Q1-FY24 Results

Antonio Pietri, *President and Chief Executive Officer*

Chantelle Breithaupt, *Chief Financial Officer*

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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 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 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, 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

In this presentation we will discuss some non-GAAP measures used by our management in talking about our company's performance, and the reconciliation of those measures to the most comparable GAAP measures is contained within this presentation or available at our investor relations website, https://ir.aspentech.com. 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.

Q1-FY24 Highlights

Continuation of Double-Digit ACV Growth

Strong Demand in Most End Markets

Promising Signs of Early Sustainability Growth

Remain Confident in Guidance for FY24

Focused on Expansion and Execution in FY24

Q1-FY24 RESULTS

$898m
Annual Contract Value (ACV)*

10.9%
ACV Growth YoY

$13m
Growth in ACV (GACV)* QoQ

$16m
Free Cash Flow*

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

Resilient Demand in Most End-Markets

Upstream & Midstream Energy	▪ Strong demand and tight supply environment driving higher oil prices and increased upstream CapEx ▪ CapEx targeted at increasing oil supply and sustaining production rates
Refining	▪ Increasing demand and capacity rationalization support strong refining margins ▪ Owner-operators in North America and Europe focused on extending asset life spans and reducing emissions
Engineering and Construction (E&C)	▪ Positive CapEx trends in traditional energy and energy transition projects driving higher pipeline and industry optimism
Chemicals	▪ Chemicals customers reducing costs and investments to support margins in response to weaker demand ▪ Continuing emphasis on driving efficiencies and reducing emissions and plastics waste to accelerate development of circular economy
Transmission & Distribution	▪ Robust demand from immense and ongoing investment cycle to expand, modernize and strengthen the grid ▪ Global annual investment in grids forecasted to reach $680b by 2030, with nearly 70% for distribution grids, in IEA's 2050 net zero emissions scenario[1]

1. 2023 Update to *Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach*, International Energy Agency, September 2023

Key 1Q-FY24 Software Transactions

Key Transactions with Existing Customers

World-Leader in Industrial Gases Transitioning to Green Hydrogen

- Doubled Engineering suite token entitlement
- Using our software to design next-generation tools for green hydrogen, green ammonia, and renewables

Leading Refinery with Sustainability Goals Doubles Entitlement

- North American refiner doubled Engineering software suite token entitlement
- Deepened relationship based on strength of our technology and alternative fuels development capabilities

Key Transactions with New Customers

Large Transmission Deal with U.S. Power Utility

- U.S. power utility in search of better way to manage transmission network
- Displaced incumbent on strength of monarch™ platform technology

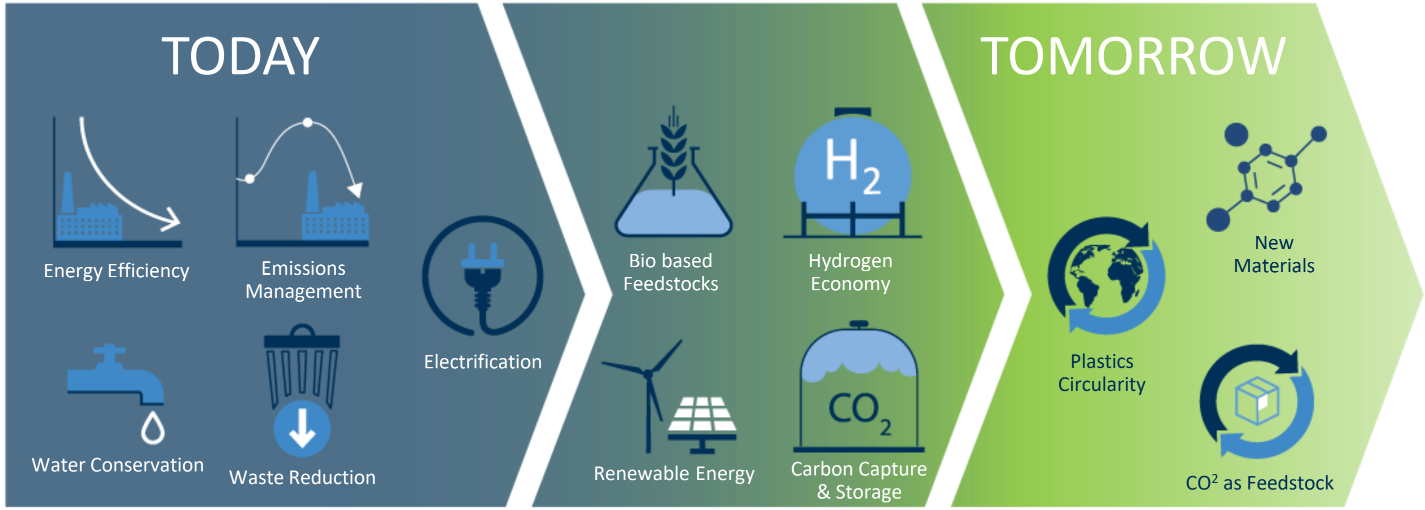
Joint Emerson Win to Displace Incumbent in Manufacturing Leader

- Emerson maintains relationship with customer through DeltaV install base
- Provided valuable insights to help identify our adaptive process control technology as a key differentiator

Global Megatrends Driving Sustainability-Related Projects

- Sustainability-related project CapEx driving increased demand for our Engineering suite
- Continued to win sustainability-related business with new and existing customers in Q1-FY24
- Expect to see a benefit from these projects in MSC and APM over time as projects advance

Sustainability Pathways



We partner with our customers to help them better achieve their goals through sustainability pathways in advancing the energy transition and facilitating industrial decarbonization while also meeting the global demand for critical resources.

Q1-FY24 Innovation Update

V14 Software Update Planned for November

- Drove innovation across portfolio for planned release of V14 software enhancements and V14.2 software update
- Will include new ML and neural net modeling capabilities, expansion of sustainability app library, and Emerson Ovation integration

Productized Aramco CO_2 Optimization Technology

- Product will help customers make more informed carbon management decisions, with potential to expand into other sustainability pathways

OMV Group Partnership Expansion

- Laid foundation to expand partnership with OMV Group, a multinational integrated energy company, to accelerate energy transition initiatives

Confident in FY24 Growth Targets

≥ 11.5%

Total ACV YoY Growth Target for FY24

≥ $360m

Free Cash Flow Target for FY24

Q1-FY24 Results

($ in millions)	Q1-FY24	Q1-FY23
Bookings	$211.8	$224.0
Revenue	$249.3	$250.8
Operating Expenses	$211.5	$210.9
Total Expenses	$309.5	$302.0
Total Non-GAAP Expenses	$171.5	$158.2
Operating Loss	($60.2)	($51.2)
Non-GAAP Operating Income	$77.8	$92.6
Non-GAAP Operating Margin[1]	31.2%	36.9%
Net Loss	($34.5)	($11.2)
Non-GAAP Net Income[2]	$74.9	$142.0
Operating Cash Flow	$17.0	$5.1
Free Cash Flow	$16.0	$3.7

Other Q1-FY24 Metrics, as of 9/30/2023

Annual Contract Value

$897.6m ▲ **10.9% YoY**

Cash & Liquidity Position

$120.5m
In cash and cash equivalents

$197.7m
available on revolving credit facility

Share Repurchase Updates

Completed
$100.0m
accelerated share repurchase program to receive additional 107k shares[3]

Repurchased
~580k shares
of $300m share repurchase authorization for $114m , with expectations to complete program in FY24

1. Non-GAAP Operating Margin represents Non-GAAP Operating Income divided by revenue for the period. 2. The year-over-year decrease in non-GAAP net income was mainly due to the lower benefit from income taxes in the first quarter of fiscal 2024, following AspenTech's change in approach to computing its tax provision, which initially occurred in the second quarter of fiscal 2023. 3. $100m accelerated share repurchase program was paid for in full in fiscal 2023.

FY24 Guidance*

Key Metrics	FY 2024 Guidance	
ACV Growth (Total)	≥	11.5%
Total Bookings	≥	$1.04 billion
Total Revenue	≥	$1.12 billion
GAAP Operating Cash Flow	≥	$378 million
Free Cash Flow	≥	$360 million

Additional Metrics	FY 2024 Guidance	
GAAP Total Expense	*Approx.*	$1.22 billion
Non-GAAP Total Expense	*Approx.*	$675 million
GAAP Operating Loss	*At or better than*	$100 million
Non-GAAP Operating Income	≥	$445 million
GAAP Net Loss	*At or better than*	$7 million
Non-GAAP Net Income	≥	$424 million
GAAP Net Loss Per Share	*At or better than*	$0.11
Non-GAAP Net Income Per Share	≥	$6.57

With a solid foundation in place, we remain confident in our ability to achieve our guidance targets for fiscal year 2024.

*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

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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. We believe 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. 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.

- **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. Presented on a U.S. dollars basis.

Linearity of Quarterly Results in FY24

FY24 ACV

- Low 60% range of net new ACV to occur in 2H-FY24
- Q1 to be lowest, and Q4 to be highest, in terms of quarterly GACV contribution
- Attrition in FY24: ~5%
- Expect higher concentration of attrition to occur in Q2 and Q3

FY24 FCF

- Generate at least 80% of FCF in 2H-FY24, with an approximately even distribution between Q3 and Q4
- Q1 to have lowest quarterly FCF contribution for FY24, as has historically been the case in our business
- Cash tax payments: ~$125m

FY24 Revenue

- Revenue linearity in FY24 to be similar to FY23
- Q1 to have lowest bookings up for renewal, while Q4 to have highest bookings up for renewal
- Bookings up for renewal in FY24: ~$580m
- Bookings up for renewal in Q2-FY24: ~$131m

AspenTech results are generally more weighted to the second half of the fiscal year. Above commentary on ACV, FCF, and Revenue outlines some concepts for investors to consider when modeling our business for FY24.

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

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Total Expenses

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
GAAP total expenses (a)	$309,519	$302,001
Less:		
Stock-based compensation (b)	$(16,699)	$(17,736)
Amortization of intangibles (c)	$(121,587)	$(121,160)
Acquisition and integration planning related fees	$255	$(4,858)
Non-GAAP total expenses	$171,488	$158,247

Income from Operations

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
GAAP loss from operations	$(60,211)	$(51,182)
Plus:		
Stock-based compensation (b)	$16,699	$17,736
Amortization of intangibles (c)	$121,587	$121,160
Acquisition and integration planning related fees	$(255)	$4,858
Non-GAAP income from operations	$77,820	$92,572

Net Income

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
GAAP net loss	$(34,525)	$(11,244)
Plus:		
Stock-based compensation (b)	$16,699	$17,736
Amortization of intangibles (c)	$121,587	$121,160
Acquisition and integration planning related fees	$(255)	$4,858
Unrealized loss (gain) on foreign currency forward contract	—	$50,259
Less:		
Income tax effect on Non-GAAP items (d)	$(28,621)	$(40,730)
Non-GAAP net income	$74,885	$142,039

Diluted Income per Share

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
GAAP diluted loss per share	$(0.54)	$(0.17)
Plus:		
Stock-based compensation (b)	$0.26	$0.28
Amortization of intangibles (c)	$1.88	$1.88
Acquisition and integration related planning fees	—	$0.07
Unrealized loss (gain) on foreign currency forward contract	—	$0.77
Less:		
Income tax effect on Non-GAAP items (d)	$(0.44)	$(0.63)
Non-GAAP diluted income per share	$1.16	$2.20
Shares used in computing non-GAAP diluted income per share	64,658	64,454

Free Cash Flow[1]

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
Net cash provided by operating activities (GAAP)	$16,981	$5,077
Less:		
Purchases of property, equipment and leasehold improvements	$(937)	$(1,321)
Payments for capitalized computer software development costs	—	$(99)
Free cash flow (non-GAAP)	$16,044	$3,657

1. For the interim period beginning 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 September 30, 2023	Three Months Ended September 30, 2022
Total costs of revenue	$98,060	$91,130
Total operating expenses	$211,459	$210,871
GAAP total expenses	$309,519	$302,001

(b) Stock-based compensation was as follows:

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
Cost of license and solutions	$680	$742
Cost of maintenance	$488	$561
Cost of services and other	$498	$408
Selling and marketing	$2,942	$3,347
Research and development	$4,553	$3,611
General and administrative	$7,538	$9,067
Total stock-based compensation	$16,699	$17,736

(c) Amortization of intangible assets was as follows:

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
Cost of license and solutions	$48,035	$47,670
Selling and marketing	$73,552	$73,490
Total amortization of intangible assets	$121,587	$121,160

(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 September 30, 2023	Three Months Ended September 30, 2022
U.S. statutory rate	21.79%	21.79%

Reconciliation of Forward-Looking Guidance Range

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Guidance – Total Expenses

	Twelve Months Ended June 30, 2024 (a)
GAAP expectation – total expenses	$1,220,000
Less:	
Stock-based compensation	$(59,000)
Amortization of intangibles	$(486,000)
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) income from operations	$(100,000)
Plus:	
Stock-based compensation	$59,000
Amortization of intangibles	$486,000
Non-GAAP expectation - income from operations	$445,000

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) income and diluted loss per share	$(7,000)	$(0.11)
Plus:		
Stock-based compensation	$59,000	
Amortization of intangible assets	$486,000	
Less:		
Income tax effect on Non-GAAP items (b)	$(114,000)	
Non-GAAP expectation – net income and diluted income per share	$424,000	$6.57
Shares used in computing guidance for Non-GAAP diluted income per share	64,560	

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 Flow[1]

	Twelve Months Ended June 30, 2024 (a)
GAAP expectation – Net cash provided by operating activities	$378,000
Less:	
Purchases of property, equipment and leasehold improvements	$(17,500)
Payments for capitalized computer software development costs	$(500)
Free Cash flow expectation (non-GAAP)	$360,000

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.