Q3-FY23 Results

Antonio Pietri, *President and Chief Executive Officer*
Chantelle Breithaupt, *Chief Financial Officer*

April 26, 2023

Safe Harbor Statement

Statements in this presentation and related materials 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. 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; AspenTech’s ability to successfully complete on the terms and conditions contemplated, and the financial impact of, the proposed Micromine transaction; the scope, duration and ultimate impacts of the COVID-19 pandemic and the Russia-Ukraine conflict; as well as economic and currency conditions, market demand, including related to the pandemic and 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, inflation; and others, as set forth in AspenTech’s most recent Annual Report on Form 10-KT 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 U.S. Securities and Exchange Commission. 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 press release.

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 press release, to track AspenTech’s business performance. None of these non-GAAP metrics should be considered as an alternative to any measure of financial performance calculated in accordance with GAAP.

Business highlights

ACV

- ACV was $854.6M at the end of Q3-FY23
- Grew 11.2% YoY, 2.5% QoQ
- Strong performance and demand across O&G and E&C end markets
- Solid momentum in building out DGM term license pipeline

Integration Progress

- Accelerated adoption of term license model by DGM customers
- Customers responding well to SSE tokenization, and DGM prepared for tokenization in Q4-FY23
- On track to deliver planned synergy targets

Macro

- Overall demand trends remain positive
- Chemicals experiencing substantial challenges due to difficult macro environment
- Healthy O&G demand driving double-digit increases in Capex budgets for calendar 2023
- Customers remain focused on sustainability and operational excellence

M&A Update

- Micromine acquisition pending final regulatory approval
- No borrowings as of March 31, 2023

Integration Progress

DGM Term Conversion

- On track to reach DGM term ACV target for FY23
- Accelerated adoption of term license model positions DGM well for tokenization in Q4-FY23

Focused Execution

- Identified areas for improvement in OSI project delivery
- Rationalizing sales cycles expectations for T&D market

SSE Synergy Traction

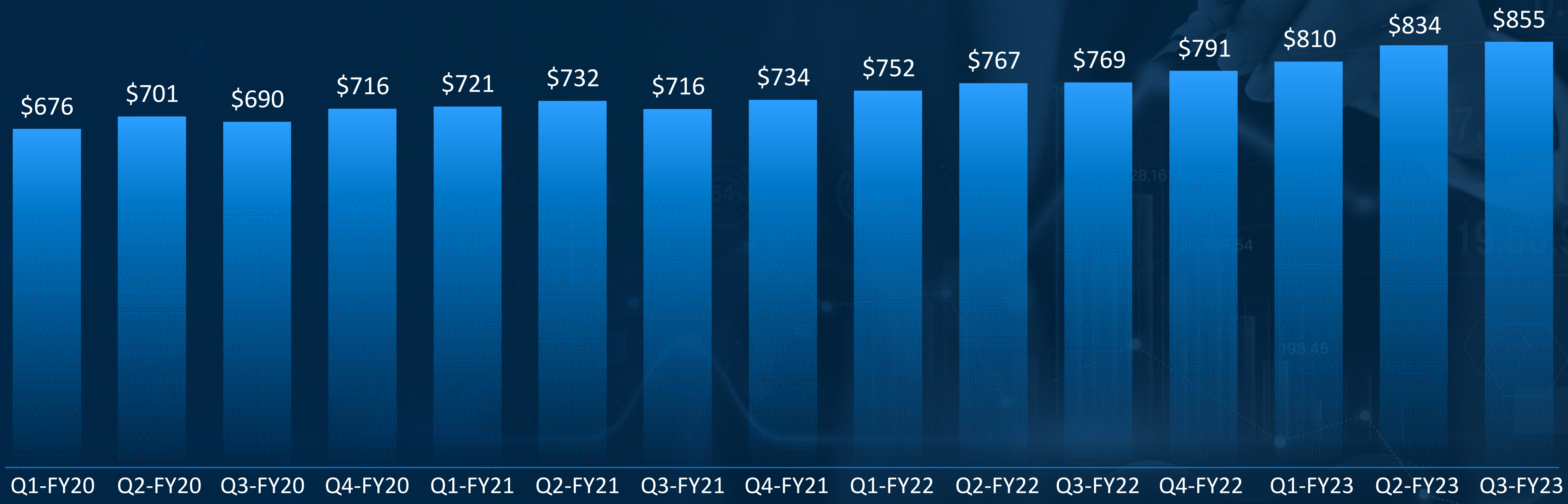
- O&G and chemicals customers responding well to end-to-end optimization solution
- SSE signed several notable wins in Q3-FY23

SSE Tokenization

- Introduction of token suite contributing to pipeline growth
- SSE ACV outperforming expectations YTD

ACV Trends and Growth

	Q1-FY20	Q2-FY20	Q3-FY20	Q4-FY20	Q1-FY21	Q2-FY21	Q3-FY21	Q4-FY21	Q1-FY22	Q2-FY22	Q3-FY22	Q4-FY22	Q1-FY23	Q2-FY23	Q3-FY23
Change YoY					6.7%	4.5%	3.7%	2.5%	4.3%	4.8%	7.4%	7.8%	7.7%	8.7%	11.2%
Change QoQ		3.7%	-1.6%	3.8%	0.6%	1.6%	-2.3%	2.5%	2.5%	2.0%	0.2%	2.9%	2.3%	3.0%	2.5%



ACV trends and growth include heritage AspenTech, DGM, and SSE for all periods

Sustainability and Operational Excellence

Well-positioned to help customers address the **Dual Challenge** and meet the growing demand for resources in a sustainable manner globally

Leveraging **foundational processes and systems** put in place earlier this year to cultivate OSI and SSE synergies

New **emissions management solution** helping customers to meet and exceed carbon mitigation targets

Customers are benefitting from sustainability and Capex investments for **CCUS* and hydrogen projects**

Published 2022 / 2023 ESG Report detailing how we are advancing sustainability inside and outside of AspenTech

AspenTech is a global leader in sustainability for asset-intensive businesses

*CCUS = Carbon Capture Utilization and Sequestration

Q3 FY23 Financial Summary

	Three Months Ended March 31, 2023	Change YoY[1]	Change QoQ
Total Revenue	$229,878	172%	-5%
GAAP Total Expense	$308,351	253%	2%
Non-GAAP Total Expense	$163,108	153%	4%
GAAP Net Income (Loss)	($57,635)	NA	NA
Non-GAAP Net Income (Loss)	69,146	379%	203%
Free Cash Flow[2]	$129,347	196%	171%

1. As a result of the transaction between AspenTech and Emerson Electric Co.("Emerson"), EmerSubCX, the subsidiary Emerson created as part of the transaction, became the surviving entity when the transaction closed on May 16, 2022. The comparable periods shown in the financial statements above for fiscal year 2022 reflect only the historical results of the OSI and SSE businesses that were contributed to new AspenTech.

2. Effective January 1, 2023, we no longer exclude acquisition and integration planning related payments from our computation of free cash flow. Comparison of Q3-FY23 free cash flow to Q2-FY23 free cash flow reduces previously reported Q2-FY23 free cash flow by $5.3 million, relating to acquisition and integration planning related payments, for equal comparison purposes.

See appendix for reconciliation of GAAP and Non-GAAP measures

Cash, Liquidity, and Capital Allocation

	March 31, 2023
Cash and Cash Equivalents	$286,736
Current Borrowings	$0

- Predictable and sustained cash generation
- Multi-year contracts including annual prepayments in advance with annual contractual escalation
- Undrawn $200M on secured revolving credit facility as of March 31, 2023
- Organic and inorganic investments in growth with excess cash
- Fully paid down the $264 million outstanding on our term loan balance in the quarter
- As of December 23, 2022, we entered into a Credit Agreement with Emerson Electric Co. that provides for an aggregate term loan commitment of $630 million intended to partially fund our pending acquisition of Micromine

Guidance

	FY 2023 Guidance Low	FY 2023 Guidance High
ACV Growth	11.0%	12.0%
Total Bookings	$1.03B	$1.06B
Total Revenue	$1.04B	$1.06B
GAAP Total Expense	$1,219M	$1,224M
Non-GAAP Total Expense	$642M	$647M
GAAP Operating Loss	($179M)	($164M)
Non-GAAP Operating Income	$398M	$413M
GAAP Net Loss	($110M)	($97M)
Non-GAAP Net Income	$372M	$385M
GAAP Net Loss Per Share	($1.68)	($1.48)
Non-GAAP Net Income Per Share	$5.63	$5.83
GAAP Operating Cash Flow	$323.5M	N/A
Free Cash Flow[1]	$315M	N/A

Key Assumptions:

- Does not include financial impact from Micromine acquisition, which is pending final international regulatory approval
- Does not reflect the impact of other future potential acquisitions
- Does not assume share repurchase activity
- Assumes 66.0 million weighted average diluted shares outstanding
- Bookings outlook includes $547 million of contracts up for renewal in FY23 and approximately $210 million of contracts up for renewal in Q4-FY23

(1) Free cash flow guidance has been updated to reflect a change in methodology to calculate free cash flow. The change in free cash flow calculation methodology 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.

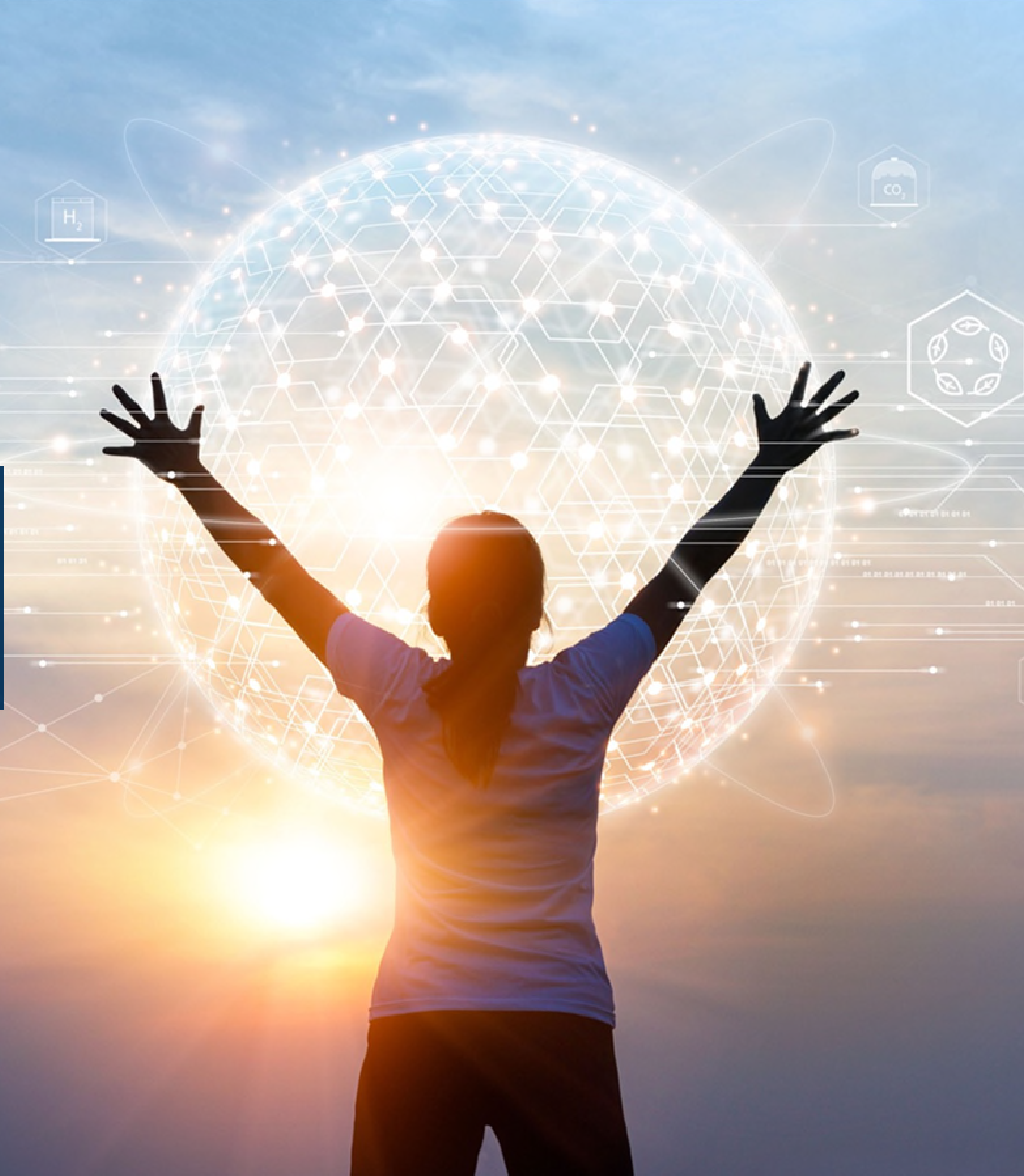
Glossary of Terms / Definitions

- **Annual Contract Value** – 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. Comparing ACV for different dates can provide insight into the growth and retention rates of our business.

- **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. License revenue is heavily impacted by the timing of Bookings, and more specifically renewal Bookings. 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.

- **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.

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



aspentech

Total Expenses

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Nine Months Ended March 31, 2023	Nine Months Ended March 31, 2022
GAAP total expenses (a)	$308,351	$87,344	$912,585	$260,272
Less:				
Stock-based compensation (b)	(22,843)	(519)	(64,020)	(1,345)
Amortization of intangibles (c)	(121,639)	(22,397)	(363,960)	(73,382)
Acquisition and integration planning related fees	(761)	-	(7,030)	(54)
Non-GAAP total expenses	$163,108	$64,428	$477,575	$185,491

Income from Operations

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Nine Months Ended March 31, 2023	Nine Months Ended March 31, 2022
GAAP (loss) from operations	($78,473)	($2,743)	($189,050)	($16,881)
Plus:				
Stock-based compensation (b)	22,843	519	64,020	1,345
Amortization of intangibles (c)	121,639	22,397	363,960	73,382
Acquisition and integration planning related fees	761	-	7,030	54
Non-GAAP income from operations	$66,770	$20,173	$245,960	$57,900

Net Income

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Nine Months Ended March 31, 2023	Nine Months Ended March 31, 2022
GAAP net (loss)	($57,635)	($3,280)	($135,076)	($15,242)
Plus (less):				
Stock-based compensation (b)	22,843	519	64,020	1,345
Amortization of intangibles	121,639	22,397	363,960	73,382
Acquisition and integration planning related fees	761	-	7,030	54
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)	(32,776)	(5,209)	(95,666)	(17,252)
Non-GAAP net income	$69,146	$14,427	$233,901	$42,287

aspentech

Diluted Loss per Share

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Nine Months Ended March 31, 2023	Nine Months Ended March 31, 2022
GAAP diluted (loss) per share	($0.89)	($0.09)	($2.09)	($0.42)
Plus (less):				
Stock-based compensation (b)	0.35	0.01	0.98	0.04
Amortization of intangibles (c)	1.87	0.62	5.59	2.02
Acquisition and integration planning related fees	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	-	-	0.02	-
Less				
Income tax effect on Non-GAAP items (d)	(0.50)	(0.14)	(1.47)	(0.48)
Non-GAAP diluted income per share	$1.06	$0.40	$3.59	$1.16
Shares used in computing Non-GAAP diluted income per share	65,195	36,308	65,125	36,308

Free Cash Flow[1]

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Nine Months Ended March 31, 2023	Nine Months Ended March 31, 2022
Net cash provided by operating activities (GAAP)	$131,036	$44,105	$185,650	$20,121
Purchases of property, equipment and leasehold improvements	(1,671)	(442)	(4,515)	(3,831)
Payments for capitalized computer software development costs	(18)	-	(347)	-
Free cash flow (non-GAAP)	$129,347	$43,663	$180,788	$16,290

(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 restated to the current period computation methodology.

(a) GAAP Total Expenses

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Nine Months Ended March 31, 2023	Nine Months Ended March 31, 2022
Total costs of revenue	$93,799	$43,801	$278,027	$128,898
Total operating expenses	214,552	43,543	634,558	131,374
GAAP total expenses	$308,351	$87,344	$912,585	$260,272

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Nine Months Ended March 31, 2023	Nine Months Ended March 31, 2022
Cost of license and solutions	$832	-	$2,752	-
Cost of maintenance	427	-	1,462	-
Cost of services and other	599	-	1,457	-
Selling and marketing	3,695	-	10,886	-
Research and development	5,972	-	13,831	-
General and administrative	11,318	519	33,632	1,345
Total stock-based compensation	$22,843	$519	$64,020	$1,345

(c) Amortization of intangible assets was as follows:

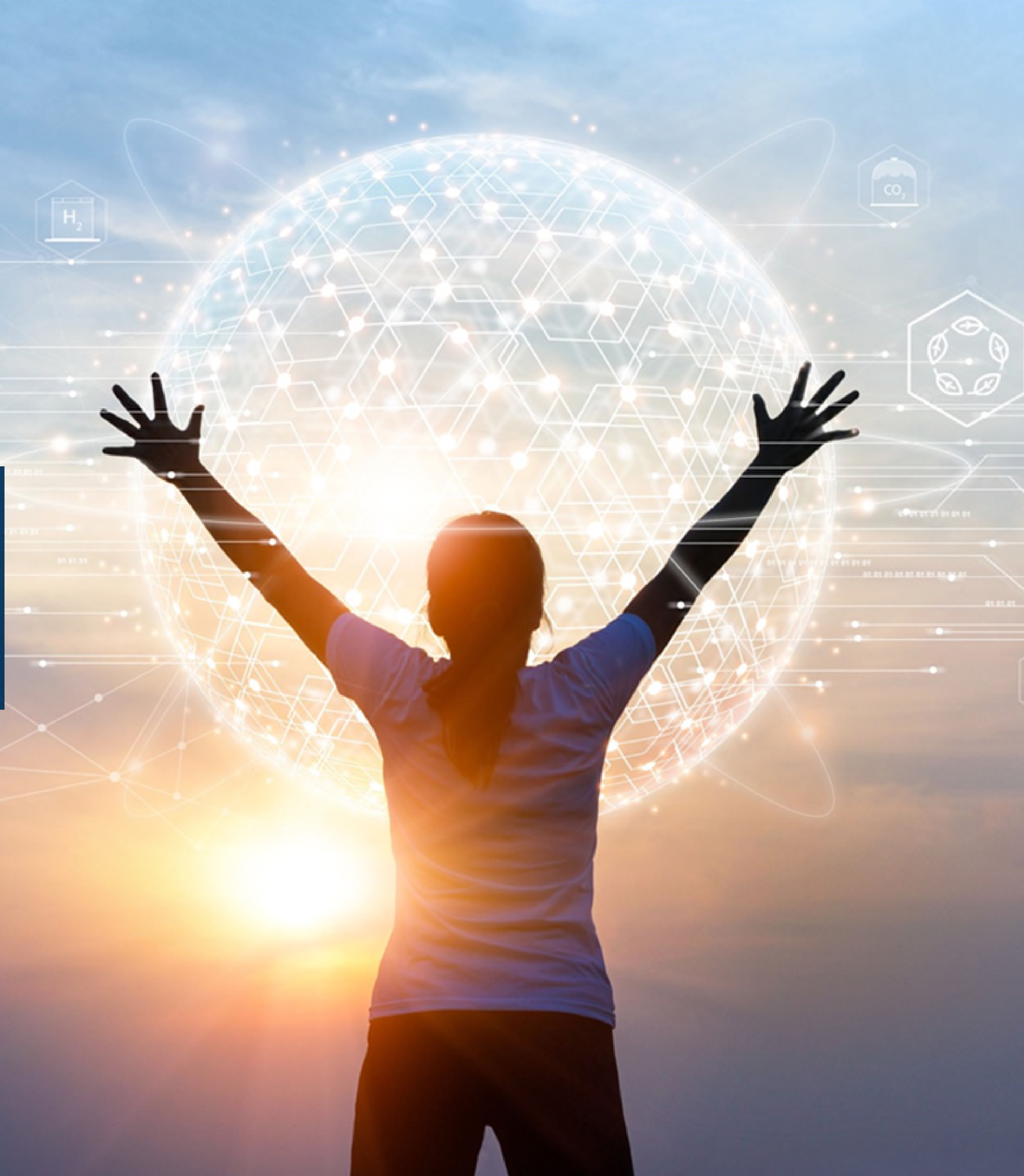
	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Nine Months Ended March 31, 2023	Nine Months Ended March 31, 2022
Cost of license and solutions	$48,035	$13,192	$143,377	$39,577
Selling and marketing	73,604	9,205	220,583	33,805
Total amortization of intangible assets	$121,639	$22,397	$363,960	$73,382

(d) U.S. Statutory Rate*

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Nine Months Ended March 31, 2023	Nine Months Ended March 31, 2022
U.S. statutory rate	21.8%	22.7%	21.8%	23.1%

*The income tax effect on non-GAAP items for the three and nine months ended March 31, 2023 and 2022, respectively, is calculated utilizing the Company's combined US federal and state statutory tax rate as shown above.

Reconciliation of Forward-Looking Guidance Range



aspentech

Guidance — Total Expenses

	Twelve Months Ended June 30, 2023 (a)	
	Range	
	Low	High
GAAP Expectation—Total expenses	$1,219,000	$1,224,000
Less:		
Stock-based compensation	(84,000)	(84,000)
Amortization of intangibles	(486,000)	(486,000)
Acquisition and integration planning related fees	(7,000)	(7,000)
Non-GAAP expectation – Total expenses	$642,000	$647,000

(a) Rounded amounts used, except per share data. The income tax effect on non-GAAP items for the twelve months ended June 30, 2023, is calculated utilizing the Company's statutory tax rate of 21.8 percent.

Guidance — Income from Operations

	Twelve Months Ended June 30, 2023 (a)	
	Range	
	Low	High
GAAP Expectation—(loss) from Operations	$(179,000)	$(164,000)
Plus:		
Stock-Based Compensation	84,000	84,000
Amortization of intangibles	486,000	486,000
Acquisition and integration planning related Fees	7,000	7,000
Non-GAAP expectation – Income from Operations	$398,000	$413,000

(a) Rounded amounts used, except per share data. The income tax effect on non-GAAP items for the twelve months ended June 30, 2023, is calculated utilizing the Company's statutory tax rate of 21.8 percent.

Guidance — Net income and diluted income per share

	Twelve Months Ended June 30, 2023 (a)	
	Range	
	Low	High
GAAP Expectation – Net Loss	$(110,000)	$(97,000)
Plus (less):		
Stock-based compensation	84,000	84,000
Amortization of intangibles	486,000	486,000
Acquisition and integration planning related fees	7,000	7,000
Unrealized loss on foreign currency forward contract	40,500	40,500
Realized gain on foreign currency forward contract	(10,800)	(10,800)
Income tax effect on Non-GAAP items (b)	(125,500)	(125,000)
Non-GAAP expectation – Net income	$371,700	$384,700
Shares used in computing guidance for Non-GAAP diluted income	66,000	66,000
GAAP EPS	(1.68)	(1.48)
Non-GAAP EPS	$5.63	$5.83

(a) Rounded amounts used, except per share data. (b) The income tax effect on non-GAAP items for the twelve months ended June 30, 2023, is calculated utilizing the Company's statutory tax rate of 21.8 percent.

Guidance — Free Cash Flow[1]

	Twelve Months Ended June 30, 2023 (a)	
	Range	
	Low	High
GAAP expectation – Net cash provided by operating activities	$323,500	N/A
Less:		
Purchases of property, equipment and leasehold improvements	(8,000)	N/A
Payments for capitalized computer software development costs	(500)	N/A
Free cash flow expectation (non-GAAP)	$315,000	N/A

(1) Free cash flow guidance has been updated to reflect a change in methodology to calculate free cash flow. The change in free cash flow calculation methodology 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. The income tax effect on non-GAAP items for the twelve months ended June 30, 2023, is calculated utilizing the Company's statutory tax rate of 21.8 percent.