



Q3-FY24 Results

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Forward-Looking Statements

Safe Harbor Statement

Statements in this presentation and our commentary and responses to questions that are not strictly historical may be “forward-looking” statements for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, which involve risks and uncertainties, and AspenTech undertakes no obligation to update any such statements to reflect later developments. These forward-looking statements include, but are not limited to, our guidance for fiscal 2024, our expectations regarding cash collections, closing of customer renewals and completion of our share repurchase authorization. In some cases, you can identify forward-looking statements by the following words: “may,” “will,” “could,” “would,” “should,” “expect,” “intend,” “plan,” “strategy,” “anticipate,” “believe,” “estimate,” “predict,” “project,” “potential,” “continue,” “ongoing,” “opportunity” or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words. These risks and uncertainties include, without limitation: the failure to realize the anticipated benefits of our transaction with Emerson Electric Co.; risks resulting from our status as a controlled company; the scope, duration and ultimate impacts of the Russia-Ukraine war and the Israeli-Hamas conflict; as well as economic and currency conditions, market demand (including related to adverse changes in the process or other capital-intensive industries such as materially reduced spending budgets due to oil and gas price declines and volatility), pricing, protection of intellectual property, cybersecurity, natural disasters, tariffs, sanctions, competitive and technological factors, and inflation; and others, as set forth in AspenTech’s most recent Annual Report on Form 10-K and subsequent reports filed with the Securities and Exchange Commission. The outlook contained herein represents AspenTech’s expectation for its consolidated results, other than as noted herein.

Use of Non-GAAP Financial Measures

This presentation contains “non-GAAP financial measures” under the rules of the SEC. Non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles. This non-GAAP information supplements, and is not intended to represent a measure of performance in accordance with, disclosures required by generally accepted accounting principles, or GAAP. Non-GAAP financial measures should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP. A reconciliation of GAAP to non-GAAP results is included in the financial tables included in this presentation.

Management considers both GAAP and non-GAAP financial results in managing AspenTech’s business. As the result of adoption of new licensing models, management believes that a number of AspenTech’s performance indicators based on GAAP, including revenue, gross profit, operating income and net income, should be viewed in conjunction with certain non-GAAP and other business measures in assessing AspenTech’s performance, growth and financial condition. Accordingly, management utilizes a number of non-GAAP and other business metrics, including the non-GAAP metrics set forth in this presentation, to track AspenTech’s business performance.

Q3-FY24 Earnings Update

Q3 ACV Results Below Expectations

- Customers slower to deploy budgets at beginning of CY 24
- Dynamic prevalent across most regions and end markets
- Sales execution a factor in some deals

Lowering FY24 Guidance

- ACV growth now $\geq 9.0\%$ for FY24
- ~ 1.0 pt. from SSE, ~ 2.5 pts. from DGM, ≥ 5.5 pts. from HAT suites
- FCF now $\geq \$340$ m for FY24
- Accounts for dynamics we saw in Q3

End Markets Resilient

- Pipeline growth healthy despite Q3 headwinds
- Aligned with megatrends of global decarbonization, electrification, and transition to new energy system
- Successful OPTIMIZE™ 24 user conference last week

Proactively engaging with customers and to strengthen performance and predictability going forward

Q3-FY24 RESULTS*

\$936m

Annual Contract Value (ACV)

9.5%

ACV Growth YoY

\$22m

Growth in ACV (GACV) QoQ

\$137m

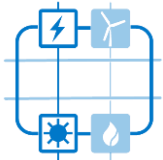
Free Cash Flow

*Please see glossary for definition of ACV, GACV and Free Cash Flow.

Q3-FY24 DGM and SSE Updates

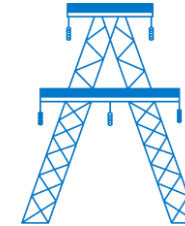
Suite

Digital Grid Management



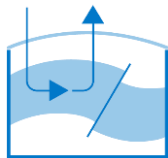
- Solid results, performing to expectations
- Steady progress in building out global pipeline
- Strengthening sales forecasting

Q3 Win Highlights

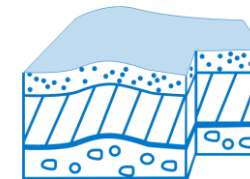


Won large term ADMS and OMS deal on high performance across multiple criteria

Subsurface Science & Engineering



- Softer quarterly growth
- Push out of new business and renewal deals
- Solid CapEx spend in place for remainder of CY 2024



Displaced incumbent at national oil co. in LATAM on strength of seismic tech and advisory capabilities

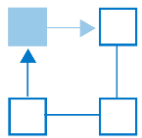
Q3-FY24 Heritage AspenTech Updates

Suite

Q3-FY24 Updates

Q3 Win Highlights

Engineering



- Deals pushed out across all regions resulting in slowdown from H1-FY24
- Healthy energy and sustainability-related CapEx



Expanded business with world-leading EPC to support co.'s efficiency and sustainability objectives

Manufacturing & Supply Chain



- Delayed Q2 deal closed and sales activity picked up, offset by push out of some deals
- Chemicals downturn remains a headwind
- Early customer commitments for Unified Planning



Multiple refining co.'s went live with Unified Planning and Scheduling in Q3

Asset Performance Management



- Now expect flat growth in FY24 due to lower growth and higher expected attrition in fiscal year
- Simplifying go-to-market strategy



One of world's largest offshore energy producers signed APM deal to support predictive maintenance for rotating equipment

Driving Innovation Across our Software Portfolio

V14.3 Software Update



- Laser-focused on launch of V14.3 software update in Q4-FY24
- V14.3 will include updates to recently launched Unified platform, deeper industrial AI integration, and virtual advisor for Unified

Aspen Workflow Launched



- Launched Aspen Workflow product in Q3-FY24 as shared component for Unified and other solutions
- Orchestrates workflows and actions across AspenTech and 3rd party apps for improved efficiency and workflow automation

Strategic Planning for Sustainability Pathways™



- Launched under limited availability in Q4-FY24, developed through licensing agreement with Aramco
- Unique integrated modeling and optimization solution aims to guide CCUS decision making and sustainability investments



Go-Forward Plan to Capitalize on Growth Opportunities

Sales Alignment

- Driving full alignment across the entire organization
- Focused on executing with excellence and encouraged by progress to date

Operational Excellence

- Working to further drive efficiencies and productivity
- Aim to accelerate FCF growth and return to best-in-class profitability

Strategic Investments

- Continued investment in key areas of the business
- Strong focus on DGM, given market tailwinds and long-term growth opportunity

We are taking the necessary steps to drive improvements in areas that are both within our control and able to better position us to achieve our objectives in Q4 and beyond

Welcoming New Leaders to AspenTech Team

- Newly appointed CFO, David Baker, brings deep financial acumen and operational expertise
- Added David Henshall, former CEO of Citrix Systems and proven software leader, as director on AspenTech Board

Q3-FY24 Results

(\$ in millions)	Q3-FY24	Q3-FY23
Bookings	\$301.2	\$231.3
Revenue	\$278.1	\$229.9
Operating Expenses	\$204.5	\$214.6
Total Expenses	\$297.4	\$308.4
Total Non-GAAP Expenses	\$161.8	\$163.1
Operating Loss	(\$19.3)	(\$78.5)
Non-GAAP Operating Income	\$116.3	\$66.8
Non-GAAP Operating Margin ¹	41.8%	29.0%
Net Income (Loss)	\$1.6	(\$57.6)
Non-GAAP Net Income	\$108.7	\$69.1
Operating Cash Flow	\$138.1	\$131.0
Free Cash Flow	\$137.0	\$129.3

1. Non-GAAP Operating Margin represents Non-GAAP Operating Income divided by Revenue for the period.

Annual Contract Value



\$936m

▲ 9.5% YoY

Cash & Liquidity Position



\$178m

In cash and cash equivalents

\$198m

available under revolving credit facility

Share Repurchase Updates



Q3-FY24

~228k shares
purchased for \$57m

YTD FY24

~1.2m shares
purchased for \$243m

All repurchases made pursuant to \$300m share repurchase authorization for FY24

FY24 Guidance*

Key Metrics	FY 2024 Guidance	
ACV Growth (Total)	≥	9.0%
Total Bookings	≥	\$1.03 billion
Total Revenue	≥	\$1.10 billion
GAAP Operating Cash Flow	≥	\$349 million
Free Cash Flow	≥	\$340 million

Additional Metrics	FY 2024 Guidance	
GAAP Total Expense	<i>Approx.</i>	\$1.22 billion
Non-GAAP Total Expense	<i>Approx.</i>	\$675 million
GAAP Operating Loss	<i>At or better than</i>	\$121 million
Non-GAAP Operating Income	≥	\$425 million
GAAP Net Loss	≥	\$29 million
Non-GAAP Net Income	≥	\$403 million
GAAP Net Loss Per Share	<i>At or better than</i>	\$0.45
Non-GAAP Net Income Per Share	≥	\$6.29

We believe our updated FY24 guidance is prudent in the context of our Q3 performance

*These statements are forward-looking and actual results may differ materially. Refer to the Forward-Looking Statements safe harbor on slide two for information on the factors that could cause AspenTech's actual results to differ materially from these forward-looking statements.

Additional Information



Glossary of Terms / Definitions

- **Annual Contract Value (“ACV”)** – is an estimate of the annual value of our portfolio of term license software maintenance and support (SMS) contracts, the annual value of SMS agreements purchased with perpetual licenses and the annual value of standalone SMS agreements purchased with certain legacy term license agreements, which have become an immaterial part of our business. ACV is calculated by summing the most recent annual invoice value of each of our active term license and SMS contracts.
- **Bookings** – is the total value of customer term license and perpetual license SMS contracts signed and delivered in the current period, less the value of such contracts signed in the current period where the initial licenses and SMS agreements are not yet deemed delivered, plus term license contracts and perpetual license SMS contracts signed in a previous period for which the initial licenses are deemed delivered in the current period.
- **Free Cash Flow** – is calculated as net cash provided by operating activities adjusted for the net impact of (a) purchases of property, equipment and leasehold improvements, and (b) payments for capitalized computer software development costs.
- **ACV Attrition** – is the period over period reduction in ACV, driven by a customer's non-renewal of an agreement, a customer's reduction in entitlement, and bad debt write offs. Attrition is adjusted for any conversion of perpetual SMS agreements to term license contracts.
- **Growth in ACV (“GACV”)** – net change in ACV on a period-over-period basis.

Impact of ASC Topic 606 on Financial Results

AspenTech's results are being reported under ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which has a material impact on both the timing and method of our revenue recognition for term license contracts. Our license revenue is heavily impacted by the timing of Bookings, and more specifically renewal Bookings. We believe a decrease or increase in Bookings between fiscal periods resulting from a change in the amount of term license contracts up for renewal is not an indicator of the health or growth of our business. The timing of renewals is not linear between quarters or fiscal years and this non-linearity will have a significant impact on the timing of our revenue.

We use Annual Contract Value, or ACV, as defined on slide 12 in this presentation, as our primary growth metric. ACV provides insight into the annual growth and retention of our recurring revenue base, which is the majority of our overall revenue, as well as recurring cash flow.

For additional information regarding Topic 606 and its impact on our revenue recognition, please refer to our Annual Report on Form 10-K for our fiscal year 2023 filed with the SEC.

Reconciliation of GAAP to Non-GAAP Results of Operations and Cash Flows



Total Expenses

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Nine Months Ended March 31, 2024	Nine Months Ended March 31, 2023
GAAP total expenses (a)	\$297,400	\$308,351	\$913,326	\$912,585
Less:				
Stock-based compensation (b)	\$(12,907)	\$(22,843)	\$(45,817)	\$(64,020)
Amortization of intangibles (c)	\$(121,749)	\$(121,639)	\$(364,901)	\$(363,960)
Acquisition and integration planning related fees	\$(945)	\$(761)	\$(815)	\$(7,030)
Non-GAAP total expenses	\$161,799	\$163,108	\$501,793	\$477,575

(Loss) Income from Operations

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Nine Months Ended March 31, 2024	Nine Months Ended March 31, 2023
GAAP loss from operations	\$(19,294)	\$(78,473)	\$(128,749)	\$(189,050)
Plus:				
Stock-based compensation (b)	\$12,907	\$22,843	\$45,817	\$64,020
Amortization of intangibles (c)	\$121,749	\$121,639	\$364,901	\$363,960
Acquisition and integration planning related fees	\$945	\$761	\$815	\$7,030
Non-GAAP income from operations	\$116,307	\$66,770	\$282,784	\$245,960

Net Income (Loss)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Nine Months Ended March 31, 2024	Nine Months Ended March 31, 2023
GAAP net income (loss)	\$1,556	\$(57,635)	\$(54,469)	\$(135,076)
Plus:				
Stock-based compensation (b)	\$12,907	\$22,843	\$45,817	\$64,020
Amortization of intangibles (c)	\$121,749	\$121,639	\$364,901	\$363,960
Acquisition and integration planning related fees	\$945	\$761	\$815	\$7,030
Unrealized loss on foreign currency forward contract	—	\$25,135	—	\$40,454
Realized gain on foreign currency forward contract	—	\$(10,821)	—	\$(10,821)
Less:				
Income tax effect on Non-GAAP items (d)	\$(28,422)	\$(32,776)	\$(85,680)	\$(95,666)
Non-GAAP net income	\$108,735	\$69,146	\$271,384	\$233,901

Diluted Income (Loss) per Share

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Nine Months Ended March 31, 2024	Nine Months Ended March 31, 2023
GAAP diluted income (loss) per share	\$0.02	\$(0.89)	\$(0.85)	\$(2.09)
Plus:				
Stock-based compensation (b)	\$0.20	\$0.35	\$0.71	\$0.98
Amortization of intangibles (c)	\$1.91	\$1.87	\$5.68	\$5.59
Acquisition and integration related planning fees	\$0.01	\$0.01	\$0.01	\$0.11
Unrealized loss on foreign currency forward contract	—	\$0.39	—	\$0.62
Realized gain on foreign currency forward contract	—	\$(0.17)	—	\$(0.17)
Impact of diluted shares	\$0.01	—	\$0.01	\$0.02
Less:				
Income tax effect on Non-GAAP items (d)	\$(0.45)	\$(0.50)	\$(1.33)	\$(1.47)
Non-GAAP diluted income per share	\$1.70	\$1.06	\$4.23	\$3.59
Shares used in computing non-GAAP diluted income per share	63,802	65,195	64,187	65,125

Free Cash Flow¹

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Nine Months Ended March 31, 2024	Nine Months Ended March 31, 2023
Net cash provided by operating activities (GAAP)	\$138,143	\$131,036	\$184,950	\$185,650
Less:				
Purchases of property, equipment and leasehold improvements	\$(1,142)	\$(1,671)	\$(2,579)	\$(4,515)
Payments for capitalized computer software development costs	—	\$(18)	\$(131)	\$(347)
Free cash flow (non-GAAP)	\$137,001	\$129,347	\$182,240	\$180,788

1. Effective January 1, 2023, we no longer exclude acquisition and integration planning related payments from our computation of free cash flow. Free cash flow for all prior periods presented has been revised to the current period computation methodology.

(a) GAAP Total Expenses

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Nine Months Ended March 31, 2024	Nine Months Ended March 31, 2023
Total costs of revenue	\$92,942	\$93,799	\$285,935	\$278,027
Total operating expenses	\$204,458	\$214,552	\$627,391	\$634,558
GAAP total expenses	\$297,400	\$308,351	\$913,326	\$912,585

(b) Stock-based compensation expense was as follows:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Nine Months Ended March 31, 2024	Nine Months Ended March 31, 2023
Cost of license and solutions	\$522	\$832	\$1,804	\$2,752
Cost of maintenance	\$667	\$427	\$1,884	\$1,462
Cost of services and other	\$731	\$599	\$1,589	\$1,457
Selling and marketing	\$2,463	\$3,695	\$8,112	\$10,886
Research and development	\$3,343	\$5,972	\$11,615	\$13,831
General and administrative	\$5,181	\$11,318	\$20,813	\$33,632
Total stock-based compensation	\$12,907	\$22,843	\$45,817	\$64,020

(c) Amortization of intangible assets was as follows:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Nine Months Ended March 31, 2024	Nine Months Ended March 31, 2023
Cost of license and solutions	\$48,314	\$48,035	\$144,384	\$143,377
Selling and marketing	\$73,435	\$73,604	\$220,517	\$220,583
Total amortization of intangible assets	\$121,749	\$121,639	\$364,901	\$363,960

(d) U.S. Statutory Rate

The income tax effect on non-GAAP items is calculated using the Company's combined US federal and state statutory tax rate as follows:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Nine Months Ended March 31, 2024	Nine Months Ended March 31, 2023
U.S. statutory rate	21.79%	21.79%	21.79%	21.79%

Reconciliation of Forward-Looking Guidance Range



Guidance – Total Expenses

	Twelve Months Ended June 30, 2024 (a)
GAAP expectation – total expenses	\$1,221,000
Less:	
Stock-based compensation	\$(58,000)
Amortization of intangibles	\$(487,000)
Acquisition and integration planning related fees	\$(1,000)
Non-GAAP expectation – total expenses	\$675,000

a) Rounded amounts used, except per share data.

Guidance – Income from Operations

	Twelve Months Ended June 30, 2024 (a)
GAAP expectation – loss from operations	\$(121,000)
Plus:	
Stock-based compensation	\$58,000
Amortization of intangibles	\$487,000
Acquisition and integration planning related fees	\$1,000
Non-GAAP expectation - income from operations	\$425,000

a) Rounded amounts used, except per share data.

Guidance – Net income and Diluted Income Per Share

	Twelve Months Ended June 30, 2024 (a)	
GAAP expectation – net loss and diluted loss per share	\$(29,000)	\$(0.45)
Plus:		
Stock-based compensation	\$58,000	
Amortization of intangible assets	\$487,000	
Acquisition and integration planning related fees	\$1,000	
Less:		
Income tax effect on Non-GAAP items (b)	\$(114,000)	
Non-GAAP expectation – net income and diluted income per share	\$403,000	\$6.29
Shares used in computing guidance for Non-GAAP diluted income per share	64,100	

a) Rounded amounts used, except per share data.

b) The income tax effect on non-GAAP items for the twelve months ended June 30, 2024 is calculated utilizing the Company's statutory tax rate of 21.79 percent.

Guidance – Free Cash Flow¹

Twelve Months Ended June 30, 2024 (a)

GAAP expectation – Net cash provided by operating activities	\$349,250
Less:	
Purchases of property, equipment and leasehold improvements	\$(9,000)
Payments for capitalized computer software development costs	\$(250)
Free Cash flow expectation (non-GAAP)	\$340,000

1. Free cash flow guidance has been updated to reflect a change in methodology to calculate free cash flow and does not represent a change in management's expectations. Effective January 1, 2023, we no longer exclude acquisition and integration planning related payments from our computation of free cash flow. We have updated our guidance computation for free cash flow to reflect that such payments are no longer excluded from free cash flow.

a) Rounded amounts used, except per share data.

