Q2-FY24 Results

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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, closing of customer renewals 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

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.

Q2-FY24 Highlights

Growth Initiatives Drove Further Pipeline Strength

Overall Demand Trends Remained Supportive

Continued to Advance Product Innovation

Confident in FY24 ACV Growth Target

Focused on Expansion and Execution in FY24

Q2-FY24 RESULTS*

$914m
Annual Contract Value (ACV)

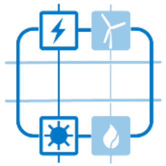
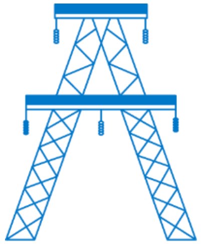
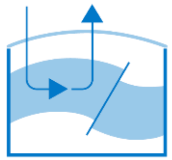
9.6%
ACV Growth YoY

$16m
Growth in ACV (GACV) QoQ

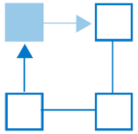
$29m
Free Cash Flow

*Please see glossary for definition of ACV, GACV and Free Cash Flow. These results reflect the delay of a customer agreement that was scheduled to renew in the second quarter of fiscal 2024 and reduced ACV growth by approximately 0.6 points. AspenTech now expects this customer renewal to close in the third quarter of fiscal 2024, with a corresponding benefit to ACV growth.

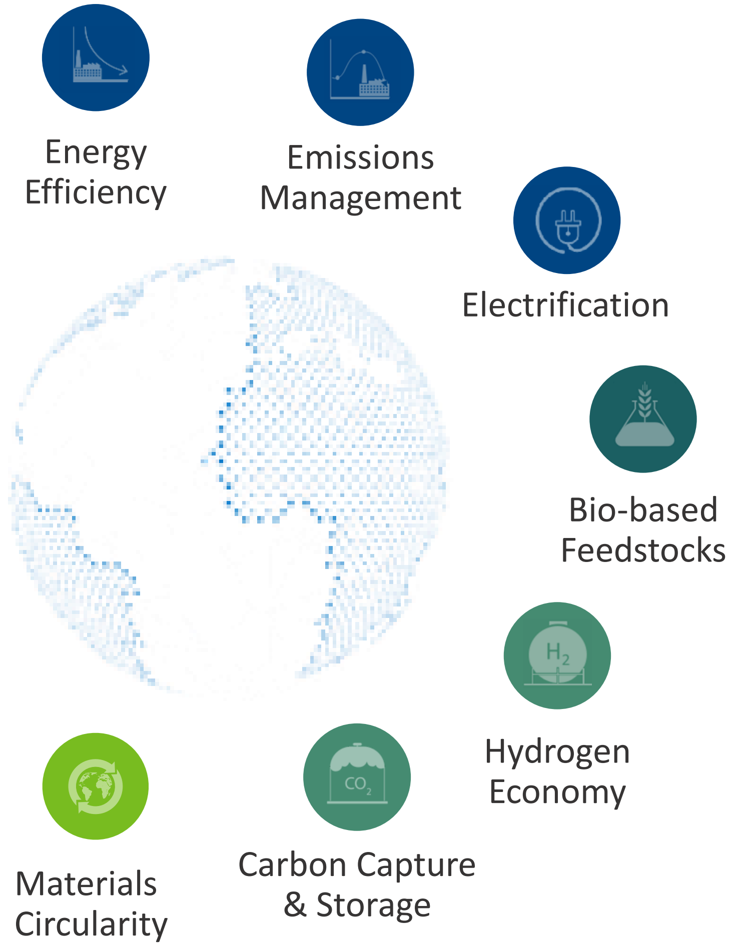
New Businesses Benefit from Demand and Transformation

Suite	H1-FY24 Updates	Q2 Win Highlights
Digital Grid Management 	▪ DGM offerings remain mission-critical to utilities ▪ Robust demand environment for grid digitalization ▪ Business transformation achieving expected results	 Large term deal to displace competition as part of holding co.'s vendor standardization program
Subsurface Science & Engineering 	▪ GTM capabilities unlocking suite potential ▪ Strong upstream CapEx environment ▪ Tokenization well-received by customer base	 National oil co. selects SSE over competition on subsurface formation evaluation and geological modeling capabilities

Heritage AspenTech Well-Positioned for Strong Second Half

Suite	H1-FY24 Updates	Q2 Win Highlights
Engineering 	▪ Healthy energy and sustainability-related CapEx ▪ Strongest growth in several years	 Large Deal with new EPC Logo supporting one of world's largest energy firms in Middle East
Manufacturing & Supply Chain 	▪ Weakness in Chemicals and delayed Q2 renewal ▪ Product innovation driving strong customer engagement ▪ Confident in ability to deliver strong H2-FY24	 One of world's largest integrated energy firms greenlights roll out of new Unified Planning and Scheduling products
Asset Performance Management 	▪ Growing customer base ▪ Continues to win industry recognition	 Global pharma leader with Emerson DeltaV install base to implement Mtell at manufacturing site and explore additional site implementations

Sustainability Continues to Support Growth



Sustainability Updates

- Announced commitment to achieve **net-zero emissions by 2045,** in line with Science Based Target initiative*
- Policy, funding and corporate initiatives driving CapEx and interest in sustainability-related projects

Co-Innovation Highlights

- Electrolyzer Modeling for Green Hydrogen
- Emissions Management for European Customer

*AspenTech announced its commitment to achieving company-wide emission reductions in line with climate science and the Science Based Target initiative (SBTi) on January 30, 2024. AspenTech intends to achieve net-zero greenhouse gas (GHG) emissions for Scope 1 and Scope 2 by 2030 with a significant reduction in Scope 3 by 2030 and full net-zero by 2045.

Deepened Innovation Across Portfolio in Q2-FY24

Successfully Launched V14 Software Updates

- Launch garnering positive customer response and supporting business wins
- Latest updates include enhanced industrial AI, further OT data integration, and additional sustainability capabilities, with more than 140 sustainability models now available

Continue to Build AI Advantage

- V14 update builds on AI leadership by further integrating AI technologies, such as neural networks and Generative AI, across portfolio
- Ability to leverage cutting-edge technology with deep industry expertise and first-principles know-how remains highly valued by customers

Confident in FY24 ACV Target

ACV GROWTH OF

≥ 11.5%

- Strong pipeline, supportive macro and resilient demand
- DGM term license adoption driving growth
- SSE token suite gaining momentum in market
- ENG strength on upstream and sustainability CapEx
- Greater pipeline conversion with sales channel expansion

Q2-FY24 Results

($ in millions)	Q2-FY24	Q2-FY23
Bookings	$233.4	$242.8
Revenue	$257.2	$242.8
Operating Expenses	$211.5	$209.1
Total Expenses	$306.4	$302.2
Total Non-GAAP Expenses	$168.5	$156.2
Operating Loss	($49.2)	($59.4)
Non-GAAP Operating Income	$88.7	$86.6
Non-GAAP Operating Margin[1]	34.5%	35.7%
Net Loss	($21.5)	($66.2)
Non-GAAP Net Income[2]	$87.8	$22.8
Operating Cash Flow	$29.8	$49.5
Free Cash Flow	$29.2	$47.8

Annual Contract Value

$914m ▲ **9.6% YoY**

Cash & Liquidity Position

$131m
In cash and cash equivalents

$197m
available under revolving credit facility

Share Repurchase Updates

Q2-FY24
~375k shares
purchased for $72m

H1-FY24
~955k shares
purchased for $186m

All repurchases made pursuant to $300m share repurchase authorization for FY24

1. Non-GAAP Operating Margin represents Non-GAAP Operating Income divided by Revenue for the period.
2. The year-over-year increase in non-GAAP net income was mainly due to the change in approach to computing AspenTech's tax provision, which initially occurred in the second quarter of 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	≥	$6.59

End market leadership and sales capacity expansion are supporting a robust pipeline, setting us up for a strong H2-FY24.

*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.

Linearity of Quarterly Results in FY24

FY24 ACV

- QoQ ACV growth in the mid-to-high 3% range in Q3
- Q1 to be lowest, and Q4 to be highest, in terms of quarterly GACV contribution
- Attrition in FY24: ~5%
- Higher concentration of attrition to occur in Q2 and Q3

FY24 FCF

- Q4 to be slightly higher than Q3
- Q1 to have lowest quarterly FCF contribution for FY24, as has historically been the case in our business
- FY24 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 Q3: ~$173m

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.

Additional Information

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Q2-FY24 End Market Update

	Transmission & Distribution	▪ Record levels of spending on grid safety, reliability and decarbonization ▪ Investments driven by supportive environment and expectations for significant growth in global electricity demand
	Upstream & Midstream Energy	▪ Healthy global demand underpinning strong CapEx ▪ Customers exploring sustainability solutions, including in critical minerals mining and low-carbon fuel alternatives
	Refining	▪ Limited supply capacity and resilient demand continue to drive healthy margins ▪ Exploring use cases in biofuels, hydrogen and ammonia, CCUS, etc.
	Engineering and Construction (E&C)	▪ Traditional energy and energy transition project CapEx driving new order momentum and healthy backlog growth ▪ Customers focused on profitability and enhancing capabilities via digitalization
	Chemicals	▪ Continuation of lower production volumes keeps focus on cost controls and efficiency enhancements ▪ Advancing use cases in emissions management, biofuels, and circularity

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.

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 14 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

Total Expenses

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
GAAP total expenses (a)	$306,406	$302,233	$615,926	$604,234
Less:				
Stock-based compensation (b)	$(16,211)	$(23,441)	$(32,910)	$(41,177)
Amortization of intangibles (c)	$(121,565)	$(121,161)	$(243,152)	$(242,321)
Acquisition and integration planning related fees	$(125)	$(1,411)	$130	$(6,269)
Non-GAAP total expenses	$168,505	$156,220	$339,994	$314,467

(Loss) Income from Operations

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
GAAP loss from operations	$(49,243)	$(59,395)	$(109,455)	$(110,577)
Plus:				
Stock-based compensation (b)	$16,211	$23,441	$32,910	$41,177
Amortization of intangibles (c)	$121,565	$121,161	$243,152	$242,321
Acquisition and integration planning related fees	$125	$1,411	$(130)	$6,269
Non-GAAP income from operations	$88,658	$88, 618	$166,477	$179,190

Net (Loss) Income

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
GAAP net loss	$(21,500)	$(66,197)	$(59,025)	$(77,441)
Plus:				
Stock-based compensation (b)	$16,211	$23,441	$32,910	$41,177
Amortization of intangibles (c)	$121,565	$121,161	$243,152	$242,321
Acquisition and integration planning related fees	$125	$1,411	$(130)	$6,269
Unrealized loss (gain) on foreign currency forward contract	—	$(34,940)	—	$15,319
Less:				
Income tax effect on Non-GAAP items (d)	$(28,636)	$(22,075)	$(57,257)	$(62,591)
Non-GAAP net income	$87,765	$22,801	$162,650	$165,054

Diluted (Loss) Income per Share

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
GAAP diluted loss per share	$(0.34)	$(1.02)	$(0.88)	$(1.20)
Plus:				
Stock-based compensation (b)	$0.25	$0.36	$0.51	$0.64
Amortization of intangibles (c)	$1.90	$1.87	$3.78	$3.75
Acquisition and integration related planning fees	—	$0.02	—	$0.10
Unrealized loss (gain) on foreign currency forward contract	—	$(0.54)	—	$0.24
Impact of diluted shares	$0.01	—	$0.01	—
Less:				
Income tax effect on Non-GAAP items (d)	$(0.45)	$(0.34)	$(0.89)	$(0.97)
Non-GAAP diluted income per share	$1.37	$0.35	$2.53	$2.56
Shares used in computing non-GAAP diluted income per share	$64,008	$64,621	$64,343	$64,538

Free Cash Flow[1]

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
Net cash provided by operating activities (GAAP)	$29,827	$49,534	$46,808	$54,612
Less:				
Purchases of property, equipment and leasehold improvements	$(500)	$(1,523)	$(1,437)	$(2,844)
Payments for capitalized computer software development costs	$(131)	$(230)	$(131)	$(329)
Free cash flow (non-GAAP)	$29,196	$47,781	$45,240	$51,439

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 December 31, 2023	Three Months Ended December 31, 2022	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
Total costs of revenue	$94,933	$93,098	$192,993	$184,228
Total operating expenses	$211,473	$209,135	$422,933	$420,006
GAAP total expenses	$306,406	$302,233	$615,926	$604,234

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

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
Cost of license and solutions	$602	$1,200	$1,282	$1,919
Cost of maintenance	$729	$474	$1,217	$1,035
Cost of services and other	$360	$428	$858	$858
Selling and marketing	$2,707	$3,826	$5,649	$7,191
Research and development	$3,719	$4,240	$8,272	$7,858
General and administrative	$8,094	$13,273	$15,632	$22,316
Total stock-based compensation	$16,211	$23,441	$32,910	$41,177

(c) Amortization of intangible assets was as follows:

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
Cost of license and solutions	$48,035	$47,671	$96,070	$95,342
Selling and marketing	$73,530	$73,490	$147,082	$146,979
Total amortization of intangible assets	$121,565	$121,161	$243,152	$242,321

(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 December 31, 2023	Three Months Ended December 31, 2022	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
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, 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	$6.59
Shares used in computing guidance for Non-GAAP diluted income per share	64,300	

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.