 2028	\$ 500.0	\$ 500.0
Credit facility revolver line	243.8	231.3
Credit facility term loan	456.3	468.8
Total debt	\$ 1,200.0	\$ 1,200.0
Unamortized debt issuance costs for the senior notes	(2.0)	(2.6)
Total debt, net of issuance costs	<u>\$ 1,198.0</u>	<u>\$ 1,197.4</u>
Undrawn under credit facility revolver	\$ 1,006.3	\$ 1,018.8
Undrawn under credit facility revolver available to borrow	\$ 989.2	\$ 1,001.7

As of March 31, 2026, we were in compliance with all financial and operating covenants of the credit facility and the note indenture. As of March 31, 2026, the annual rate for borrowings outstanding under the credit facility was 5.1%.

Our credit facility and our senior notes are described in *Note 10. Debt* to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q. As of March 31, 2026, \$25 million of our debt associated with the credit facility term loan was classified as current.

Share Repurchases

Our Articles of Organization authorize us to issue up to 500 million shares of our common stock. Our Board of Directors has authorized us to repurchase up to \$2 billion of our common stock in the period October 1, 2024 through September 30, 2026, and \$2 billion of our common stock in the period October 1, 2026 through September 30, 2028. All shares of our common stock repurchased are automatically restored to the status of authorized and unissued. In Q2'26, we entered into an ASR to repurchase \$375 million of our outstanding common stock as described in *Note 4. Earnings per Share (EPS) and Common Stock*. Final settlement of the ASR is expected to occur in Q3'26.

Future Expectations

We believe that existing cash and cash equivalents, together with cash inflows from operations and amounts available under the credit facility, will be sufficient to meet our working capital and capital expenditure requirements through at least the next twelve months and to meet our known long-term capital requirements.

Our expected uses and sources of cash could change, our cash position could be reduced, and we could incur additional debt obligations if we retire other debt, engage in strategic transactions, or repurchase shares, any of which could be commenced, suspended, or completed at any time. Any such repurchases or retirement of debt will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved in any debt retirement or issuance, share repurchases, or strategic transactions may be material.

Operating and Non-GAAP Financial Measures

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 change over time, 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 any 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 contract 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 generally 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.

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 as revenue 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.

Non-GAAP Financial Measures

Our non-GAAP financial measures and the reasons we use them and exclude the items identified below are described in *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our Annual Report on Form 10-K for the year ended September 30, 2025.

The non-GAAP financial measures presented in the discussion of our results of operations and the respective most directly comparable GAAP measures are:

- non-GAAP gross margin—GAAP gross margin
- non-GAAP operating income—GAAP operating income
- non-GAAP operating margin—GAAP operating margin
- non-GAAP net income—GAAP net income
- non-GAAP diluted earnings per share—GAAP diluted earnings per share
- free cash flow—cash flow from operations

The non-GAAP financial measures other than free cash flow exclude, as applicable: stock-based compensation expense; amortization of acquired intangible assets; acquisition and transaction-related charges included in General and administrative expenses; Impairment and other charges (credits), net; non-operating charges (credits), net; and income tax adjustments as defined in our Annual Report on Form 10-K for the fiscal year ended September 30, 2025 and as reflected in the reconciliation tables.

The items excluded from the non-GAAP financial measures often have a material impact on our financial results, certain of those items are recurring, and other items often recur. Accordingly, the non-GAAP financial measures included in this Quarterly Report on Form 10-Q should be considered in addition to, and not as a substitute for or superior to, the comparable measures prepared in accordance with GAAP. The following tables reconcile each of these non-GAAP financial measures to its most closely comparable GAAP measure on our financial statements.

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(in millions, except per share amounts)

	Three months ended		Six months ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
GAAP gross margin	\$ 660.7	\$ 530.1	\$ 1,228.8	\$ 983.4
Stock-based compensation	7.1	5.5	13.1	11.4
Amortization of acquired intangible assets included in cost of revenue	7.8	8.1	15.7	16.4
Non-GAAP gross margin	\$ 675.6	\$ 543.7	\$ 1,257.6	\$ 1,011.3
GAAP operating income	\$ 295.8	\$ 223.5	\$ 516.9	\$ 339.0
Stock-based compensation	68.6	51.5	126.5	107.4
Amortization of acquired intangible assets	19.8	19.5	39.8	39.3
Acquisition and transaction-related charges	26.5	0.6	37.1	0.8
Impairment and other charges, net	—	4.2	—	4.2
Non-GAAP operating income	\$ 410.7	\$ 299.3	\$ 720.3	\$ 490.6
GAAP net income	\$ 590.7	\$ 162.6	\$ 757.2	\$ 244.9
Stock-based compensation	68.6	51.5	126.5	107.4
Amortization of acquired intangible assets	19.8	19.5	39.8	39.3
Acquisition and transaction-related charges	26.5	0.6	37.1	0.8
Impairment and other charges, net	—	4.2	—	4.2
Non-operating credits, net ⁽¹⁾	(464.6)	—	(463.9)	—
Income tax adjustments ⁽²⁾	78.4	(21.7)	53.3	(46.4)
Non-GAAP net income	\$ 319.3	\$ 216.8	\$ 550.0	\$ 350.1
GAAP diluted earnings per share	\$ 4.98	\$ 1.35	\$ 6.35	\$ 2.02
Stock-based compensation	0.58	0.43	1.06	0.89
Amortization of acquired intangible assets	0.17	0.16	0.33	0.32
Acquisition and transaction-related charges	0.22	0.01	0.31	0.01
Impairment and other charges, net	—	0.03	—	0.03
Non-operating credits, net ⁽¹⁾	(3.92)	—	(3.89)	—
Income tax adjustments ⁽²⁾	0.66	(0.18)	0.45	(0.38)
Non-GAAP diluted earnings per share	\$ 2.69	\$ 1.79	\$ 4.61	\$ 2.89
Cash provided by operating activities	\$ 320.9	\$ 281.3	\$ 590.7	\$ 519.7
Capital expenditures	(2.7)	(2.8)	(5.0)	(5.6)
Free cash flow	\$ 318.2	\$ 278.5	\$ 585.7	\$ 514.2

- (1) In Q2'26, we recognized gains of \$462.6 million on the sale of the Kepware and ThingWorx businesses and \$2.0 million related to the finalization of contingent consideration associated with the FY'22 sale of a portion of our PLM services business. In Q1'26, we recognized a \$0.8 million financing charge related to a debt commitment agreement associated with our anticipated divestiture of the Kepware and ThingWorx businesses.
- (2) Income tax adjustments reflect the tax effects of non-GAAP adjustments which are calculated by applying the applicable tax rate by jurisdiction to the non-GAAP adjustments listed above. Additionally, in Q2'25, adjustments exclude a \$4.9 million benefit related to the tax impact of tax reserves related to prior years in foreign jurisdictions, of which \$4.2 million was a non-cash benefit. In the first six months of FY'25, adjustments exclude a \$10.4 million benefit related to the tax impact of tax reserves related to prior years in a foreign jurisdiction.

Operating margin impact of non-GAAP adjustments:

	Three months ended		Six months ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
GAAP operating margin	38.2%	35.1%	35.4%	28.2%
Stock-based compensation	8.9%	8.1%	8.7%	8.9%
Amortization of acquired intangible assets	2.6%	3.1%	2.7%	3.3%
Acquisition and transaction-related charges	3.4%	0.1%	2.5%	0.1%
Impairment and other charges, net	0.0%	0.7%	0.0%	0.4%
Non-GAAP operating margin	53.0%	47.0%	49.3%	40.8%

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no significant changes in our market risk exposure as described in Item 7A. *Quantitative and Qualitative Disclosures about Market Risk* of our 2025 Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Effectiveness of Disclosure Controls and Procedures

Our management maintains disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) that are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), as appropriate, to allow for timely decisions regarding required disclosure.

We evaluated, under the supervision and with the participation of management, including our principal executive and principal financial officers, the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this quarterly report. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2026.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in management’s evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act that occurred during the period ended March 31, 2026 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION**ITEM 1A. RISK FACTORS**

In addition to other information set forth in this report, you should carefully consider the risk factors described in Part I. Item 1A. *Risk Factors* in our 2025 Annual Report on Form 10-K, which could materially affect our business, financial condition or future results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and/or operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The table below shows the shares of our common stock we repurchased in Q2'26.

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
January 1, 2026 - January 31, 2026	—	\$ —	—	\$ 1,500,012,797
February 1, 2026 - February 28, 2026	674,704	\$ 154.83	674,704	\$ 1,395,549,001
March 1, 2026 - March 31, 2026	2,865,427	\$ 155.49	2,865,427	\$ 950,012,977
Total	3,540,131	\$ 155.36	3,540,131	\$ 950,012,977

- (1) As announced on November 6, 2024, our Board of Directors authorized us to repurchase up to \$2 billion of our common stock in the period October 1, 2024 through September 30, 2027. In Q3'26, in connection with authorizing the repurchase of \$2 billion of our common stock for the period October 1, 2026 through September 30, 2028, the Board of Directors amended the current authorization to end on September 30, 2026.

ITEM 5. OTHER INFORMATION***Director and Executive Officer Adoption, Modification or Termination of 10b5-1 Plans in Q2'26***

None.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On May 5, 2026, Jennifer DiRico, Executive Vice President, Chief Financial Officer of the Company entered into an Executive Agreement with PTC Inc. (the "Company").

The Executive Agreement provides certain compensation and employment protections to the executive. The Executive Agreement provides that, upon a change in control of the Company, (i) all performance measures under any outstanding equity award held by the executive will be deemed to have been met at the target level, and (ii) the executive will receive a payment in an amount equal to the pro-rata portion of the executive's target incentive bonus for the current year. Upon any termination of the executive's employment after a change in control of the Company, (i) all equity awards held by the executive will accelerate and vest in full, (ii) the executive will receive a payment in an amount equal to: (a) 100% of the executive's highest base salary in the six months preceding the termination date, plus (b) 100% of the executive's highest applicable target bonus, and (iii) the executive will be entitled to continued participation in the Company's medical, dental and vision benefit plans (the "Benefit Plans") for one year, or payment of an amount sufficient to purchase substantially equivalent benefits if continued participation is not permitted under the applicable Benefit Plan or if the Benefit Plan is terminated. The Executive Agreement also provides that, upon termination of the executive's employment by the Company without cause (i) the executive will receive a payment in an amount equal to 100% of the executive's highest base salary in the six months preceding the termination date plus 100%

of the executive's target bonus for the year in which the termination occurs, (ii) all equity awards held by the executive that would have vested in the twelve months following the termination date will vest, and (iii) the executive will be entitled to continued participation in the Benefit Plans or payment in lieu thereof as described above. The Executive Agreement also provides that upon termination of the executive's employment by the Company due to the executive's death or disability, all equity held by the executive will vest in full. To receive the payments and benefits under the Executive Agreement, the executive must execute a release of claims in favor of the Company and continue to comply with the terms of the executive's Restrictive Covenant Agreement with the Company. The preceding description of the Executive Agreement is qualified by reference to the full text of such agreement, a copy of which is filed as Exhibit 10.1 to this Form 10-Q.

ITEM 6. EXHIBITS

Exhibit Number	Description	Filed Herewith	Incorporated by Reference			
			Form	Filing Date	Exhibit	SEC File No.
3.1	Restated Articles of Organization of PTC Inc.		10-K	November 23, 2015	3.1	0-18059
3.2	Amended and Restated By-Laws of PTC Inc.		10-K	November 14, 2024	3.2	0-18059
4.1	Indenture dated as of February 13, 2020, between PTC Inc. and Wells Fargo Bank, National Association, as trustee		8-K	February 13, 2020	4.1	0-18059
4.2	Form of 4.000% senior unsecured notes due 2028		8-K	February 13, 2020	4.3	0-18059
10.1*	Executive Agreement dated May 5, 2026 by and between Jennifer DiRico and PTC Inc.	X				
31.1	Certification of the Chief Executive Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a)	X				
31.2	Certification of the Chief Financial Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a)	X				
32**	Certification of Periodic Financial Report Pursuant to 18 U.S.C. Section 1350	X				
101.INS	Inline XBRL Instance Document – the instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document					
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents					
104	The cover page of the Q2 Form 10-Q formatted in Inline XBRL (included in Exhibit 101)					

* Identifies a management contract or compensatory plan or arrangement in which an executive officer or director of PTC participates.

** Indicates that the exhibit is being furnished, not filed, with this report.

EXECUTIVE AGREEMENT

This Executive Agreement (“Agreement”) is by and between PTC Inc., a Massachusetts corporation (the “Company”), and Jennifer DiRico (the “Executive”).

WHEREAS, the Executive is the Executive Vice President, Chief Financial Officer of the Company;

WHEREAS, the Executive has executed a Restrictive Covenant Agreement with the Company;

WHEREAS, the Company wishes to make the following arrangements with the Executive concerning certain payments and benefits to be provided to the Executive in the event of a Change in Control of the Company or if the Executive’s employment with the Company is terminated in certain circumstances specified herein;

NOW, THEREFORE, the Company and the Executive hereby agree as follows:

1. Definitions

For the purposes of this Agreement:

- (a) “Board” means the Company’s board of directors.
- (b) “Code” means the U.S. Internal Revenue Code of 1986, as amended.
- (c) “Cause” means:

(i) the Executive’s willful and continued failure to substantially perform the Executive’s duties to the Company (other than any such failure resulting from the Employee’s incapacity due to physical or mental illness), provided that the Company has delivered a written demand for performance to the Executive specifically identifying the manner in which the Company believes that the Executive has not substantially performed the Executive’s duties and the Executive does not cure such failure within thirty (30) days after such demand;

(ii) willful conduct by the Executive which is demonstrably and materially injurious to the Company;

(iii) the Executive’s conviction of, or pleading of guilty or nolo contendere to, a felony;

(iv) the Executive’s entry in the Executive’s personal capacity into a consent decree relating to the business of the Company with any government body; or

(v) the Executive’s willful violation of any material provision of the Executive’s Restrictive Covenant Agreement; provided that, if such violation can be cured, the Executive has not, within thirty (30) days after written demand by the Company, cured such violation.

For purposes of this definition, no act or failure to act on the Executive’s part shall be deemed “willful” unless done or omitted to be done by the Executive not in good faith and without reasonable belief that the Executive’s action or omission was in the best interests of the Company.

- (d) “Change in Control” means the occurrence of any of the following events:

(i) any “person,” as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (other than the Company, any trustee or other fiduciary holding

securities under an employee benefit plan of the Company, or any corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportion as their ownership of stock in the Company) is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company’s then outstanding securities (other than as a result of acquisitions of such securities from the Company);

(ii) individuals who constitute the Board as of the date hereof (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company) shall be, for purposes of this Agreement, considered to be a member of the Incumbent Board;

(iii) the consummation of a merger, share exchange or consolidation of the Company or any subsidiary of the Company with any other entity (each a “Business Combination”), other than (A) a Business Combination that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of another entity) beneficial ownership, directly or indirectly, of a majority of the combined voting power of the Company or the surviving entity (including any person that, as a result of such transaction, owns all or substantially all of the Company’s assets either directly or through one or more subsidiaries) outstanding immediately after such Business Combination or (B) a merger, share exchange or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no “person” (as defined above) is or becomes the beneficial owner of fifty percent (50%) or more of the combined voting power of the Company’s then outstanding securities;

(iv) the sale or disposition by the Company of all or substantially all of the Company’s assets;

(v) the liquidation or dissolution of the Company.

(e) “Change in Control Termination” means any of the following terminations of the Executive’s employment:

(i) termination of the Executive’s employment by the Company during the period from the date of a Change in Control through the second anniversary thereof, other than for Cause or as a result of the Executive’s death or Disability;

(ii) resignation by the Executive for Good Reason during the period from the date of a Change in Control through the second anniversary thereof; or

(iii) termination of the Executive’s employment by the Company within one hundred eighty (180) days prior to a Change in Control, other than for Cause or as a result of the Executive’s death or Disability, if it is reasonably demonstrated by the Executive that such termination of employment (A) was at the request of a third party that has taken steps reasonably calculated to effect the Change in Control or (B) was otherwise related to or in anticipation of the Change in Control. A Change in Control Termination under this Section 1(e)(iii) shall be deemed to have occurred when the Change in Control occurs.

(f) “Disability” means such physical or mental incapacity as to make the Executive unable to perform the essential functions of the Executive’s employment duties for a period of at least sixty (60) consecutive days with or without reasonable accommodation. If any question shall arise as to whether during any period the Executive is so disabled as to be unable to perform the essential functions of the Executive’s employment duties with or without reasonable accommodation, the Executive may, and at the request of the Company shall, submit to the Company a certification in reasonable detail by a physician selected by the Company to whom the Executive or the Executive’s

guardian has no reasonable objection as to whether the Executive is so disabled or how long such disability is expected to continue, and such certification shall for the purposes of this Agreement be conclusive of the issue. The Executive shall cooperate with any reasonable request of the physician in connection with such certification. If such question shall arise and the Executive shall fail to submit such certification, the Company's determination of such issue shall be binding on the Executive.

(g) "Equity Award" means any stock option, stock appreciation right, restricted stock unit, restricted stock or other equity award issued under any Stock Plan, but excludes any Target Annual Incentive Bonus that may be payable in the form of equity.

(h) "Good Reason" means the occurrence, without the Executive's consent and without Cause, of any of the following events after or in connection with a Change in Control (provided that the Executive shall have given the Company written notice describing such event within ninety (90) days of its initial existence and the matter shall not have been fully remedied by the Company within thirty (30) days after receipt of such notice (the "Cure Period") and the Executive terminates employment within sixty (60) days after the end of the Cure Period):

(i) any reduction of the Executive's annual base salary or target bonus as in effect at the date of the Change in Control; provided that any such reduction (not exceeding fifteen percent (15%) of either (A) such base salary or (B) the sum of such base salary and such target bonus) that is consistent with similar actions taken with respect to the base salaries and/or target bonuses of the other senior executives of the Company shall not constitute Good Reason;

(ii) any material reduction in the aggregate benefits for which the Executive is eligible under the Company's benefit plans, including medical, dental, vision, basic life insurance, retirement, paid time off, long-term disability and short-term disability plans; provided that any such reduction or other action that is consistent with similar actions taken with respect to comparable benefits of the Company employees generally shall not constitute Good Reason;

(iii) a material diminution in the substantive responsibilities or the scope of the Executive's position, taking into consideration, without limitation, the dollar amount of the budget and the number of employees for which the Executive has responsibility (and a reduction of more than ten percent (10%) in such dollar amount or such number from that which was applicable at the date of the Change in Control shall be deemed a "material diminution" unless it is comparable to similar reductions then applicable to the Company's executive officers generally);

(iv) any breach by the Company of its material obligations under this Agreement;

(v) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company; or

(vi) any requirement that the Executive relocate to a primary work site that would increase the Executive's one-way commute distance by more than fifty (50) miles from the Executive's then principal residence.

(i) "Restrictive Covenant Agreement" means the most recent agreement executed by the Executive in favor of the Company that contains restrictions on competition with the Company and its subsidiaries and/or solicitation of employees and customers of the Company and its subsidiaries and/or disparagement of the Company and its subsidiaries and/or use or disclosure of confidential information of the Company and its subsidiaries.

(j) "Stock Plan" means any stock option or equity compensation plan of the Company in effect at any time, including without limitation the 2000 Equity Incentive Plan.

(k) "Target Annual Incentive Bonus" means an Annual Incentive Bonus (stated as a cash amount even if it may be payable in the form of equity) payable under a Corporate Incentive Plan of the Company for achievement of performance measure(s) at the Target Level. "Corporate Incentive Plan" means any incentive program of the Company in effect at the respective time to the extent it provides for compensation upon achievement of one or more performance measures with a performance period of one year ("Annual Incentive Bonus").

(l) “Target Level” means the level at which 100% of the Target Annual Incentive Bonus becomes payable or at which 100% of the target value of performance-based Equity Award for the applicable performance period vests. Any upside bonus, upside equity, or other amounts that may be earned for achievement of performance measures above the Target Level and any discretionary or other bonus are not considered part of the Target Annual Incentive Bonus or any performance-based Equity Awards.

(m) “Termination Date” means the last date of the Executive’s employment with the Company, a subsidiary, an affiliate or a successor. A transfer of the Executive’s employment within the Company and its subsidiaries and affiliates or to a successor shall not be deemed a termination of employment.

2. Termination of Employment by the Company without Cause

If the Company terminates the Executive’s employment without Cause (other than a termination constituting a Change in Control Termination or a termination due to the Executive’s death or Disability), effective upon the later of the Termination Date or the effectiveness of the Release executed in connection with such termination and subject to the Executive satisfying all the conditions to Payment of Severance (as set forth in Section 11 below), the Executive shall be entitled to the following:

(a) a lump sum payment in an amount equal to 100% of the highest annual base salary in effect with respect to the Executive during the six-month period immediately preceding the Termination Date, payable within forty-five (45) days after the Termination Date;

(b) a lump sum payment in an amount equal to 100% of the Target Annual Incentive Bonus, if any, for which the Executive is eligible for the fiscal year in which the Termination Date occurs, payable within forty-five (45) days after the Termination Date;

(c) acceleration of vesting of the portion of each Equity Award that would have vested within one year after the Termination Date, with any performance measure applicable to any such portion of an outstanding Equity Award held by the Executive to be deemed to have been met at the Target Level, provided that, if such Termination Date occurs on or after October 1 and before November 15, any performance measure applicable to any such portion of any outstanding Equity Award held by the Executive shall be deemed to have been met at the actual performance level achieved for the fiscal year ended September 30 of the calendar year in which the Termination Date occurs; and

(d) continued participation in the Company’s medical, dental, and vision benefit plans (the “Benefit Plans”) at the Company’s expense, subject to the terms and conditions of the respective plans and applicable law and the Executive’s election of continued coverage under COBRA, for a period of one year following the Termination Date; provided that, to the extent that any of the Benefit Plans does not permit such continuation of the Executive’s participation following the Executive’s termination or any such Benefit Plan is terminated, the Company shall pay the Executive an amount which is sufficient for the Executive to purchase substantially equivalent benefits, such amount to be paid quarterly in advance; provided further, however, that to the extent the Executive becomes eligible to receive medical, dental, and/or vision benefits under a plan provided by another employer, the Executive’s entitlement to participate in the corresponding Benefit Plan or Benefit Plans or to receive such corresponding alternate payments shall cease as of the date the Executive is eligible to participate in such other plan, and the Executive shall promptly notify the Company of the Executive’s eligibility under such plan.

3. Change in Control

(a) Equity Awards. Effective upon a Change in Control that occurs during the Executive’s employment, and except as provided in any Equity Award documentation that explicitly or implicitly excludes such Equity Award from the effects of this Section 3, the following shall occur:

(i) any performance measure(s) applicable to any outstanding Equity Award held by the Executive shall be deemed to have been met at the Target Level (which deemed performance will not affect any service-based vesting schedule for such Equity Award); and

(ii) each outstanding Equity Award held by the Executive shall be deemed amended automatically to provide that, notwithstanding any provision of any Stock Plan, such Equity Award may not be terminated or forfeited without the Executive's written consent (provided that this shall not prevent termination of (A) any unvested portion thereof that is terminated or forfeited upon termination of the Executive's employment as provided in the respective Stock Plan or in any agreement or certificate executed in connection with such Equity Award, (B) a stock option the termination of which is covered by Section 8(i) of the Company's 2000 Equity Incentive Plan, or (C) an Equity Award upon payment of a cash payment with a Fair Market Value (as defined in the applicable Stock Plan) equal to the amount that would have been received upon the exercise or payment of the Equity Award had the Equity Award been exercised or paid upon the Change in Control).

(b) Annual Incentive Bonus. Effective upon (x) a Change in Control that occurs during the Executive's employment or (y) a Change in Control Termination under Section 1(e)(iii), the Executive shall be entitled to payment of an amount equal to a pro-rata portion of the Target Annual Incentive Bonus, if any, for which the Executive is eligible for the fiscal year in which the Change in Control occurs, based on the percentage of the performance period completed through the date of the Change in Control, for the purposes of which any performance measure(s) applicable to such Target Annual Incentive Bonus shall be deemed to have been met at the Target Level, which payment shall be made in one lump sum within forty-five (45) days of the date of the Change in Control.

(c) Change in Control Termination Benefits.

(i) Equity Awards. Effective upon the later of a Change in Control Termination or the effectiveness of the Release executed in connection with such Change in Control Termination and subject to the Executive satisfying all the conditions to Payment of Severance (as set forth in Section 11 below), the following shall occur:

(A) all outstanding Equity Awards held by the Executive shall immediately become vested and exercisable or distributable in full; and

(B) all restrictions applicable to restricted stock issued under any Stock Plan and held by the Executive shall immediately lapse.

(ii) Make-Up Payment. In the event of a Change in Control Termination under Section 1(e)(iii) and subject to the Executive satisfying all of the Conditions to Payment of Severance (as set forth in Section 11 below), Executive shall be entitled to a cash payment in an amount equal to the sum of:

(A) the excess, if any, of (A) the product of (1) the number of additional shares of the Company's Common Stock that were subject to Equity Awards that would have become vested and exercisable and/or as to which the restrictions would have lapsed, in each case solely as a result of Section 3(c)(i), and for which the Executive would have been entitled to receive consideration in the Change in Control (on the same basis as other holders of the Company's Common Stock), had the Executive remained employed through the date of the Change in Control and was deemed to have exercised all the stock options that would then have become exercisable under Section 3(c)(i)(A) times (2) the amount per share of the Company's Common Stock (if any) received by the Company's stockholders generally pursuant to the Change in Control (the "Shareholder Price") over (B) the aggregate exercise price of all such additional stock options that the Executive would then have become able to exercise upon the Change in Control as a result of Section 3(c)(i)(A) (whereupon all such Equity Awards shall terminate and shall no longer be exercisable); and

(B) the excess, if any, of (A) the product of (1) the number of shares of the Company's Common Stock that the Executive (a) held on the Termination Date or could have acquired upon exercise of stock options held on such date and (b) sold before the consummation of the Change in Control (the "Pre-Sold Shares") times (2) the Shareholder Price over (B) the aggregate amount received by the Executive in the sale(s) of the Pre-Sold Shares.

The Company shall pay this lump sum payment within sixty (60) days following the date the Conditions to Payment of Severance (as set forth in Section 11 below), are met.

(iii) Salary, Annual Incentive Bonus and Benefits. Effective upon the later of a Change in Control Termination or the effectiveness of the Release executed in connection with such Change in Control Termination and subject to the Executive satisfying all the conditions to Payment of Severance (as set forth in Section 11 below), the Executive shall be entitled to the following:

(A) a lump sum payment in an amount equal to 100% of the Executive's annual base salary plus the Executive's Target Annual Incentive Bonus, such base salary to be the highest annual base salary in effect with respect to the Executive during the six-month period immediately preceding the Executive's termination and such Target Annual Incentive Bonus to be the highest Target Annual Incentive Bonus in effect with respect to the Executive for (1) the fiscal year in which the Change in Control occurs, (2) the fiscal year following the year in which the Change in Control occurs, or (3) the fiscal year in which the Change in Control Termination occurs, whichever is highest, payable within forty-five (45) days after the Termination Date; and

(B) continued participation in the Benefit Plans at the Company's expense, subject to the terms and conditions of the respective plans and applicable law and the Executive's election of continued coverage under COBRA, for a period of one year following the Termination Date; provided that, to the extent that any of the Benefit Plans does not permit such continuation of the Executive's participation following the Executive's termination or any such Benefit Plan is terminated, the Company shall pay the Executive an amount which is sufficient for the Executive to purchase substantially equivalent benefits, such amount to be paid quarterly in advance; provided, further, however, that to the extent the Executive becomes eligible to receive medical, dental, and/or vision benefits under a plan provided by another employer, the Executive's entitlement to participate in the corresponding Benefit Plan or Plans or to receive such corresponding alternate payments shall cease as of the date the Executive is eligible to participate in such other plan, and the Executive shall promptly notify the Company of the Executive's eligibility under such plan.

(iv) No Duplication. Payments and benefits under this Section 3(c) shall be in lieu and without duplication of any amounts or benefits under Section 2, and the Executive shall be entitled to any such payments and benefits for no more than one year even if both such sections apply. If, in the event of a Change in Control Termination under Section 1(e)(iii), the Executive becomes entitled to payments under this Section 3(c) after the Executive has begun to receive payments under Section 2, the Executive shall be entitled to a make-up payment to ensure that the Executive receives the higher amount payable hereunder, with such make-up payment being made within forty-five (45) days following the Change in Control Termination.

(d) Deemed Amendment of Equity Awards. The Company and the Executive hereby agree that the agreements evidencing any Equity Awards to the Executive are hereby and will be deemed amended to give effect to the provisions of Sections 3 and 4 of this Agreement.

4. Death or Disability

Effective upon a termination of the Executive's employment due to Executive's death or by the Company due to the Executive's Disability, except as provided in any Equity Award documentation that explicitly or implicitly excludes such Equity Award from the effects of this section, all performance measures applicable to any Equity Awards held by the Executive shall be deemed to have been met at the Target Level and all Equity Awards held by the Executive shall immediately become vested, unrestricted and exercisable or distributable at the Target Level.

5. Certain Payments to Specified Employees

(a) Notwithstanding anything to the contrary in this Agreement, if the Executive is a "specified employee" within the meaning of Code Section 409A(a)(2)(B)(i) at the time of the Executive's separation from service with the Company (in connection with a Change in Control Termination or otherwise), no payment or benefit payable or provided to the Executive pursuant to this Agreement that constitutes an item of deferred compensation under Code Section 409A and becomes payable by reason of the Executive's termination of employment with the Company will be paid or provided to the Executive prior to the earlier of (i) the expiration of the six (6) month period following the date of the Executive's "separation from service" (as such term is defined by Code Section 409A and the regulations

promulgated thereunder), or (ii) the date of the Executive's death, but only to the extent such delayed commencement is otherwise required in order to avoid a prohibited distribution under Code Section 409A(a)(2). The payments and benefits to which the Executive would otherwise be entitled during the first six (6) months following the Executive's separation from service shall be accumulated and paid or provided, as applicable, in a lump sum, on the date that is six (6) months and one day following the Executive's separation from service (or if such date does not fall on a business day of the Company, the next following business day) and any remaining payments or benefits will be paid in accordance with the normal payment dates specified for them herein.

(b) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by the Executive during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year (except for any lifetime or other aggregate limitation applicable to medical expenses). Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(c) To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Code Section 409A, and to the extent that such payment or benefit is payable upon the Executive's termination of employment, then such payments or benefits shall be payable only upon the Executive's "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A 1(h).

(d) The parties intend that this Agreement will be administered in accordance with Code Section 409A. To the extent that any provision of this Agreement is ambiguous as to its compliance with Code Section 409A, the provision shall be read in such a manner so that all payments hereunder comply with Code Section 409A. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A 2(b)(2). The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Code Section 409A and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(e) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Code Section 409A but do not satisfy an exemption from, or the conditions of, such Section.

6. Taxes

(a) Withholding; No Tax Gross-Up Entitlement. All payments to be made to the Executive under this Agreement will be subject to any required withholding of federal, state and local income and employment taxes. In addition, the Company may withhold from any payments hereunder any amounts attributable to withholding taxes applicable to the vesting of or lapse of restrictions on restricted stock or restricted stock units held by the Executive or the exercise of any nonqualified stock options held by the Executive, including, in its discretion withholding from any shares deliverable to the Executive such number of shares as the Company determines is necessary to satisfy such tax obligations, valued at their fair market value (determined pursuant to the respective Company equity compensation plan) as of the date of such vesting or lapse of restrictions. Nothing in this Agreement shall be construed to entitle the Executive to receive tax gross up payments of any kind in connection with payments and benefits received under this Agreement.

(b) Limitations on Payments.

(i) If it is determined that any payment, benefit or distribution provided for in this Agreement or otherwise (for the purposes of this Section 6(b), each, a "Payment" and collectively, the "Payments") from the Company to or for the benefit of the Executive (x) constitutes a "parachute payment" within the meaning of Section

280G of the Code and (y) but for this subsection (b), would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), such Payments shall be either:

(A) delivered in full, or

(B) delivered to such lesser extent that would result in no portion of the Payments being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by the Executive on an after-tax basis, of the greatest amount of Payments, notwithstanding that all or some portion of the Payments may be taxable under Section 4999 of the Code. Unless the Company and Executive otherwise agree in writing, any determination required under this Section 6(b)(i) shall be made in writing in good faith by an independent accounting firm selected by the Company, whose determinations shall be binding upon the Company and the Executive (the "Accountants"), in good faith consultation with the Executive.

(ii) In the event a reduction in the Payments is required hereunder, the Payments shall be reduced in the following order, in each case, in reverse chronological order beginning with the Payments that are to be paid the furthest in time from consummation of the transaction that is subject to Section 280G of the Code: (1) cash payments not subject to Section 409A of the Code; (2) cash payments subject to Section 409A of the Code; (3) equity-based payments and acceleration; and (4) non-cash forms of benefits; *provided* that in the case of all the foregoing Payments all amounts or payments that are not subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c) shall be reduced before any amounts that are subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c), and Payments that are subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) but not §1.280G-1, Q&A-24(c) shall be reduced before any amounts that are subject to calculation under §1.280G-1, Q&A-24(c).

(iii) For purposes of making the determinations and calculations required by this Section 6(b), the Accountants:

(A) shall take into account the value of any reasonable compensation for services to be rendered by the Executive before or after the Change in Control within the meaning of Section 280G(b)(2) of the Code and the regulations thereunder, including without limitation, the Executive's agreeing to refrain from performing services pursuant to a covenant not to compete or similar covenant, whether set forth in this Agreement or otherwise (a "Noncompete Covenant"), and the Company shall cooperate in good faith in connection with any such valuations and reasonable compensation positions; and

(B) may make reasonable assumptions and approximations concerning the application of taxes and may rely on reasonable good faith interpretations concerning the application of Sections 280G and 4999 of the Code.

The Company and the Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section 6(b). The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 6(b).

(iv) If the Payments are reduced to avoid the Excise Tax pursuant to Section 6(b)(i) hereof and notwithstanding such reduction, the United States Internal Revenue Service ("IRS") determines that the Executive is liable for the Excise Tax as a result of the receipt of Payments from the Company, then the Executive shall be obligated to pay to the Company (the "Repayment Obligation") an amount of money equal to the "Repayment Amount." The Repayment Amount shall be the smallest such amount, if any, as shall be required to be paid to the Company so that the Executive's net proceeds with respect to the Payments (after taking into account the payment of the Excise Tax imposed on such benefits) shall be maximized. Notwithstanding the foregoing, the Repayment Amount shall be zero if a Repayment Amount of more than zero would not eliminate the Excise Tax in accordance with the principles of Section 6(b)(i). If the Excise Tax is not eliminated through the performance of the Repayment Obligation, the Executive shall pay the Excise Tax. The Repayment Obligation shall be discharged within thirty (30) days of either (A) the Executive's entering into a binding agreement with the IRS as to the amount of Excise Tax liability, or (B) a

final determination by the IRS or a court decision requiring the Executive to pay the Excise Tax from which no appeal is available or is timely taken.

7. Recovery of Incentive Compensation Received upon Subsequent Restatement

Executive understands that Executive is or may become subject to the Company's Executive Compensation Recoupment Policy adopted pursuant to Rule 10D-1 promulgated under the Exchange Act and Nasdaq Rule 5608, or any successor rule (the "Clawback Policy"). Executive understands that if Executive is or becomes subject to the Clawback Policy, the Company and/or the Board shall be entitled to recover all Recoverable Compensation (as defined in the Clawback Policy) from Executive pursuant to such means as the Company and/or the Board may elect. Executive understands that such recovery may be sought and occur after Executive's employment with the Company terminates. Executive further agrees that the Executive is not entitled to indemnification for any Recoverable Compensation or for any claim or losses arising out of or in any way related to Recoverable Compensation recovered pursuant to the Clawback Policy and, to the extent any agreement or organizational document purports to provide otherwise, the Executive hereby irrevocably agrees to forego such indemnification. The Executive acknowledges and agrees that the Executive has received and has had an opportunity to review the Clawback Policy. This Section 7 is a material term of this Agreement.

8. Term

Unless the Executive's employment is earlier terminated for any reason, this Agreement shall continue in effect until 11:59 p.m. on September 30, 2026 and shall automatically renew thereafter on an annual basis for additional twelve-month terms unless either party provides written notice to the other party of non-renewal at least ninety (90) days prior to the expiration of the then current term. If a Change in Control occurs while this Agreement is in effect, the term of this Agreement shall automatically be extended to the second anniversary of the Change in Control. Upon the termination of this Agreement, the respective rights and obligations of the parties shall survive to the extent necessary to carry out the intentions of the parties as embodied herein.

9. Successors and Assigns

(a) This Agreement is personal to the Executive and is not assignable by the Executive, other than by will or the laws of descent and distribution, without the prior written consent of the Company.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(b) The Company will require any successor or acquirer (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as defined above and any successor to or acquirer of its business and/or assets that assumes and agrees to perform this Agreement.

10. No Duty to Mitigate

In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as contemplated by Sections 2(b) and 3(c)(iii)(B) hereof, any benefits payable to the Executive hereunder shall not be subject to reduction for any compensation received from other employment.

11. Conditions to Payment of Severance

Notwithstanding any other provision of this Agreement, the Executive's entitlement to receive any of the payments and other benefits contemplated by Sections 2, 3 or 4 (with respect to Disability) hereof shall be contingent upon:

(a) execution by the Executive within forty-five (45) days of the Termination Date (or a shorter period as may be determined by the Company) of a general release in substantially the form of Appendix A hereto (such applicable form depending on Executive's location and other legitimate factors taken into consideration by the Company to obtain the fullest release of claims permissible under applicable state and federal law at the time of termination), and the incorporation by reference of the terms of the Executive's Restrictive Covenant Agreement (the "Release"), which, if applicable, has not subsequently been revoked, and the Executive hereby acknowledges and agrees that the Company's entering into this Agreement and agreement to make such payments are and shall be good and sufficient consideration for such Release; and

(b) the Executive's continued compliance with the material terms of this Agreement, as applicable, and those of the Executive's Restrictive Covenant Agreement.

12. Miscellaneous

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, except any such laws that would render such choice of law ineffective.

(b) Amendment. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(c) Partial Invalidity. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

(d) Entire Agreement; Effect of Current Agreement. This Agreement constitutes the entire understanding and agreement between the parties hereto regarding the compensation and benefits payable to the Executive in the respective circumstances described herein, superseding all prior understandings and agreements, whether oral or written.

(e) Expenses. The Company agrees to pay, solely with respect to any contest with respect to which the Executive is successful on the merits and after submission of reasonable supporting documentation, to the full extent permitted by law, all legal fees and expenses the Executive may reasonably have incurred as a result of any contest by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus, in each case, interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code. The Company's payment of any eligible expenses shall be made within sixty (60) days after the Executive's submission of reasonable supporting documentation for such expenses.

(f) Notices. All notices and other communications hereunder shall be in writing and shall be delivered by hand delivery, by a reputable overnight courier service, or by registered or certified mail, return receipt requested, postage prepaid. Notice to the Executive shall be addressed to the Executive at the Executive's last address contained in the records of the Company, and notice to the Company shall be addressed to:

PTC Inc.
121 Seaport Boulevard
Boston, MA 02210
Attention: Chief Legal Officer

Notice shall be addressed to such other address as either party shall have furnished to the other in writing in accordance herewith. Any notice or communication shall be deemed to be delivered upon the date of hand delivery, one day following delivery to an overnight courier service, or three days following mailing by registered or certified mail.

EXECUTED as of the date set forth below.

PTC INC.

By: /s/Beth Conway

Print Name: Beth Conway

Title: EVP, Chief People Officer

Date: 05 May 2026

EXECUTIVE

Signed: /s/Jennifer DiRico

Print Name: Jennifer DiRico

Date: 05 May 2026

CERTIFICATION

I, Neil Barua, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PTC Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2026

/s/ NEIL BARUA

Neil Barua
President and Chief Executive Officer

CERTIFICATION

I, Jennifer DiRico, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PTC Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2026

/S/ JENNIFER DIRICO

Jennifer DiRico

Executive Vice President and Chief Financial Officer

Certification of Periodic Financial Report
Pursuant to 18 U.S.C. Section 1350

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of PTC Inc. (the “Company”) certifies that, to his knowledge, the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2026 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2026

/s/ NEIL BARUA

Neil Barua

President and Chief Executive Officer

Date: May 6, 2026

/S/ JENNIFER DIRICO

Jennifer DiRico

Executive Vice President and Chief Financial Officer
