

A person with their arms raised is silhouetted against a bright sunset. In front of them is a large, glowing digital globe composed of a network of white lines and dots. The background is a blue and orange sky. Various white icons are scattered across the scene, including a factory, a globe with hands, a chemical flask, a laptop, a CO2 molecule, and a recycling symbol.

# Q1-FY23 Results

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# Safe Harbor Statement

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This presentation and related materials contain forward-looking statements for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including our guidance and statements about expected future financial performance and benefits from previous transactions. Actual results may vary significantly from Aspen Technology's expectations based on a number of risks and uncertainties, including, without limitation, failure to realize the anticipated benefits of the transactions with Emerson Electric Co. ("Emerson"), including difficulties in integrating the combination of businesses we acquired or in achieving anticipated revenue and cost synergies; delays or reductions in demand for AspenTech solutions due to macroeconomic factors or the COVID-19 pandemic; AspenTech's failure to increase usage and product adoption of aspenONE or other offerings or grow the aspenONE APM, OSI and SSE businesses, and failure to continue to provide innovative, market-leading solutions; declines in the demand for, or usage of, aspenONE software for any reason, including declines due to adverse changes in the process or other capital-intensive industries and materially reduced industry spending budgets; inability to retain and hire key personnel; unfavorable economic and market conditions or a lessening demand in the market for asset process optimization software, including materially reduced industry spending budgets; risks of foreign operations or transacting business with customers outside the United States, including fluctuations in foreign exchange rates; risks resulting from our status as a controlled corporation; risks of competition; risks that acquisitions could be difficult to consummate and integrate into our operations, which could disrupt our business, dilute stockholder value or impair our financial results; and other risk factors described from time to time in AspenTech's periodic reports filed with the Securities and Exchange Commission. Aspen Technology cannot guarantee any future results, levels of activity, performance, or achievements. Further, Aspen Technology expressly disclaims any obligation to update any forward-looking statements after the date hereof.

# Use of Non-GAAP Financial Measures

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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. Non-GAAP financial measures are not intended to represent a measure of performance in accordance with 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 between non-GAAP and the most directly comparable GAAP financial measures 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 a result of the 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. 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 \$810M at the end of Q1-FY23
- Grew +7.7% YoY, +2.3% QoQ
- Solid start to the year in refining and upstream
- Chemicals customers increasing investments to meet the Dual Challenge
- Generating new momentum with DGM and pleased with how pipeline is building



## Integration Progress

- First full quarter since completion of Emerson transaction
- Progress on multiple integration fronts, including commercial and business transformation
- Migration to term and token models has begun
- Launch of SSE and DGM product suites will accelerate adoption



## Macro

- Overall demand trends similar to recent quarters
- Fundamentals in our core end markets remain constructive, despite uncertain economic backdrop
- Sustainability and operational excellence are top investment priorities



## M&A Update

- Completed acquisition of Inmation during Q1-FY23
- Advances position as industrial software powerhouse, enhancing ability to build best-in-class operational data infrastructure business
- Continue to expect Micromine to close Q2 FY23, subject to regulatory approvals

SSE = Subsurface Science & Engineering, DGM = Digital Grid Management

[Glossary of Terms](#) is included at the end of the slides

# Integration Progress

## SSE Token Model

- Released aspenONE SSE suite for Windows
- Linux version to be released soon

## DGM Migration & ACV Inclusion

- Migration to term contract structure underway
- DGM suite to be available in 2H-FY23
- Separability will result in earlier inclusion of software licenses into ACV

## Sales Alignment

- Common sales methodology
- Standardized quota and commissions
- Established commercial team to support Emerson reseller partnership

# 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
Change YoY					6.7%	4.5%	3.7%	2.5%	4.3%	4.8%	7.4%	7.8%	7.7%
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%



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

Q1-FY23 Includes \$2.7M balance related to Inmation

# Sustainability and Operational Excellence



Customers recognize the **dual challenge as a key strategic business priority** for many years to come



AspenTech continues innovation in **developing sustainability solutions** with new models in upcoming product release



Industries are making **significant investments** in the electrical grid, CCUS\*, and renewables



Increased opportunities in **energy transition** to strengthen and diversify customers' businesses



Our **unique position to address each component of the Dual Challenge** has made us an increasingly strategic partner to our customers.

AspenTech is a **global leader in sustainability** for capital-intensive businesses

\*CCUS = Carbon Capture, Utilization and Storage

# Q1 FY23 Financial Summary

	Three Months Ended Sept 30, 2022	Change YoY	Change QoQ
Total Revenue	\$250,819	226%	5%
GAAP Total Expense	\$302,001	232%	51%
Non-GAAP Total Expense	\$158,247	157%	44%
GAAP Net Income (Loss)	(\$11,244)	0%	-120%
Non-GAAP Net Income (Loss)	\$142,039	1,165%	16%
Free Cash Flow	\$10,716	NA	119%

As a result of the transaction between AspenTech and Emerson Electric Co. (“Emerson”), the subsidiary Emerson created as part of the transaction, EmerSubCX (“new AspenTech”), became the surviving entity when the transaction closed on May 16th, 2022. The financial results shown reflect the full quarter results of the OSI and SSE businesses that were contributed to new AspenTech and the results of heritage AspenTech for the period of May 16th, 2022 to June 30th, 2022.

See appendix for reconciliation of GAAP and Non-GAAP measures.

# Cash, Liquidity, and Capital Allocation

	September 30, 2022
Cash and Cash Equivalents	\$382,458
Current Borrowings	\$30,000
Non-Current Borrowings	\$240,000

- Predictable and sustained cash generation
- Multi-year contracts including annual prepayments in advance with annual contractual escalation
- As of September 30, 2022 undrawn on \$200M secured revolving credit facility
- Organic and inorganic investments in growth with excess cash

# Guidance

	FY 2023 Guidance Lo	FY 2023 Guidance Hi
ACV Growth	10.5%	13.5%
Total Bookings	\$1.07B	\$1.17B
Total Revenue	\$1.14B	\$1.20B
GAAP Total Expense	\$1,197M	\$1,207M
Non-GAAP Total Expense	\$637M	\$647M
GAAP Operating Income	(\$57M)	(\$5M)
Non-GAAP Operating Income	\$503M	\$555M
GAAP Net Income	(\$32.5M)	(\$22.5M)
Non-GAAP Net Income	\$446M	\$456M
GAAP Net Income Per Share	(\$0.49)	(\$0.34)
Non-GAAP Net Income Per Share	\$6.76	\$6.91
Free Cash Flow	\$347M	\$362M

## Key Assumptions:

- Information expected to be immaterial in FY 2023 from a revenue, profitability and ACV contribution perspective
- Does not include financial impact from Micromine
- Does not reflect the impact of other future potential acquisitions
- Does not assume share repurchase activity
- Bookings outlook includes \$547 million of contracts up for renewal in FY23
- Guidance assumes 66.0 million weighted average diluted shares outstanding

Please see the appendix for a reconciliation to the most comparable GAAP financial measure.

# Glossary of Terms / Definitions

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- **Annual Contract Value** – is an estimate of the annual value of our portfolio of term license and 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 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, (b) payments for capitalized computer software development costs, and (c) other nonrecurring items, such as acquisition related payments.

The background features a person from behind, arms raised, holding a large, glowing digital globe. The scene is set against a sunset sky. Various icons are scattered throughout, including a factory, a globe with hands, a plant, a laptop, a chemical flask, a CO2 molecule, and a recycling symbol. A network of white lines connects these icons across the image.

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

# Total Expenses

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
GAAP Total Expenses	\$302,001	\$90,899
Less:		
Stock-Based Compensation	(17,736)	(368)
Amortization of Intangibles	(121,160)	(28,809)
Acquisition and Integration Planning Related Fees	(4,858)	(54)
Non-GAAP Total Expenses	\$158,247	\$61,668

# Income from Operations

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
GAAP (Loss) from Operations	(\$51,182)	(\$13,884)
Plus:		
Stock-Based Compensation	17,736	368
Amortization of Intangibles	121,160	28,809
Acquisition and Integration Planning Related Fees	4,858	54
Non-GAAP Income from Operations	\$92,572	\$15,346

# Net Income

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
GAAP net (loss)	(\$11,244)	(\$11,202)
Plus:		
Stock-Based Compensation	17,736	368
Amortization of Intangibles	121,160	28,809
Acquisition and Integration Planning Related Fees	4,858	54
Unrealized Loss on Foreign Currency Forward Contract	50,259	-
Less:		
Income Tax Effect on Non-GAAP Items	(40,730)	(6,799)
Non-GAAP Net Income	\$142,039	\$11,230

# Diluted Income per Share

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
GAAP diluted (loss) per share	(\$0.17)	(\$0.31)
Plus:		
Stock-Based Compensation	0.28	0.01
Amortization of Intangibles	1.88	0.79
Acquisition and Integration Planning Related Fees	0.07	0.00
Unrealized Loss on Foreign Currency Forward Contract	0.77	-
Less:		
Income Tax Effect on Non-GAAP Items	(0.63)	(0.18)
Non-GAAP Items diluted income per share	\$2.20	\$0.31
Shares used in computing Non-GAAP diluted income per share	64,454	36,308

# Free Cash Flow

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
Net cash provided by operating activities	\$5,077	(\$9,186)
Purchases of property, equipment and leasehold improvements	(1,321)	(2,607)
Payments for capitalized computer software	(99)	-
Acquisition and integration planning related payments	7,059	54
Free cash flow (non-GAAP)	\$10,716	(\$11,739)

# GAAP Total Expenses

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
Total Costs of Revenue	\$91,130	\$43,520
Total Operating Expenses	210,871	47,379
GAAP Total Expenses	\$302,001	\$90,899

# Stock-Based Compensation Expense

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
Cost of License and Solutions	\$742	-
Cost of Maintenance	561	-
Cost of Services and Other	408	-
Selling and Marketing	3,347	-
Research and Development	3,611	-
General and Administrative	9,067	368
<b>Total Stock-Based Compensation</b>	<b>\$17,736</b>	<b>\$ 368</b>

# Amortization of Intangible Assets

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
Cost of License and Solutions	\$47,670	\$13,193
Selling and Marketing	\$73,490	15,616
Total Amortization of Intangible Assets	\$121,160	\$28,809

# U.S. Statutory Rate

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	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
U.S. Statutory Rate (a)	21.79%	23.26%

(a) The income tax effect on non-GAAP items for the three months ended September 30, 2022 and 2021, respectively, is calculated utilizing the Company's combined US federal and state statutory tax rate

A person is seen from behind, standing with their arms raised, holding a large, glowing digital globe. The globe is composed of a network of white lines and dots, with a bright sun setting behind it, creating a warm orange and yellow glow. The background is a blue sky with various white icons representing different fields: a cloud, a factory, a globe with hands, a plant, a chemical flask, a laptop, a CO2 molecule, and a recycling symbol. The overall scene conveys a sense of global connectivity and future-oriented technology.

## Reconciliation of Forward-Looking Guidance Range

# Guidance — Total Expenses

	Twelve Months Ended June 30, 2023	
	Range	
	Low	High
GAAP—Total Expenses	\$1,197,000	\$1,207,000
Less:		
Stock-Based Compensation	(68,000)	(68,000)
Amortization of Intangibles	(486,500)	(486,500)
Acquisition and Integration Planning	(5,500)	(5,500)
Non-GAAP Expectation – Total Expenses	\$637,000	\$ 647,000

# Guidance — Income (Loss) from Operations

	Twelve Months Ended June 30, 2023	
	Range	
	Low	High
GAAP Expectation — (Loss) from Operations	(\$57,000)	(\$5,000)
Stock-Based Compensation	68,000	68,000
Amortization	486,500	486,500
Acquisition Related Fees	5,500	5,500
Non-GAAP Expectation — Income from Operations	\$503,000	\$555,000

# Guidance — Net Income and diluted income per share

	Twelve Months Ended June 30, 2023	
	Range	
	Low	High
GAAP Expectation — Net (Loss)	(\$32,500)	(\$22,500)
Stock-Based Compensation	68,000	68,000
Amortization	486,500	486,500
Acquisition Related Fees	5,500	5,500
Unrealized Loss on Foreign Currency Forward Contract	50,500	50,500
Income tax effect on Non-GAAP items	(132,000)	(132,000)
Non-GAAP Net Income	\$446,000	\$456,000
Shares used in computed EPS	66,000	66,000
GAAP EPS	(0.49)	(0.34)
Non-GAAP EPS	\$6.76	\$6.91

# Guidance — Free Cash Flow

	Twelve Months Ended June 30, 2023	
	Range	
	Low	High
GAAP expectation – Net Cash Provided by Operating Activities	\$352,000	\$367,000
Payments for Capitalized Computer Software Development Costs	(1,000)	(1,000)
Purchases of Property, Equipment and Leasehold Improvements	(9,500)	(9,500)
Acquisition and Integration Related Payments	5,500	5,500
Free Cash flow Expectation (Non-GAAP)	\$347,000	\$362,000