Q4-FY24 Results

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aspentech

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 2025, our expectations regarding cash collections, and completion of the new share repurchase authorization announced for fiscal 2025. 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 suspension of commercial activities in Russia and the scope, duration and ultimate impacts of Israeli-Hamas conflict; as well as economic and currency conditions, market demand (including 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 "SEC"). The outlook contained herein represents AspenTech's expectation for its consolidated results, other than as noted herein. Except as otherwise required by law, AspenTech disclaims any intention or obligation to update or revise any forward-looking statements, which speak only as of the date they were made, whether as a result of new information, future events, or circumstances or otherwise.

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.

Q4-FY24 Earnings Update

Strong Q4, with Good Execution on Solid Pipeline

Integration and Transformation Driving Value

Innovation Remains Mission-Critical

Committed to Productivity & Efficiency

Russia Business Exit

AspenTech has suspended all commercial activities in Russia following the U.S. government's announcement in June 2024 of expanded sanctions in the country. In connection with this announcement, the Company has written-off approximately $35.5 million in ACV (the "Write-Off"), effective as of the end of fiscal 2024. Please see slide 13 in appendix for additional commentary.

FY24 RESULTS[1]

$968m
Annual Contract Value (ACV) Incl. Russia

$933m
ACV Ex. Russia[2]

9.4%
ACV Growth YoY Incl. Russia

10.0%
ACV Growth YoY Ex. Russia[3]

$335m
Free Cash Flow (FCF)[4]

1. Please see glossary for definitions of ACV and Free Cash Flow.
2. ACV was $932.9 million at the end of fiscal 2024 after reflecting the impact of the Write-Off.
3. ACV increased 10.0% year over year when adjusting to exclude Russia ACV in both fiscal 2023 and fiscal 2024.
4. AspenTech estimates that it generated ~$25 million in free cash flow in Russia in FY24, which is included in the $335 million total.

Q4-FY24 Suite Updates: DGM & SSE

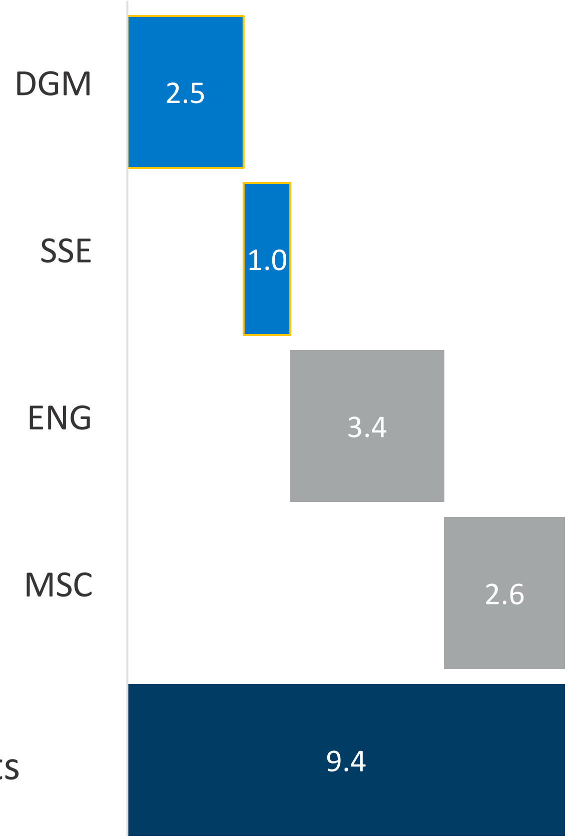
FY24 Guidance

DGM: ~2.5 pts

SSE: ~1.0 pts

Total ACV: ≥ 9.0 pts

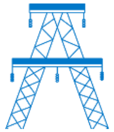
Pts of Growth in FY24[1]



Q4-FY24 Updates & Win Highlights

Digital Grid Management

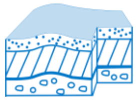
- ~40% ACV growth YoY, in line with expectations
- GTM build out supporting global growth
- Funding and demand backdrop remain robust



Won largest term deal in Europe to date, with customer preparing for rapid renewables growth

Subsurface Science & Engineering

- Strong Q4 with positive reception to tokenization
- Solid demand across upstream market



Expanded business with national oil co. in Asia for advanced petrophysical analysis capabilities

1. Points of growth are rounded for illustrative purposes.

Q4-FY24 Suite Updates: Heritage AspenTech

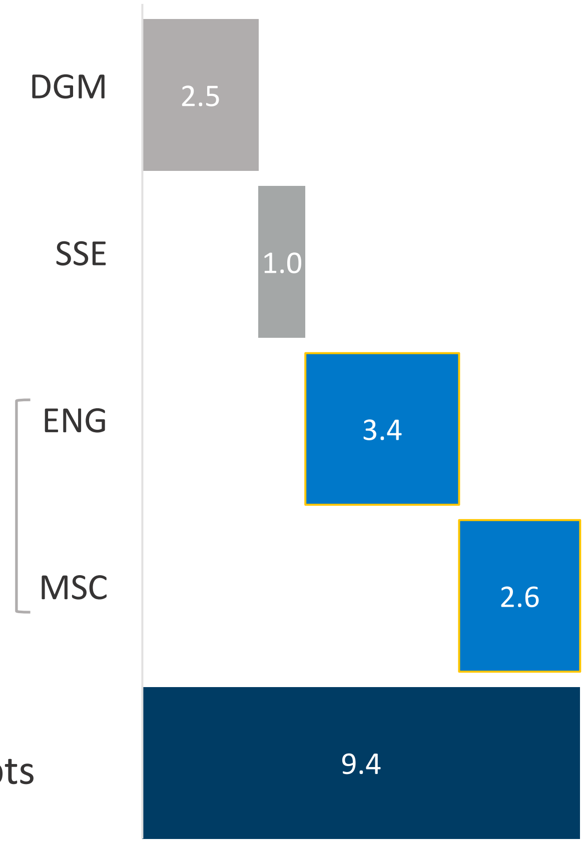
FY24 Guidance

Heritage AspenTech:

≥ 5.5 pts

Total ACV: ≥ 9.0 pts

Pts of Growth in FY24[1]



Q4-FY24 Updates & Win Highlights

Engineering

- Strong demand from EPCs and owner-operators
- Sustainability CapEx growth moderated relative to accelerated H1-FY24 levels

Large 7-figure deal with leading EPC for better project design and evaluation

Manufacturing & Supply Chain

- Solid adoption despite Chemicals headwind
- Innovation remains essential to supporting efficiency and sustainability goals

Mid-seven figure deal for Unified Planning and Scheduling and GDOT multi-unit optimization

Asset Performance Management

- Flat growth YoY, in line with expectations

Early stages of GTM refresh and re-focus on segments with high-quality ACV potential.

1. Points of growth are rounded for illustrative purposes.

Q4-FY24 Innovation Update

Industrial AI Driving Customer Engagement

- Customers excited about our unique Industrial AI approach that combines AI with domain expertise and first-principles innovation
- AspenTech Industrial AI delivers significant benefits in modeling and optimization, decision support, predictive maintenance, and more

Microgrids GA Release in Q1-FY25

- Solution that is a part of the DGM suite to help better manage and monitor microgrid assets
- See significant opportunity to expand solution into Chemicals and Refining

FY25 Guidance: ACV & Key Assumptions[1]

	FY24 ACV Ex. Russia[2]	FY25 ACV Guidance[3]
Total ACV YoY Growth	**10.0%**	**~9.0%**
HAT Growth Pt Contribution	6.5 pts	~5.5 pts
DGM Growth Pt Contribution	2.6 pts	~2.5 pts
SSE Growth Pt Contribution	0.9 pts	~1.0 pts

FY25 Guidance Assumptions

- End market trends similar to H2-FY24
  - Continuing strength in Utilities and Energy
  - Muted growth in Chemicals
  - Moderate Sustainability CapEx environment
- Macro environment remains dynamic
  - Cautious customer spending in face of uncertain economic and geopolitical environment
- Flat expenses year over year
  - Extension of solid expense outcomes from H2-FY24
  - Focused on delivering best-in-class profitability
  - Workforce reduction of ~5% in Q1-FY25

1. 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.
2. ACV increased 10.0% year over year when adjusting to exclude Russia-based ACV in both fiscal 2023 and fiscal 2024.
3. FY25 ACV guidance is based on an ACV balance of $932.9 million at the end of fiscal 2024, which reflects the impact of the Write-Off.

Q4 & FY24 Results

($ in millions)	Q4-FY24	Q4-FY23	FY24	FY23
Bookings	$415.6	$231.3	$1,162.0	$1,078.0
Revenue	$342.9	$320.6	$1,127.5	$1,044.2
Operating Expenses	$207.1	$219.1	$834.4	$853.7
Total Expenses	$303.7	$314.7	$1,217.0	$1,227.2
Total Non-GAAP Expenses	$169.5	$171.8	$671.3	$649.4
Operating Income (Loss)	$39.2	$6.0	($89.5)	($183.1)
Non-GAAP Operating Income	$173.4	$148.9	$456.2	$394.8
Non-GAAP Operating Margin[1]	50.6%	46.4%	40.5%	37.8%
Net Income (Loss)	$44.7	$27.3	($9.8)	($107.8)
Non-GAAP Net Income	$150.7	$138.2	$422.1	$372.1
Operating Cash Flow	$154.9	$113.6	$339.9	$299.2
Free Cash Flow	$153.0	$111.5	$335.3	$292.3

Annual Contract Value

$968m[2] ▲ **9.4% YoY**

Cash & Liquidity Position

$237m
In cash and cash equivalents

$195m
available under revolving credit facility

Share Repurchase Updates

$300m
share repurchase authorization completed in Q4-FY24

$100m
New share repurchase authorization announced for FY25

1. Non-GAAP Operating Margin represents Non-GAAP Operating Income divided by Revenue for the period.
2. ACV was $968.4 million in Q4-FY24 prior to the impact of the Write Off.

FY25 Guidance[1]

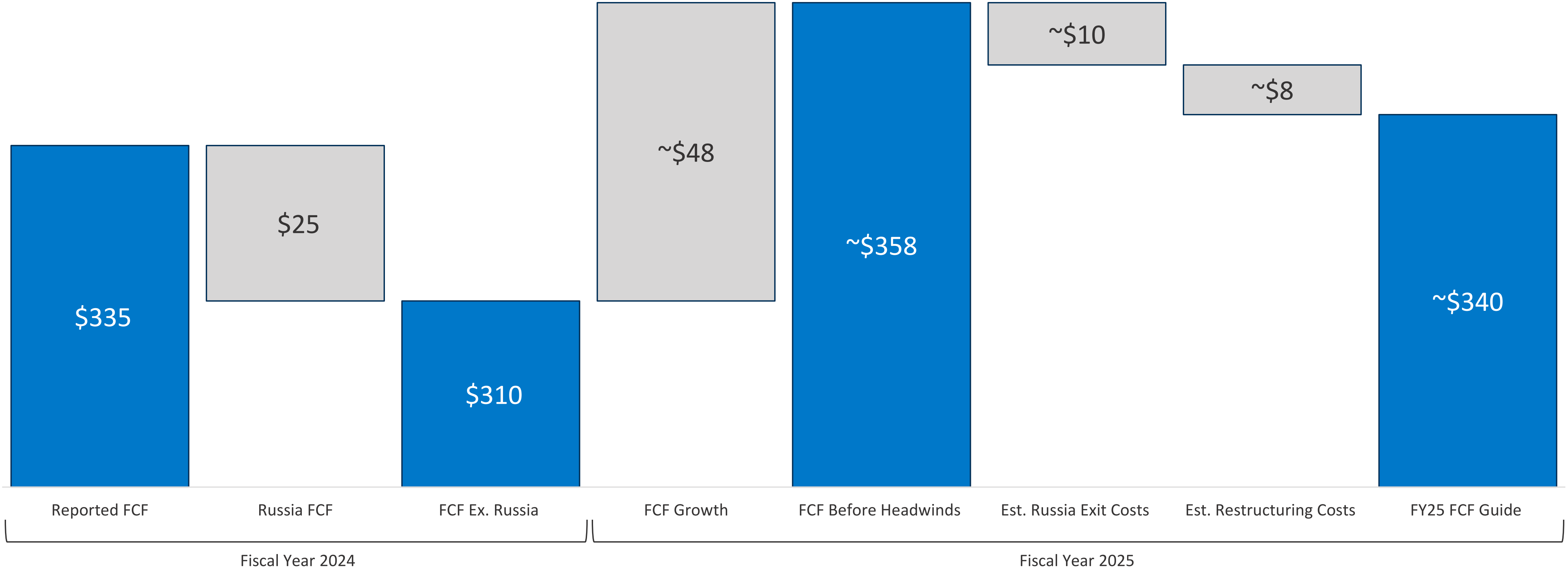
Key Metrics	FY 2025 Guidance
ACV Growth (Total)[2]	~9.0%
Total Bookings	~$1.17 billion
Total Revenue	~$1.19 billion
GAAP Operating Cash Flow	~$357 million
Free Cash Flow	~$340 million

Additional Metrics	FY 2025 Guidance
GAAP Total Expense	~$1.21 billion
Non-GAAP Total Expense	~$675 million
GAAP Operating Loss	~$24 million
Non-GAAP Operating Income	~$514 million
GAAP Net Income	~$52 million
Non-GAAP Net Income	~$478 million
GAAP Net Income Per Share	~$0.81
Non-GAAP Net Income Per Share	~$7.47

AspenTech's FY25 guidance reflects expectations for market conditions in H2-FY24 to persist throughout FY25.

1. 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.
2. FY25 ACV guidance is based on an ACV balance of $932.9 million at the end of fiscal 2024, which reflects the impact of the Write-Off.

FY25 FCF Guidance Bridge ($, millions)



Linearity of Quarterly Results in FY25

FY25 ACV

- Net new ACV cadence similar to historical cadence
- QoQ growth in Q1 lower due to higher-than-normal concentration of attrition
- Attrition in FY25: ~4.5%

FY25 FCF

- Substantial majority of FCF to occur in H2-FY25
- Q1 FCF to be at or near breakeven due to one-time expenses
- FY25 cash tax payments: ~$135m

FY25 Bookings

- Bookings up for renewal in FY25: ~$681m
- Bookings up for renewal in Q1: ~$85m

AspenTech results are generally more weighted to the second half of the fiscal year. Above commentary on ACV, FCF, and Bookings outlines some concepts for investors to consider when modeling our business for FY25.

Additional Information

Russia Business Exit

In June 2024, the United States government announced new expanded sanctions that will prohibit certain commercial activities with customers in Russia. These expanded restrictions impact the sale, service, maintenance, and support (such as bug fixes and updates) of enterprise management software and design and manufacturing software in the Russian market. As a result, the Company recently suspended all commercial activities in Russia. This includes the discontinuation of the following activities: all commercial discussions with customers, initiating and/or processing renewals, providing proposals to customers or selling products or services to customers.

As a result of the sanctions and the decision to exit Russia, the Company has written-off certain assets that are related to operations in Russia and recorded a reduction of $35.5 million in Russia-based ACV[1]. ACV[1] was $932.9 million as of June 30, 2024, after including the impact of the Write-Off. The impact of the additional sanctions was treated as a modification to existing contracts with customers in Russia in accordance with ASC Topic 606, Revenue from Contracts with Customers. The aggregate impact of the contract modification resulted in the reversal of $5.5 million of revenue in the fourth quarter of fiscal 2024. The remaining net accounts receivable balance associated with customers in Russia as of June 30, 2024, is not material. The Company also now classifies cash balances that are both held in Russia and in excess of what is estimated to be required to wind down operations in Russia in fiscal 2025 as restricted cash due to current restrictions impacting the Company's ability to transfer funds from bank accounts located in Russia to other countries. As of June 30, 2024, the Company's restricted cash held in Russia was $11.5 million, which is included within other non-current assets on the Company's consolidated balance sheets.

ACV by Suite Including & Excluding Russia ($, millions)

	Q4-FY24 Including RU	Russia Balance	Q4-FY24 Excluding Russia	YoY Growth %[1]	Growth Pts.[1]
DGM	78	0	78	38.9%	2.6%
SSE	102	8	94	8.5%	0.9%
ENG	434	17	417	8.0%	3.6%
MSC	318	10	309	8.7%	2.9%
APM	36	1	34	(0.8%)	0.0%
Total	**968**	**35**	**933**	**10.0%**	**10.0%**

	Q4-FY23 Including RU	Russia Balance	Q4-FY23 Excluding Russia	YoY Growth %[1]	Growth Pts.[1]
DGM	56	0	56	30.6%	1.8%
SSE	93	6	87	39.6%	3.3%
ENG	404	18	386	8.9%	4.2%
MSC	295	11	284	7.0%	2.5%
APM	36	1	35	19.0%	0.7%
Total	**885**	**37**	**848**	**12.4%**	**12.4%**

	Q4-FY22 Including RU	Russia Balance	Q4-FY22 Excluding Russia	YoY Growth %[1]	Growth Pts.[1]
DGM	43	0	43	-	-
SSE	70	8	62	-	-
ENG	373	19	355	-	-
MSC	275	9	265	-	-
APM	30	1	29	-	-
Total	**791**	**37**	**755**	**-**	**-**

1. Year-over-year growth rates and points of growth exclude Russia ACV from all periods.

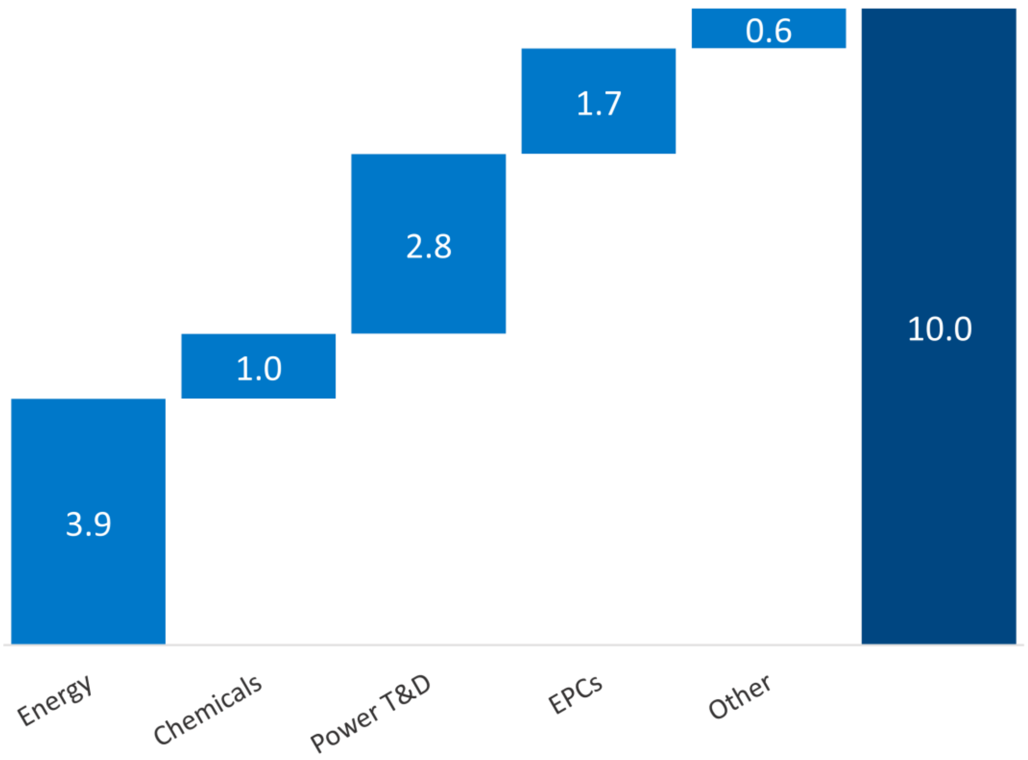
ACV by Quarter Including & Excluding Russia

ACV Including Russia ($, millions)				
	Q1	**Q2**	**Q3**	**Q4**
FY24	898	914	936	968
FY23	810	834	855	885

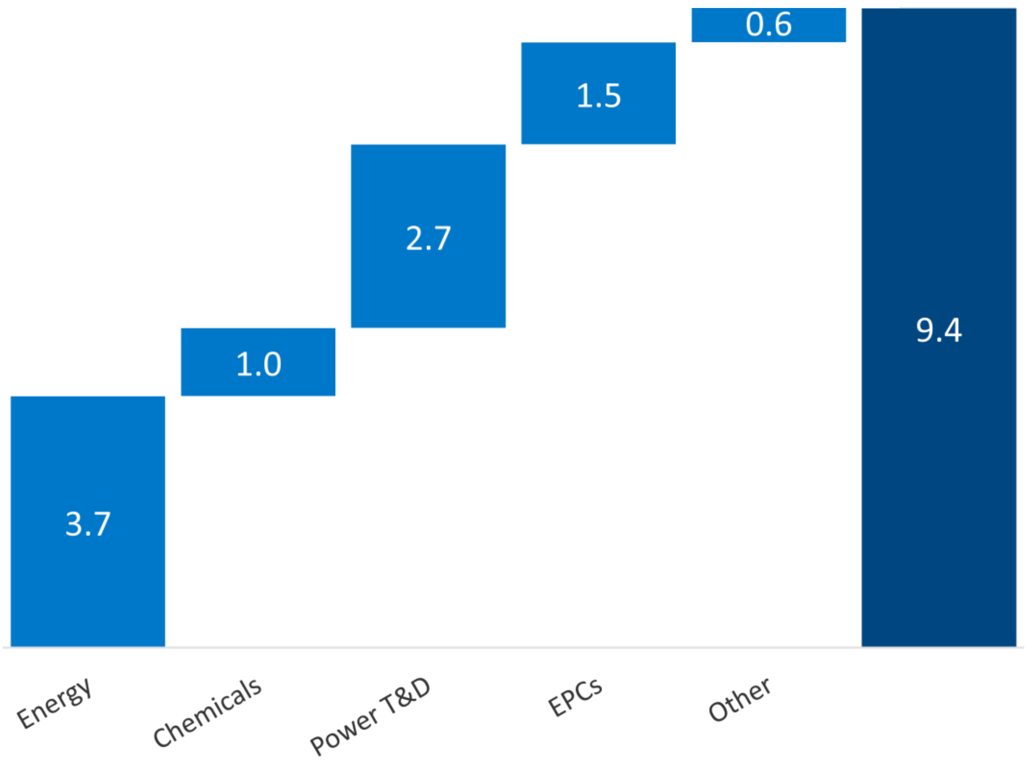
ACV Excluding Russia ($, millions)				
	Q1	**Q2**	**Q3**	**Q4**
FY24	861	883	901	933
FY23	775	799	819	848

FY24 ACV Pts. of Growth by Industry[1]

Pts. of Growth Excluding Russia[2]



Pts. of Growth Including Russia



1. Points of growth are rounded for illustrative purposes.
2. ACV increased 10.0% year over year when adjusting to exclude Russia-based ACV in both fiscal 2023 and fiscal 2024.

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 18 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 2024 filed with the SEC.

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.

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

Total Expenses

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Twelve Months Ended June 30, 2024	Twelve Months Ended June 30, 2023
GAAP total expenses (a)	$303,696	$314,658	$1,217,022	$1,227,243
Less:				
Stock-based compensation (b)	$(11,494)	$(20,830)	$(57,311)	$(84,850)
Amortization of intangibles (c)	$(121,589)	$(121,526)	$(486,490)	$(485,486)
Acquisition and integration planning related fees	$(1,131)	$(526)	$(1,947)	$(7,556)
Non-GAAP total expenses	$169,482	$171,776	$671,274	$649,351

Income (Loss) from Operations

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Twelve Months Ended June 30, 2024	Twelve Months Ended June 30, 2023
GAAP income (loss) from operations	$39,209	$5,985	$(89,540)	$(183,065)
Plus:				
Stock-based compensation (b)	$11,494	$20,830	$57,311	$84,850
Amortization of intangibles (c)	$121,589	$121,526	$486,490	$485,486
Acquisition and integration planning related fees	$1,131	$526	$1,947	$7,556
Non-GAAP income from operations	$173,423	$148,867	$456,208	$394,827

Net Income (Loss)

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Twelve Months Ended June 30, 2024	Twelve Months Ended June 30, 2023
GAAP net income (loss)	$44,698	$27,316	$(9,771)	$(107,760)
Plus:				
Stock-based compensation (b)	$11,494	$20,830	$57,311	$84,850
Amortization of intangibles (c)	$121,589	$121,526	$486,490	$485,486
Acquisition and integration planning related fees	$1,131	$526	$1,947	$7,556
Realized gain on foreign currency forward contract	—	$36,997	—	$26,176
Less:				
Income tax effect on Non-GAAP items (d)	$(28,243)	$(28,565)	$(113,923)	$(124,231)
Unrealized loss on foreign currency forward contract	—	$(40,454)	—	—
Non-GAAP net income	$150,669	$138,176	$422,054	$372,077

Diluted Income (Loss) per Share

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Twelve Months Ended June 30, 2024	Twelve Months Ended June 30, 2023
GAAP diluted income (loss) per share	$0.70	$0.42	$(0.15)	$(1.67)
Plus:				
Stock-based compensation (b)	$0.18	$0.32	$0.89	$1.30
Amortization of intangibles (c)	$1.91	$1.87	$7.59	$7.46
Acquisition and integration related planning fees	$0.02	$0.01	$0.03	$0.12
Realized gain on foreign currency forward contract	—	$0.57	—	$0.40
Impact of diluted shares	—	—	$0.01	$0.02
Less:				
Income tax effect on Non-GAAP items (d)	$(0.44)	$(0.44)	$(1.78)	$(1.91)
Unrealized loss on foreign currency forward contract	—	($0.62)	—	—
Non-GAAP diluted income per share	$2.37	$2.13	$6.59	$5.72
Shares used in computing non-GAAP diluted income per share	63,619	64,943	64,060	65,094

Free Cash Flow[1]

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Twelve Months Ended June 30, 2024	Twelve Months Ended June 30, 2023
Net cash provided by operating activities (GAAP)	$154,936	$113,559	$339,886	$299,209
Less:				
Purchases of property, equipment and leasehold improvements	$(1,853)	$(2,062)	$(4,432)	$(6,577)
Payments for capitalized computer software development costs	$(52)	$(19)	$(183)	$(366)
Free cash flow (non-GAAP)	$153,031	$111,478	$335,271	$292,266

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 June 30, 2024	Three Months Ended June 30, 2023	Twelve Months Ended June 30, 2024	Twelve Months Ended June 30, 2023
Total costs of revenue	$96,641	$95,562	$382,576	$373,589
Total operating expenses	$207,055	$219,096	$834,446	$853,654
GAAP total expenses	$303,696	$314,658	$1,217,022	$1,227,243

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

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Twelve Months Ended June 30, 2024	Twelve Months Ended June 30, 2023
Cost of license and solutions	$312	$813	$2,116	$3,565
Cost of maintenance	$642	$431	$2,526	$1,893
Cost of services and other	$856	$538	$2,445	$1,995
Selling and marketing	$2,256	$5,316	$10,368	$16,202
Research and development	$2,574	$7,959	$14,189	$21,790
General and administrative	$4,854	$5,773	$25,667	$39,405
Total stock-based compensation	$11,494	$20,830	$57,311	$84,850

(c) Amortization of intangible assets was as follows:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Twelve Months Ended June 30, 2024	Twelve Months Ended June 30, 2023
Cost of license and solutions	$48,202	$48,035	$192,586	$191,412
Selling and marketing	$73,387	$73,491	$293,904	$294,074
Total amortization of intangible assets	$121,589	$121,526	$486,490	$485,486

(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 June 30, 2024	Three Months Ended June 30, 2023	Twelve Months Ended June 30, 2024	Twelve Months Ended June 30, 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, 2025[1]
GAAP expectation – total expenses	$1,213,000
Less:	
Stock-based compensation	$(56,000)
Amortization of intangible assets	$(474,000)
Restructuring[2]	$(8,000)
Non-GAAP expectation – total expenses	$675,000

1. Rounded amounts used, except per share data.
2. The Company uses the midpoint of its estimated fiscal 2025 total restructuring expense range to reconcile its fiscal 2025 guidance.

Guidance – Income from Operations

	Twelve Months Ended June 30, 2025[1]
GAAP expectation – (loss) from operations	$(24,000)
Plus:	
Stock-based compensation	$56,000
Amortization of intangible assets	$474,000
Restructuring[2]	$8,000
Non-GAAP expectation - income from operations	$514,000

1. Rounded amounts used, except per share data.
2. The Company uses the midpoint of its estimated fiscal 2025 total restructuring expense range to reconcile its fiscal 2025 guidance.

Guidance – Net Income and Diluted Income Per Share

	Twelve Months Ended June 30, 2025[1]	
GAAP expectation – net income and diluted income per share	$52,000	$0.81
Plus:		
Stock-based compensation	$56,000	
Amortization of intangible assets	$474,000	
Restructuring[2]	$8,000	
Less:		
Income tax effect on Non-GAAP items[3]	$(112,000)	
Non-GAAP expectation – net income and diluted income per share	$478,000	$7.47
Shares used in computing guidance for Non-GAAP diluted income per share	64,000	

1. Rounded amounts used, except per share data.
2. The income tax effect on non-GAAP items for the twelve months ended June 30, 2025, is calculated utilizing the Company's statutory tax rate of 21.79 percent.
3. The Company uses the midpoint of its estimated fiscal 2025 total restructuring expense range to reconcile its fiscal 2025 guidance.

Guidance – Free Cash Flow

	Twelve Months Ended June 30, 2025[1]
GAAP expectation – Net cash provided by operating activities	$357,000
Less:	
Purchases of property, equipment and leasehold improvements	$(17,000)
Free Cash flow expectation (non-GAAP)	$340,000

1. Rounded amounts used, except per share data.

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