

REFINITIV

# DELTA REPORT

## 10-Q

ASPEN TECHNOLOGY, INC.

10-Q - DECEMBER 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	721
CHANGES	202
DELETIONS	197
ADDITIONS	322

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2024 December 31, 2024

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 001-41400

ASPEN TECHNOLOGY, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

87-3100817

(I.R.S. Employer  
Identification No.)

20 Crosby Drive

Bedford

Massachusetts

(Address of principal executive offices)

01730

(Zip Code)

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

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: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

☒

Non-accelerated filer

☐

Accelerated filer

☐

Smaller reporting company

☐

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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act): Yes ☐ No ☒

There were 63,249,719 63,308,360 shares of common stock outstanding as of October 30, 2024 January 31, 2025.

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SIGNATURES

Aspen Technology, Inc. ("AspenTech" or, together with its subsidiaries, the "Company") has many registered trademarks including aspenONE and Aspen Plus. All other trade names, trademarks and service marks appearing in this Form 10-Q not owned by AspenTech are the property of their respective owners.

Our fiscal year ends on June 30<sup>th</sup>, and references to a specific fiscal year are to the twelve months ended June 30<sup>th</sup> of such year (for example, "fiscal 2025" refers to the year ending June 30, 2025).

Introductory Note

On January 26, 2025, AspenTech entered into an Agreement and Plan of Merger (the "Merger Agreement") with Emerson Electric Co., a Missouri corporation ("Emerson"), and Emersub CXV, Inc., a Delaware corporation and a wholly owned subsidiary of Emerson (the "Purchaser", and together with Emerson, the "Buyer Parties"). The Merger Agreement provides that, subject to the terms of the Merger Agreement, the Purchaser will commence a cash tender offer (the "Offer") to purchase all of the outstanding shares of AspenTech common stock, par value \$0.0001 per share (the "Shares") (other than the Shares owned by the Company, the Purchaser or Emerson or any of their respective subsidiaries), at a price of \$265.00 per share (the "Offer Price"), net to the seller in cash, without interest, subject to the conditions set forth in the Merger Agreement.

Consummation of the Offer is subject to the satisfaction or waiver of various conditions set forth in the Merger Agreement, including (a) there shall have been validly tendered in the Offer (and not validly withdrawn) immediately prior to the expiration of the Offer that number of Shares (excluding (1) Shares tendered pursuant to guaranteed delivery procedures that have not yet been "received" by the "depository," as such terms are defined by Section 251(h) of the General Corporation Law of the State of Delaware (the "Delaware Law") and (2) Shares owned by Emerson and its subsidiaries, Emerson's and its subsidiaries' directors and officers, and the Company's directors and officers) that represent at least one more Share than 50% of the total number of Shares outstanding at the expiration of the Offer (excluding, for the purposes of calculating the total number of Shares outstanding, Shares owned by Emerson and its subsidiaries, Emerson's and its subsidiaries' directors and officers, and the Company's directors and officers), (b) the absence of any applicable law prohibiting the consummation of the Offer and the Merger, (c) the accuracy of AspenTech's representations and warranties contained in the Merger Agreement (except, generally, for any inaccuracies that have not had a Company Material Adverse Effect (as defined in the Merger Agreement)), (d) the absence of a Company Material Adverse Effect, (e) AspenTech's performance in all material respects of its obligations under the Merger Agreement, and (f) the other conditions set forth in Annex I to the Merger Agreement. The consummation of the Offer and the Merger is not subject to a financing condition. For more information on the Offer and the Merger, refer to the Merger Agreement, which is filed as Exhibit 2.1 hereto.

Following consummation of the Offer, the Purchaser will merge with and into AspenTech, with AspenTech surviving as a wholly owned subsidiary of Emerson (the "Merger"). In the Merger, each Share issued and outstanding immediately prior to the effective time of the Merger (the "Effective Time") that is not tendered and accepted pursuant to the Offer (other than the Shares owned by the Company, the Purchaser or Emerson or any of their respective subsidiaries, and Shares as to which appraisal rights have been perfected in accordance with applicable law) will automatically be canceled and retired and will cease to exist, and will thereafter represent only the right to receive the Offer Price in cash and without interest, less any applicable tax withholding. At the Effective Time, each outstanding and unexercised AspenTech stock option, whether vested or unvested, that has an exercise price less than the Offer Price will be automatically canceled and converted into the right to receive, for each Share underlying such AspenTech stock option, an amount in cash without interest equal to the difference between the Offer Price and the applicable per share exercise price, less any applicable tax withholding. At the Effective Time, each AspenTech stock option that has an exercise price equal to or greater than the Offer Price will be canceled for no consideration. At the Effective Time, each AspenTech performance stock unit and each AspenTech restricted stock unit that is (a) vested (and, in the case of an AspenTech performance stock unit, was earned) or (b) held by a non-employee director of the Company (whether vested or unvested), will be automatically canceled and converted into the right to receive, for each Share underlying such AspenTech performance stock unit or AspenTech restricted stock unit, an amount in cash without interest equal to the Offer Price, less any applicable tax withholding. At the Effective Time, each AspenTech performance stock unit and each AspenTech restricted stock unit which is outstanding and unvested and held by an employee of the Company or its subsidiaries who continues to be employed after the Effective Time or an actively engaged non-employee consultant of the Company will be assumed by Emerson and converted into an award of restricted stock units with respect to Emerson shares (in the case of AspenTech performance stock units, based on target performance). The number of Emerson shares applicable to each Parent restricted stock unit will be equal to (i) the number of Shares underlying each AspenTech performance stock unit or AspenTech restricted stock unit multiplied by (ii) the Equity Award Exchange Ratio (as defined in the Merger Agreement), rounded down to the nearest whole number of Emerson shares. Each Emerson restricted stock unit will be subject to the same terms and conditions, (including vesting schedule, other than performance-based vesting conditions) that applied to the corresponding AspenTech performance stock unit or AspenTech restricted stock unit prior to the Effective Time.

The Offer and the Merger are subject to customary closing conditions and are expected to be completed in the first half of calendar year 2025. The description of the Merger Agreement herein does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, which is filed as Exhibit 2.1 hereto.

Unless stated otherwise, any forward-looking information contained in this report does not take into account or give any effect to the consummation of the proposed Offer and the Merger.

## PART I - FINANCIAL INFORMATION

### Item 1. Financial Statements.

#### Condensed Consolidated Financial Statements (Unaudited)

#### ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

		Three Months Ended September 30,		Three Months Ended September 30,		Three Months Ended September 30,	

Services and other
Services and other
Total revenue
Total revenue
Total revenue
<b>Cost of revenue:</b>
<b>Cost of revenue:</b>
<b>Cost of revenue:</b>
License and solutions
License and solutions
License and solutions
Maintenance
Maintenance
Maintenance
Services and other
Services and other
Services and other
Total cost of revenue
Total cost of revenue
Total cost of revenue
Gross profit
Gross profit
Gross profit
<b>Operating expenses:</b>
<b>Operating expenses:</b>
<b>Operating expenses:</b>
Selling and marketing
Selling and marketing
Selling and marketing
Research and development
Research and development
Research and development
General and administrative
General and administrative
General and administrative
Restructuring costs
Restructuring costs
Restructuring costs
Total operating expenses
Total operating expenses
Total operating expenses
Loss from operations
Loss from operations
Loss from operations
Other income (expense), net
Other income (expense), net
Other income (expense), net
Income (loss) from operations
Other expense, net
Interest income, net
Interest income, net

Interest income, net
Loss before benefit for income taxes
Loss before benefit for income taxes
Loss before benefit for income taxes
Income (loss) before benefit for income taxes
Benefit for income taxes
Benefit for income taxes
Benefit for income taxes
Net loss
Net loss
Net loss
Net loss per common share:
Net loss per common share:
Net loss per common share:
Net income (loss)
Net income (loss) per common share:
Basic
Basic
Basic
Diluted
Diluted
Diluted
Weighted average shares outstanding:
Weighted average shares outstanding:
Weighted average shares outstanding:
Basic
Basic
Basic
Diluted
Diluted
Diluted

See accompanying notes to these unaudited condensed consolidated financial statements.

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS INCOME (LOSS)

	Three Months Ended September 30,			
	2024		2023	
	(Dollars in Thousands; Unaudited)			
Net loss	\$	(60,464)	\$	(34,525)
Other comprehensive income (loss):				
Foreign currency translation adjustments		5,202		(11,201)
Total other comprehensive income (loss)		5,202		(11,201)
Comprehensive loss	\$	(55,262)	\$	(45,726)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2024		2023	
	(Dollars in Thousands; Unaudited)			

Net income (loss)	\$	20,341	\$	(21,500)	\$	(40,123)	\$	(56,025)
Other comprehensive (loss) income:								
Foreign currency translation adjustments		(11,744)		4,870		(6,542)		(6,331)
Total other comprehensive (loss) income		(11,744)		4,870		(6,542)		(6,331)
Comprehensive income (loss)	\$	8,597	\$	(16,630)	\$	(46,665)	\$	(62,356)

See accompanying notes to these unaudited condensed consolidated financial statements.

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2024
	September 30, 2024
	September 30, 2024
	December 31, 2024
	December 31, 2024
	December 31, 2024

ASSETS
ASSETS
ASSETS
Current assets:
Current assets:
Current assets:
Cash and cash equivalents
Cash and cash equivalents
Cash and cash equivalents
Accounts receivable, net
Accounts receivable, net
Accounts receivable, net
Current contract assets, net
Current contract assets, net
Current contract assets, net
Prepaid expenses and other current assets
Prepaid expenses and other current assets
Prepaid expenses and other current assets
Receivables from related parties
Receivables from related parties
Receivables from related parties
Prepaid income taxes
Prepaid income taxes
Prepaid income taxes
Total current assets
Total current assets
Total current assets
Property, equipment and leasehold improvements, net
Property, equipment and leasehold improvements, net
Property, equipment and leasehold improvements, net
Goodwill

Goodwill
Goodwill
Intangible assets, net
Intangible assets, net
Intangible assets, net
Non-current contract assets, net
Non-current contract assets, net
Non-current contract assets, net
Contract costs
Contract costs
Contract costs
Operating lease right-of-use assets
Operating lease right-of-use assets
Operating lease right-of-use assets
Deferred income tax assets
Deferred income tax assets
Deferred income tax assets
Other non-current assets
Other non-current assets
Other non-current assets
Total assets
Total assets
Total assets
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>
Current liabilities:
Current liabilities:
Current liabilities:
Accounts payable
Accounts payable
Accounts payable
Accrued expenses and other current liabilities
Accrued expenses and other current liabilities
Accrued expenses and other current liabilities
Due to related parties
Due to related parties
Due to related parties
Current operating lease liabilities
Current operating lease liabilities
Current operating lease liabilities
Income taxes payable
Income taxes payable
Income taxes payable
Current contract liabilities
Current contract liabilities
Current contract liabilities
Total current liabilities
Total current liabilities
Total current liabilities
Non-current contract liabilities



Non-current contract liabilities
Non-current contract liabilities
Deferred income tax liabilities
Deferred income tax liabilities
Deferred income tax liabilities
Non-current operating lease liabilities
Non-current operating lease liabilities
Non-current operating lease liabilities
Other non-current liabilities
Other non-current liabilities
Other non-current liabilities
Stockholders' equity:
Stockholders' equity:
Stockholders' equity:
Common stock, \$0.0001 par value Authorized—600,000,000 shares Issued— 65,453,489 and 65,367,159 shares Outstanding— 63,245,006 and 63,251,495 shares
Common stock, \$0.0001 par value Authorized—600,000,000 shares Issued— 65,453,489 and 65,367,159 shares Outstanding— 63,245,006 and 63,251,495 shares
Common stock, \$0.0001 par value Authorized—600,000,000 shares Issued— 65,453,489 and 65,367,159 shares Outstanding— 63,245,006 and 63,251,495 shares
Common stock, \$0.0001 par value Authorized—600,000,000 shares Issued— 65,514,052 and 65,367,159 shares Outstanding— 63,305,569 and 63,251,495 shares
Common stock, \$0.0001 par value Authorized—600,000,000 shares Issued— 65,514,052 and 65,367,159 shares Outstanding— 63,305,569 and 63,251,495 shares
Common stock, \$0.0001 par value Authorized—600,000,000 shares Issued— 65,514,052 and 65,367,159 shares Outstanding— 63,305,569 and 63,251,495 shares
Additional paid-in capital
Additional paid-in capital
Additional paid-in capital
Accumulated deficit
Accumulated deficit
Accumulated deficit
Accumulated other comprehensive loss
Accumulated other comprehensive loss
Accumulated other comprehensive loss
Treasury stock, at cost — 2,208,483 and 2,115,664 shares of common stock
Treasury stock, at cost — 2,208,483 and 2,115,664 shares of common stock
Treasury stock, at cost — 2,208,483 and 2,115,664 shares of common stock
Total stockholders' equity
Total stockholders' equity
Total stockholders' equity
Total liabilities and stockholders' equity
Total liabilities and stockholders' equity
Total liabilities and stockholders' equity

See accompanying notes to these unaudited condensed consolidated financial statements.

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

		Common Stock				Treasury Stock				Total
	Accumulated Other Comprehensive Loss	Accumulated Other Comprehensive (Loss)	Common Stock	Paid-in Capital	Additional Paid-in Capital	Accumulated Deficit	Accumulated Deficit	Treasury Stock	Stockholders' Equity	Total Stockholders' Equity
	Number of Shares	Income			Capital		Deficit			Equity

(Dollars in Thousands, Except Share Data; Unaudited)

(Dollars in Thousands, Except Share Data; Unaudited)

(Dollars in Thousands, Except Share Data; Unaudited)

Balance June 30, 2024
Balance June 30, 2024
Balance June 30, 2024
Net loss
Other comprehensive income
Issuance of shares of common stock
Issuance of restricted stock units and net share settlement related to withholding taxes
Repurchase of common stock
Stock-based compensation
Balance September 30, 2024
Net income
Other comprehensive loss
Issuance of shares of common stock
Issuance of restricted stock units and net share settlement related to withholding taxes
Stock-based compensation
Stock-based compensation
Stock-based compensation
Balance December 31, 2024

Accumulated Other Comprehensive Income (Loss)	Accumulated Other Comprehensive Income (Loss)	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Total Stockholders' Equity	Accumulated Other Comprehensive Income (Loss)	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Total Stockholders' Equity
Number of Shares	Number of Shares		Capital	Deficit		Equity	Income (Loss)		Capital	Deficit		Equity

(Dollars in Thousands, Except Share Data; Unaudited)

(Dollars in Thousands, Except Share Data; Unaudited)

(Dollars in Thousands, Except Share Data; Unaudited)

Balance June 30, 2023
Balance June 30, 2023
Balance June 30, 2023
Net loss
Other comprehensive loss
Issuance of shares of common stock

Stock-based compensation

- Net loss
- Other comprehensive income
- Issuance of shares of common stock
- Issuance of restricted stock units and net share settlement related to withholding taxes
- Repurchase of common stock
- Stock-based compensation

**Balance December 31, 2023**

**ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

Three Months Ended September 30,	
Three Months Ended September 30,	
Three Months Ended September 30,	
Six Months Ended December 31,	
Six Months Ended December 31,	
Six Months Ended December 31,	

2024	2023	2024	2023
------	------	------	------

(Dollars in Thousands;  
Unaudited)

(Dollars in Thousands; Unaudited)

**Cash flows from operating activities:**

Net loss

Net loss

Net loss

Adjustments to reconcile net loss to net cash (used in) provided by operating activities:

Adjustments to reconcile net loss to net cash provided by operating activities:

### Depreciation and amortization

Depreciation and amortization

### Depreciation and amortization

Reduction in the carrying amount of right-of-use assets

Net foreign currency (gains) losses

Net foreign currency losses
Stock-based compensation
Deferred income taxes
Provision for uncollectible receivables
Other non-cash operating activities
<b>Changes in assets and liabilities:</b>
Accounts receivable
Accounts receivable
Accounts receivable
Contract assets
Contract costs
Lease liabilities
Prepaid expenses, prepaid income taxes, and other assets
Accounts payable, accrued expenses, income taxes payable and other liabilities
Contract liabilities
Net cash (used in) provided by operating activities
Net cash provided by operating activities
<b>Cash flows from investing activities:</b>
Purchases of property, equipment and leasehold improvements
Purchases of property, equipment and leasehold improvements
Purchases of property, equipment and leasehold improvements
Payments for business acquisitions, net of cash acquired
Payments for equity method investments
Payments for capitalized computer software development costs
Payments for asset acquisitions
Net cash used in investing activities
<b>Cash flows from financing activities:</b>
Issuance of shares of common stock, net of taxes
Issuance of shares of common stock, net of taxes
Issuance of shares of common stock, net of taxes
Repurchases of common stock
Payment of tax withholding obligations related to restricted stock
Net transfers from Parent Company
Net transfers (to) from Parent Company
Payments of debt issuance costs
Net cash used in financing activities
Effect of exchange rate changes on cash, cash equivalents and restricted cash
Decrease in cash, cash equivalents and restricted cash
Cash, cash equivalents and restricted cash, beginning of period
<b>Cash, cash equivalents and restricted cash, end of period</b>
Reconciliation of cash, cash equivalents and restricted cash:
Reconciliation of cash, cash equivalents and restricted cash:
Reconciliation of cash, cash equivalents and restricted cash:
Cash and cash equivalents
Cash and cash equivalents
Cash and cash equivalents
Restricted cash in other non-current assets
Total cash, cash equivalents and restricted cash
Supplemental disclosure of cash flow information:
Supplemental disclosure of cash flow information:
Supplemental disclosure of cash flow information:

Income taxes paid, net  
Income taxes paid, net  
Income taxes paid, net

Interest paid

Supplemental disclosure of non-cash activities:

Change in purchases of property, equipment and leasehold improvements included in accounts payable and accrued expenses

Change in purchases of property, equipment and leasehold improvements included in accounts payable and accrued expenses

Change in purchases of property, equipment and leasehold improvements included in accounts payable and accrued expenses

Lease liabilities arising from obtaining right-of-use assets

See accompanying notes to these unaudited condensed consolidated financial statements.

## ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

### NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Organization and Basis of Presentation

AspenTech, together with its subsidiaries (the "Company"), The Company is a leading industrial software company that develops solutions to address complex industrial environments where it is critical to optimize the asset design, operations and maintenance lifecycle. Through the Company's unique combination of product capabilities, deep domain expertise and award-winning innovation, customers across diverse end markets in asset-intensive industries can improve their operational excellence while achieving sustainability goals.

The Company had revenue from customers in 113 countries during the first quarter of fiscal 2025.

##### Basis of Presentation

The Company has prepared the accompanying unaudited condensed consolidated financial statements as of September 30, 2024 December 31, 2024, and for the first second quarter of fiscal 2025 and 2024 pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") SEC and in accordance with generally accepted accounting principles in the United States ("GAAP"). All intercompany balances and transactions have been eliminated in consolidation.

These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated and combined financial statements and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2024.

The preparation of financial statements and related disclosures in conformity with GAAP requires us to make judgments, assumptions, and estimates that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. The actual results that the Company experiences may differ materially from these estimates.

##### Russia

In June 2024, the United States government announced new expanded restrictions that prohibit 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 announced that it had suspended all commercial activities in Russia in the fourth quarter of fiscal 2024. This includes the discontinuation of the following activities: all commercial discussions with customers, initiating or processing renewals, providing proposals to customers or selling products or services. In addition, the Company has written-off certain assets that are related to its operations in Russia, and will be closing certain facilities, and terminating or relocating substantially all employees based in Russia during fiscal 2025.

Beginning with the consolidated balance sheet as of June 30, 2024, the Company classifies cash balances that are both held in Russia and in excess of what it estimates will be required to wind down its operations in Russia 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 September 30, 2024 December 31, 2024 and June 30, 2024, the restricted cash held in Russia was \$14.0 \$13.3 million and \$11.5 million, respectively, which is included within other non-current assets on the condensed consolidated balance sheets.

#### 2. Significant Accounting Policies

Our significant accounting policies are described in Note 2, "Significant Accounting Policies," to the consolidated and combined financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2024. There were no material changes to our significant accounting policies during the three six months ended September 30, 2024 December 31, 2024.

##### (a) Recently Issued Accounting Standards Not Yet Adopted

In October 2023, the FASB Financial Accounting Standards Board ("FASB") issued Accounting Standards Updated ("ASU") 2023-06, Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative ("ASU 2023-06"). ASU 2023-06 was issued to modify the disclosure or presentation requirements of a variety of topics in the codification. The effective date for each amendment will be the date on which the SEC removal of the related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. The Company does not expect the adoption of ASU 2023-06 to have a material impact on its financial position or results of operations.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). ASU 2023-07 expands segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. The disclosures required under ASU 2023-07 are also required for public entities with a single reportable segment. The ASU is effective for the Company's first fiscal year beginning after December 15, 2023 and for interim periods within the Company's first fiscal year beginning after December 15, 2024, with early adoption permitted. The Company does not expect the adoption of ASU 2023-07 to have a material impact on its financial position or results of operations.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"). ASU 2023-09 requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. ASU 2023-09 is effective for the Company's first fiscal year beginning after December 15, 2024. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively. Early adoption is permitted. The Company does not expect the adoption of ASU 2023-09 to have a material impact on its financial position or results of operations.

3. Revenue from Contracts with Customers

Contract Assets and Contract Liabilities

The Company's contract assets and contract liabilities were as follows as of September 30, 2024 December 31, 2024 and June 30, 2024:

	September 30, 2024	June 30, 2024
	December 31, 2024	June 30, 2024
	(Dollars in Thousands)	
	(Dollars in Thousands)	
	(Dollars in Thousands)	
Contract assets		
Contract liabilities		
Net contract assets		

The majority of the Company's contract balances are related to arrangements where revenue is recognized at a point in time and payments are made according to a contractual billing schedule. The change in the net contract asset balance during the three six months ended September 30, 2024 December 31, 2024 was primarily due to greater revenue recognition as compared to billings. Revenue recognized during from the first quarter of fiscal 2024 included \$38.0 million that was included in the beginning contract liability balance. balance as of June 30, 2024 was \$32.7 million and \$70.7 million for the three and six months ended December 31, 2024, respectively.

Transaction Price Allocated to Remaining Performance Obligations

The following table includes the aggregate amount of the transaction price allocated as of September 30, 2024 December 31, 2024 to the performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period:

Year Ended June 30,																
	2025	2025	2026	2027	2028	2029	Thereafter	Total		2025	2026	2027	2028	2029	Thereafter	Total
License and solutions																
Maintenance																
Services and other																
Total																

Disaggregated Revenue Information

The table below reflects disaggregated revenues by business for the three and six months ended September 30, 2024 December 31, 2024 and 2023:

Three Months Ended September 30,					
Three Months Ended September 30,					
Three Months Ended September 30,					
2024					
2024					
Three Months Ended December 31,			Six Months Ended December 31,		
2024	2024	2023	2024	2023	
(Dollars in Thousands)					

(Dollars in Thousands)  
(Dollars in Thousands)

Heritage AspenTech
Subsurface Science & Engineering ("SSE")
Subsurface Science & Engineering ("SSE")
Subsurface Science & Engineering ("SSE")
Digital Grid Management ("DGM")
Digital Grid Management ("DGM")
Digital Grid Management ("DGM")
Total
Total
Total

The Company had one customer that accounted for 10 percent or more of the Company's total revenues for the three months ended December 31, 2024. The Company did not have any customers that accounted for 10 percent or more of the Company's total revenues for the three months ended September 30, 2024 December 31, 2023 or for the six months ended December 31, 2024 and 2023, respectively.

4. Acquisitions

Open Grid Systems, Ltd.

On November 15, 2024, the Company completed the acquisition of Open Grid Systems, Ltd. ("OGS"), which is a global provider of network model management technology and a pioneer in developing model-driven applications supporting open access to data through industry standards. Total cash consideration was \$48.9 million, which consisted of \$39.8 million of cash paid at closing and an additional \$9.1 million in indemnification holdbacks, to be held back until May 2026 for certain representations, warranties, and obligations of the sellers. The holdback is recorded in other non-current liabilities in our condensed consolidated balance sheets. The total cash acquired from OGS was approximately \$3.3 million, resulting in a net cash payment of \$36.5 million at closing. The Company recognized goodwill of \$31.8 million (none of which is expected to be tax deductible) and identifiable intangible assets of \$19.7 million, primarily consisting of developed technology and customer relationships, with a useful life of approximately five years for developed technology and seven years for customer relationships.

5. Intangible Assets

Intangible assets consist of the following as of September 30, 2024 December 31, 2024 and June 30, 2024:

	Developed Technology	Developed Technology	Trademarks	Customer Relationships and Backlog	Capitalized Software and Other	Total	Developed Technology	Trademarks
September 30, 2024								
September 30, 2024								
September 30, 2024	(Dollars in Thousands)							
December 31, 2024								
December 31, 2024								
December 31, 2024	(Dollars in Thousands)							
Gross carrying amount								
Less:								
Accumulated amortization								
Net carrying amount								
	Developed Technology	Developed Technology	Trademarks	Customer Relationships and Backlog	Capitalized Software and Other	Total	Customer Relationships and Backlog	

June 30, 2024

June 30, 2024

June 30, 2024

(Dollars in Thousands)

(Dollars in Thousands)

Gross carrying amount

Less:

Accumulated amortization

Net carrying amount

Of the total intangible assets net carrying amount of \$4.1 billion \$4.0 billion as of September 30, 2024 December 31, 2024, \$430.0 million relates to the registered trademarks associated with the Previous Emerson Transaction (as defined in Note 15, 16, "Related-Party Transactions") that are not subject to amortization. Total intangible asset amortization expense was \$121.8 \$122.5 million and \$121.7 million during the three months ended September 30, 2024 December 31, 2024 and 2023, respectively, and \$244.2 million and \$243.4 million during the six months ended December 31, 2024 and 2023, respectively.

5.

## 6. Goodwill

The changes in the carrying amount of goodwill during the three six months ended September 30, 2024 December 31, 2024 were as follows:

	Carrying Value	
	(Dollars in Thousands)	
Balance as of June 30, 2024	\$	8,328,201
Acquisition of Open Grid Systems, Ltd.		31,820
Foreign currency translation		1,923 (3,714)
Balance September 30, 2024 as of December 31, 2024	\$	8,330,124 8,356,307

## 6.7. Restructuring Costs

The Company records liabilities for costs associated with exit or disposal activities in the period in which the liability is incurred. Employee severance costs are accrued when the restructuring actions have been determined and communicated to the employee. Costs for one-time termination benefits in which the employee is required to render service until termination in order to receive the benefits are recognized ratably over the future service period.

In August 2024, the Company announced a reorganization of its corporate structure, resulting in the elimination of certain roles as it continues to seek additional opportunities to streamline expenses and increase efficiencies. Additionally, due to the expansion of sanctions by the United States government on commercial activity in Russia, the Company will be closing certain facilities, and terminating or relocating substantially all employees based in Russia during fiscal 2025. As a result of these actions, the Company has incurred and will continue to incur restructuring costs during fiscal 2025 consisting primarily of severance expenditures, one-time benefits and other contract termination costs.

Restructuring costs were \$7.7 \$0.5 million and \$8.2 million for the three and six months ended September 30, 2024 December 31, 2024, respectively, and there were no restructuring costs for the three and six months ended September 30, 2023 December 31, 2023. As of September 30, 2024 December 31, 2024, the liability associated with unpaid restructuring costs was \$1.1 \$0.7 million, which is included within accrued expenses and other current liabilities on the condensed consolidated balance sheets.

## 7.8. Leases

Operating lease costs are recognized on a straight-line basis over the term of the lease. The components of total lease expense for the three and six months ended September 30, 2024 December 31, 2024 and 2023 were as follows:

	Three Months Ended September 30,		Three Months Ended September 30,		Three Months Ended September 30,			
	Three Months Ended December 31,			Six Months Ended December 31,				
	2024			2024				
	2023			2023				
	(Dollars in Thousands)			(Dollars in Thousands)				
Operating lease expense								
Variable lease expense								



Variable lease expense
Variable lease expense
Short term lease expense
Short term lease expense
Short term lease expense

The following table summarizes the balances of the Company's operating lease right-of-use assets and operating lease liabilities as of September 30, 2024 December 31, 2024 and June 30, 2024:

	September 30, 2024	June 30, 2024
	December 31, 2024	June 30, 2024
	(Dollars in Thousands)	
	(Dollars in Thousands)	
	(Dollars in Thousands)	

Operating lease right-of-use assets
Current operating lease liabilities
Non-current operating lease liabilities

The weighted-average remaining lease term for operating leases was eleven years as of December 31, 2024 and eleven years, and the June 30, 2024. The weighted-average discount rate was 4.2% and 4.0% as of September 30, 2024 December 31, 2024 and June 30, 2024, respectively.

The following table represents the future maturities of the Company's operating lease liabilities as of September 30, 2024 December 31, 2024:

Year Ending June 30,			
Year Ending June 30,			
	Future Maturities		
	Future Maturities		
	Future Maturities		
Year Ending June 30,	(Dollars in Thousands)	Year Ending June 30,	(Dollars in Thousands)
2025			
2026			
2026			
2026			
2027			
2027			
2027			
2028			
2028			
2028			
2029			
2029			
2029			
Thereafter			
Thereafter			
Thereafter			
Total lease payments			
Total lease payments			
Total lease payments			
Less: imputed interest			
Less: imputed interest			
Less: imputed interest			
Less: leasehold improvement incentives to be utilized			
Less: leasehold improvement incentives to be utilized			

Less: leasehold improvement incentives to be utilized

Total lease maturities

Total lease maturities

Total lease maturities

## 8.9. Fair Value

The Company determines fair value by utilizing a fair value hierarchy that ranks the quality and reliability of the information used in its determination. Fair values determined using "Level 1 inputs" utilize unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Fair values determined using "Level 2 inputs" utilize data points that are observable, such as quoted prices, interest rates and yield curves for similar assets and liabilities.

Cash equivalents are reported at fair value utilizing quoted market prices in identical markets, or "Level 1 Inputs." The Company's cash equivalents consist of short-term money market instruments.

Equity method investments are reported at fair value calculated in accordance with the market approach, utilizing market consensus pricing models with quoted prices that are directly or indirectly observable, or "Level 2 Inputs."

The following table summarizes financial assets and liabilities measured and recorded at fair value on a recurring basis in the accompanying condensed consolidated balance sheets as of **September 30, 2024** **December 31, 2024** and June 30, 2024, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Fair Value Measurements at Reporting Date Using,	
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs
	(Level 1 Inputs)	(Level 2 Inputs)
(Dollars in Thousands)		
<b>September 30, December 31, 2024</b>		
Money market funds (cash equivalents)	\$ 106,187 86,681	\$ —
Equity method investments	\$ —	\$ 2,467 2,584
<b>June 30, 2024</b>		
Money market funds (cash equivalents)	\$ 129,710	\$ —
Equity method investments	\$ —	\$ 2,437

Financial instruments not measured or recorded at fair value in the accompanying condensed consolidated financial statements consist of accounts receivable, accounts payable and accrued liabilities. The estimated fair value of these financial instruments approximates its carrying value. The estimated fair value of the borrowings under the Second Amended and Restated Credit Agreement (described below in Note **10, 11**, "Debt") approximates its carrying value due to the floating interest rate.

9.

## 10. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities in the accompanying condensed consolidated balance sheets consist of the following:

	September 30, 2024	June 30, 2024	December 31, 2024	June 30, 2024
	(Dollars in Thousands)	(Dollars in Thousands)		
Compensation-related				
Accrued taxes				
Professional fees				
Accrued taxes				
Acquisition related				
Restructuring				
Other				
Total accrued expenses and other current liabilities				

## 10.11. Debt

Second Amended and Restated Credit Agreement

On June 27, 2024, the Company entered into a new Second Amended and Restated Credit Agreement (the “Second Amended and Restated Credit Agreement”) with JPMorgan Chase Bank, National Association with an expiration date of June 27, 2029 that provides for aggregate borrowing commitments of \$200.0 million.

As of September 30, 2024 December 31, 2024, the Company was in compliance with the covenants associated with the Second Amended and Restated Credit Agreement, and, after considering eligible outstanding letters of credit allowable in the aggregate amount of \$5.5 million, the Company had \$194.5 million available for borrowing.

For a more detailed description of the Second Amended and Restated Credit Agreement, see Note 12, “Debt” to the consolidated and combined financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2024.

11. 12. Stock-Based Compensation

The stock-based compensation expense under all equity plans and its classification in the condensed consolidated statements of operations for the three and six months ended September 30, 2024 December 31, 2024 and 2023 are as follows:

	Three Months Ended September 30,		Three Months Ended September 30,		Three Months Ended September 30,	
	Three Months Ended December 31,				Six Months Ended December 31,	
	2024		2023		2024	
	2023					
	(Dollars in Thousands)		(Dollars in Thousands)			
Cost of license and solutions						
Cost of maintenance						
Cost of maintenance						
Cost of maintenance						
Cost of services and other						
Cost of services and other						
Cost of services and other						
Selling and marketing						
Selling and marketing						
Selling and marketing						
Research and development						
Research and development						
Research and development						
General and administrative						
General and administrative						
General and administrative						
Total stock-based compensation						
Total stock-based compensation						
Total stock-based compensation						

Stock Options

The table below summarizes activities related to stock options for the three six months ended September 30, 2024 December 31, 2024:

Number of Shares	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value <sup>(1)</sup>	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value <sup>(1)</sup>		
									(in years)	(in thousands)
Outstanding as of June 30, 2024										

Exercised
Cancelled / Forfeited
Cancelled / Forfeited
Cancelled / Forfeited
Outstanding as of September 30, 2024
Outstanding as of September 30, 2024
Outstanding as of September 30, 2024
Exercisable as of September 30, 2024
Vested and expected to vest as of September 30, 2024
Outstanding as of December 31, 2024
Outstanding as of December 31, 2024
Outstanding as of December 31, 2024
Exercisable as of December 31, 2024
Vested and expected to vest as of December 31, 2024

(1) The aggregate intrinsic value in this table represents any excess of the closing market price of the Company's common stock as of September 30, 2024 December 31, 2024 (\$238.82 249.63) over the exercise price of the underlying options.

### Restricted Stock Units and Performance Stock Units

Restricted stock units ("RSUs") and performance stock units ("PSUs") are not included in issued and outstanding common stock until the units are vested and the underlying shares are settled. The table below summarizes activities related to restricted stock units RSUs and performance stock units PSUs for the three six months ended September 30, 2024 December 31, 2024:

	Number of Shares Underlying Performance Stock Units	Weighted Average Grant-Date Fair Value PSUs	Number of Shares Underlying Restricted Stock Units	Weighted Average Grant-Date Fair Value RSUs
	Number of Shares Underlying PSUs	Weighted Average Grant-Date Fair Value PSUs	Number of Shares Underlying RSUs	Weighted Average Grant-Date Fair Value RSUs

(Dollars in Thousands, except per share data)

(Dollars in Thousands, except per share data)

(Dollars in Thousands, except per share data)

Outstanding as of June 30, 2024
Granted
Settled
Forfeited
Outstanding as of September 30, 2024
Outstanding as of December 31, 2024
Weighted average remaining recognition period of outstanding units (in years)
Unrecognized stock-based compensation expense of outstanding units
Unrecognized stock-based compensation expense of outstanding units
Unrecognized stock-based compensation expense of outstanding units

Aggregate intrinsic value of outstanding units  
Aggregate intrinsic value of outstanding units  
Aggregate intrinsic value of outstanding units

In fiscal 2024 and 2025, the Company granted performance stock units (PSUs) with both a performance and service condition. The performance condition relates to the attainment of predefined goals based on annual contract value and free cash flow. On a quarterly basis, management evaluates the probability that the threshold performance goals will be achieved, if at all, and the anticipated level of attainment to determine the amount of compensation expense to record in the condensed consolidated financial statements.

12.

13. Net Loss Income (Loss) Per Share

The calculations of basic and diluted net loss income (loss) per share and basic and diluted weighted average shares outstanding for the three and six months ended September 30, 2024 December 31, 2024 and 2023 are as follows:

	Three Months Ended September 30,					
	Three Months Ended September 30,					
	Three Months Ended September 30,					
	2024					
2024						
	Three Months Ended December 31,			Six Months Ended December 31,		
	2024	2024	2023	2024	2023	
(Dollars and Shares in Thousands, Except per Share Data)						
(Dollars and Shares in Thousands, Except per Share Data)						
Net loss						
Net income (loss)						
Basic weighted average shares outstanding						
Basic weighted average shares outstanding						
Basic weighted average shares outstanding						
Basic weighted average shares outstanding						
Dilutive impact from:						
Dilutive impact from:						
Dilutive impact from:						
Employee equity awards						
Dilutive weighted average shares outstanding						
Dilutive weighted average shares outstanding						
Dilutive weighted average shares outstanding						
Net loss per share						
Net loss per share						
Net loss per share						
Basic						
Basic						
Net income (loss) per share						
Net income (loss) per share						
Net income (loss) per share						
Basic						
Dilutive						
Dilutive						
Dilutive						

For In reporting periods where the three months ended September 30, 2024, and 2023, certain Company has incurred a net loss, all employee equity awards were anti-dilutive due to the Company's net loss. anti-dilutive. The following employee equity awards were excluded from the calculation of diluted weighted average shares outstanding because their effect would be anti-dilutive as of September 30, 2024 December 31, 2024 and 2023:

Three Months Ended September 30,
Three Months Ended September 30,

Three Months Ended September 30,		Three Months Ended December 31,		Six Months Ended December 31,	
		2024	2023	2024	2023
		(Shares in Thousands)		(Shares in Thousands)	
Employee equity awards					

### 13.14. Stock Repurchases

On August 6, 2024, the Company announced that its Board of Directors (the "Board") approved a share repurchase authorization (the "Fiscal 2025 Share Repurchase Authorization") pursuant to which an aggregate amount of up to \$100.0 million of its common stock may be repurchased, by means of open market transactions, block transactions, privately negotiated purchase transactions or any other purchase techniques, including 10b5-1 trading plans. The timing and amount of any shares repurchased under the Fiscal 2025 Share Repurchase Authorization are based on market conditions and other factors. All shares of the Company's common stock repurchased have been recorded as treasury stock under the cost method. The Company reflects share repurchases in its condensed consolidated financial statements once the transaction is settled.

As AspenTech suspended its purchasing activity on its Fiscal 2025 Share Repurchase Authorization in the second quarter of September 30, 2024, a total of fiscal 2025. Prior to this, the Company repurchased 92,819 shares have been repurchased for \$20.5 million under the Fiscal 2025 Share Repurchase Authorization for \$20.5 million, with the total remaining value available for repurchase being \$79.5 million. Authorization.

### 14.15. Benefit for Income Taxes

The Company computes its tax benefit for interim periods by applying the estimated annual effective tax rate ("AETR") to year-to-date income from operations and adjusting for discrete items arising in that quarter. However, if the Company is unable to make a reliable estimate of its AETR, then the actual effective tax rate for the year-to-date period may be the best estimate. For both the three and six months ended September 30, 2024 December 31, 2024 and September 30, 2023 2023 the Company recorded the actual effective tax rate as it was determined that the AETR approach was not the most appropriate estimate.

Benefit for income taxes was \$16.3 \$3.8 million and \$17.5 \$15.7 million for the three months ended September 30, 2024 December 31, 2024 and 2023, respectively, resulting in effective tax rates of 21.2% (22.8)% and 33.6% 42.1%, respectively. Income tax benefit decreased primarily due to an increase in pre-tax earnings.

Benefit for income taxes was \$20.1 million and \$33.1 million for the lower six months ended December 31, 2024 and 2023, respectively, resulting in effective tax rates of 33.3% and 37.2%, respectively. Income tax benefit decreased primarily due to an increase in year-to-date earnings and a decrease in Foreign-Derived Intangible Income ("FDII") deduction taken this year compared to last year resulting from lower taxable income recorded in the first quarter of fiscal 2025 compared to the first quarter of fiscal 2024. The first quarter of fiscal 2024 included a significant temporary item that increased taxable income relating to a change in the methodology for recording revenue for tax purposes on multi-year software licenses. There was no such temporary item in the first quarter of fiscal 2025, current period.

### 15.16. Related-Party Transactions

On January 26, 2025, AspenTech entered into the Merger Agreement with Emerson and the Purchaser. The Merger Agreement provides that, subject to the terms of the Merger Agreement, the Purchaser will commence the Offer to purchase all of the outstanding Shares (other than the Shares owned by the Company, the Purchaser or Emerson or any of their respective subsidiaries), at the Offer Price, net to the seller in cash, without interest, subject to the conditions set forth in the Merger Agreement.

Consummation of the Offer is subject to the satisfaction or waiver of various conditions set forth in the Merger Agreement, including (a) there shall have been validly tendered in the Offer (and not validly withdrawn) immediately prior to the expiration of the Offer that number of Shares (excluding (1) Shares tendered pursuant to guaranteed delivery procedures that have not yet been "received" by the "depository," as such terms are defined by Section 251(h) of the General Corporation Law of the State of Delaware (the "Delaware Law") and (2) Shares owned by Emerson and its subsidiaries, Emerson's and its subsidiaries' directors and officers, and the Company's directors and officers) that represent at least one more Share than 50% of the total number of Shares outstanding at the expiration of the Offer (excluding, for the purposes of calculating the total number of Shares outstanding, Shares owned by Emerson and its subsidiaries, Emerson's and its subsidiaries' directors and officers, and the Company's directors and officers), (b) the absence of any applicable law prohibiting the consummation of the Offer and the Merger, (c) the accuracy of AspenTech's representations and warranties contained in the Merger Agreement (except, generally, for any inaccuracies that have not had a Company Material Adverse Effect), (d) the absence of a Company Material Adverse Effect, (e) AspenTech's performance in all material respects of its obligations under the Merger Agreement, and (f) the other conditions set forth in Annex I to the Merger Agreement. The consummation of the Offer and the Merger is not subject to a financing condition. For more information on the Offer and the Merger, refer to Exhibit 2.1 filed herewith.

On October 10, 2021, Emerson Electric Co. ("Emerson") entered into a definitive agreement (the "Transaction Agreement") with AspenTech Corporation (f/k/a Aspen Technology, Inc.) ("Heritage AspenTech") to contribute the Emerson industrial software business (the "Industrial Software Business"), along with \$6.014 billion in cash, to create AspenTech (the "Transaction" "Previous Emerson Transaction"). The Industrial Software Business included the DGM business and the SSE business. The Previous Emerson Transaction closed on May 16, 2022 ("Closing Date"). Emerson owned approximately 56% 57% of AspenTech on a fully diluted basis AspenTech's outstanding shares of common stock as of September 30, 2024 December 31, 2024.

The Company utilizes some aspects of Emerson's centralized treasury function to manage the working capital and financing needs of its business operations. This function oversees a cash pooling arrangement which sweeps certain Company cash accounts into pooled Emerson cash accounts on a daily basis which are reflected as receivables from related parties in the condensed consolidated balance sheets. Conversely, any cash funded to the Company from these pooled Emerson cash accounts are reflected as due to

related parties in the condensed consolidated balance sheets. The aggregate net activity between the Company and Emerson associated with the cash pooling arrangement is reflected within cash flows from financing activities as net transfers from parent within the condensed consolidated statements of cash flows.

Before the closing of the **Previous Emerson** Transaction, the Industrial Software Business was charged for costs directly attributable to the DGM and SSE businesses and was allocated a portion of Emerson's costs, including general corporate costs, information technology costs, insurance and other benefit costs, and shared service and other costs. All of these costs are reflected in the Company's condensed consolidated financial statements. Management believes the methodologies and assumptions used to allocate these costs are reasonable.

At the closing of the **Previous Emerson** Transaction, Emerson and the Company entered into a transition service agreement (the "Transition Service Agreement") for the provision of certain transitional services from Emerson to the Company. Pursuant to the Transition Service Agreement, Emerson provides the Company with certain services, including information technology, human resources and other specified services, as well as access to certain of Emerson's existing facilities. Transition Service Agreement related activities have been recorded as cost of goods sold or operating expenses from related parties and resulting balances have been presented as receivable from or due to related parties in the condensed consolidated financial statements. The Transition Services Agreement **expires on expiration date was extended from** December 31, 2024, **to June 30, 2025 during the second quarter of fiscal 2025.**

In connection with the closing of the **Previous Emerson** Transaction, the Company entered into a registration rights agreement (the "Registration Rights Agreement") and a tax matters agreement (the "Tax Matters Agreement") with Emerson. The Registration Rights Agreement grants Emerson certain market registration rights, including demand registration rights and piggyback registration rights, with respect to its registrable securities. The Company has agreed to pay out-of-pocket fees and expenses in connection with such registration, subject to certain exceptions. The Tax Matters Agreement governs the rights and obligations that the Company and Emerson have with respect to taxes of the Company and certain Emerson subsidiaries. In addition, under the terms of the Tax Matters Agreement, the Company agreed to indemnify Emerson and its affiliates against any and all tax-related liabilities incurred by them relating to the **Previous Emerson** Transaction and certain related business reorganizations to the extent such tax-related liabilities are caused by any action taken by the Company.

Receivables from related parties and due to related parties reported in the condensed consolidated balance sheets as of **September 30, 2024** **December 31, 2024** and June 30, 2024 include the following:

	September 30, 2024	June 30, 2024
	December 31, 2024	June 30, 2024
	(Dollars in Thousands)	
	(Dollars in Thousands)	
	(Dollars in Thousands)	
Interest bearing receivables from related parties		
Trade receivables from related parties		
Receivables from related parties		
Interest bearing payables to related parties		
Interest bearing payables to related parties		
Interest bearing payables to related parties		
Trade payables to related parties		
Due to related parties		

Allocations and charges from Emerson are as follows:

	Three Months Ended September 30,	Three Months Ended September 30,	Three Months Ended September 30,
	2024		
	2024		
	Three Months Ended December 31,	Six Months Ended December 31,	
	2024	2024	2023
	(Dollars in Thousands)		
	(Dollars in Thousands)		
	(Dollars in Thousands)		
Information technology			
Information technology			

Information technology

Shared services and other

Shared services and other

Shared services and other

Corporate costs, human resources, and insurance and other benefits are recorded in general and administrative expenses and information technology, facility charges, and shared services and other are allocated to cost of goods sold and operating expenses based on systemic methods.

Before the closing of the **Previous Emerson** Transaction, the DGM and SSE businesses engaged in various transactions to sell software and purchase goods in the ordinary course of business with affiliates of Emerson. At the closing, the Company and Emerson entered into a commercial agreement to allow Emerson to distribute software and services from the Company (the "Commercial Agreement"). Pursuant to the Commercial Agreement, as amended from time to time in accordance with the Stockholders Agreement (as defined below), AspenTech grants Emerson the right to distribute, on a non-exclusive basis, certain (i) existing Heritage AspenTech products, (ii) existing Emerson products transferred to AspenTech pursuant to the Transaction Agreement and (iii) future AspenTech products as mutually agreed upon, in each case, to end-users through Emerson acting as an agent, reseller or original equipment manufacturer. Commercial Agreement-related activities have been recorded as revenues and expenses from related parties and resulting trade balances have been presented as trade receivables from related parties in the condensed consolidated financial statements. Revenue and purchases from Emerson affiliates for the three and six months ended **September 30, 2024** **December 31, 2024** and 2023 are as follows:

		Three Months Ended September 30,																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
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Revenue by Destination					
Three Months Ended September 30,					
2024					
2024					
Three Months Ended December 31,					
Six Months Ended December 31,					
2024	2024	2023	2024	2023	2023
(Dollars in Thousands)					
(Dollars in Thousands)					
(Dollars in Thousands)					

Americas
Asia, Middle East and Africa
Asia, Middle East and Africa
Asia, Middle East and Africa
Europe
Europe
Europe
Total
Total
Total

Americas included revenue in the United States of \$83.4 \$139.8 million and \$96.0 \$132.7 million for the three months ended September 30, 2024 December 31, 2024 and 2023, respectively, and \$223.2 million and \$228.7 million for the six months ended December 31, 2024 and 2023, respectively.

		Property, Equipment, and	Leasehold Improvements, Net
	September 30, 2024	June 30, 2024	
	December 31, 2024	June 30, 2024	
	(Dollars in Thousands)		
	(Dollars in Thousands)		
	(Dollars in Thousands)		
Americas			
Asia, Middle East and Africa			
Europe			
Total			

Property, equipment, and leasehold improvements, net located in the United States were \$11.5 \$11.0 million and \$11.2 million as of September 30, 2024 December 31, 2024 and June 30, 2024, respectively.

17. Subsequent Events

On October 25, 2024, the Company entered into a definitive agreement to acquire Open Grid Systems Limited ("OGS"). OGS is a global provider of network model management technology and a pioneer in developing model-driven applications supporting open access to data through industry standards. The Company has agreed to pay \$45.0 million, plus the value of any cash acquired and any necessary net working capital adjustments. The Company currently intends to finance the transaction through cash on hand. The acquisition is expected to close in the second fiscal quarter of 2025, subject to receipt of regulatory approvals.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Cautionary Note Regarding Forward-Looking Statements

Statements in this Quarterly Report on Form 10-Q (this “Quarterly Report”) 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 statements are only predictions and are based on current expectations of management. The outcome of the events described in these forward-looking statements is subject to known and unknown risks, uncertainties and other factors that may cause our, our customers’ or our industry’s actual results, levels of activity, performance or achievements expressed or implied by these forward-looking statements, to differ including those set forth below under “Item 1A. Risk Factors” of Part II of this Quarterly Report and those described in our most recent Annual Report on Form 10-K and subsequent reports filed with the SEC. You should read this Quarterly Report completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

Any forward-looking statements speak only as of the date of this Quarterly Report. We undertake no obligation to update any forward-looking statements, whether as a result of new information or developments, future events or otherwise, except as required by law. You should read the following discussion in conjunction with our condensed consolidated financial statements and related notes thereto contained in this Quarterly Report. You should also read "Item 1A. Risk Factors" of Part II of this Quarterly Report for a discussion of important factors that could cause our actual results to differ materially from our expectations.

Our fiscal year ends on June 30, and references in this Quarterly Report to a specific fiscal year are to the twelve months ended June 30 of such year (for example, "fiscal 2025" refers to the year ending June 30, 2025).

## Business Overview

We are a global leader in industrial software focused on helping customers in asset-intensive industries address the dual challenge of meeting the increasing demand for resources from a rapidly growing population while also operating in a more sustainable manner. Our solutions address complex environments where it is critical to optimize across the full asset lifecycle - asset design, operation, and maintenance - enabling customers to run their assets safer, greener, longer and faster. Thousands of companies, ranging from multi-national corporations to start-ups, rely on our software to help them run their assets more profitably, resiliently, and sustainably to meet their operational excellence and sustainability goals.

We help customers solve some of their critical challenges via our purpose-built software that combines engineering first principles, deep industry domain knowledge, and advanced technologies, such as Industrial Artificial Intelligence ("Industrial AI"), which is the combination of data insights from artificial intelligence and domain expertise grounded in engineering fundamentals, asset knowledge and industry experience. We drive significant value creation through our decades of experience in modeling, simulation, and optimization technologies. The operational challenges we help our customers solve include maintaining maximum efficiency in process operations, managing electrical grids amid the growth in renewable energy sources, helping ensure supply chain resiliency, reducing carbon emissions, and more.

Today, our software also enables companies to develop and scale new processes to support the energy transition and a net zero future, such as green hydrogen, biofuels, carbon capture, utilization and storage, circularity of plastics, and batteries.

By combining the software capabilities, deep domain expertise and leadership of Heritage AspenTech with the DGM and SSE businesses, we expanded our served markets, augmented our expertise and sales channels, and broadened our portfolio to include five product suites: Performance Engineering ("ENG"), Manufacturing and Supply Chain ("MSC"), Asset Performance Management ("APM"), DGM, and SSE. These suites are supported by Inmation Software GmbH, our data platform with advanced capabilities in data contextualization, structuring and cleansing, **that which** enables our customers to better manage their industrial data at scale.

## Recent Events

On August 6, 2024 January 26, 2025, AspenTech entered into the Merger Agreement with Emerson and the Purchaser. The Merger Agreement provides that, subject to the terms of the Merger Agreement, the Purchaser will commence the Offer to purchase all of the outstanding Shares (other than the Shares owned by the Company, the Purchaser or Emerson or any of their respective subsidiaries), at the Offer Price, net to the seller in cash, without interest, subject to the conditions set forth in the Merger Agreement.

On November 15, 2024, we announced that our Board completed the acquisition of Directors approved the Fiscal 2025 Share Repurchase Authorization, pursuant to which we may repurchase up to an aggregate amount of \$100.0 million of our outstanding shares of common stock. During the first quarter of fiscal 2025, we repurchased 92,819 shares for \$20.5 million under the Fiscal 2025 Share Repurchase Authorization and the total remaining value under the Fiscal 2025 Share Repurchase Authorization as of September 30, 2024 was \$79.5 million.

On October 25, 2024, the Company entered into a definitive agreement to acquire OGS, which is a global provider of network model management technology and a pioneer in developing model-driven applications supporting open access to data through industry standards. The Company has agreed Total cash consideration paid was \$48.9 million, which consisted of \$39.8 million of cash paid at closing and an additional \$9.1 million in indemnification holdbacks, to pay \$45 be held back until May 2026 for certain representations, warranties, and obligations of the sellers. We recognized goodwill of \$31.8 million plus and identifiable intangible assets of \$19.7 million. See Note 4 "Acquisitions" to our condensed consolidated financial statements included in this Quarterly Report for further information.

On August 6, 2024, we announced that our Board approved the value Fiscal 2025 Share Repurchase Authorization, pursuant to which we may repurchase up to an aggregate amount of any cash acquired and any necessary net working capital adjustments. The Company currently intends up to finance the transaction through cash \$100.0 million of our outstanding shares of common stock. We suspended purchasing activity on hand. The acquisition is expected to close our Fiscal 2025 Share Repurchase Authorization in the second fiscal quarter of fiscal 2025. Prior to this, we repurchased 92,819 shares for \$20.5 million under the Fiscal 2025 subject to receipt of regulatory approvals. Share Repurchase Authorization.

## Key Business Metrics

### Background

We utilize key business metrics to track and assess the performance of our business. We have identified the following set of appropriate business metrics in the context of our evolving business:

- Annual contract value ("ACV")
- Total contract value ("TCV")
- Bookings

We also use the following non-GAAP business metrics in addition to GAAP measures to track our business performance:

- Free cash flow

- Non-GAAP operating income

We make these measures available to investors and none of these metrics should be considered as an alternative to any measure of financial performance calculated in accordance with GAAP.

#### Annual Contract Value

ACV 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.

Comparing ACV for different dates can provide insight into the growth and retention rates of our recurring software business because ACV represents the estimated annual billings associated with our recurring license and SMS agreements at any point in time. Management uses the ACV business metric to evaluate the growth and performance of our business as well as for planning and forecasting purposes. We believe that ACV is a useful business metric to investors as it provides insight into the growth component of our software business.

ACV generally increases as a result of new term license and SMS agreements with new or existing customers, renewals or modifications of existing term license agreements that result in higher license fees due to contractually-agreed price escalation or an increase in the number of tokens (units of software usage) or products licensed, or an increase in the value of licenses delivered.

ACV is adversely affected by term license and SMS agreements that are renewed at a lower entitlement level or not renewed, a decrease in the value of licenses delivered, and, to a lesser extent, by customer agreements that become inactive during the agreement's term because, in our determination, amounts due (or which that will become due) under the agreement are not collectible. As ACV is an estimate of annual billings, it generally will generally not include contracts with a term of less than one year. Because ACV represents all other active term software and SMS agreements, it may include amounts under agreements with customers that are delinquent in paying invoices, that are in bankruptcy proceedings, and agreements that are subject to termination by the customer or where payment is otherwise in doubt.

As of September 30, 2024 December 31, 2024, customer agreements representing approximately 85.3% 85.5% of our ACV (by value) were denominated in U.S. dollars. For agreements denominated in other currencies, we use a fixed historical exchange rate to calculate ACV in U.S. dollars rather than using current exchange rates, so that our calculation of growth in ACV is not affected by fluctuations in foreign currencies.

For term license agreements that contain professional services or other products and services, we have included the portion of those agreements that are reflective of the relative fair value of the term license, rather than the portion of the actual invoice attributed to the term license, as outlined in the agreement within ACV. We believe that this methodology more accurately allocates any discounts or premiums to the different elements of the agreement.

Beginning in the fourth quarter of fiscal 2024, we suspended all commercial activities in Russia following the announcement of expanded commercial sanctions in the country. Beginning in the first quarter of fiscal 2025, we no longer include ACV associated with the Company's Russia business within ACV for all periods presented. ACV grew by approximately 9.4% 9.2%, from \$860.5 \$883.3 million as of September 30, 2023 December 31, 2023 to \$941.4 million \$964.9 million as of September 30, 2024 December 31, 2024, and by approximately 0.9% 3.4% from \$932.9 million as of June 30, 2024 to \$941.4 million as of September 30, 2024.

#### Total Contract Value

TCV is the aggregate value of all payments received or to be received under all active term license and SMS agreements, including maintenance and escalation. Our TCV was \$4.0 billion as Beginning in the first quarter of September 30, 2024, and \$3.7 billion as of September 30, 2023. Excluding fiscal 2025, we no longer include TCV associated with the Company's Russia business within TCV for all periods presented. Our TCV was \$3.6 \$4.1 billion and \$3.7 billion as of September 30, 2023 December 31, 2024 and 2023, respectively.

#### Bookings

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 the customer term license and perpetual license SMS contracts signed in a previous period for which the initial licenses are deemed delivered in the current period.

Bookings were \$151.4 \$307.5 million during the three months ended September 30, 2024 December 31, 2024, compared to \$211.8 \$233.4 million during the three months ended September 30, 2023 December 31, 2023. Bookings were \$459.0 million during the six months ended December 31, 2024, compared to \$445.2 million during the six months ended December 31, 2023. The change in bookings is primarily driven by the timing of contract renewals and a higher concentration of attrition.

#### Non-GAAP Business Metrics

Free cash flow (non-GAAP) excludes certain non-cash and non-recurring expenses, and is used as a supplement to net cash (used in) provided by operating activities presented on a GAAP basis. We believe that free cash flow (non-GAAP) is a useful financial measure because it permits investors to view our performance using tools that our management uses to gauge progress in achieving goals and as an indication of cash flow that may be available to fund future investments and other capital uses, such as to repay borrowings under our credit facilities or to fund acquisitions or share repurchase authorizations.

The following table provides a reconciliation of net cash (used in) provided by operating activities (GAAP) to free cash flow (non-GAAP) for the indicated periods:

	Three Months Ended September 30,		Six Months Ended December 31,	
	2024	2023	2024	2023
	(Dollars in Thousands)			
	(Dollars in Thousands)			
	(Dollars in Thousands)			
Net cash (used in) provided by operating activities (GAAP)				
Net cash provided by operating activities (GAAP)				
Purchase of property, equipment, and leasehold improvements				
Payments for capitalized computer software development costs				
Free cash flow (non-GAAP)				

Non-GAAP income from operations excludes certain non-cash and non-recurring expenses, and is used as a supplement to loss from operations presented on a GAAP basis. We believe that non-GAAP income from operations is a useful financial measure because removing certain non-cash and other items provides additional insight into recurring profitability.

The following table provides a reconciliation of GAAP loss income (loss) from operations to non-GAAP income from operations for the indicated periods:

	Three Months Ended September 30,		Three Months Ended September 30,		Six Months Ended December 31,		Six Months Ended December 31,	
	Three Months Ended September 30,		Three Months Ended September 30,		Three Months Ended September 30,		Three Months Ended September 30,	
	2024		2024		2024		2024	
	(Dollars in Thousands)		(Dollars in Thousands)		(Dollars in Thousands)		(Dollars in Thousands)	
	(Dollars in Thousands)		(Dollars in Thousands)		(Dollars in Thousands)		(Dollars in Thousands)	
	(Dollars in Thousands)		(Dollars in Thousands)		(Dollars in Thousands)		(Dollars in Thousands)	
GAAP loss from operations								
Plus:								
Plus:								
GAAP income (loss) from operations								
Plus:								
Stock-based compensation								
Stock-based compensation								
Stock-based compensation								
Amortization of intangible assets								
Amortization of intangible assets								
Amortization of intangible assets								
Acquisition and integration planning related fees								
Acquisition and integration planning related fees								
Acquisition and integration planning related fees								
Restructuring costs								
Restructuring costs								
Restructuring costs								
Non-GAAP income from operations								
Non-GAAP income from operations								
Non-GAAP income from operations								

Critical Accounting Estimates and Judgments

As of **September 30, 2024** **December 31, 2024**, the Company's critical accounting estimates and judgments had not changed significantly from June 30, 2024. Note 2, "Significant Accounting Policies," to the consolidated and combined financial statements in our Annual Report on Form 10-K for the fiscal year ended June 30, 2024 describes the significant accounting policies and methods used in the preparation of the condensed consolidated financial statements appearing in this Quarterly Report. The accounting policies that reflect our critical estimates, judgments and assumptions in the preparation of our condensed consolidated financial statements included in this Quarterly Report are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of our Annual Report on Form 10-K for the fiscal year ended June 30, 2024.

Results of Operations

Comparison of the Three Months Ended **September 30, 2024** **December 31, 2024** and 2023

The following table sets forth the results of operations, the period-over-period percentage change, and the results of operations as a percentage of total revenue for certain financial data for the three months ended **September 30, 2024** **December 31, 2024** and 2023:

	Three Months Ended September 30,			Increase / (Decrease) Change			(% of Revenue)		
	2024	2023		\$	%		2024	2023	
Revenue:									
Revenue:									
Revenue:									
License and solutions	License and solutions	\$101,659	\$148,648	\$ (46,989)	(31.6)	(31.6)%	47.1 %	59.6 %	License and solutions
									\$188,248
									\$152,463
									\$35,785
									23.5
									23.5 %
									62.0 %
									59.3 %
Maintenance									
Services and other									
Total revenue									
Cost of revenue:									
License and solutions									
License and solutions									
License and solutions									
Maintenance									
Services and other									
Total cost of revenue									
Gross profit									
Operating expenses:									
Selling and marketing									
Selling and marketing									
Selling and marketing									
Research and development									

General and administrative									
Restructuring costs									
Total operating expenses									
Loss from operations									
Income (loss) from operations									
Other expense, net									
Interest income, net									
Loss before benefit for income taxes									
Income (loss) before benefit for income taxes									
Benefit for income taxes									
Net loss	\$ (60,464)	\$ (34,525)	\$ (25,939)	75.1	%	(28.0)	%	(13.8)	%
Net income (loss)	\$ 20,341	\$ (21,500)	\$ 41,841	(194.6)	%	6.7	%	(8.4)	%

Revenue

Total revenue decreased increased by \$33.4 million \$46.4 million, or 13.4% 18.0%, during the three months ended September 30, 2024 December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to a decrease an increase of \$47.0 million \$35.8 million in license and solutions revenue, partially offset by an increase of \$5.7 million \$5.5 million in maintenance revenue, and an increase of \$7.8 million \$5.1 million in services and other revenue.

License and Solutions Revenue

License and solutions revenue decreased increased by \$47.0 million \$35.8 million, or 31.6% 23.5%, during the three months ended September 30, 2024 December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to the timing of renewals and new contracts signed in during the same period in the prior fiscal year. current period.

Maintenance Revenue

Maintenance revenue increased by \$5.7 million \$5.5 million, or 6.7% 6.5%, during the three months ended September 30, 2024 December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to growth of our base of customer arrangements through both natural renewals of, and amendments to, existing customer arrangements.

Services and Other Revenue

Services and other revenue increased by \$7.8 million \$5.1 million, or 50.0% 25.9%, during the three months ended September 30, 2024 December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to new contracts signed during the quarter and increased activities from certain customer contracts where the related professional services revenue is recognized as a distinct performance obligation, and the timing and volume of professional services engagements engagements.

Cost of Revenue

Total cost of revenue decreased by \$2.6 million \$0.7 million, or 2.7% 0.7%, during the three months ended September 30, 2024 December 31, 2024, as compared to the same period in the prior fiscal year.

Cost of License and Solutions Revenue

Cost of license and solutions revenue decreased by \$7.9 million \$6.1 million, or 11.1% 9.1%, during the three months ended September 30, 2024 December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to the business transformation activities in which we began are now recognizing distinct performance obligations for certain customer contracts, effective beginning in the third quarter of fiscal 2023, whereby costs associated with these customer contracts are recognized in cost of services and other revenue. Gross profit margin on license and solutions revenue during the three months ended September 30, 2024 decreased December 31, 2024 increased to 37.4% 67.5%,

from 51.8% 55.8% for the three months ended September 30, 2023 December 31, 2023, primarily due to lower higher license and solutions revenue in the current period. period driven by new signings in the quarter and the timing of renewals.

#### Cost of Maintenance Revenue

Cost of maintenance revenue increased by \$0.5 million \$1.5 million, or 4.8% 14.2%, during the three months ended September 30, 2024 December 31, 2024, as compared to the same period in the prior fiscal year. year primarily due to the increased costs driven by the growth of our base of customer arrangements. Gross profit margin on maintenance revenue during the three months ended September 30, 2024 increased December 31, 2024 decreased to 88.2% 86.6%, from 88.0% 87.5% for the three months ended September 30, 2023 December 31, 2023, primarily due to higher the increased costs of maintenance revenue. revenue mentioned above.

#### Cost of Services and Other Revenue

Cost of services and other revenue increased by \$4.8 million \$3.9 million, or 29.6% 23.3%, for the three months ended September 30, 2024 December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to the increased activities from customer contracts where the related professional services revenue is recognized as a distinct performance obligation and the corresponding cost is recognized in cost of services and other revenue. Gross profit margin on services and other revenue during the three months ended September 30, 2024 December 31, 2024 increased to 10.3% 15.5%, from (3.8)% 13.7% for the three months ended September 30, 2023 December 31, 2023, primarily due to higher services and other revenue resulting from better leveraging our costs with increased projects.

#### Gross Profit

Overall gross profit decreased increased by \$30.8 million \$47.1 million, or 20.4% 29.0%, for the three months ended September 30, 2024 December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to lower higher licensing and solutions revenue. Gross profit margin during the three months ended September 30, 2024 decreased December 31, 2024 increased to 55.8% 68.9%, from 60.7% 63.1% for the three months ended September 30, 2023 December 31, 2023. The decrease increase was primarily driven by a decrease in license the timing of renewals and solutions revenue compared to the same period signings in the prior fiscal year, which has a relatively fixed cost base.

quarter, as well as lower compensation costs driven by lower headcount.

#### Operating Expenses

##### Selling and Marketing Expense

Selling and marketing expense increased decreased by \$3.3 million \$4.3 million, or 2.7% 3.5%, during the three months ended September 30, 2024, as compared to the same period in the prior fiscal year, primarily due to the expansion of our sales capacity in new and existing markets.

##### Research and Development Expense

Research and development expense decreased by \$3.7 million, or 6.8%, during the three months ended September 30, 2024 December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to lower compensation costs of \$3.5 \$4.0 million related to a reduction of salary, benefits and stock-based compensation expenses resulting from the reorganization of our corporate structure that was announced in August 2024. See Note 6 7 "Restructuring Costs" to our condensed consolidated financial statements included in this Quarterly Report for further information.

##### General Research and Administrative Development Expense

General Research and administrative development expense decreased by \$2.4 million \$5.0 million, or 6.8% 9.5%, during the three months ended September 30, 2024 December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to lower compensation costs of \$2.5 \$5.4 million, related to a reduction of salary and benefits expenses resulting from the reorganization of our corporate structure that was announced in August 2024. See Note 7 "Restructuring Costs" to our condensed consolidated financial statements included in this Quarterly Report for further information.

##### General and Administrative Expense

General and administrative expense decreased by \$2.3 million, or 6.5%, during the three months ended December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to lower compensation costs of \$3.2 million related to lower salary benefits, bonus, and stock-based compensation expenses resulting from the reorganization of our corporate structure that was announced in August 2024. 2024, which was partially offset by an increase of \$2.4 million in acquisition-related fees. See Note 6 7 "Restructuring Costs" to our condensed consolidated financial statements included in this Quarterly Report for further information.

##### Restructuring Costs

Restructuring costs increased by \$7.7 million \$0.5 million, or 100.0%, during the three months ended September 30, 2024 December 31, 2024, as compared to the same period in the prior fiscal year. This is a result of the reorganization of our corporate structure that was announced in August 2024, which resulted in the elimination of certain roles and our winding down of operations in Russia. See Note 7 "Restructuring Costs" to our condensed consolidated financial statements included in this Quarterly Report for further information.

#### Non-Operating (Expense) Income

##### Other Income (Expense), Expense, Net

Other income (expense), expense, net increased by \$7.9 million \$8.7 million, or 135.0% 4,374.9%, during the three months ended September 30, 2024 December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to \$7.3 \$8.6 million in unrealized and realized foreign currency exchange gains.

## Interest Income, Net

Interest income, net increased by \$3.1 million \$4.2 million, or 22.3% 34.2%, during the three months ended September 30, 2024 December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to an increase in interest income earned on long-term revenue contracts of \$2.3 \$2.7 million.

## Benefit for Income Taxes

The Company computes its tax benefit for interim periods by applying the estimated annual effective tax rate ("AETR") to year-to-date income from operations and adjusting for discrete items arising in that quarter. However, if the Company is unable to make a reliable estimate of its AETR, then the actual effective tax rate for the year-to-date period may be the best estimate. For both the three months ended September 30, 2024 December 31, 2024 and September 30, 2023 2023, respectively, the Company recorded the actual effective tax rate as it was determined that the AETR approach was not the most appropriate estimate.

Benefit for income taxes was \$16.3 \$3.8 million and \$17.5 \$15.7 million for the three months ended September 30, 2024 December 31, 2024 and 2023, respectively, resulting in effective tax rates of 21.2% (22.8)% and 33.6% 42.1%, respectively. Income tax benefit decreased primarily due to an increase in pre-tax earnings.

## Comparison of the Six Months Ended December 31, 2024 and 2023

The following table sets forth the results of operations, the period-over-period percentage change, and the results of operations as a percentage of total revenue in certain financial data for the six months ended December 31, 2024 and 2023:

	Six Months Ended		Increase / (Decrease) Change		(% of Revenue)	
	December 31,					
	2024	2023	\$	%	2024	2023
	(Dollars in Thousands)					
<b>Revenue:</b>						
License and solutions	\$ 289,907	\$ 301,111	\$ (11,204)	(3.7)%	55.8 %	59.5 %
Maintenance	181,263	170,024	11,239	6.6	34.9	33.6
Services and other	48,262	35,336	12,926	36.6	9.3	7.0
Total revenue	519,432	506,471	12,961	2.6	100.0	100.0
<b>Cost of revenue:</b>						
License and solutions	124,851	138,903	(14,052)	(10.1)	24.0	27.4
Maintenance	22,847	20,848	1,999	9.6	4.4	4.1
Services and other	42,013	33,242	8,771	26.4	8.1	6.6
Total cost of revenue	189,711	192,993	(3,282)	(1.7)	36.5	38.1
Gross profit	329,721	313,478	16,243	5.2	63.5	61.9
<b>Operating expenses:</b>						
Selling and marketing	243,622	244,618	(996)	(0.4)	46.9	48.3
Research and development	98,115	106,821	(8,706)	(8.2)	18.9	21.1
General and administrative	66,753	71,494	(4,741)	(6.6)	12.9	14.1
Restructuring costs	8,210	—	8,210	100.0	1.6	—
Total operating expenses	416,700	422,933	(6,233)	(1.5)	80.2	83.5
Loss from operations	(86,979)	(109,455)	22,476	(20.5)	(16.7)	(21.6)
Other expense, net	(6,864)	(6,029)	(835)	13.8	(1.3)	(1.2)
Interest income, net	33,657	26,333	7,324	27.8	6.5	5.2
Loss before benefit for income taxes	(60,186)	(89,151)	28,965	(32.5)	(11.6)	(17.6)
Benefit for income taxes	(20,063)	(33,126)	13,063	(39.4)	(3.9)	(6.5)
Net loss	\$ (40,123)	\$ (56,025)	\$ 15,902	(28.4)%	(7.7)%	(11.1)%

## Revenue

Total revenue increased by \$13.0 million, or 2.6%, during the six months ended December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to an increase of \$11.2 million in maintenance revenue, and an increase of \$12.9 million in services and other revenue, that was only partially offset by a decrease in license and solutions revenue of \$11.2 million.

## License and Solutions Revenue



License and solutions revenue decreased by \$11.2 million, or 3.7%, during the six months ended December 31, 2024, as compared to the same period in the prior fiscal year, primarily attributable to the timing of renewals and new contracts signed in the first quarter in the prior fiscal year.

#### **Maintenance Revenue**

Maintenance revenue increased by \$11.2 million, or 6.6%, during the six months ended December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to growth of our base of customer arrangements through both natural renewals of, and amendments to, existing customer arrangements.

#### **Services and Other Revenue**

Services and other revenue increased by \$12.9 million, or 36.6%, during the six months ended December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to new contracts signed during the quarter, the timing and volume of professional services engagements, and increased activities from certain customer contracts where the related professional services revenue is recognized as a distinct performance obligation.

### **Cost of Revenue**

Total cost of revenue decreased by \$3.3 million, or 1.7%, during the six months ended December 31, 2024, as compared to the same period in the prior fiscal year.

#### **Cost of License and Solutions Revenue**

Cost of license and solutions revenue decreased by \$14.1 million, or 10.1%, during the six months ended December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to the business transformation activities in which we are recognizing distinct performance obligations for certain customer contracts, whereby costs associated with these customer contracts are recognized in cost of services and other revenue. Gross profit margin on license and solutions revenue increased to 56.9% from 53.9% for the six months ended December 31, 2024, as compared to the same period in the prior fiscal year, primarily driven by the lower costs in the current period compared to the prior fiscal year.

#### **Cost of Maintenance Revenue**

Cost of maintenance revenue increased by \$2.0 million, or 9.6%, during the six months ended December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to the increased activities from customers contracts related to the growth of our base of customer arrangements. Gross profit margin on maintenance revenue decreased to 87.4% from 87.7% for the six months ended December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to the increased costs of maintenance revenue mentioned above.

#### **Cost of Services and Other Revenue**

Cost of services and other revenue increased by \$8.8 million, or 26.4%, for the six months ended December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to primarily due to increased activities from customer contracts where the related professional services revenue is recognized as a distinct performance obligation and the corresponding cost is recognized in cost of services and other revenue. Gross profit margin on services and other revenue increased to 12.9% from 5.9% for the six months ended December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to higher services and other revenue resulting from better leveraging our costs with increased projects.

### **Gross Profit**

Overall gross profit increased by \$16.2 million, or 5.2%, for the six months ended December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to higher maintenance and services and other revenue. Gross profit margin increased to 63.5% from 61.9% for the six months ended December 31, 2024, as compared to the same period in the prior fiscal year. The increase was primarily driven by the timing of renewals, growth in the base of customer arrangements and signings in the current period.

### **Operating Expenses**

#### **Selling and Marketing Expense**

Selling and marketing expense decreased by \$1.0 million, or 0.4%, during the six months ended December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to lower compensation costs related to salary and stock-based compensation resulting from the reorganization of our corporate structure that was announced in August 2024. See Note 7 "Restructuring Costs" to our condensed consolidated financial statements included in this Quarterly Report for further information.

#### **Research and Development Expense**

Research and development expense decreased by \$8.7 million, or 8.2%, during the six months ended December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to lower compensation costs of \$7.9 million, related to a reduction of salary, benefits and stock-based compensation expenses resulting from the reorganization of our corporate structure that was announced in August 2024. See Note 7 "Restructuring Costs" to our condensed consolidated financial statements included in this Quarterly Report for further information.

#### **General and Administrative Expense**

General and administrative expense decreased by \$4.7 million, or 6.6%, during the six months ended December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to lower compensation costs of \$5.4 million related to lower salary, benefits and stock-based compensation expenses resulting from the reorganization of our

corporate structure that was announced in August 2024, which was partially offset by an increase of \$2.9 million in acquisition-related fees. See Note 7 "Restructuring Costs" to our condensed consolidated financial statements included in this Quarterly Report for further information.

#### **Non-Operating (Expense) Income**

##### **Other Expense, Net**

Other expense, net decreased by \$0.8 million, or 13.8%, during the six months ended December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to unrealized and realized foreign currency exchange gains.

##### **Interest Income, Net**

Interest income, net increased by \$7.3 million, or 27.8%, during the six months ended December 31, 2024, as compared to the same period in the prior fiscal year, primarily due to an increase in interest income earned on long-term revenue contracts of \$5.0 million.

#### **Benefit for Income Taxes**

The Company computes its tax benefit for interim periods by applying the estimated annual effective tax rate ("AETR") to year-to-date income from operations and adjusting for discrete items arising in that quarter. However, if the Company is unable to make a reliable estimate of its AETR, then the actual effective tax rate for the year-to-date period may be the best estimate. For the six months ended December 31, 2024 and 2023, respectively, the Company recorded the actual effective tax rate as it was determined that the AETR approach was not the most appropriate estimate.

Benefit for income taxes was \$20.1 million and \$33.1 million for the six months ended December 31, 2024 and 2023, respectively, resulting in effective tax rates of 33.3% and 37.2%, respectively. Income tax benefit decreased primarily due to an increase in year-to-date earnings and a decrease in Foreign-Derived Intangible Income ("FDII") deduction taken this year compared to last year resulting from lower taxable income recorded in the first quarter of fiscal 2025 compared to the first quarter of fiscal 2024. The first quarter of fiscal 2024 included a significant temporary item that increased taxable income relating to a change in the methodology for recording revenue for tax purposes on multi-year software licenses. There was no such temporary item in the first quarter of fiscal 2025.

current period.

#### **Liquidity and Capital Resources**

##### **Resources**

As of September 30, 2024 December 31, 2024 and June 30, 2024, our principal sources of liquidity consisted of \$221.1 \$181.8 million and \$237.0 million, in cash and cash equivalents, respectively.

We believe our existing cash on hand and cash flows generated by operations are sufficient for at least the next 12 months to meet our operating requirements, including those related to salaries and wages, working capital, capital expenditures, and other liquidity requirements associated with operations. We may need to raise additional funds if we decide to make one or more acquisitions of businesses, technologies or products. If additional funding for such purposes is required beyond existing resources and our Second Amended and Restated Credit Agreement described below, we may not be able to affect a receivable, equity or debt financing on terms acceptable to us or at all.

##### **Offer and the Merger Agreement Impact on Liquidity**

We expect to complete the Offer and the Merger in the first half of calendar year 2025. However, consummation of the Offer and the Merger is subject to the satisfaction or (to the extent permitted by applicable law) waiver of the conditions to the completion of the Offer and the Merger. We are unable to fully predict the impact that the timing, completion, or possible termination of the Offer and the Merger will have on our liquidity, financial condition and results of operations due to numerous uncertainties.

##### **Second Amended and Restated Credit Agreement**

On June 27, 2024, the Company entered into a the Second Amended and Restated Credit Agreement (the "Second Amended and Restated Credit Agreement") with JPMorgan Chase Bank, National Association. The Second Amended and Restated Credit Agreement has an expiration date of June 27, 2029, and provides for aggregate borrowing commitments of \$200.0 million.

As of September 30, 2024 December 31, 2024, the Company was in compliance with the covenants associated with the Second Amended and Restated Credit Agreement, and, after considering eligible outstanding letters of credit allowable in the aggregate amount of \$5.5 million, the Company had \$194.5 million available for borrowing.

For a more detailed description of the Second Amended and Restated Credit Agreement, see Note 12, "Debt" to the consolidated and combined financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2024.

##### **Cash Flows**

###### **Operating Cash Flows**

Net cash provided by operating activities decreased by \$21.4 \$13.1 million during the three-month six-month period ended September 30, 2024 December 31, 2024, as compared to the same period in prior fiscal year, primarily driven by one-time charges related to the Company's workforce reduction reorganization of our corporate structure and our Russia exit previously announced, as well as the timing of collections in the first quarter of current period compared to the prior fiscal 2025 year.

###### **Investing Cash Flows**

Net cash used in investing activities decreased increased by \$19.8\$17.5 million during the three-month six-month period ended September 30, 2024 December 31, 2024, as compared to the same period in prior fiscal year, primarily driven by an increase of \$28.2 million in cash used for business acquisitions driven by the OGS acquisition, partially offset by a decrease of \$12.5 million in cash used for asset acquisitions.

Financing Cash Flows

Net cash used in financing activities decreased by \$82.1 million during the six-month period ended December 31, 2024, as compared to the same period in prior fiscal year, primarily driven by a decrease of \$12.5 million in cash used for asset acquisitions and a decrease of \$8.3 million in cash used for business acquisitions.

Financing Cash Flows

Net cash used in financing activities decreased by \$98.9 million during the three-month period ended September 30, 2024, as compared to the same period in prior fiscal year, primarily driven by a decrease of \$93.7\$163.6 million in cash used for common stock repurchases, repurchases, partially offset by an increase in cash transferred of \$89.2 million for our cash pooling arrangements to related parties.

Free Cash Flows

Free cash flow (non-GAAP) decreased by \$22.5 million\$15.3 million during the three-month six-month period ended September 30, 2024 December 31, 2024, as compared to the same period in the prior fiscal year, primarily driven by the decrease in net cash provided by operating activities.

activities mentioned above.

The following table provides a reconciliation of net cash provided by operating activities (GAAP) to free cash flow (non-GAAP) for the indicated periods:

	Three Months Ended September 30,		Six Months Ended December 31,	
	2024	2023	2024	2023
	(Dollars in Thousands)			
	(Dollars in Thousands)			
	(Dollars in Thousands)			
Net cash (used in) provided by operating activities (GAAP)				
Net cash provided by operating activities (GAAP)				
Purchase of property, equipment, and leasehold improvements				
Payments for capitalized computer software development costs				
Free cash flow (non-GAAP)				

Contractual Obligations

Letters of Credit

Standby letters of credit in the aggregate amounts of \$24.5\$23.5 million and \$32.9 million secured our performance on professional services contracts, certain facility leases and potential liabilities as of September 30, 2024 December 31, 2024 and June 30, 2024, respectively. The letters of credit expire at various dates through fiscal 2029.

Effects of Inflation

We do not believe that inflation has had a material impact on our business or operating results during the periods presented. However, inflation may in the future have an impact on our ability to execute on our acquisition strategy. Inflationary costs could adversely affect our business, financial condition and results of operations. In addition, increased inflation has had, and may continue to have, an effect on interest rates. Increased interest rates may adversely affect our borrowing rate and our ability to obtain, or the terms under which we can obtain, any potential additional funding.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Foreign Currency Risk

During the three months ended September 30, 2024 December 31, 2024 and 2023, 9.9% 13.8% and 7.1% 12.1% of our total revenue was denominated in a currency other than the U.S. dollar, respectively. During the six months ended December 31, 2024 and 2023, 12.2% and 9.9% of our total revenue was denominated in a currency other than the U.S. dollar, respectively. In addition, certain of our operating costs incurred outside the United States are denominated in currencies other than the U.S. dollar. We conduct business on a worldwide basis and as a result, a portion of our revenue, earnings, net assets, and net investments in foreign affiliates is exposed to changes in foreign currency exchange rates. We measure our net exposure for cash balance positions and for cash inflows and outflows in order to evaluate the need to mitigate our foreign exchange risk. We may enter into foreign currency forward contracts to minimize the impact related to unfavorable exchange rate movements related to our cash positions and cash flows, although we have did not done do so during the three months ended September 30, 2024 December 31, 2024 and 2023. Currently, our largest exposures to foreign exchange rates exist primarily with the Euro, Pound Sterling, Japanese Yen, Australian Dollar, Indonesian Rupiah, Canadian Dollar, Kuwaiti Dinar, Brazilian Reais, Norwegian Krone, Australian Dollar, and Canadian Dollar. Indian Rupee.

We recorded net foreign currency exchange gains of \$2.1 million\$9.0 million and losses of \$5.9 million, respectively,\$0.3 million during the three months ended September 30, 2024 December 31, 2024 and 2023, respectively, and \$6.9 million and \$6.2 million during the six months ended December 31, 2024 and 2023, respectively, related to the

settlement and remeasurement of transactions denominated in currencies other than the functional currency of our operating units. Our analysis of operating results transacted in various foreign currencies indicated that a hypothetical 10% change in foreign currency exchange rates could have increased or decreased our results of operations by approximately \$2.9 \$2.3 million and \$4.7 \$3.0 million for the three months ended September 30, 2024 December 31, 2024 and 2023, respectively, and by approximately \$5.2 million and \$4.8 million for the six months ended December 31, 2024 and 2023, respectively.

#### **Interest Rate Risk**

We place our investments in money market instruments. Our analysis of our investment portfolio and interest rates as of September 30, 2024 December 31, 2024 indicated that a hypothetical 100 basis point increase or decrease in interest rates would not have a material impact on the fair value of our investment portfolio determined in accordance with an income-based approach utilizing portfolio future cash flows discounted at the appropriate rates.

#### **Investment Risk**

We own have an interest in a limited partnership investment fund. The primary objective of this partnership is investing in equity and equity-related securities (including convertible debt) of venture growth-stage businesses. We account for the investment in accordance with Topic 323, *Investments - Equity Method and Joint Ventures*. Our total commitment under this partnership is \$11.8 million \$12.2 million Canadian dollars, or \$8.7 million \$8.5 million U.S. dollars. Under the conditions of the equity method investment, unfavorable future changes in market conditions could lead to a potential loss up to the full value of our \$11.8 million \$12.2 million Canadian dollars, or \$8.7 million \$8.5 million U.S. dollars commitment. As of September 30, 2024 December 31, 2024, the fair value of this investment was \$3.3 \$3.7 million Canadian dollars, or \$2.5 \$2.6 million U.S. dollars, representing our payment towards the total commitment, and is recorded in non-current assets in our condensed consolidated balance sheets.

#### **Item 4. Controls and Procedures.**

##### **a) Disclosure Controls and Procedures**

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2024 December 31, 2024. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act") means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Securities Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Securities Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of September 30, 2024 December 31, 2024, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective.

##### **b) Changes in Internal Controls Over Financial Reporting**

There was no change in our internal control over financial reporting that occurred during the three months ended September 30, 2024 December 31, 2024, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We will continue to review and document our disclosure controls and procedures, including our internal control over financial reporting, and may from time to time make changes aimed at enhancing their effectiveness and to ensure that our systems evolve with our business.

## **PART II - OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

None.

### **Item 1A. Risk Factors.**

The risks described in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2024, could materially and adversely affect our business, financial condition and results of operations. These risk factors do not identify all risks that we face—our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations. The Risk Factors section in our Annual Report on Form 10-K for the fiscal year ended June 30, 2024 remains current in all material respects, with the exception of the risk factor factors described below.

**An escalation of the conflict in the Middle East may have a material adverse impact on our business and operations in the region.**

We have operations and customers in the Middle East. Since the initial commencement of the Israeli-Hamas conflict, there have been continued hostilities along Israel's northern border with Lebanon (with the Hezbollah terror organization) and on other fronts from various extremist groups in the region, such as the Houthis in Yemen and various rebel militia groups in Syria and Iraq. Israel has carried out a number of targeted strikes on sites belonging to these terror organizations. In October 2024, Israel began limited

ground operations against Hezbollah in Lebanon. In addition, Iran recently launched direct attacks on Israel and has threatened to continue to attack Israel. Iran is also believed to have a strong influence among extremist groups in the region, such as Hamas in Gaza, Hezbollah in Lebanon, the Houthis in Yemen and various rebel militia groups in Syria and Iraq. A further escalation of the conflict or an extension of the conflict for a longer period of time could result in additional armed conflict in other regions in the Middle East and elsewhere, terrorist activities, and political or macroeconomic instability in the Middle East region. This, in turn, could cause our customers in the region to reduce their capital expenditures, resulting in a reduction of our sales to such customers. A decline in our sales to our customers in the affected region and any further impact of such conflict or instability on our operations could materially adversely affect our business and operations in the region, and our financial condition and results of operations generally.

***We may not complete the pending Offer and the Merger within the timeframe we anticipate or at all, which could have an adverse effect on our business, financial results and/or operations.***

As described above, on January 26, 2025, we entered into the Merger Agreement with Emerson and the Purchaser. The Merger Agreement provides that, subject to the terms of the Merger Agreement, the Purchaser will commence the Offer to purchase all of the outstanding Shares (other than the Shares owned by the Company, the Purchaser or Emerson or any of their respective subsidiaries), at the Offer Price, net to the seller in cash, without interest, subject to the conditions set forth in the Merger Agreement.

If the Offer and the Merger are not completed within the expected timeframe or at all, we may be subject to a number of material risks, including the risk of continuing to operate our business. The price of our common stock may decline to the extent that current market prices of our common stock reflect a market assumption that the Offer and the Merger will be completed on a timely basis or at all. We could be required to pay Emerson a termination fee of approximately \$221.0 million if the Merger Agreement is terminated under specific circumstances described in the Merger Agreement. The failure to complete the transaction also may result in negative publicity and negatively affect our relationship with our stockholders and employees, as well as our current and potential business partners, which may cause them to terminate, or not to renew or enter into, arrangements with us. The foregoing effects, alone or in combination, may materially adversely affect our business, financial condition and results of operations. In addition, we may also be required to devote significant time and resources to litigation related to any failure to complete the Offer and the Merger or related to any enforcement proceeding commenced against us to perform our obligations under the Merger Agreement.

***The Offer and the Merger will involve substantial costs and will require substantial management resources.***

In connection with the consummation of the Offer and the Merger, management and financial resources have been diverted, and will continue to be diverted, towards the completion of the Offer and the Merger. We expect to incur substantial costs, fees, and expenses relating to, in addition to the direction of management resources towards, the Offer and the Merger. Such costs, fees, and expenses include fees and expenses payable to financial advisors, other professional fees and expenses, fees and costs relating to regulatory filings and filings with the SEC and notices and other transaction-related costs, fees and expenses. Further, if the Merger Agreement is terminated by us under specified circumstances, we will be required to pay Emerson a termination fee of approximately \$221.0 million. If the Offer and the Merger are not completed, we will have incurred substantial expenses and expended substantial management resources for which we will have received little or no benefit if the closing of the Merger does not occur.

***The pendency of the transactions with Emerson and the Purchaser could adversely affect our business, financial results and/or operations.***

Our efforts to complete the Offer and the Merger with Emerson and the Purchaser could cause substantial disruptions in, and create uncertainty surrounding, our business, which may materially adversely affect our business, financial results and/or operations. Uncertainty as to whether the Offer and the Merger will be completed may affect our ability to recruit prospective employees or to retain and motivate existing employees. Employee retention may be particularly challenging while the transactions are pending because employees may experience uncertainty about their roles following consummation of the Offer and the Merger. A substantial amount of our management's and employees' attention is being directed toward the completion of the transactions and thus is being diverted from our day-to-day operations. Uncertainty as to our future could adversely affect our business and our relationship with customers, suppliers and other third parties. Changes to, or termination of, existing business relationships could adversely affect our results of operations and financial condition, as well as the market price of our common stock. The adverse effects of the pendency of the transaction could be exacerbated by any delays in completion of the transactions or termination of the Merger Agreement.

***If the Merger occurs, our stockholders will not be able to participate in any financial upside to our business after the Merger.***

The Merger Agreement provides that, subject to the terms of the Merger Agreement, the Purchaser will commence the Offer to purchase all of the outstanding Shares (other than the Shares owned by the Company, the Purchaser or Emerson or any of their respective subsidiaries), at the Offer Price, net to the seller in cash, without interest, subject to the conditions set forth in the Merger Agreement. In the Merger, each Share issued and outstanding immediately prior to the Effective Time of the Merger that is not tendered and accepted pursuant to the Offer (other than the Shares owned by the Company, the Purchaser or Emerson or any of their respective subsidiaries, and Shares as to which appraisal rights have been perfected in accordance with applicable law) will automatically be canceled and retired and will cease to exist, and will thereafter represent only the right to receive the Offer Price in cash and without interest, less any applicable tax withholding. Our stockholders will not receive any shares of Emerson or Purchaser common stock in connection with the Offer or the Merger. As a result, if, following the consummation of the Merger, our business performs well, our current stockholders will not receive any benefit from the performance of our business following the consummation of the Merger.

***In certain instances, the Merger Agreement requires us to pay a termination fee to Emerson, which could require us to use available cash that would have otherwise been available for general corporate purposes.***

Under the terms of the Merger Agreement, we may be required to pay Emerson a termination fee of approximately \$221.0 million if the Merger Agreement is terminated under specific circumstances described in the Merger Agreement, including, but not limited to, our entry into an agreement with respect to a superior proposal or a change in the recommendation of our Board. If the Merger Agreement is terminated under such circumstances, we may be required to pay the termination fee under the Merger Agreement which may require us to use available cash that would have otherwise been available for general corporate purposes and other uses.

***The Offer consideration payable to holders of our common stock will not be adjusted for changes in our business, assets, liabilities, prospects, outlook, financial condition or results of operations, or in the event of any change in the price of our common stock.***

The Offer consideration payable to holders of our common stock will not be adjusted for changes in our business, assets, liabilities, prospects, outlook, financial condition or results of operations, or changes in the market price of, analyst estimates of, or projections relating to, our common stock. For example, if we experience an improvement in our

business, assets, liabilities, prospects, outlook, financial condition or results of operations prior to the consummation of the Offer and the Merger, there would be no adjustment to the amount of the proposed Offer consideration.

**Our ability to complete the Offer and the Merger is subject to certain closing conditions that could adversely affect us or cause the Merger to be abandoned.**

Consummation of the Offer and the Merger is subject to the satisfaction or waiver of various conditions set forth in the Merger Agreement, including (a) there shall have been validly tendered in the Offer (and not validly withdrawn) immediately prior to the expiration of the Offer that number of Shares (excluding (1) Shares tendered pursuant to guaranteed delivery procedures that have not yet been “received” by the “depository,” as such terms are defined by Section 251(h) of Delaware Law and (2) Shares owned by Emerson and its subsidiaries, Emerson’s and its subsidiaries’ directors and officers, and the Company’s directors and officers) that represent at least one more Share than 50% of the total number of Shares outstanding at the expiration of the Offer (excluding, for the purposes of calculating the total number of Shares outstanding, Shares owned by Emerson and its subsidiaries, Emerson’s and its subsidiaries’ directors and officers, and the Company’s directors and officers), (b) the absence of any applicable law prohibiting the consummation of the Offer and the Merger, (c) the accuracy of AspenTech’s representations and warranties contained in the Merger Agreement (except, generally, for any inaccuracies that have not had a Company Material Adverse Effect), (d) the absence of a Company Material Adverse Effect, (e) AspenTech’s performance in all material respects of its obligations under the Merger Agreement, and (f) the other conditions set forth in Annex I to the Merger Agreement. The consummation of the Offer and the Merger is not subject to a financing condition. We cannot provide any assurance that the conditions to the consummation of the Offer and/or the Merger will be satisfied or waived, or will not result in the abandonment or delay of the Offer and the Merger. If we do not consummate the Offer and the Merger, the price of our common stock may decline significantly from the current market price, which may reflect a market assumption that the Offer and the Merger will be consummated. Any of these events could have a material adverse effect on our business, operating results and financial condition and could cause a decline in the price of our common stock.

**Stockholder litigation could prevent or delay the consummation of the Offer and the Merger or otherwise negatively impact our business, operating results and financial condition.**

We may incur additional costs in connection with the defense or settlement of any existing and future stockholder litigation in connection with the Offer and the Merger. These lawsuits or other future litigation may adversely affect our ability to complete the Offer and the Merger. We could incur significant costs in connection with any such litigation, including costs associated with the indemnification of our directors and officers.

**Our executive officers and directors may have interests in the Offer and the Merger that are different from, or in addition to, those of our stockholders generally.**

Our executive officers and directors may have interests in the Offer and the Merger that are different from, or are in addition to, those of our stockholders generally. These interests include direct or indirect ownership of our Shares and equity awards, the acceleration of equity awards upon consummation of the transactions and other interests. These interests of our directors and executive officers will be set forth in further detail in a Schedule 14D-9 to be filed with the SEC.

**We have incurred, and will continue to incur, direct and indirect costs as a result of the pending transactions with Emerson.**

We have incurred, and will continue to incur, significant costs and expenses, including fees for professional services and other transaction costs, in connection with the transactions contemplated by the Merger Agreement. We are obligated to pay these costs and expenses whether or not the transactions are completed. There are a number of factors beyond our control that could affect the total amount or the timing of these costs and expenses, any of which could materially and adversely affect our business, financial condition and results of operations.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

**Purchases of Equity Securities by the Issuer**

On August 6, 2024, we announced that our **board of directors Board** approved the Fiscal 2025 Share Repurchase Authorization, pursuant to which an aggregate amount of **up to \$100.0 million** of our common stock may be repurchased.

**As of September 30, 2024, a total of 92,819 shares have been repurchased under the** We suspended purchasing activity on our Fiscal 2025 Share Repurchase Authorization in the second quarter of fiscal 2025. Prior to this, we repurchased 92,819 shares for \$20.5 million **with the total remaining value being \$79.5 million.** under our Fiscal 2025 Share Repurchase Authorization. For more details on the Fiscal 2025 Share Repurchase Authorization, refer to Note **13, 14**, “Stock Repurchases” to our condensed consolidated financial statements included in this Quarterly Report.

The following is a summary of stock repurchases for each month during the **first second** quarter of fiscal 2025:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value that May Yet Be Purchased Under the Plans or Programs <sup>(1)</sup>
(Dollars in Thousands, Except Shares and per Share Data)				
July 1, 2024 to July 31, 2024	—	—	—	—
August 1, 2024 to August 31, 2024	48,451	\$ 214.98	48,451	\$ 89,584
September 1, 2024 to September 30, 2024	44,368	\$ 227.00	44,368	\$ 79,512
Total	92,819	\$ 220.73	92,819	

Period			Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value that May Yet Be Purchased Under the Plans or Programs <sup>(1)</sup>	
	Total Number of Shares Purchased	Average Price Paid per Share			
(Dollars in Thousands, Except Shares and per Share Data)					
October 1, 2024 to October 31, 2024	—	\$ —	—	\$	79,512
November 1, 2024 to November 30, 2024	—	\$ —	—	\$	79,512
December 1, 2024 to December 31, 2024	—	\$ —	—	\$	79,512
Total	—	\$ —	—		

<sup>(1)</sup> On August 6, 2024, the Company we announced that its our Board of Directors approved the our Fiscal 2025 Share Repurchase Authorization, pursuant to which an aggregate amount of up to \$100.0 million of its common stock may be repurchased.

### Item 3. Defaults upon Senior Securities.

None.

### Item 4. Mine Safety Disclosures.

None.

### Item 5. Other Information.

During the three months ended September 30, 2024 December 31, 2024, none of our directors or officers adopted, made certain modifications to, or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K S-K.

### Item 6. Exhibits.



Exhibit Number	Description	
<b>10.1A</b> Filed with this Quarterly Report	<a href="#">Aspen Technology, Inc. Executive Retention Plan</a>	
<b>10.2A</b> 2.1	<a href="#">Agreement and Plan of Merger, dated as of January 26, 2025 (the "Merger Agreement"), among Aspen Technology, Emerson Electric Co., and Emersub CXV, Inc. Board of Directors Compensation Plan</a> (incorporated by reference to our Form 8-K filed on January 27, 2025).	
31.1	<a href="#">Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a> 2002.	X
31.2	<a href="#">Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a> 2002.	X
32.1	<a href="#">Certification of President and Chief Executive Officer and Senior Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a> 2002.	X
101.INS	Inline Instance Document	
101.SCH	Inline XBRL Taxonomy Extension Schema Document	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)	

## SIGNATURES

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 thereunto duly authorized.

### Aspen Technology, Inc.

Date: **November 4, 2024** February 4, 2025

By: Is/ ANTONIO J. PIETRI  
**Antonio J. Pietri**  
*President and Chief Executive Officer*  
*(Principal Executive Officer)*

Date: **November 4, 2024** February 4, 2025

By: Is/ DAVID BAKER  
**David Baker**  
*Senior Vice President, Chief Financial Officer*  
*(Principal Financial Officer)*

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Aspen Technology, Inc. Executive Retention Plan



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2 Aspen Technology, Inc. Executive Retention Plan EFFECTIVE DATE; PURPOSE This Aspen Technology, Inc. Executive Retention Plan (the "Plan") is effective as of May 2, 2024 (the "Effective Date"). Capitalized terms used but not otherwise defined have the meanings given to them in the "Definitions" section of this Plan. ELIGIBILITY The Board may designate employees of the Company or a subsidiary as participants in the Plan (the "Participants") and the Board may amend the list of Participants from time to time, unless otherwise agreed in writing with a Participant. The Board may delegate the authority to administer the Plan and to select Participants to the Human Capital Committee. No employee who has been selected as a Participant may be removed as a Participant during the twelve-month period immediately following a Change in Control or a Control Event. The Participants are set forth on Exhibit A hereto, which Exhibit shall be updated from time to time to reflect designations by the Board or the Human Capital Committee. QUALIFYING TERMINATION Participants will become entitled to payments and benefits hereunder upon a "Qualifying Termination," which means the termination of the Participant's employment by the Company without Cause or by the Participant for Good Reason. SEVERANCE BENEFITS A Participant who experiences a Qualifying Termination will be entitled to payments and benefits under only one of paragraphs (a), (b) and (c) below, subject to the other terms of this Plan. (a) Qualifying Termination. If a Participant has a Qualifying Termination not described in paragraph (b) or (c), then, subject to the execution and non-revocation of the Release Agreement, the Company will pay the Participant the following: (i) The Accrued Amounts. (ii) Cash severance, payable during the 12-month period following the Participant's termination date in substantially equal installments on the Company's normal payroll schedule, equal to the sum of (A) 12 months of the Participant's base salary and (b) the Participant's target annual cash bonus, pro-rated for the portion of the fiscal year which has elapsed as of the date of the Qualifying Termination and less any portion of actual cash bonus earned with respect to the year of termination that has previously been paid to the Participant (in either case without giving effect to any reductions constituting Good Reason) (the "Salary Severance").



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3 (iii) An additional cash payment, payable in a lump sum, within 10 business days following the effectiveness of the Release Agreement, in an amount equal to 12 times the monthly employer portion of the premium for the same level of coverage, including dependents, provided to the Participant under the Company's group health benefit plans immediately before the termination date (the "Benefits Severance"); and (iv) If and to the extent determined to be appropriate by the Board, Company-paid outplacement services (the "Outplacement Services"). (b) Qualifying Termination following a Change in Control. If a Participant has a Qualifying Termination during the 12 month period immediately following the consummation of a Change in Control, then: (i) The Company will pay the Participant the Accrued Amounts, Salary Severance, Benefits Severance and Outplacement Services, except that the Salary Severance will be payable in a lump sum, within 10 business days following the effectiveness of the Release Agreement (to the extent permissible without violating Section 409A of the Code); and (ii) Also subject to the execution and non-revocation of the Release Agreement, each then unvested equity or equity-based award held by the Participant will, upon the effectiveness of the Release Agreement, become fully vested (and, if applicable, such awards will be fully exercisable), with any awards that are subject to the attainment of performance criteria vesting at the target level of performance (or, if determinable and greater, the actual level of performance). Any outstanding stock option held by the Participant on her or her termination date will continue to be exercisable until the earlier of 90 days following the Participant's termination date or the original expiration date of the stock option. (c) Qualifying Termination Following a Control Event. If a Participant has a Qualifying Termination within the one year period commencing upon the occurrence of a Control Event (a "Covered Termination") and subsection (b) does not apply to the Participant's termination, then: (i) The Company will pay the Participant the Accrued Amounts, Salary Severance, Benefits Severance and Outplacement Services, except that the Salary Severance and the Benefits Severance will each be payable in a lump sum, within 10 business days following the effectiveness of the Release Agreement (to the extent permissible without violating Section 409A of the Code); and



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4. (i) Each Specified Equity Award held by the Participant will (subject to the execution and non-revocation of the Release Agreement) become vested and, if applicable, exercisable, as follows: (1) Each Specified Award which is subject to only time-based vesting conditions will vest in with respect to the portion of the award which would have become vested in the one year period immediately following the Covered Termination had the Participant remained employed, with the vesting to occur immediately prior to the Covered Termination and, in the case of Specified Awards which are stock options, the options will remain exercisable for 90 days following the Covered Termination (but not beyond the maximum term of the applicable stock option); and (2) Each Specified Award which is subject to performance-based vesting conditions will, upon the Covered Termination, (A) be converted into a time vesting award, vesting in equal annual tranches at the target level of performance and (B) be immediately vested as to the portion of the award which would have vested on the time vesting schedule described in clause (A), commencing on the date of grant and ending on the one-year anniversary of the Covered Termination. Except as may be required by Section 409A of the Code, shares (or cash or other property into which the awards are equitably adjusted) subject to awards which become vested pursuant to subsection (b) subsection (c) (other than stock options or stock appreciation rights which remain outstanding) will be delivered on or as soon as practicable following vesting. The Participant will not have to mitigate the amount of any payment or benefits payable under this Plan by seeking other employment or otherwise. Further, the amount of any payment or benefits payable under this Plan will not be reduced by any compensation earned by the Participant from employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Participant to the Company or otherwise. DEFINITIONS "Accrued Amounts" means (i) any unpaid base salary accrued by the Participant through the Participant's termination date; (ii) any unpaid annual incentive bonus earned by the Participant for a prior fiscal year; and (iii) any vested employee benefits that the Participant is entitled to receive as of the termination date under any employee benefit plan of the Company or one of its subsidiaries (in accordance with the terms of the plan). "Board" means the Board of Directors of the Company. "Cause" means (a) the Participant's repeated failure to perform the Participant's assigned duties; (b) the Participant's engagement in illegal conduct or gross misconduct which is materially harmful to the Company's business or reputation; (c) the Participant materially fails to comply with any written policy applicable to the Participant, including, but not limited to, the Company's Code of Business Ethics and Conduct or Insider Trading Policy; or (d) the Participant's commission of a felony under the laws of the United States or any State of the United States. Notwithstanding the foregoing, if the



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5 Participant has an effective employment agreement with the Company or a subsidiary which contains a Cause definition, that definition will govern for purposes of the Plan. "Change in Control" has the meaning set forth in the Aspen Technology, Inc. 2022 Omnibus Incentive Plan, as in effect on the Effective Date; provided that, if at any time following the Effective Date, EMR Worldwide, Inc. ceases to be the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended) of 50% or more of either (x) the then-outstanding shares of common stock of the Company or (y) the combined voting power of the then-outstanding securities of the Company entitled to vote generally in the election of directors, then at the time the beneficial ownership falls below either that 50% level, then after that date the following clauses will be deemed to have been deleted from such definition for purposes of this Plan: (1) clause (D) of Section 15.3.2(i), the proviso to Section 15.3.2(ii) and (3) clause (B) of Section 15.3.2(ii). "Code" means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code includes a reference to any related regulations. A "Control Event" will occur upon the first date following the Effective Date when EMR Worldwide, Inc. and its affiliates hold 90% or more of either (x) the then-outstanding shares of common stock of the Company or (y) the combined voting power of the then-outstanding securities of the Company entitled to vote generally in the election of directors. "Good Reason" means the occurrence of any of the following without the prior written consent of the Participant: (a) a reduction in the Participant's annual base salary or annual cash bonus opportunity as in effect on the Effective Date or, if later, the date upon which the Participant is selected as a Participant (and as Participant's base salary may be increased from time to time), other than pursuant to an across-the-board reduction in base salary for all similarly-situated executives of the Company and its affiliates; (b) a change by the Company to the Participant's primary work location to a new location that is more than 50 miles away from Participant's primary work location immediately prior to the change; or (c) a material reduction in the Participant's authority, duties or responsibilities as of immediately before the Effective Date or, if later, the date upon which the Participant is selected as a Participant (and as Participant's authority, duties or responsibilities may be increased from time to time), provided however, that following a Control Event, "Good Reason" does not exist if the Participant is employed by the Company with substantially the same authority, duty and responsibilities with respect to the Company's business that participant had immediately prior to the Effective Date (or, if later, the date upon which the Participant is selected as a Participant (and as Participant's authority, duties or responsibilities may be increased from time to time)) and shall not be deemed to exist solely because the Participant's title or reporting relationship is revised to reflect the Participant's placement, solely by virtue of a Control Event, within the overall corporate hierarchy of the post-transaction entity.



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5 Notwithstanding the foregoing, if the Participant has an effective employment agreement with the Company or a subsidiary which contains a Good Reason definition, that definition will govern for purposes of the Plan. In order for a resignation by a Participant to constitute a termination for Good Reason hereunder, the Participant must give notice to the Company of the event or circumstance constituting Good Reason within 30 days of the occurrence of that event or circumstance and the Company must have failed to cure the event or circumstance within the 30-day period following receipt of notice (and the Participant must have resigned within the 30-day period immediately following the expiration of the cure period). "Release Agreement" means a General Release of Claims in a form acceptable to the Company, in its sole discretion. "Specified Equity Awards" means unvested equity or equity-based compensation awards from the Company, whenever granted, unless both (1) the award is granted following the Effective Date and (2) the award agreement for the subsequent award specifically exempts the award from the application of subsection (c) of the Severance Benefits section of this Plan. SECTION 280G If it is determined that any payment or benefit provided to the Participant or for the Participant's benefit (whether or not paid under this Plan) (the "Total Payments") would be subject to the excise tax imposed by Section 4999 of the Code, (the "Excise Tax"), then the Total Payments payable under this Plan will be reduced to the highest amount which would not be subject to the Excise Tax, but only if the reduction would result in the Participant keeping a larger amount, on an after-tax basis (accounting for federal, state and local income taxes and the imposition of the Excise Tax), than if the Participant received all of the Total Payments. Any reduction will be effected in a manner which is intended to comply with any applicable requirements under Section 409A of the Code. NOTICES All notices, instructions and other communications related to the Plan will be in writing. Any notice, instruction or communication will be sent either (i) by registered or certified mail, return receipt requested, postage prepaid, or (ii) prepaid via a reputable nationwide overnight courier service, in each case addressed to the Company, at Aspen Technology, Inc., ATTN: Secretary (or, if the Participant is the Secretary, to the attention of the President), 20 Crosby Drive, Bedford MA 01730, and to the Participant at the address the Company has on file for the Participant. Any notice, instruction or communication will be deemed to have been delivered five business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent via a reputable nationwide overnight courier service. CLAIMS; DISPUTES All claims by a Participant for benefits under the Plan will be directed to the Board and will be in writing. Any rejection by the Board of a claim will be delivered to the Participant in writing and will set forth the specific reasons for the rejection and the specific provisions of this Plan relied on.



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7 EXPENSES Before a Change in Control has occurred, all legal, accounting and other fees and expenses which a party may reasonably incur as a result of any claim or contest (regardless of the outcome thereof) by the Company, the Participant or others regarding the validity or enforceability of, or liability under, any provision of this Plan or any guarantee of performance thereof (including as a result of any contest by the Participant regarding the amount of any payment or benefits pursuant to this Plan), will be the responsibility of the non-prevailing party. After a Change in Control has occurred, the Company will pay as incurred all legal, accounting and other fees and expenses which the Participant may reasonably incur as a result of any claim or contest (regardless of the outcome thereof) by the Company, the Participant or others regarding the validity or enforceability of, or liability under, any provision of this Plan.

ADMINISTRATION The Board has the authority to administer and interpret the Plan. The Board has all powers necessary to carry out its responsibilities under the Plan, including to (i) administer the Plan according to its terms and to interpret Plan policies and procedures; (ii) resolve and clarify inconsistencies, ambiguities and omissions in the Plan and between the Plan and other related documents; (iii) take all actions and make all decisions about eligibility to participate in the Plan and entitlement to receive benefits under the Plan, and benefit amounts; (iv) make, amend, interpret, and enforce all rules and regulations for the administration of the Plan; (v) process and approve or deny all claims for benefits; and (vi) resolve questions that arise in connection with the Plan. The Board may delegate any of its duties related to the Plan to any person or group that it designates. Any delegation will be in writing. If the Board has delegated duties under the Plan, any reference to the Board in this Plan document will instead reference the delegate.

AMENDMENT; TERMINATION The Plan may be amended or terminated by the Board at any time, provided, however, that the Plan may not be amended or terminated during the 12 months immediately after a Change in Control or Control Event.

TAX MATTERS Withholding. The Company will have the right to withhold from any amount payable under the Plan any Federal, state and local taxes in order for the Company to satisfy any withholding tax obligation it may have under any applicable law or regulation. Section 409A. The intent of the parties is that payments and benefits under this Plan be exempt from, or comply with, Section 409A of the Code, and accordingly, to the maximum extent permitted, this Plan will be interpreted and administered to be in accordance with Section 409A. Notwithstanding anything contained in this Plan to the contrary, the Participant will not be considered to have terminated employment with the Company for purposes of any payments under this Plan which are subject to Section 409A of the Code until the Participant would be considered to have has a "separation from service" from the Company within the meaning of Section 409A of the Code. Each amount to be paid or benefit to be provided under this Plan will be construed as a separate payment for purposes of Section 409A of the Code, and any payments described in this Plan that are due within the "short term deferral period" as defined in Section 409A of the Code will not be treated as deferred compensation unless applicable law requires otherwise. Without limiting the



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3 foregoing and notwithstanding anything contained in this Plan to the contrary, if needed in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Plan during the 6- month period immediately after a Participant's separation from service will instead be paid on the first business day after the date that is 6 months after the Participant's separation from service (or, if earlier, death). If needed to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts reimbursable to the Participant under this Plan will be paid to the Participant on or before the last day of the year after the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided) during any one year may not effect amounts reimbursable or provided in any subsequent year. The Company makes no representation that any or all of the payments described in this Plan will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any payment. The Participant will be solely responsible for the payment of any taxes and penalties incurred under Section 409A. GENERAL PROVISIONS At-Will Employment. The Plan does not alter the status of each Participant as an at-will employee of the Company. Nothing in the Plan gives any Participant the right to remain employed by the Company or limits the Company's right to terminate the employment of any Participant at any time, with or without Cause. Severability. The invalidity or unenforceability of any provision of the Plan will not affect the validity or enforceability of any other provision of the Plan. If any provision of the Plan is held by a court of competent jurisdiction to be unenforceable, the provision will be deemed modified as needed to make the provision legal, valid and enforceable, and the other remaining provisions of the Plan will not be affected. Successors. The Plan will be binding upon any successor to the Company, its assets, its businesses or its interest (whether as a result of a Change in Control or otherwise), as if no succession had taken place. If any successor would not automatically be bound by the Plan, the Company will require the successor to expressly assume the Plan in writing and honor the obligations of the Company under the Plan under the Plan, as if no succession had taken place. All payments and benefits that become due to a Participant under the Plan will inure to the benefit of his or her heirs, assigns, designees or legal representatives. Compensation Recovery Policy. Payments and benefits hereunder shall be subject to the Company's Compensation Recovery Policy or or incentive compensation recoupment policy as in effect from time to time. Transfer and Assignment. Neither a Participant nor any other person will have any right to sell, assign or otherwise transfer any amounts payable under the Plan before the date that the amounts are paid, except that, if a Participant dies, those amounts will be paid to the Participant's beneficiaries.



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9 Governing Law. If not pre-empted by federal law, the Plan will be governed by the internal laws of The Commonwealth of Massachusetts, without regard to conflicts of law principles.



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□ In clause (c)(ii)(1) under the SEVERANCE BENEFITS section, the reference to "the one year period immediately following the Covered Termination" shall be modified to refer to "the eighteen month period immediately following the Covered Termination" □ In clause (c)(ii)(2) under the SEVERANCE BENEFITS section, the reference to "the one-year anniversary of the Covered Termination" shall be modified to refer to "the eighteen month anniversary of the Covered Termination" All other provisions of the Plan shall apply to the Executive without alteration. The adoption of this Exhibit B by the Board shall constitute an amendment of the Plan in accordance with the applicable provisions thereof.

Capitalized terms which are not defined herein shall have the meaning set forth in the Plan.



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1 Aspen Technology, Inc. Board of Directors Compensation Policy Adopted October 14, 2024 Eligibility for Director Compensation Except as set for the below, members of the Board of Directors (the "Board") of Aspen Technology, Inc. (the "Company") receive the compensation described below for their service on the Board. Board members who also serve as members of management of the Company or Emerson Electric Co. are not eligible for compensation for their service on the Board. Director Compensation The Company pays an annual cash retainer of \$80,000 to each director. Payments are made in advance in equal quarterly installments. If a director joins the Board after the beginning of a quarter, the director will receive a pro-rated portion of the annual cash retainer. In addition to the annual cash retainer, Board and committee chairs receive additional annual cash retainers as follows: o Board Chair - \$100,000 o Audit Committee Chair - \$15,000 o Human Capital Committee Chair - \$15,000 o Nominating and Corporate Governance Committee Chair - \$7,500 o M&A Committee Chair - \$15,000 o Related Party Transaction Committees Chair - \$7,500 Each director also will receive an annual grant of restricted stock units ("RSUs") with a grant date value of \$240,000 (the "Annual RSU Award"). The Annual RSU Award will be issued on the first trading day of the fiscal year and vest on the last trading day of the fiscal year, subject to continual service by the director during that period. o A director who joins the Company during a fiscal year will receive a grant pro-rated from the initial date of appointment through the end of the fiscal year. o Directors are responsible for all tax payments resulting from the vesting of an Annual RSU Award. New Director Grant Each new director will receive a one-time, initial grant of RSUs with a grant date value of \$200,000 on the fifth trading day after the director commences their service on the Board (the "Initial RSU Award").



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2 o One-third of the Initial RSU Award will vest on the first anniversary of the grant date and in eight equal quarterly installments thereafter on the last trading day of the quarter beginning on the last trading day of the quarter of the first anniversary. o Directors are responsible for all tax payments resulting from the vesting of the Initial Award. Cessation of Board membership (other than following a Control Event) □ Upon cessation of Board membership, the Company will accelerate the vesting of the Annual RSU Award or the Initial RSU Award through the last date of service as a member of the Board. □ The Company does not "claw back" cash retainers paid at the beginning of the quarter in which the director resigns or departs the Board. Death or Disability of a Director □ The Annual RSU Award and Initial RSU Award will accelerate and vest through the date of the death or disability of the director. □ The Company does not "claw back" cash retainers paid at the beginning of the quarter in which the director dies or becomes disabled. Cessation of Board membership following a Control Event Upon cessation of Board membership (other than as a result of a resignation by the director) within the one year period following the occurrence of a Control Event (a "Covered Termination"), the Company will accelerate the vesting of the Annual RSU Award or the Initial RSU Award with respect to the portion of those awards which would have become vested in the one year period immediately following the Covered Termination had the director remained a Board member. A "Control Event" will occur when EMR Worldwide, Inc. and its affiliates hold 90% or more of either (x) the then-outstanding shares of common stock of the Company or (y) the combined voting power of the then-outstanding securities of the Company entitled to vote generally in the election of directors. Note: if equity grants cannot be made due to legal and/or regulatory restrictions, the grants will be delayed until a date as soon as practicable following the removal or lapse of such restrictions.



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## EXHIBIT 31.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Antonio J. Pietri, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Aspen Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;



b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2024 February 4, 2025

/s/ ANTONIO J. PIETRI

Antonio J. Pietri

President and Chief Executive Officer

(Principal Executive Officer)

EXHIBIT 31.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Baker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Aspen Technology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2024 February 4, 2025

/s/ DAVID BAKER

David Baker

Senior Vice President, Chief Financial Officer

(Principal Financial Officer)

## EXHIBIT 32.1

### CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Aspen Technology, Inc. (the "Company") for the quarter ended September 30, 2024 December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies in his capacity as an officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2024 February 4, 2025

/s/ ANTONIO J. PIETRI

Antonio J. Pietri

President and Chief Executive Officer

(Principal Executive Officer)

Date: November 4, 2024 February 4, 2025

/s/ DAVID BAKER

David Baker

Senior Vice President, Chief Financial Officer

(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Aspen Technology, Inc. and will be retained by Aspen Technology, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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