

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 26, 2023

ASPEN TECHNOLOGY, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

333-262106
(Commission
File Number)

87-3100817
(IRS Employer
Identification No.)

20 Crosby Drive, Bedford, MA
(Address of principal executive offices)

01730
(Zip Code)

Registrant's telephone number, including area code: **(781) 221-6400**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of Each Class | Trading Symbol | Name of Each Exchange on Which Registered |
|--|-----------------------|--|
| Common stock, \$0.0001 par value per share | AZPN | NASDAQ Global Select Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition.

On April 26, 2023, we issued a press release announcing financial results for the third quarter of fiscal year 2023, ended March 31, 2023. The full text of the press release issued in connection with this announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Item 2.02, including Exhibit 99.1, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 except as expressly set forth by specific reference in such a filing.

Item 7.01 Regulation FD Disclosure.

Investors and others should note that the Company routinely announces material information to investors and the marketplace using filings with the U.S. Securities and Exchange Commission (the “SEC”), press releases, public conference calls, presentations, webcasts and the Aspen Technology, Inc. Investor Relations website. The information posted on the Aspen Technology, Inc. Investor Relations website is not incorporated by reference in this report or in any other report or document the Company files with the SEC. While not all of the information that the Company posts to the Aspen Technology, Inc. Investor Relations website is of a material nature, some information could be deemed to be material. Accordingly, the Company encourages investors, the media, and others interested in the Company to review the information that it shares on its webpage at <https://ir.aspentech.com>. Users may automatically receive email alerts and other information about the Company when enrolling an email address by selecting “Email Alerts” at the webpage at <https://ir.aspentech.com/>.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 99.1 | Press release issued by Aspen Technology, Inc. on April 26, 2023 |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ASPEN TECHNOLOGY, INC.

Date: April 26, 2023

By: /s/ Chantelle Breithaupt
Chantelle Breithaupt
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)



Contacts:

Media Contact

Len Dieterle
Aspen Technology
+1 781-221-4291
len.dieterle@aspentech.com

Investor Contact

Brian Denyeau
ICR for Aspen Technology
+1 646-277-1251
brian.denyeau@icrinc.com

Aspen Technology Announces Financial Results for the Third Quarter of Fiscal 2023

Bedford, Mass. – April 26, 2023 - Aspen Technology, Inc. (AspenTech) (NASDAQ: AZPN), a global leader in industrial software, today announced financial results for its third quarter of fiscal 2023, ended March 31, 2023.

“AspenTech’s third quarter performance was highlighted by a return to double-digit ACV growth, driven by ongoing strength in several of our key markets. We believe this performance, in the midst of an uncertain economic environment, is an important indication of the strategic importance of AspenTech’s solutions to our customers,” said Antonio Pietri, President and Chief Executive Officer of AspenTech.

“We have made significant progress on our integration and transformation initiatives that have combined OSI, SSE and heritage AspenTech together to create a much larger, diversified and faster growing industrial software leader,” Pietri added. “We believe AspenTech is well-positioned to generate attractive, long-term growth and profitability given the positive demand trends in our end-markets as customers increase their technology investments to meet their sustainability and operational excellence objectives.”

Third Quarter and Fiscal Year 2023 Recent Business Highlights

- Annual contract value, which we define as the estimate of the annual value of our portfolio of term license and software maintenance and support, or 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, was \$854.6 million at the end of the third quarter of fiscal 2023, which increased 11.2% compared to the third quarter of fiscal 2022.
- Annual spend for heritage AspenTech, which the company defines as the annualized value of all term license and maintenance contracts at the end of the quarter for the businesses other than OSI and SSE, was \$712.0 million at the end of the third quarter of fiscal 2023, which increased 8.6% compared to the third quarter of fiscal 2022 and 2.1% sequentially.

Summary of Third Quarter Fiscal Year 2023 Financial Results

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 below for fiscal year 2022 reflect only the historical results of the OSI and SSE businesses that were contributed to new AspenTech.

AspenTech’s total revenue of \$229.9 million included:

- **License and solutions revenue**, which represents the portion of a term license agreement allocated to the initial license and OSI revenue where software and professional services are recognized as one performance obligation, was \$136.3 million in the third quarter of fiscal 2023, compared to \$50.8 million in the third quarter of fiscal 2022.
- **Maintenance revenue**, which represents the portion of customer agreements related to ongoing support and the right to future product enhancements, was \$77.3 million in the third quarter of fiscal 2023, compared to \$27.3 million in the third quarter of fiscal 2022.
- **Services and other revenue** was \$16.3 million in the third quarter of fiscal 2023, compared to \$6.5 million in the third quarter of fiscal 2022.

For the quarter ended March 31, 2023, AspenTech reported loss from operations of \$78.5 million, compared to loss from operations of \$2.7 million in the third quarter of fiscal 2022.

Net loss was \$57.6 million for the quarter ended March 31, 2023, leading to net loss per share of \$0.89, compared to net loss per share of \$0.09 in the same period of last fiscal year.

Non-GAAP income from operations was \$66.8 million for the third quarter of fiscal 2023. Non-GAAP net income was \$69.1 million, or \$1.06 per share, for the third quarter of fiscal 2023. These non-GAAP results add back the impact of stock-based compensation expense, amortization of intangibles, fees related to acquisitions and integration planning and unrealized loss less realized gain on derivatives associated with acquisitions. A reconciliation of GAAP to non-GAAP results is presented in the financial tables included in this press release.

AspenTech had cash and cash equivalents of \$286.7 million and no borrowings as of March 31, 2023.

During the third quarter, AspenTech generated \$131.0 million in cash flow from operations and \$129.3 million in free cash flow. Free cash flow¹ is calculated as net cash provided by operating activities adjusted for the net impact of: purchases of property, equipment and leasehold improvements and payments for capitalized computer software development costs.

Business Outlook

Based on information as of today, April 26, 2023, AspenTech is issuing the following guidance for fiscal year 2023. Please note this guidance does not include any contribution from the acquisition of Micromine, which is pending final regulatory approval.

- Annual Contract Value (“ACV”) growth of 11.0-12.0% year-over-year.
- GAAP operating cash flow of at least \$324 million
- Free cash flow¹ of at least \$315 million
- Total bookings of \$1.03 to \$1.06 billion
- Total revenue of \$1.04 to \$1.06 billion
- GAAP total expense of \$1,219 to \$1,224 million
- Non-GAAP total expense of \$642 to \$647 million
- GAAP operating loss of \$179 to \$164 million
- Non-GAAP operating income of \$398 to \$413 million
- GAAP net loss of \$110 to \$97 million
- Non-GAAP net income of \$372 to \$385 million
- GAAP net loss per share of \$1.68 to \$1.48
- Non-GAAP net income per share of \$5.63 to \$5.83

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

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.

Use of Non-GAAP Financial Measures

This press release contains “non-GAAP financial measures” under the rules of the U.S. Securities and Exchange Commission (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 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.

Conference Call and Webcast

AspenTech will host a conference call and webcast presentation on April 26, 2023, at 4:30 p.m. ET to discuss its financial results, business outlook, and related corporate and financial matters. A live webcast of the call will be available on AspenTech’s Investor Relations website, <http://ir.aspentech.com/>, via its “Webcasts” page. To access the call by phone, please go to the following [registration link](#) and you will be provided with dial-in details. To avoid delays, we encourage participants to dial into the conference call fifteen minutes ahead of the scheduled start time. A replay of the webcast will also be available for a limited time at <http://ir.aspentech.com/>.

About AspenTech

Aspen Technology, Inc. (NASDAQ: AZPN) is a global software leader helping industries at the forefront of the world’s dual challenge meet the increasing demand for resources from a rapidly growing population in a profitable and sustainable manner. AspenTech solutions address complex environments where it is critical to optimize the asset design, operation and maintenance lifecycle. Through our unique combination of deep domain expertise and innovation, customers in capital-intensive industries can run their assets safer, greener, longer and faster to improve their operational excellence. To learn more, visit AspenTech.com.

Forward-Looking Statements

Statements in this press release 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.

© 2023 Aspen Technology, Inc. AspenTech, aspenONE, asset optimization and the Aspen leaf logo are trademarks of Aspen Technology, Inc. All rights reserved. All other trademarks are property of their respective owners.

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS
(Unaudited in Thousands, Except per Share Data)

| | Three Months Ended March 31, | | Nine Months Ended March 31, | |
|---|---------------------------------|------------|--------------------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Revenue: | | | | |
| License and solutions | \$ 136,292 | \$ 50,838 | \$ 446,360 | \$ 143,544 |
| Maintenance | 77,283 | 27,313 | 234,277 | 78,120 |
| Services and other | 16,303 | 6,450 | 42,898 | 21,727 |
| Total revenue | 229,878 | 84,601 | 723,535 | 243,391 |
| Cost of revenue: | | | | |
| License and solutions | 68,980 | 35,546 | 209,326 | 103,155 |
| Maintenance | 9,020 | 4,296 | 27,804 | 12,604 |
| Services and other | 15,799 | 3,959 | 40,897 | 13,139 |
| Total cost of revenue | 93,799 | 43,801 | 278,027 | 128,898 |
| Gross profit | 136,079 | 40,800 | 445,508 | 114,493 |
| Operating expenses: | | | | |
| Selling and marketing | 120,035 | 18,899 | 356,260 | 61,894 |
| Research and development | 54,046 | 15,462 | 153,741 | 46,400 |
| General and administrative | 40,471 | 9,139 | 124,557 | 22,792 |
| Restructuring costs | — | 43 | — | 288 |
| Total operating expenses | 214,552 | 43,543 | 634,558 | 131,374 |
| (Loss) from operations | (78,473) | (2,743) | (189,050) | (16,881) |
| Other (expense), net | (13,281) | (2,685) | (33,270) | (5,463) |
| Interest income (expense), net | 9,969 | (28) | 19,112 | (320) |
| (Loss) before provision for income taxes | (81,785) | (5,456) | (203,208) | (22,664) |
| (Benefit) for income taxes | (24,150) | (2,176) | (68,132) | (7,422) |
| Net (loss) | \$ (57,635) | \$ (3,280) | \$ (135,076) | \$ (15,242) |
| Net (loss) per common share: | | | | |
| Basic | \$ (0.89) | \$ (0.09) | \$ (2.09) | \$ (0.42) |
| Diluted | \$ (0.89) | \$ (0.09) | \$ (2.09) | \$ (0.42) |
| Weighted average shares outstanding: | | | | |
| Basic | 64,796 | 36,308 | 64,622 | 36,308 |
| Diluted | 64,796 | 36,308 | 64,622 | 36,308 |

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED AND COMBINED BALANCE SHEETS
(Unaudited in Thousands, Except Share and Per Share Data)

| | March 31, 2023 | June 30, 2022 |
|---|----------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 286,736 | \$ 449,725 |
| Accounts receivable, net | 115,362 | 111,027 |
| Current contract assets, net | 399,388 | 428,833 |
| Prepaid expenses and other current assets | 22,951 | 23,461 |
| Receivables from related parties | 43,998 | 16,941 |
| Prepaid income taxes | 7,603 | 17,503 |
| Total current assets | <u>876,038</u> | <u>1,047,490</u> |
| Property, equipment and leasehold improvements, net | 18,332 | 17,148 |
| Goodwill | 8,328,210 | 8,266,809 |
| Intangible assets, net | 4,780,644 | 5,112,781 |
| Non-current contract assets, net | 471,397 | 428,232 |
| Contract costs | 11,174 | 5,473 |
| Operating lease right-of-use assets | 69,173 | 78,286 |
| Deferred tax assets | 2,388 | 4,937 |
| Other non-current assets | 9,553 | 8,766 |
| Total assets | <u>\$ 14,566,909</u> | <u>\$ 14,969,922</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 11,531 | \$ 21,416 |
| Accrued expenses and other current liabilities | 95,319 | 90,123 |
| Liability from foreign currency forward contract | 40,454 | — |
| Due to related parties | 16,103 | 4,111 |
| Current operating lease liabilities | 12,683 | 7,191 |
| Income taxes payable | 24,729 | 6,768 |
| Current borrowings | — | 28,000 |
| Current contract liabilities | 154,313 | 143,327 |
| Total current liabilities | <u>355,132</u> | <u>300,936</u> |
| Non-current contract liabilities | 27,654 | 21,081 |
| Deferred income tax liabilities | 990,461 | 1,145,408 |
| Non-current operating lease liabilities | 57,706 | 71,933 |
| Non-current borrowings, net | — | 245,647 |
| Other non-current liabilities | 16,877 | 15,560 |
| Stockholders' equity: | | |
| Common stock, \$0.0001 par value | | |
| Authorized—600,000,000 shares | | |
| Issued— 64,858,598 shares at March 31, 2023 and 64,425,378 shares at June 30, 2022 | | |
| Outstanding— 64,858,598 shares at March 31, 2023 and 64,425,378 shares at June 30, 2022 | 6 | 6 |
| Additional paid-in capital | 13,188,678 | 13,107,570 |
| Retained (deficit) earnings | (68,707) | 66,369 |
| Accumulated other comprehensive (loss) | (898) | (4,588) |
| Total stockholders' equity | <u>13,119,079</u> | <u>13,169,357</u> |
| Total liabilities and stockholders' equity | <u>\$ 14,566,909</u> | <u>\$ 14,969,922</u> |

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
(Unaudited in Thousands)

| | Three Months Ended March 31, | | Nine Months Ended March 31, | |
|---|---------------------------------|------------------|--------------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Cash flows from operating activities: | | | | |
| Net (loss) | \$ (57,635) | \$ (3,280) | \$ (135,076) | \$ (15,242) |
| Adjustments to reconcile net (loss) to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 123,165 | 23,251 | 368,266 | 77,335 |
| Reduction in the carrying amount of right-of-use assets | 3,901 | 1,173 | 10,463 | 4,240 |
| Net foreign currency (gain) losses | (1,033) | 2,752 | 3,711 | 5,765 |
| Realized gain on settlement of foreign currency forward contracts | (10,821) | — | (10,821) | — |
| Stock-based compensation | 22,843 | 519 | 64,020 | 1,345 |
| Deferred income taxes | (49,661) | (3,801) | (156,046) | (11,848) |
| Provision for uncollectible receivables | 716 | 810 | 3,944 | 852 |
| Other non-cash operating activities | 1,698 | 83 | 1,108 | 167 |
| Changes in assets and liabilities: | | | | |
| Accounts receivable | 22,630 | 29,423 | (11,060) | (17,637) |
| Contract assets | 67,192 | (1,735) | (10,672) | (14,769) |
| Contract costs | (1,810) | — | (5,357) | — |
| Lease liabilities | (3,694) | (1,335) | (10,303) | (3,146) |
| Prepaid expenses, prepaid income taxes, and other assets | (6,536) | 505 | 27,641 | (662) |
| Liability from foreign currency forward contract | 25,135 | — | 40,454 | — |
| Accounts payable, accrued expenses, income taxes payable and other liabilities | (10,548) | 5,177 | (12,038) | (7,628) |
| Contract liabilities | 5,494 | (9,437) | 17,416 | 1,349 |
| Net cash provided by operating activities | 131,036 | 44,105 | 185,650 | 20,121 |
| Cash flows from investing activities: | | | | |
| Purchases of property, equipment and leasehold improvements | (1,671) | (442) | (4,515) | (3,831) |
| Proceeds from settlement of foreign currency forward contracts | 10,821 | — | 10,821 | — |
| Payments for business acquisitions, net of cash acquired | 2,449 | — | (72,498) | (1,065) |
| Payments for equity method investments | (211) | — | (676) | — |
| Payments for capitalized computer software development costs | (18) | — | (347) | — |
| Purchases of other assets | (1,000) | 4 | (1,000) | (287) |
| Net cash provided by (used in) investing activities | 10,370 | (438) | (68,215) | (5,183) |
| Cash flows from financing activities: | | | | |
| Issuance of shares of common stock | 5,937 | — | 31,542 | — |
| Payment of tax withholding obligations related to restricted stock | (2,708) | — | (14,406) | — |
| Deferred business acquisition payments | — | — | (1,363) | — |
| Repayments of amounts borrowed under term loan | (264,000) | — | (276,000) | — |
| Net transfers to Parent Company | (35,621) | (50,104) | (5,749) | (17,249) |
| Payments of debt issuance costs | — | — | (2,375) | — |
| Net cash (used in) financing activities | (296,392) | (50,104) | (268,351) | (17,249) |
| Effect of exchange rate changes on cash and cash equivalents | (4,366) | (852) | (12,073) | (986) |
| (Decrease) in cash and cash equivalents | (159,352) | (7,289) | (162,989) | (3,297) |
| Cash and cash equivalents, beginning of period | 446,088 | 27,651 | 449,725 | 23,659 |
| Cash and cash equivalents, end of period | \$ 286,736 | \$ 20,362 | \$ 286,736 | \$ 20,362 |

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES
Reconciliation of GAAP to Non-GAAP Results of Operations and Cash Flows
(Unaudited in Thousands, Except per Share Data)

| | Three Months Ended March 31, | | Nine Months Ended March 31, | |
|--|---------------------------------|------------|--------------------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Total expenses | | | | |
| 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 | | | | |
| 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 | | | | |
| 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 (c) | 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 |
| Diluted loss per share | | | | |
| 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 |

| | Three Months Ended March 31, | | Nine Months Ended March 31, | |
|--|---------------------------------|-----------|--------------------------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| Free Cash Flow ⁽¹⁾ | | | | |
| 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 revised to the current period computation methodology.

(a) GAAP total expenses

| | Three Months Ended March 31, | | Nine Months Ended March 31, | |
|--------------------------|---------------------------------|-----------|--------------------------------|------------|
| | 2023 | 2022 | 2023 | 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, | | Nine Months Ended March 31, | |
|--------------------------------|---------------------------------|--------|--------------------------------|----------|
| | 2023 | 2022 | 2023 | 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, | | Nine Months Ended March 31, | |
|---|---------------------------------|-----------|--------------------------------|-----------|
| | 2023 | 2022 | 2023 | 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) 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 following:

| | Three Months Ended March 31, | | Nine Months Ended March 31, | |
|---------------------|---------------------------------|---------|--------------------------------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| U.S. Statutory Rate | 21.79 % | 22.73 % | 21.79 % | 23.07 % |

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES
Reconciliation of Forward-Looking Guidance Range
(Unaudited in Thousands, Except per Share Data)

| | Twelve Months Ended June 30, 2023 (a) | | | |
|---|---------------------------------------|-----------|------|-----------|
| | Range | | | |
| | Low | | High | |
| Guidance - Total expenses | | | | |
| GAAP expectation - total expenses | \$ | 1,219,000 | \$ | 1,224,000 |
| Less: | | | | |
| Stock-based compensation | | (84,000) | | (84,000) |
| Amortization of intangible assets | | (486,000) | | (486,000) |
| Acquisition and integration planning related fees | | (7,000) | | (7,000) |
| Non-GAAP expectation - total expenses | \$ | 642,000 | \$ | 647,000 |
| Guidance - Income from operations | | | | |
| GAAP expectation - (loss) from operations | \$ | (179,000) | \$ | (164,000) |
| Plus: | | | | |
| Stock-based compensation | | 84,000 | | 84,000 |
| Amortization of intangible assets | | 486,000 | | 486,000 |
| Acquisition and integration planning related fees | | 7,000 | | 7,000 |
| Non-GAAP expectation - income from operations | \$ | 398,000 | \$ | 413,000 |
| Guidance - Net income and diluted income per share | | | | |
| GAAP expectation - net (loss) and diluted (loss) per share | \$ | (110,000) | \$ | (1.68) |
| | | | \$ | (97,000) |
| | | | | (1.48) |
| Plus (less): | | | | |
| Stock-based compensation | | 84,000 | | 84,000 |
| Amortization of intangible assets | | 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) |
| Less: | | | | |
| Income tax effect on Non-GAAP items (b) | | (125,000) | | (125,000) |
| Non-GAAP expectation - net income and diluted income per share | \$ | 371,700 | \$ | 5.63 |
| | | | \$ | 384,700 |
| | | | | 5.83 |
| Shares used in computing guidance for Non-GAAP diluted income per share | | 66,000 | | 66,000 |
| Guidance - Free Cash Flow ⁽¹⁾ | | | | |
| GAAP expectation - Net cash provided by operating activities | \$ | 323,500 | | |
| Less: | | | | |
| Purchases of property, equipment and leasehold improvements | | (8,000) | | |
| Payments for capitalized computer software development costs | | (500) | | |
| Free cash flow expectation (non-GAAP) | \$ | 315,000 | | |

(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 amount 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 21.79 percent.