

**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

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: 001-39548

BENTLEY SYSTEMS, INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

95-3936623

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

685 Stockton Drive

Exton, Pennsylvania

(Address of principal executive offices)

19341

(Zip Code)

Registrant's telephone number, including area code: **(610) 458-5000**

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class B Common Stock, \$0.01 Par Value	BSY	The Nasdaq Stock Market LLC

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 Exchange Act). Yes No

As of October 31, 2024, the registrant had 11,537,627 shares of Class A and 290,712,297 shares of Class B common stock outstanding.

BENTLEY SYSTEMS, INCORPORATED
FORM 10-Q
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EXPLANATORY NOTE

This Quarterly Report on Form 10-Q is for the three and nine months ended September 30, 2024. This Quarterly Report on Form 10-Q modifies and supersedes documents filed before it. The United States (“U.S.”) Securities and Exchange Commission (“SEC”) allows us to “incorporate by reference” information that we file with it, which means that we can disclose important information to you by referring you directly to those documents. Information incorporated by reference is considered to be part of this Quarterly Report on Form 10-Q. In addition, information that we file with the SEC in the future will automatically update and supersede information contained in this Quarterly Report on Form 10-Q.

Unless indicated otherwise, throughout this Quarterly Report on Form 10-Q, we refer to Bentley Systems, Incorporated and its consolidated subsidiaries, as “Bentley Systems,” “Bentley,” the “Company,” “we,” “us,” and “our.”

This Quarterly Report on Form 10-Q contains trademarks, service marks, brands, or product names owned by us, as well as those owned by others.

Numerical information in this report is presented on a rounded basis using actual amounts. Minor differences in totals and percentage calculations may exist due to rounding.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes forward-looking statements. All statements contained in this Quarterly Report on Form 10-Q other than statements of historical facts, including statements regarding our future results of operations and financial position, our business strategy, and plans and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “could,” “would,” “seeks,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” and similar expressions, as well as statements regarding our focus for the future, are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations, projections, and assumptions about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in the section titled “Risk Factors.” Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this Quarterly Report on Form 10-Q may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. The forward-looking statements, as well as our Quarterly Report on Form 10-Q as a whole, are subject to risks and uncertainties.

These statements are only current predictions and are subject to known and unknown risks, uncertainties, and other factors that may cause our or our industry’s actual results, levels of activity, performance, or achievements to be materially different from those anticipated by the forward-looking statements. We discuss many of these risks in this Quarterly Report on Form 10-Q in greater detail in the section titled “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q. You should not rely upon forward-looking statements as predictions of future events.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, achievements, events, or circumstances reflected in the forward-looking statements will occur. Except as required by law, we undertake no obligation to update any of these forward-looking statements after the date of this Quarterly Report on Form 10-Q to conform these statements to actual results or revised expectations.

PART I. FINANCIAL INFORMATION

Item 1. Unaudited Consolidated Financial Statements

BENTLEY SYSTEMS, INCORPORATED
Consolidated Balance Sheets
(in thousands, except share and per share data)
(unaudited)

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 72,175	\$ 68,412
Accounts receivable	271,689	302,501
Allowance for doubtful accounts	(8,846)	(8,965)
Prepaid income taxes	15,846	12,812
Prepaid and other current assets	52,955	44,797
Total current assets	403,819	419,557
Property and equipment, net	34,533	40,100
Operating lease right-of-use assets	36,425	38,476
Intangible assets, net	225,788	248,787
Goodwill	2,390,392	2,269,336
Investments	24,724	23,480
Deferred income taxes	207,821	212,831
Other assets	72,985	67,283
Total assets	\$ 3,396,487	\$ 3,319,850
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 30,514	\$ 18,094
Accruals and other current liabilities	494,911	457,348
Deferred revenues	225,291	253,785
Operating lease liabilities	12,079	11,645
Income taxes payable	19,434	9,491
Current portion of long-term debt	—	10,000
Total current liabilities	782,229	760,363
Long-term debt	1,418,870	1,518,403
Deferred compensation plan liabilities	97,932	88,181
Long-term operating lease liabilities	27,954	30,626
Deferred revenues	15,820	15,862
Deferred income taxes	11,815	9,718
Income taxes payable	3,615	7,337
Other liabilities	4,242	5,378
Total liabilities	2,362,477	2,435,868
Commitments and contingencies (Note 18)		
Stockholders' equity:		
Preferred stock, \$0.01 par value, authorized 100,000,000 shares; none issued or outstanding as of September 30, 2024 and December 31, 2023	—	—
Class A common stock, \$0.01 par value, authorized 100,000,000 shares; issued and outstanding 11,537,627 shares as of September 30, 2024 and December 31, 2023	115	115
Class B common stock, \$0.01 par value, authorized 1,800,000,000 shares; issued and outstanding 290,505,175 and 284,728,210 shares as of September 30, 2024 and December 31, 2023, respectively	2,905	2,848
Additional paid-in capital	1,201,442	1,127,234
Accumulated other comprehensive loss	(82,959)	(84,987)
Accumulated deficit	(88,197)	(161,932)
Non-controlling interest	704	704
Total stockholders' equity	1,034,010	883,982
Total liabilities and stockholders' equity	\$ 3,396,487	\$ 3,319,850

See accompanying notes to consolidated financial statements.

BENTLEY SYSTEMS, INCORPORATED
Consolidated Statements of Operations
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues:				
Subscriptions	\$ 303,239	\$ 270,751	\$ 907,772	\$ 807,839
Perpetual licenses	11,274	11,887	31,649	33,152
Subscriptions and licenses	314,513	282,638	939,421	840,991
Services	20,660	23,974	63,852	76,781
Total revenues	335,173	306,612	1,003,273	917,772
Cost of revenues:				
Cost of subscriptions and licenses	44,220	42,088	126,870	124,175
Cost of services	20,612	22,588	62,985	74,111
Total cost of revenues	64,832	64,676	189,855	198,286
Gross profit	270,341	241,936	813,418	719,486
Operating expense (income):				
Research and development	70,068	65,465	204,148	203,382
Selling and marketing	64,940	53,757	176,455	160,262
General and administrative	51,359	42,678	152,695	128,743
Deferred compensation plan	6,983	(3,160)	13,665	4,763
Amortization of purchased intangibles	8,361	9,517	25,717	29,567
Total operating expenses	201,711	168,257	572,680	526,717
Income from operations	68,630	73,679	240,738	192,769
Interest expense, net	(4,669)	(10,047)	(16,289)	(30,623)
Other (expense) income, net	(5,087)	5,953	4,330	7,207
Income before income taxes	58,874	69,585	228,779	169,353
Provision for income taxes	(16,522)	(16,514)	(44,099)	(22,107)
Equity in net (losses) income of investees, net of tax	(14)	(44)	14	(44)
Net income	\$ 42,338	\$ 53,027	\$ 184,694	\$ 147,202
Per share information:				
Net income per share, basic	\$ 0.13	\$ 0.17	\$ 0.59	\$ 0.47
Net income per share, diluted	\$ 0.13	\$ 0.16	\$ 0.57	\$ 0.46
Weighted average shares, basic	315,207,216	313,069,132	314,820,679	311,915,808
Weighted average shares, diluted	333,789,636	332,825,186	333,724,425	332,144,893

See accompanying notes to consolidated financial statements.

BENTLEY SYSTEMS, INCORPORATED
Consolidated Statements of Comprehensive Income
(in thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	\$ 42,338	\$ 53,027	\$ 184,694	\$ 147,202
Other comprehensive income (loss), net of taxes:				
Foreign currency translation adjustments	10,306	(7,294)	1,928	(5,416)
Actuarial (loss) gain on retirement plan, net of tax effect of \$0, \$(8), \$(28), and \$(15), respectively	(1)	(6)	100	28
Total other comprehensive income (loss), net of taxes	10,305	(7,300)	2,028	(5,388)
Comprehensive income	<u>\$ 52,643</u>	<u>\$ 45,727</u>	<u>\$ 186,722</u>	<u>\$ 141,814</u>

See accompanying notes to consolidated financial statements.

BENTLEY SYSTEMS, INCORPORATED
Consolidated Statements of Stockholders' Equity
(in thousands, except share data)
(unaudited)

	Three Months Ended September 30, 2024						
	Class A and Class B Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Non- Controlling Interest	Total Stockholders' Equity
	Shares	Par Value					
Balance, June 30, 2024	299,747,133	\$ 2,997	\$ 1,176,630	\$ (93,264)	\$ (102,561)	\$ 704	\$ 984,506
Net income	—	—	—	—	42,338	—	42,338
Other comprehensive income	—	—	—	10,305	—	—	10,305
Dividends declared	—	—	—	—	(18,134)	—	(18,134)
Shares issued in connection with deferred compensation plan	2,181,214	22	(22)	—	—	—	—
Deferred compensation plan elective participant deferrals	—	—	43	—	—	—	43
Shares issued in connection with executive bonus plan	88,296	1	4,282	—	—	—	4,283
Shares issued in connection with employee stock purchase plan, net	131,558	1	5,667	—	(173)	—	5,495
Stock-based compensation expense	—	—	14,843	—	—	—	14,843
Shares related to restricted stock, net	77,657	1	(1)	—	(1,415)	—	(1,415)
Repurchases of Class B common stock under approved program	(183,056)	(2)	—	—	(8,252)	—	(8,254)
Balance, September 30, 2024	<u>302,042,802</u>	<u>\$ 3,020</u>	<u>\$ 1,201,442</u>	<u>\$ (82,959)</u>	<u>\$ (88,197)</u>	<u>\$ 704</u>	<u>\$ 1,034,010</u>

	Nine Months Ended September 30, 2024						
	Class A and Class B Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Non- Controlling Interest	Total Stockholders' Equity
	Shares	Par Value					
Balance, December 31, 2023	296,265,837	\$ 2,963	\$ 1,127,234	\$ (84,987)	\$ (161,932)	\$ 704	\$ 883,982
Net income	—	—	—	—	184,694	—	184,694
Other comprehensive income	—	—	—	2,028	—	—	2,028
Dividends declared	—	—	—	—	(53,985)	—	(53,985)
Shares issued in connection with deferred compensation plan	4,655,277	46	(46)	—	—	—	—
Deferred compensation plan elective participant deferrals	—	—	144	—	—	—	144
Shares issued in connection with executive bonus plan	256,587	3	13,196	—	—	—	13,199
Shares issued in connection with employee stock purchase plan, net	253,578	2	11,226	—	(348)	—	10,880
Stock option exercises, net	844,283	8	3,999	—	(2,195)	—	1,812
Shares issued for stock grants, net	11,391	—	600	—	—	—	600
Stock-based compensation expense	—	—	45,096	—	—	—	45,096
Shares related to restricted stock, net	668,586	7	(7)	—	(8,671)	—	(8,671)
Repurchases of Class B common stock under approved program	(912,737)	(9)	—	—	(45,760)	—	(45,769)
Balance, September 30, 2024	<u>302,042,802</u>	<u>\$ 3,020</u>	<u>\$ 1,201,442</u>	<u>\$ (82,959)</u>	<u>\$ (88,197)</u>	<u>\$ 704</u>	<u>\$ 1,034,010</u>

See accompanying notes to consolidated financial statements.

BENTLEY SYSTEMS, INCORPORATED
Consolidated Statements of Stockholders' Equity
(in thousands, except share data)
(unaudited)

	Three Months Ended September 30, 2023						
	Class A and Class B Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Non- Controlling Interest	Total Stockholders' Equity
	Shares	Par Value					
Balance, June 30, 2023	294,712,983	\$ 2,947	\$ 1,085,066	\$ (87,828)	\$ (357,117)	\$ 704	\$ 643,772
Net income	—	—	—	—	53,027	—	53,027
Other comprehensive loss	—	—	—	(7,300)	—	—	(7,300)
Dividends declared	—	—	—	—	(14,768)	—	(14,768)
Shares issued in connection with deferred compensation plan, net	63,267	—	—	—	(2,127)	—	(2,127)
Deferred compensation plan elective participant deferrals	—	—	61	—	—	—	61
Shares issued in connection with executive bonus plan, net	34,313	—	3,251	—	(1,430)	—	1,821
Shares issued in connection with employee stock purchase plan, net	162,459	2	5,429	—	(623)	—	4,808
Stock option exercises, net	185,255	2	888	—	(419)	—	471
Stock-based compensation expense	—	—	14,122	—	—	—	14,122
Shares related to restricted stock, net	85,929	1	(1)	—	(1,726)	—	(1,726)
Balance, September 30, 2023	<u>295,244,206</u>	<u>\$ 2,952</u>	<u>\$ 1,108,816</u>	<u>\$ (95,128)</u>	<u>\$ (325,183)</u>	<u>\$ 704</u>	<u>\$ 692,161</u>

	Nine Months Ended September 30, 2023						
	Class A and Class B Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Non- Controlling Interest	Total Stockholders' Equity
	Shares	Par Value					
Balance, December 31, 2022	289,014,487	\$ 2,890	\$ 1,030,466	\$ (89,740)	\$ (370,866)	\$ 704	\$ 573,454
Net income	—	—	—	—	147,202	—	147,202
Other comprehensive loss	—	—	—	(5,388)	—	—	(5,388)
Dividends declared	—	—	—	—	(43,992)	—	(43,992)
Shares issued in connection with deferred compensation plan, net	2,845,448	28	(28)	—	(38,456)	—	(38,456)
Deferred compensation plan elective participant deferrals	—	—	1,712	—	—	—	1,712
Shares issued in connection with executive bonus plan, net	171,510	2	13,055	—	(5,756)	—	7,301
Shares issued in connection with employee stock purchase plan, net	315,840	3	9,985	—	(845)	—	9,143
Stock option exercises, net	2,422,082	24	10,566	—	(6,408)	—	4,182
Shares issued for stock grants, net	12,639	—	600	—	—	—	600
Stock-based compensation expense	—	—	42,465	—	—	—	42,465
Shares related to restricted stock, net	462,200	5	(5)	—	(6,062)	—	(6,062)
Balance, September 30, 2023	<u>295,244,206</u>	<u>\$ 2,952</u>	<u>\$ 1,108,816</u>	<u>\$ (95,128)</u>	<u>\$ (325,183)</u>	<u>\$ 704</u>	<u>\$ 692,161</u>

See accompanying notes to consolidated financial statements.

BENTLEY SYSTEMS, INCORPORATED
Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 184,694	\$ 147,202
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	48,397	52,787
Deferred income taxes	7,056	(14,632)
Stock-based compensation expense	57,856	56,092
Deferred compensation plan	13,665	4,763
Amortization of deferred debt issuance costs	5,554	5,469
Change in fair value of derivative	5,570	(4,102)
Foreign currency remeasurement (gain) loss	(126)	3,198
Other	(1,733)	2,464
Changes in assets and liabilities, net of effect from acquisitions:		
Accounts receivable	34,588	56,065
Prepaid and other assets	(9,952)	(1,246)
Accounts payable, accruals, and other liabilities	36,356	33,437
Deferred revenues	(31,512)	(17,688)
Income taxes payable, net of prepaid income taxes	3,247	5,834
Net cash provided by operating activities	<u>353,660</u>	<u>329,643</u>
Cash flows from investing activities:		
Purchases of property and equipment and investment in capitalized software	(8,499)	(18,906)
Acquisitions, net of cash acquired	(128,774)	(23,110)
Purchases of investments	(807)	(11,352)
Proceeds from investments	—	2,123
Other	2,400	—
Net cash used in investing activities	<u>(135,680)</u>	<u>(51,245)</u>
Cash flows from financing activities:		
Proceeds from credit facilities	233,281	442,566
Payments of credit facilities	(207,608)	(634,718)
Repayments of term loan	(140,000)	(3,750)
Payments of contingent and non-contingent consideration	(3,022)	(3,039)
Payments of dividends	(53,985)	(43,992)
Proceeds from stock purchases under employee stock purchase plan	11,228	9,988
Proceeds from exercise of stock options	4,007	10,590
Payments for shares acquired including shares withheld for taxes	(11,199)	(57,527)
Repurchases of Class B common stock under approved program	(45,769)	—
Other	(151)	(137)
Net cash used in financing activities	<u>(213,218)</u>	<u>(280,019)</u>
Effect of exchange rate changes on cash and cash equivalents	(999)	(3,100)
Increase (decrease) in cash and cash equivalents	3,763	(4,721)
Cash and cash equivalents, beginning of year	68,412	71,684
Cash and cash equivalents, end of period	<u>\$ 72,175</u>	<u>\$ 66,963</u>

BENTLEY SYSTEMS, INCORPORATED
Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2024	2023
Supplemental information:		
Cash paid for income taxes	\$ 33,948	\$ 29,467
Income tax refunds	925	764
Interest paid	12,130	29,370
Non-cash investing and financing activities:		
Cost method investment	—	3,500
Deferred, non-contingent consideration, net	—	525
Share-settled executive bonus plan awards	13,199	13,057
Deferred compensation plan elective participant deferrals	144	1,712

See accompanying notes to consolidated financial statements.

BENTLEY SYSTEMS, INCORPORATED
Notes to Consolidated Financial Statements
(in thousands, except share and per share data)
(unaudited)

Note 1: Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of the Company and its consolidated subsidiaries. The accompanying unaudited consolidated financial statements have been prepared in U.S. dollars, and in accordance with U.S. generally accepted accounting principles (“GAAP”) and the rules and regulations of the SEC regarding interim financial reporting. Accordingly, they do not include all the information and notes required by GAAP for annual financial statements. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s 2023 Annual Report on Form 10-K. In management’s opinion, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of normal, recurring and non-recurring adjustments) that were considered necessary for the fair statement of the Company’s financial position, results of operations, and cash flows as of the dates and for the periods indicated. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts in the financial statements and accompanying notes. Actual results could differ materially from those estimates. The December 31, 2023 consolidated balance sheet included herein is derived from the Company’s audited consolidated financial statements.

Note 2: Recent Accounting Pronouncements

In March 2024, the SEC adopted the final rule under SEC Release No. 33-11275, *The Enhancement and Standardization of Climate-Related Disclosures for Investors*. The final rule requires registrants to disclose certain climate-related information in registration statements and annual reports. The final rule disclosure requirements will begin phasing in prospectively for the Company’s fiscal year beginning January 1, 2025. Subsequent to issuance, the final rule became the subject of litigation and the SEC issued a stay to allow the legal process to proceed. The Company is currently evaluating the impact of the final rule on its consolidated financial statements disclosures.

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* (“ASU 2023-09”), which expands disclosures in an entity’s income tax rate reconciliation table and regarding cash taxes paid both in the U.S. and foreign jurisdictions. ASU 2023-09 is effective for the Company for the annual reporting period beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of ASU 2023-09 on its consolidated financial statements disclosures.

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* (“ASU 2023-07”), which expands disclosures about a public entity’s reportable segments and requires more enhanced information about a reportable segment’s expenses, interim segment profit or loss, and how the Company’s chief operating decision maker (“CODM”) uses reported segment profit or loss information in assessing segment performance and allocating resources. ASU 2023-07 is effective for the Company for the annual reporting period beginning after December 15, 2023, and interim periods beginning after December 15, 2024. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the impact of the adoption of ASU 2023-07 on its consolidated financial statements disclosures.

Note 3: Revenue from Contracts with Customers

Disaggregation of Revenues

The Company's revenues consist of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Subscriptions:				
Enterprise subscriptions ⁽¹⁾	\$ 135,667	\$ 111,318	\$ 391,039	\$ 318,896
SELECT subscriptions	64,607	63,406	191,796	190,834
Term license subscriptions	102,965	96,027	324,937	298,109
Subscriptions	303,239	270,751	907,772	807,839
Perpetual licenses	11,274	11,887	31,649	33,152
Subscriptions and licenses	314,513	282,638	939,421	840,991
Services:				
Recurring	3,387	3,606	11,241	12,733
Other	17,273	20,368	52,611	64,048
Services	20,660	23,974	63,852	76,781
Total revenues	<u>\$ 335,173</u>	<u>\$ 306,612</u>	<u>\$ 1,003,273</u>	<u>\$ 917,772</u>

(1) Enterprise subscriptions includes revenue attributable to Enterprise 365 ("E365") subscriptions of \$133,347 and \$107,681 for the three months ended September 30, 2024 and 2023, respectively, and \$382,013 and \$301,260 for the nine months ended September 30, 2024 and 2023, respectively.

The Company recognizes perpetual licenses and the term license component of subscriptions as revenue when either the licenses are delivered or at the start of the subscription term. For the three months ended September 30, 2024 and 2023, the Company recognized \$166,035 and \$147,340 of license related revenues, respectively, of which \$154,761 and \$135,453, respectively, were attributable to the term license component of the Company's subscription-based commercial offerings recorded in *Subscriptions* in the consolidated statements of operations. For the nine months ended September 30, 2024 and 2023, the Company recognized \$504,802 and \$444,186 of license related revenues, respectively, of which \$473,153 and \$411,034, respectively, were attributable to the term license component of the Company's subscription-based commercial offerings recorded in *Subscriptions* in the consolidated statements of operations.

The Company derived 6% and 8% of its total revenues through channel partners for the three months ended September 30, 2024 and 2023, respectively, and 7% of its total revenues through channel partners for the nine months ended September 30, 2024 and 2023.

Revenue from external customers is attributed to individual countries based upon the location of the customer. Revenues by geographic region are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Americas ⁽¹⁾	\$ 175,609	\$ 162,367	\$ 536,112	\$ 489,548
Europe, the Middle East, and Africa (“EMEA”)	95,343	86,956	285,922	263,232
Asia-Pacific (“APAC”)	64,221	57,289	181,239	164,992
Total revenues	\$ 335,173	\$ 306,612	\$ 1,003,273	\$ 917,772

(1) Americas includes the U.S., Canada, and Latin America (including the Caribbean). Revenue attributable to the U.S. totaled \$139,338 and \$129,510 for the three months ended September 30, 2024 and 2023, respectively, and \$416,600 and \$384,807 for the nine months ended September 30, 2024 and 2023, respectively.

Unbilled Revenues

Unbilled revenues represent revenues that have not yet been billed to customers due to timing differences in usage and billing cycles, and are included in *Accounts receivable* in the consolidated balance sheets. As of September 30, 2024 and December 31, 2023, unbilled revenues were \$159,172 and \$129,494, respectively.

Contract Balances

As of September 30, 2024 and December 31, 2023, the Company’s contract assets relate to performance obligations completed in advance of the right to invoice and are included in *Prepaid and other current assets* in the consolidated balance sheets. Contract assets were not material as of September 30, 2024 or December 31, 2023.

Deferred revenues consist of billings made or payments received in advance of revenue recognition from subscriptions and services. The timing of revenue recognition may differ from the timing of billings to users. As of September 30, 2024 and December 31, 2023, total deferred revenues on the consolidated balance sheets were \$241,111 and \$269,647, respectively.

For the nine months ended September 30, 2024, \$211,782 of revenues that were included in the December 31, 2023 deferred revenues balance were recognized. There were additional deferrals of \$182,880 for the nine months ended September 30, 2024, which were primarily related to new billings. For the nine months ended September 30, 2023, \$183,335 of revenues that were included in the December 31, 2022 deferred revenues balance were recognized. There were additional deferrals of \$169,368 for the nine months ended September 30, 2023, which were primarily related to new billings.

As of September 30, 2024 and December 31, 2023, the Company has deferred \$19,241 and \$18,269, respectively, related to portfolio balancing exchange rights which is included in *Deferred revenues* in the consolidated balance sheets.

Remaining Performance Obligations

The Company’s contracts with customers include amounts allocated to performance obligations that will be satisfied at a later date. As of September 30, 2024, amounts allocated to these remaining performance obligations are \$241,111, of which the Company expects to recognize approximately 93% over the next 12 months with the remaining amount thereafter.

Note 4: Acquisitions

The aggregate details of the Company's acquisition activity are as follows:

	Acquisitions Completed During Nine Months Ended September 30,	
	2024	2023
Number of acquisitions	2	2
Cash paid at closing	\$ 141,310	\$ 23,375
Cash acquired	(12,536)	(265)
Net cash paid	<u>\$ 128,774</u>	<u>\$ 23,110</u>

(1) Of the cash paid at closing, \$11,000 was held in an escrow account to secure any potential indemnification and other obligations of the seller as of September 30, 2024.

The operating results of the acquired businesses were not material, individually or in the aggregate, to the Company's consolidated statements of operations.

The operating results of the acquired businesses are included in the Company's consolidated financial statements from the closing date of each respective acquisition. The purchase price for each acquisition has been allocated to the net tangible and intangible assets and liabilities based on their estimated fair values at the respective acquisition date.

The Company is in the process of finalizing the purchase accounting for two acquisitions completed during the nine months ended September 30, 2024. Identifiable assets acquired and liabilities assumed were provisionally recorded at their estimated fair values on the respective acquisition date. The initial accounting for these business combinations is not complete because the evaluation necessary to assess the fair values of certain net assets acquired is still in process. The provisional amounts are subject to revision until the evaluations are completed to the extent that additional information is obtained about the facts and circumstances that existed as of the acquisition date. The allocation of the purchase price may be modified from the date of the acquisition as more information is obtained about the fair values of assets acquired and liabilities assumed, however, such measurement period cannot exceed one year.

Acquisition costs are expensed as incurred and are recorded in *General and administrative* in the consolidated statements of operations. For the three months ended September 30, 2024 and 2023, the Company's acquisition costs were \$877 and insignificant, respectively, and \$1,306 and \$5,803 for the nine months ended September 30, 2024 and 2023, respectively, which include costs related to legal, accounting, valuation, insurance, and other consulting and transaction fees.

The following summarizes the fair values of the assets acquired and liabilities assumed, as well as the weighted average useful lives assigned to acquired intangible assets at the respective date of each acquisition (including contingent consideration):

	Acquisitions Completed During	
	Nine Months Ended September 30, 2024	Year Ended December 31, 2023
Consideration:		
Cash paid at closing	\$ 141,310	\$ 26,287
Deferred, non-contingent consideration, net	—	525
Other	—	15
Total consideration	\$ 141,310	\$ 26,827
Assets acquired and liabilities assumed:		
Cash	\$ 12,536	\$ 264
Accounts receivable and other current assets	5,272	1,742
Operating lease right-of-use assets	103	397
Deferred income taxes	—	2,151
Other assets	86	6
Software and technology (weighted average useful life of 5 and 3 years, respectively)	7,025	3,077
Customer relationships (weighted average useful life of 6 years)	—	3,900
Trademarks (weighted average useful life of 10 and 5 years, respectively)	5,100	1,000
Total identifiable assets acquired excluding goodwill	30,122	12,537
Accruals and other current liabilities	(2,046)	(624)
Deferred revenues	(2,369)	(4,623)
Operating lease liabilities	(103)	(397)
Deferred income taxes	(509)	—
Total liabilities assumed	(5,027)	(5,644)
Net identifiable assets acquired excluding goodwill	25,095	6,893
Goodwill	116,215	19,934
Net assets acquired	\$ 141,310	\$ 26,827

Goodwill recorded in connection with the acquisitions was attributable to synergies expected to arise from cost saving opportunities, as well as future expected cash flows. The Company expects \$5,756 of the goodwill recorded relating to the 2024 acquisitions will be deductible for income tax purposes.

Note 5: Property and Equipment, Net

Property and equipment, net consist of the following:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Land	\$ 1,341	\$ 2,811
Building and improvements	31,611	31,025
Computer equipment and software	50,748	46,202
Furniture, fixtures, and equipment	10,197	9,799
Aircraft	2,038	2,038
Other	83	89
Property and equipment, at cost	<u>96,018</u>	<u>91,964</u>
Less: Accumulated depreciation	<u>(61,485)</u>	<u>(51,864)</u>
Total property and equipment, net	<u>\$ 34,533</u>	<u>\$ 40,100</u>

Depreciation expense was \$3,361 and \$3,135 for the three months ended September 30, 2024 and 2023, respectively, and \$10,041 and \$8,769 for the nine months ended September 30, 2024 and 2023, respectively.

Note 6: Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill are as follows:

Balance, December 31, 2023	\$ 2,269,336
Acquisitions	116,215
Foreign currency translation adjustments	5,674
Other adjustments	(833)
Balance, September 30, 2024	<u>\$ 2,390,392</u>

Details of intangible assets other than goodwill are as follows:

	Estimated Useful Life	<u>September 30, 2024</u>			<u>December 31, 2023</u>		
		Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Intangible assets subject to amortization:							
Software and technology	3-5 years	\$ 88,096	\$ (59,872)	\$ 28,224	\$ 89,693	\$ (59,045)	\$ 30,648
Customer relationships	3-10 years	323,403	(163,103)	160,300	323,442	(142,378)	181,064
Trademarks	3-10 years	75,939	(38,698)	37,241	70,710	(33,709)	37,001
Non-compete agreements	5 years	350	(327)	23	350	(276)	74
Total intangible assets		<u>\$ 487,788</u>	<u>\$ (262,000)</u>	<u>\$ 225,788</u>	<u>\$ 484,195</u>	<u>\$ (235,408)</u>	<u>\$ 248,787</u>

The aggregate amortization expense for purchased intangible assets with finite lives was reflected in the Company's consolidated statements of operations as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Cost of subscriptions and licenses	\$ 3,087	\$ 3,161	\$ 9,442	\$ 9,471
Amortization of purchased intangibles	8,361	9,517	25,717	29,567
Total amortization expense	<u>\$ 11,448</u>	<u>\$ 12,678</u>	<u>\$ 35,159</u>	<u>\$ 39,038</u>

Note 7: Investments

Investments consist of the following:

	September 30, 2024	December 31, 2023
Cost method investments	\$ 22,245	\$ 21,044
Equity method investments	2,479	2,436
Total investments	<u>\$ 24,724</u>	<u>\$ 23,480</u>

Cost Method Investments

The Company invests in technology development companies, generally in the form of equity interests or convertible notes. In March 2023, the Company acquired an equity interest in Worldsensing, a leading global connectivity hardware platform company for infrastructure monitoring, via contribution of its sensemetrics' Thread connectivity device business (the "Thread business") and cash. The non-cash contribution of the Thread business resulted in an insignificant gain, which was recorded in *Other (expense) income, net* in the consolidated statements of operations for the nine months ended September 30, 2023.

During the second quarter of 2023, the Company recognized impairment charges of \$7,318 to write-down certain cost method investments to their fair value primarily as a result of the investees' decline in operating performance and the overall decline in the venture investment valuation environment. The impairment charges were recorded in *Other (expense) income, net* in the consolidated statements of operations for the nine months ended September 30, 2023 (see Note 20).

During the third quarter of 2023, the Company recognized gains on investments of \$2,360, which was recorded in *Other (expense) income, net* in the consolidated statements of operations for the three and nine months ended September 30, 2023 (see Note 20).

During the nine months ended September 30, 2024, the Company invested a total of \$807. During the nine months ended September 30, 2023, the Company invested a total of \$12,591, including \$8,928 of cash and non-cash for its investment in Worldsensing. As of September 30, 2024 and December 31, 2023, the Company's investment balance in Worldsensing was \$8,928.

During the second quarter of 2024, the Company acquired a business from Teralytics Holdings AG ("Teralytics") for \$5,000. As of September 30, 2024, the Company retained its ownership percentage in Teralytics. The carrying value of Teralytics was zero as of September 30, 2024 and December 31, 2023.

Equity Method Investments

The Company is party to joint ventures, which are accounted for using the equity method. No investments were made during the nine months ended September 30, 2024. During the nine months ended September 30, 2023, the Company invested \$2,261.

Note 8: Leases

The Company's operating leases consist of office facilities, office equipment, and automobiles. As of September 30, 2024, the Company's leases have remaining terms of less than one year to nine years, some of which include one or more options to renew, with renewal terms from one year to five years and some of which include options to terminate the leases from less than one year to five years.

The components of operating lease cost reflected in the consolidated statements of operations were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating lease cost ⁽¹⁾	\$ 4,146	\$ 4,312	\$ 11,399	\$ 13,474
Variable lease cost	1,261	1,133	3,549	3,481
Total operating lease cost	<u>\$ 5,407</u>	<u>\$ 5,445</u>	<u>\$ 14,948</u>	<u>\$ 16,955</u>

(1) Operating lease cost includes rent cost related to operating leases for office facilities of \$3,884 and \$4,180 for the three months ended September 30, 2024 and 2023, respectively, and \$10,656 and \$12,926 for the nine months ended September 30, 2024 and 2023, respectively.

Supplemental operating cash flows and other information related to leases was as follows:

	Nine Months Ended September 30,	
	2024	2023
Cash paid for operating leases included in operating cash flows	\$ 11,314	\$ 13,830
Right-of-use assets obtained in exchange for new operating lease liabilities ⁽¹⁾	\$ 7,394	\$ 14,794

(1) Right-of-use assets obtained in exchange for new operating lease liabilities does not include the impact from acquisitions of \$103 and \$397 for the nine months ended September 30, 2024 and 2023, respectively.

The weighted average remaining lease term for operating leases was 4.4 years and 4.6 years as of September 30, 2024 and December 31, 2023, respectively. The weighted average discount rate was 5.1% and 4.8% as of September 30, 2024 and December 31, 2023, respectively.

Note 9: Accruals and Other Current Liabilities

Accruals and other current liabilities consist of the following:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Cloud Services Subscription deposits	\$ 343,452	\$ 284,276
Accrued benefits	41,134	39,983
Accrued compensation	38,922	43,316
Due to customers	16,198	16,924
Accrued indirect taxes	6,719	10,722
Accrued acquisition stay bonus	6,625	4,336
Accrued professional fees	5,677	5,970
Accrued cloud provisioning costs	4,065	3,572
Deferred compensation plan liabilities	3,833	2,355
Employee stock purchase plan contributions	2,971	5,790
Accrued realignment costs	472	12,459
Non-contingent consideration from acquisitions	—	3,576
Other accrued and current liabilities	24,843	24,069
Total accruals and other current liabilities	<u>\$ 494,911</u>	<u>\$ 457,348</u>

Note 10: Long-Term Debt

Long-term debt consists of the following:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Credit facility:		
Revolving loan facility due November 2025	\$ 117,701	\$ 92,028
Term loan due November 2025	50,000	190,000
Convertible senior notes due January 2026 (the "2026 Notes")	687,830	687,830
Convertible senior notes due July 2027 (the "2027 Notes")	575,000	575,000
Unamortized debt issuance costs	(11,661)	(16,455)
Total debt	<u>1,418,870</u>	<u>1,528,403</u>
Less: Current portion of long-term debt	—	(10,000)
Long-term debt	<u>\$ 1,418,870</u>	<u>\$ 1,518,403</u>

The Company had \$150 of letters of credit outstanding as of September 30, 2024 and December 31, 2023 under its amended and restated credit agreement, entered into on December 19, 2017 (the "Credit Facility"). As of September 30, 2024 and December 31, 2023, the Company had \$732,149 and \$757,822, respectively, available under the Credit Facility.

During the three and nine months ended September 30, 2024, the Company made repayments of \$35,000 and \$140,000, respectively, on the senior secured term loan under the Credit Facility. Under the terms of the senior secured term loan, repayments are applied to unpaid quarterly principal installments. There are no remaining required principal installments on the senior secured term loan through the maturity date of November 15, 2025.

As of September 30, 2024 and December 31, 2023, the Company was in compliance with all debt covenants and none of the conditions of the 2026 Notes or 2027 Notes to early convert had been met.

Credit Facility Refinancing Subsequent to September 30, 2024

On October 18, 2024, the Company entered into a second amended and restated credit agreement with a syndicate of banks (the “2024 Credit Facility”). The 2024 Credit Facility provides the Company with a \$1,300,000 revolving credit facility, including \$125,000 in swingline loans and \$125,000 in letters of credit. The 2024 Credit Facility also provides the Company with a \$500,000 “accordion” feature to increase the facility in the form of both revolving indebtedness and/or incremental term loans. On October 18, 2024, the Company used borrowings under the 2024 Credit Facility to repay all indebtedness outstanding under the Credit Facility, including the outstanding senior secured term loan.

The 2024 Credit Facility matures on October 18, 2029, subject to a “springing maturity date” on the date that is 91 days prior to the maturity date of the Company’s outstanding convertible debt, unless on such date the Company meets certain liquidity requirements. Voluntary prepayments under the 2024 Credit Facility are permitted at any time without payment of any prepayment premiums.

Revolving loan borrowings under the 2024 Credit Facility bear interest, at the Company’s option, at the Alternative Base Rate or Term Secured Overnight Financing Rate (“SOFR”) that reset every one, three, or six months. Under the Term SOFR elections, revolving loan borrowings bear an interest rate of the applicable term SOFR rate plus a credit spread adjustment of 10 basis points (“bps”), plus a spread ranging from 125 bps to 225 bps as determined by the Company’s net leverage ratio. Under the non-Term SOFR elections, revolving loan borrowings bear a base interest rate of the highest of (i) the prime rate, (ii) the overnight bank funding effective rate plus 50 bps, or (iii) the daily simple SOFR rate plus 100 bps, plus a spread ranging from 25 bps to 125 bps as determined by the Company’s net leverage ratio.

Swingline borrowings under the 2024 Credit Facility bear interest that resets daily. Interest on swingline borrowings bear an interest rate of the daily simple SOFR rate plus a credit spread adjustment of 10 bps, plus a spread ranging from 125 bps to 225 bps as determined by the Company’s net leverage ratio.

In addition, a commitment fee for the unused revolving credit facility ranges from 20 bps to 30 bps per annum as determined by the Company’s net leverage ratio.

Borrowings under the 2024 Credit Facility are guaranteed by the Company’s material first tier domestic subsidiaries and are secured by a first priority security interest in substantially all of the Company’s and the guarantors’ U.S. assets, including pledges of the stock of each of their directly owned domestic and foreign subsidiaries, with the latter limited to 65% of such stock.

The agreement governing the 2024 Credit Facility contains customary affirmative and negative covenants, including restrictions on our ability to pay dividends, repurchase our Class B common stock, and make other restricted payments, as well as events of default, including, without limitation, payment defaults, breaches of representations and warranties, covenants defaults, cross-defaults to certain other indebtedness in excess of \$100,000, certain events of bankruptcy and insolvency, judgment defaults in excess of \$10,000, failure of any security document supporting the 2024 Credit Facility to be in full force and effect, and a change of control. The 2024 Credit Facility also contains customary financial covenants, including net leverage ratio, net senior secured leverage ratio, and interest coverage ratio.

Interest Expense, Net

Interest expense, net consists of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Contractual interest expense	\$ (3,227)	\$ (8,678)	\$ (12,713)	\$ (27,352)
Amortization of deferred debt issuance costs	(1,804)	(1,823)	(5,554)	(5,469)
Other interest (expense) income	(74)	(47)	(142)	958
Interest income	436	501	2,120	1,240
Interest expense, net	<u>\$ (4,669)</u>	<u>\$ (10,047)</u>	<u>\$ (16,289)</u>	<u>\$ (30,623)</u>

The weighted average interest rate on borrowings under the Credit Facility were 7.21% and 7.44% for the three months ended September 30, 2024 and 2023, respectively, and 7.38% and 7.04% for the nine months ended September 30, 2024 and 2023, respectively.

Note 11: Executive Incentive Plans

Executive Bonus Plan

For the three months ended September 30, 2024 and 2023, the incentive compensation, including cash payments, election to receive shares of fully vested Class B common stock, and deferred compensation to plan participants, recognized under the amended and restated Bentley Systems, Incorporated Bonus Pool Plan (the “Bonus Plan”) (net of all applicable holdbacks) was \$1,460 and \$5,081, respectively, and \$14,858 and \$17,326 for the nine months ended September 30, 2024 and 2023, respectively.

As part of Gregory S. Bentley’s transition to the role of Executive Chair of the Board of Directors effective July 1, 2024, on June 26, 2024, the Sustainability Committee of the Company’s Board of Directors (the “Committee”) approved Amendment No. 2 to the Bonus Plan pursuant to which (in addition to other conforming changes) Mr. Bentley’s fractional interest under the Bonus Pool Plan was reduced from 12/33 to 4/33 effective July 1, 2024.

Career Stock Program

In connection with Nicholas H. Cumins’ transition to the role of Chief Executive Officer effective July 1, 2024, on June 26, 2024, the Committee adopted a compensatory program (the “Career Stock Program”) pursuant to which the Company may grant restricted stock units (“RSUs”) awards under the Bentley Systems, Incorporated 2020 Omnibus Incentive Plan (the “2020 Plan”). As of the date of adoption, Mr. Cumins is the sole participant in the Career Stock Program. Under the Career Stock Program, the Committee may from time to time grant RSU awards to program participants, the amount of which is to be determined based upon the Company’s Adjusted operating income inclusive of stock-based compensation expense (“Adjusted OI w/SBC”) growth in the year preceding the date of grant (the “Performance Year”), specifically, an amount equal to 10 percent of the difference between realized Adjusted OI w/SBC growth during the Performance Year and an inflation-adjusted target growth level for such Performance Year. Any such awards, if made, would thereafter cliff vest five years following the end of the Performance Year and would otherwise be subject to the terms and conditions of the 2020 Plan. As of September 30, 2024, the Committee has not yet made any awards to Mr. Cumins with respect to the Career Stock Program.

Note 12: Retirement Plans

Deferred Compensation Plan

Deferred compensation plan expense (income) was \$6,983 and \$(3,160) for the three months ended September 30, 2024 and 2023, respectively, and \$13,665 and \$4,763 for the nine months ended September 30, 2024 and 2023, respectively.

For the three months ended September 30, 2024 and 2023, elective participant deferrals into the Company's unfunded amended and restated Bentley Systems, Incorporated Nonqualified Deferred Compensation Plan (the "DCP") were \$43 and \$61, respectively, and \$144 and \$1,712 for the nine months ended September 30, 2024 and 2023, respectively. No discretionary contributions were made to the DCP during the three and nine months ended September 30, 2024 and 2023. As of September 30, 2024 and December 31, 2023, 12,764,635 and 17,364,980 phantom shares of the Company's Class B common stock were distributable under the DCP, respectively. As of September 30, 2024, shares of Class B common stock available for future issuance under the DCP were 4,366,691.

The total liabilities related to the DCP is included in the consolidated balance sheets as follows:

	September 30, 2024	December 31, 2023
Accruals and other current liabilities	\$ 3,833	\$ 2,355
Deferred compensation plan liabilities	97,932	88,181
Total DCP liabilities	<u>\$ 101,765</u>	<u>\$ 90,536</u>

Note 13: Common Stock

BSY Stock Repurchase Program

In May 2022, the Company announced that its Board of Directors approved the BSY Stock Repurchase Program (the "Repurchase Program") authorizing the Company to repurchase up to \$200,000 of the Company's Class B common stock through June 30, 2024. In December 2022, the Company's Board of Directors amended the Repurchase Program to allow the Company also to repurchase its outstanding convertible senior notes. This additional authorization did not increase the overall dollar limit of the Repurchase Program. The Company's authorization under the Repurchase Program approved May 2022 expired on June 30, 2024. In March 2024, the Company's Board of Directors approved an extension to the Repurchase Program authorizing the Company to repurchase up to \$200,000 of the Company's Class B common stock and/or outstanding convertible senior notes from June 30, 2024 through June 30, 2026. As of September 30, 2024, \$191,738 was available under the Company's Board of Directors authorization for future repurchases of Class B common stock and/or outstanding convertible senior notes under the Repurchase Program.

The shares and outstanding convertible senior notes proposed to be acquired in the Repurchase Program may be repurchased from time to time in open market transactions, through privately negotiated transactions, or by other means in accordance with federal securities laws. The Company intends to fund repurchases from available working capital and cash provided by operating activities. The timing, as well as the number and value of shares and/or outstanding convertible senior notes repurchased under the Repurchase Program, will be determined by the Company at its discretion and will depend on a variety of factors, including management's assessment of the intrinsic value of the Company's shares, the market price of the Company's Class B common stock and outstanding convertible senior notes, general market and economic conditions, available liquidity, compliance with the Company's debt and other agreements, and applicable legal requirements. The exact number of shares and/or outstanding convertible senior notes to be repurchased by the Company is not guaranteed, and the Repurchase Program may be suspended, modified, or discontinued at any time without prior notice.

During the nine months ended September 30, 2024, the Company repurchased 912,737 shares for \$45,769 under the Repurchase Program. The Company did not repurchase shares under the Repurchase Program for the nine months ended September 30, 2023.

Common Stock Issuances, Sales, and Repurchases

During the nine months ended September 30, 2024, the Company issued 4,655,277 shares of Class B common stock to DCP participants in connection with distributions from the plan. There were no shares sold back to the Company as they were issued on a gross basis during the nine months ended September 30, 2024. During the nine months ended September 30, 2023, the Company issued 2,845,448 shares of Class B common stock to DCP participants in connection with distributions from the plan, net of 935,939 shares which were sold back to the Company in the same period to pay for applicable income tax withholdings of \$38,456.

During the nine months ended September 30, 2024, the Company issued 256,587 shares of Class B common stock in connection with Bonus Plan incentive compensation. There were no shares sold back to the Company as they were issued on a gross basis during the nine months ended September 30, 2024. During the nine months ended September 30, 2023, the Company issued 171,510 shares of Class B common stock in connection with Bonus Plan incentive compensation, net of 135,314 shares were sold back to the Company in the same period to pay for applicable income tax withholdings of \$5,756.

During the nine months ended September 30, 2024, the Company issued 844,283 shares of Class B common stock to colleagues who exercised their stock options, net of 67,146 shares withheld at exercise to pay for the cost of the stock options, as well as for \$2,195 of applicable income tax withholdings. The Company received \$4,007 in cash proceeds from the exercise of stock options. For the nine months ended September 30, 2023, the Company issued 2,422,082 shares of Class B common stock to colleagues who exercised their stock options, net of 234,472 shares withheld at exercise to pay for the cost of the stock options, as well as for \$6,408 of applicable income tax withholdings. The Company received \$10,590 in cash proceeds from the exercise of stock options.

Dividends

The Company declared cash dividends during the periods presented as follows:

	Dividend Per Share	Amount
2024:		
Third quarter	\$ 0.06	\$ 18,134
Second quarter	0.06	17,980
First quarter	0.06	17,871
2023:		
Third quarter	\$ 0.05	\$ 14,768
Second quarter	0.05	14,702
First quarter	0.05	14,522

Global Employee Stock Purchase Plan

During the nine months ended September 30, 2024, colleagues who elected to participate in the Bentley Systems, Incorporated Global Employee Stock Purchase Plan (the "ESPP") purchased a total of 253,578 shares of Class B common stock, net of shares withheld, resulting in cash proceeds to the Company of \$11,228. Of the total 260,437 shares purchased, 6,859 shares were sold back to the Company to pay for applicable income tax withholdings of \$348. During the nine months ended September 30, 2023, colleagues who elected to participate in the ESPP purchased a total of 315,840 shares of Class B common stock, net of shares withheld, resulting in cash proceeds to the Company of \$9,988. Of the total 333,324 shares purchased, 17,484 shares were sold back to the Company to pay for applicable income tax withholdings of \$845. As of September 30, 2024 and December 31, 2023, \$2,971 and \$5,790 of ESPP withholdings via colleague payroll deduction were recorded in *Accruals and other current liabilities* in the consolidated balance sheets, respectively. As of September 30, 2024, shares of Class B common stock available for future issuance under the ESPP were 24,018,460.

Note 14: Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss consists of the following during the three months ended September 30, 2024 and 2023:

	Foreign Currency Translation	Actuarial (Loss) Gain on Retirement Plan	Total
Balance, June 30, 2024	\$ (93,012)	\$ (252)	\$ (93,264)
Other comprehensive income (loss), before taxes	10,306	(1)	10,305
Tax expense	—	—	—
Other comprehensive income (loss), net of taxes	10,306	(1)	10,305
Balance, September 30, 2024	<u>\$ (82,706)</u>	<u>\$ (253)</u>	<u>\$ (82,959)</u>

	Foreign Currency Translation	Actuarial (Loss) Gain on Retirement Plan	Total
Balance, June 30, 2023	\$ (87,530)	\$ (298)	\$ (87,828)
Other comprehensive (loss) income, before taxes	(7,294)	2	(7,292)
Tax expense	—	(8)	(8)
Other comprehensive loss, net of taxes	(7,294)	(6)	(7,300)
Balance, September 30, 2023	<u>\$ (94,824)</u>	<u>\$ (304)</u>	<u>\$ (95,128)</u>

Accumulated other comprehensive loss consists of the following during the nine months ended September 30, 2024 and 2023:

	Foreign Currency Translation	Actuarial (Loss) Gain on Retirement Plan	Total
Balance, December 31, 2023	\$ (84,634)	\$ (353)	\$ (84,987)
Other comprehensive income, before taxes	1,928	128	2,056
Tax expense	—	(28)	(28)
Other comprehensive income, net of taxes	1,928	100	2,028
Balance, September 30, 2024	<u>\$ (82,706)</u>	<u>\$ (253)</u>	<u>\$ (82,959)</u>

	Foreign Currency Translation	Actuarial (Loss) Gain on Retirement Plan	Total
Balance, December 31, 2022	\$ (89,408)	\$ (332)	\$ (89,740)
Other comprehensive (loss) income, before taxes	(5,416)	43	(5,373)
Tax expense	—	(15)	(15)
Other comprehensive (loss) income, net of taxes	(5,416)	28	(5,388)
Balance, September 30, 2023	<u>\$ (94,824)</u>	<u>\$ (304)</u>	<u>\$ (95,128)</u>

Note 15: Stock-Based Compensation

Total stock-based compensation expense consists of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Restricted stock and RSUs expense	\$ 14,375	\$ 13,988	\$ 44,052	\$ 41,441
Bonus Plan expense (see Note 11)	1,057	3,847	11,237	11,729
ESPP expense (see Note 13)	622	634	1,837	1,809
Stock grants expense	—	—	600	600
Stock option expense	—	—	—	343
DCP elective participant deferrals expense ⁽¹⁾ (see Note 12)	43	35	130	170
Total stock-based compensation expense ⁽²⁾	\$ 16,097	\$ 18,504	\$ 57,856	\$ 56,092

(1) DCP elective participant deferrals expense excludes deferred incentive bonus payable pursuant to the Bonus Plan.

(2) As of September 30, 2024 and December 31, 2023, \$1,878 and \$4,043 remained in *Accruals and other current liabilities* in the consolidated balance sheets, respectively.

Total stock-based compensation expense is included in the consolidated statements of operations as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Cost of subscriptions and licenses	\$ 520	\$ 1,254	\$ 882	\$ 3,420
Cost of services	705	671	2,343	2,385
Research and development	5,018	4,977	14,981	14,687
Selling and marketing	3,305	3,244	9,625	9,057
General and administrative	6,549	8,358	30,025	26,543
Total stock-based compensation expense	\$ 16,097	\$ 18,504	\$ 57,856	\$ 56,092

Stock-based compensation expense is measured at the grant date fair value of the award and is recognized ratably over the requisite service period, which is generally the vesting period. Specifically for performance-based RSUs, stock-based compensation expense is measured at the grant date fair value of the award and is recognized ratably over the requisite service period based on the number of awards expected to vest at each reporting date. The Company accounts for forfeitures of equity awards as those forfeitures occur.

Bentley Systems, Incorporated 2020 Omnibus Incentive Plan

The 2020 Plan provides for the granting of stock, stock options, restricted stock, RSUs, and other stock-based or performance-based awards to certain directors, officers, colleagues, consultants, and advisors of the Company, and terminates in September 2030. The 2020 Plan provides that 25,000,000 shares of Class B common stock may be issued for equity awards. Equity awards that are expired, canceled, forfeited, or terminated for any reason will be available for future grant under the 2020 Plan. As of September 30, 2024, equity awards available for future grants under the 2020 Plan were 20,112,700.

Restricted Stock and RSUs

Under the equity incentive plans, the Company may grant both time-based and performance-based shares of restricted Class B common stock and RSUs to eligible colleagues. Time-based awards generally vest ratably on each of the first four anniversaries of the grant date. Performance-based awards vesting is determined by the achievement of certain business growth targets, which include growth in annualized recurring revenues (“ARR”), as well as actual bookings for perpetual licenses and non-recurring services. Performance targets are generally set for performance periods of one year to three years.

The following is a summary of unvested restricted stock and RSU activity and related information under the Company’s applicable equity incentive plans:

	Total Restricted Stock and RSUs	Time- Based Restricted Stock and RSUs	Performance- Based RSUs	Time- Based Weighted Average Grant Date Fair Value Per Share	Performance- Based Weighted Average Grant Date Fair Value Per Share
Unvested, December 31, 2023	3,303,849	2,938,208 ⁽³⁾	365,641 ⁽⁵⁾	\$ 39.87	\$ 39.21
Granted	1,191,104 ⁽¹⁾	984,192 ⁽⁴⁾	206,912 ⁽⁶⁾	50.90	49.49
Vested	(968,364)	(786,574)	(181,790)	36.50	39.15
Forfeited and canceled	(266,736)	(228,703)	(38,033)	39.84	42.95
Unvested, September 30, 2024	<u>3,259,853 ⁽²⁾</u>	<u>2,907,123</u>	<u>352,730</u>	<u>\$ 44.52</u>	<u>\$ 44.87</u>

(1) For the nine months ended September 30, 2024, the Company only granted RSUs.

(2) Includes 35,093 RSUs which are expected to be settled in cash.

(3) Includes 199,076 time-based RSUs granted during the three months ended March 31, 2022 to certain officers and key employees, which cliff vest on January 31, 2025.

(4) Includes 300,964 time-based RSUs granted during the three months ended June 30, 2024 to certain officers, which vest 20% on each of December 15, 2025, 2026, 2027, 2028, and 2029.

(5) Primarily relates to the 2023 annual performance period. Includes 185,186 performance-based RSUs granted during the year ended December 31, 2022 with extraordinary terms, which are described below.

(6) Primarily relates to the 2024 annual performance period. Includes 1,335 additional shares earned based on the achievement of 2023 performance goals for performance-based RSUs granted during the year ended December 31, 2023.

During the year ended December 31, 2022, the Company granted 185,186 performance-based RSUs to certain officers and key employees, which vest subject to the achievement of certain performance goals over a three-year performance period (the “Performance Period”). For each year of the Performance Period, one-third of the performance-based RSUs will be subject to a cliff, whereby no vesting of that portion will occur unless the Company’s applicable margin metrics (which, for 2022 was Adjusted EBITDA margin, and for 2023 was and 2024 will be Adjusted OI w/SBC margin, excluding the impact of foreign currency exchange fluctuations) also equals or exceeds the relevant target level for such year. Provided that the applicable margin targets are met, the total number of performance-based RSUs that will vest is determined by the achievement of growth targets, which include growth in ARR, as well as actual bookings for perpetual licenses and non-recurring services. Final actual vesting will be determined on January 31, 2025. The 2023 Adjusted OI w/SBC margin target, excluding the impact of foreign currency exchange fluctuations, and the 2022 Adjusted EBITDA margin target for the performance-based RSUs were met.

The weighted average grant date fair values of RSUs granted were \$50.66 and \$40.82, for the nine months ended September 30, 2024 and 2023, respectively.

For the nine months ended September 30, 2024 and 2023, restricted stock and RSUs were issued net of 171,314 and 137,675 shares, respectively, which were sold back to the Company to settle applicable income tax withholdings of \$8,671 and \$6,062, respectively.

As of September 30, 2024, there was \$86,995 of unrecognized compensation expense related to unvested time-based restricted stock and RSUs, which is expected to be recognized over a weighted average period of approximately 1.9 years. As of September 30, 2024, there was \$5,141 of unrecognized compensation expense related to unvested performance-based RSUs, which is expected to be recognized over a weighted average period of approximately 1.0 year.

Stock Options

The following is a summary of stock option activity and related information under the Company's applicable equity incentive plans:

	Stock Options	Weighted Average Exercise Price Per Share
Outstanding, December 31, 2023	916,429	\$ 5.74
Exercised	(911,429)	5.74
Forfeited and expired	(5,000)	5.74
Outstanding, September 30, 2024	<u>—</u>	<u>\$ —</u>

For the nine months ended September 30, 2024 and 2023, the Company received cash proceeds of \$4,007 and \$10,590, respectively, related to the exercise of stock options. The total intrinsic value of stock options exercised for the nine months ended September 30, 2024 and 2023 was \$40,775 and \$102,667, respectively.

As of September 30, 2024, there was no remaining unrecognized compensation expense related to unvested stock options.

Stock Grants

For the nine months ended September 30, 2024 and 2023, the Company granted 11,391 and 12,639 fully vested shares of Class B common stock, respectively, with a fair value of \$600.

Equity Awards Subsequent to September 30, 2024

In October 2024, the Company granted 265,233 time-based RSUs, which generally vest ratably on each of the first four anniversaries of the grant date. The unrecognized compensation expense related to these RSUs is approximately \$13,200, which is expected to be recognized over a weighted average period of approximately 4.0 years.

Additionally, in connection with an acquisition, in order to promote key colleague retention, in October 2024, the Company granted 205,592 time-based RSUs, which vest ratably on each of the first three anniversaries of the closing date of the acquisition. The unrecognized compensation expense related to these RSUs is approximately \$10,200, which is expected to be recognized over a 2.8 year period.

Note 16: Income Taxes

The following is a summary of *Income before income taxes*, *Provision for income taxes*, and effective tax rate for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Income before income taxes	\$ 58,874	\$ 69,585	\$ 228,779	\$ 169,353
Provision for income taxes	\$ 16,522	\$ 16,514	\$ 44,099	\$ 22,107
Effective tax rate	28.1 %	23.7 %	19.3 %	13.1 %

For the three months ended September 30, 2024, the effective tax rate was higher compared to the same period in the prior year primarily due to the impact of the decrease in discrete tax benefits recognized in the current year period. For the three months ended September 30, 2024, the Company recorded discrete tax expenses of \$2,887. For the three months ended September 30, 2023, the Company recorded discrete tax benefits of \$4,428 primarily associated with windfall tax benefits from stock-based compensation, net of the impact from officer compensation limitation provisions.

For the nine months ended September 30, 2024, the effective tax rate was higher compared to the same period in the prior year primarily due to the impact of the decrease in discrete tax benefits recognized in the current year period. For the nine months ended September 30, 2024 and 2023, the Company recorded discrete tax benefits of \$17,794 and \$31,895, respectively, primarily associated with windfall tax benefits from stock-based compensation, net of the impact from officer compensation limitation provisions.

Note 17: Fair Value of Financial Instruments

A financial asset or liability classification is determined based on the lowest level input that is significant to the fair value measurement. The fair value hierarchy consists of the following three levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.

Level 3 inputs are unobservable inputs based on management's own assumptions used to measure assets and liabilities at fair value.

The Company's financial instruments include cash equivalents, account receivables, certain other assets, accounts payable, accruals, certain other current and long-term liabilities, and long-term debt.

Current Assets and Current Liabilities — In general, the carrying amounts reported on the Company's consolidated balance sheets for current assets and current liabilities approximate their fair values due to the short-term nature of those instruments.

The following methods and assumptions were used by the Company in estimating its fair value measurements for Level 2 financial instruments as of September 30, 2024 and December 31, 2023:

Interest Rate Swap — The fair value of the Company's interest rate swap asset or liability is determined using an income approach and is measured based on the implied forward rates for the remaining term of the interest rate swap. The Company considers these valuation inputs to be Level 2 inputs in the fair value hierarchy.

Long-Term Debt — The fair value of the Company’s borrowings under its Credit Facility approximated its carrying value based upon discounted cash flows at current market rates for instruments with similar remaining terms. The Company considers these valuation inputs to be Level 2 inputs in the fair value hierarchy. As of September 30, 2024, the estimated fair value of the 2026 Notes and 2027 Notes was \$688,222 and \$530,955, respectively. As of December 31, 2023, the estimated fair value of the 2026 Notes and 2027 Notes was \$684,205 and \$516,051, respectively. The estimated fair value of the 2026 Notes and 2027 Notes is based on quoted market prices of the Company’s instrument in markets that are not active and are classified as Level 2 within the fair value hierarchy. Considerable judgment is necessary to interpret the market data and develop estimates of fair values. Accordingly, the estimates presented are not necessarily indicative of the amounts at which these instruments could be purchased, sold, or settled.

Deferred Compensation Plan Liabilities — The fair value of deferred compensation plan liabilities, including the liability classified phantom investments in the DCP, are marked to market at the end of each reporting period.

Financial assets and financial liabilities carried at fair value measured on a recurring basis consist of the following:

September 30, 2024	Level 1	Level 2	Total
Assets:			
Money market funds ⁽¹⁾	\$ 5,601	\$ —	\$ 5,601
Interest rate swap ⁽²⁾	—	26,592	26,592
Total assets	\$ 5,601	\$ 26,592	\$ 32,193
Liabilities:			
Deferred compensation plan liabilities ⁽³⁾	\$ 101,765	\$ —	\$ 101,765
Cash-settled equity awards ⁽⁴⁾	592	—	592
Total liabilities	\$ 102,357	\$ —	\$ 102,357
December 31, 2023	Level 1	Level 2	Total
Assets:			
Money market funds ⁽¹⁾	\$ 1	\$ —	\$ 1
Interest rate swap ⁽²⁾	—	32,162	32,162
Total assets	\$ 1	\$ 32,162	\$ 32,163
Liabilities:			
Deferred compensation plan liabilities ⁽³⁾	\$ 90,536	\$ —	\$ 90,536
Cash-settled equity awards ⁽⁴⁾	781	—	781
Total liabilities	\$ 91,317	\$ —	\$ 91,317

(1) Included in *Cash and cash equivalents* in the consolidated balance sheets.

(2) Included in *Other assets* in the consolidated balance sheets.

(3) Included in *Deferred compensation plan liabilities*, except for current liabilities of \$3,833 and \$2,355 as of September 30, 2024 and December 31, 2023, respectively, which are included in *Accruals and other current liabilities* in the consolidated balance sheets.

(4) Included in *Accruals and other current liabilities* in the consolidated balance sheets.

Note 18: Commitments and Contingencies

Purchase Commitments

In the normal course of business, the Company enters into various purchase commitments for goods and services. During the nine months ended September 30, 2024, the Company entered into approximately \$44,900 of non-cancelable future cash purchase commitments for services related to cloud provisioning of the Company's software solutions and for internal-use software costs. During the year ended December 31, 2023, the Company entered into approximately \$158,000 of non-cancelable future cash purchase commitments for services related to cloud provisioning of the Company's software solutions and for internal-use software costs. As of September 30, 2024, total non-cancelable future cash purchase commitments were approximately \$128,000 to be paid through September 2029. The Company expects to fully consume its contractual commitments in the ordinary course of operations.

Litigation

From time to time, the Company is involved in certain legal actions arising in the ordinary course of business. In management's opinion, based upon the advice of counsel, the outcome of such actions is not expected to have a material adverse effect on the Company's future financial position, results of operations, or cash flows.

Note 19: Geographic Data

Revenues by geographic region are presented in Note 3. Long-lived assets (other than goodwill), net of depreciation and amortization by geographic region (see Notes 5, 6, and 8) are as follows:

	September 30, 2024	December 31, 2023
Americas ⁽¹⁾	\$ 247,254	\$ 272,492
EMEA	34,641	40,411
APAC	14,851	14,460
Total long-lived assets	<u>\$ 296,746</u>	<u>\$ 327,363</u>

(1) Americas includes the U.S., Canada, and Latin America (including the Caribbean).

Note 20: Other (Expense) Income, Net

Other (expense) income, net consists of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(Loss) gain from:				
Change in fair value of interest rate swap (see Note 17)	\$ (7,931)	\$ 4,765	\$ (5,570)	\$ 4,102
Foreign exchange ⁽¹⁾	696	(3,154)	754	404
Receipts related to interest rate swap	2,452	2,336	7,220	6,420
Other (expense) income, net ⁽²⁾	(304)	2,006	1,926	(3,719)
Total other (expense) income, net	<u>\$ (5,087)</u>	<u>\$ 5,953</u>	<u>\$ 4,330</u>	<u>\$ 7,207</u>

- (1) Foreign exchange gain (loss) is primarily attributable to foreign currency translation derived mainly from U.S. dollar denominated cash and cash equivalents, account receivables, customer deposits, and intercompany balances held by foreign subsidiaries. Intercompany finance transactions primarily denominated in U.S. dollars resulted in unrealized foreign exchange gains (losses) of \$1,561 and \$(1,574) for the three months ended September 30, 2024 and 2023, respectively, and \$1,130 and \$684 for the nine months ended September 30, 2024 and 2023, respectively.
- (2) Other (expense) income, net includes investment impairment charges of \$(7,318) for the nine months ended September 30, 2023, partially offset by gains on investments of \$2,360 recorded during the three months ended September 30, 2023 (see Note 7).

Note 21: Realignment Costs

During the fourth quarter of 2023, the Company approved a strategic realignment program to better serve the Company's accounts and to better align resources with the strategy of the business, including reinvestment in go-to-market functions, as well as in artificial intelligence product development (the "2023 Program"). The Company incurred realignment costs of \$12,579 for the year ended December 31, 2023 related to the aforementioned program, which represents termination benefits for colleagues whose roles were impacted. During the three and nine months ended September 30, 2024, the Company incurred realignment costs of \$9 and \$876, respectively, related to the aforementioned program. The 2023 Program activities have been broadly implemented across the Company's various businesses, which were substantially completed by the end of the second quarter of 2024. The Company expects the remaining termination benefits to be paid by the end of the fourth quarter of 2024.

Realignment costs (income) by expense classification were as follows:

	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024
Cost of revenues:		
Cost of subscriptions and licenses	\$ —	\$ 1,227
Cost of services	22	(85)
Total cost of revenues	<u>22</u>	<u>1,142</u>
Operating expenses:		
Research and development	48	(88)
Selling and marketing	(53)	422
General and administrative	(8)	(600)
Total operating expenses	<u>(13)</u>	<u>(266)</u>
Total realignment costs	<u>\$ 9</u>	<u>\$ 876</u>

Accruals and other current liabilities in the consolidated balance sheets included amounts related to the realignment activities as follows:

Balance, December 31, 2023	\$	12,459
Realignment costs		876
Payments		(12,606)
Adjustments ⁽¹⁾		(257)
Balance, September 30, 2024	\$	<u>472</u>

(1) Adjustments include foreign currency translation.

Note 22: Net Income Per Share

The Company issues certain performance-based RSUs determined to be participating securities because holders of such shares have non-forfeitable dividend rights in the event of the Company's declaration of a dividend for common shares. As of September 30, 2024 and 2023, there were 352,730 and 364,753 participating securities outstanding, respectively.

Undistributed net income allocated to participating securities are subtracted from net income in determining basic net income attributable to common stockholders. Basic net income per share is computed by dividing basic net income attributable to common stockholders by the weighted average number of shares, inclusive of undistributed shares held in the DCP as phantom shares of the Company's Class B common stock.

For the Company's diluted net income per share numerator, interest expense, net of tax, attributable to the assumed conversion of the convertible senior notes is added back to basic net income attributable to common stockholders. For the Company's diluted net income per share denominator, the basic weighted average number of shares is adjusted for the effect of dilutive securities, including awards under the Company's equity compensation plans and ESPP, and for the dilutive effect of the assumed conversion of the convertible senior notes. Diluted net income per share attributable to common stockholders is computed by dividing diluted net income attributable to common stockholders by the weighted average number of fully diluted common shares.

Except with respect to voting and conversion, the rights of the holders of the Company's Class A common stock and the Company's Class B common stock are identical. Each class of shares has the same rights to dividends and allocation of income (loss) and, therefore, net income per share would not differ under the two-class method.

The details of basic and diluted net income per share are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator:				
Net income	\$ 42,338	\$ 53,027	\$ 184,694	\$ 147,202
Less: Net income attributable to participating securities	(21)	(18)	(63)	(56)
Net income attributable to Class A and Class B common stockholders, basic	42,317	53,009	184,631	147,146
Add: Interest expense, net of tax, attributable to assumed conversion of convertible senior notes	1,723	1,716	5,164	5,157
Net income attributable to Class A and Class B common stockholders, diluted	<u>\$ 44,040</u>	<u>\$ 54,725</u>	<u>\$ 189,795</u>	<u>\$ 152,303</u>
Denominator:				
Weighted average shares, basic	315,207,216	313,069,132	314,820,679	311,915,808
Dilutive effect of stock options, restricted stock, and RSUs	941,136	2,115,802	1,221,222	2,534,773
Dilutive effect of ESPP	7,498	6,466	48,738	60,526
Dilutive effect of assumed conversion of convertible senior notes	17,633,786	17,633,786	17,633,786	17,633,786
Weighted average shares, diluted	<u>333,789,636</u>	<u>332,825,186</u>	<u>333,724,425</u>	<u>332,144,893</u>
Net income per share, basic	<u>\$ 0.13</u>	<u>\$ 0.17</u>	<u>\$ 0.59</u>	<u>\$ 0.47</u>
Net income per share, diluted	<u>\$ 0.13</u>	<u>\$ 0.16</u>	<u>\$ 0.57</u>	<u>\$ 0.46</u>

There were no anti-dilutive securities for the three or nine months ended September 30, 2024 or 2023.

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

The following discussion should be read in conjunction with our unaudited consolidated financial statements and notes thereto appearing in Part I, Item 1 of this Quarterly Report on Form 10-Q and with our audited consolidated financial statements and notes thereto included in our 2023 Annual Report on Form 10-K.

All amounts presented in this Management’s Discussion and Analysis of Financial Condition and Results of Operations, except share and per share amounts, are presented in thousands. Additionally, many of the amounts and percentages have been rounded for convenience of presentation. Minor differences in totals and percentage calculations may exist due to rounding.

Overview:

Bentley Systems is the *infrastructure engineering software* company. Our purpose is to advance the world’s infrastructure for better quality of life. We empower people to design, build, and operate better and more resilient infrastructure through the adoption of our intelligent digital twin solutions. We manage our business globally within one reportable segment, the development and marketing of computer software and related services, which is consistent with how our CODM reviews and manages our business.

Executive Summary

- Total revenues were \$335,173 for the three months ended September 30, 2024, up 9.3% or 9.1% on a constant currency basis⁽¹⁾ compared to the three months ended September 30, 2023. Total revenues were \$1,003,273 for the nine months ended September 30, 2024, up 9.3% or 9.3% on a constant currency basis⁽¹⁾ compared to the nine months ended September 30, 2023;
- Subscriptions revenues were \$303,239 for the three months ended September 30, 2024, up 12.0% or 11.8% on a constant currency basis⁽¹⁾ compared to the three months ended September 30, 2023. Subscriptions revenues were \$907,772 for the nine months ended September 30, 2024, up 12.4% or 12.4% on a constant currency basis⁽¹⁾ compared to the nine months ended September 30, 2023;
- ARR⁽²⁾ was \$1,270,726 as of September 30, 2024, compared to \$1,124,774 as of September 30, 2023, representing a constant currency⁽¹⁾ ARR growth rate⁽²⁾ of 12%;
- Last twelve-month recurring revenues dollar-based net retention rate⁽²⁾ was 109% as of September 30, 2024, compared to 110% as of September 30, 2023;
- Operating income was \$68,630 for the three months ended September 30, 2024, compared to \$73,679 for the three months ended September 30, 2023. Operating income was \$240,738 for the nine months ended September 30, 2024, compared to \$192,769 for the nine months ended September 30, 2023;
- Adjusted OI w/SBC⁽¹⁾ was \$89,524 for the three months ended September 30, 2024, compared to \$86,327 for the three months ended September 30, 2023. Adjusted OI w/SBC⁽¹⁾ was \$297,162 for the nine months ended September 30, 2024, compared to \$250,048 for the nine months ended September 30, 2023; and
- Cash flows from operations were \$353,660 for the nine months ended September 30, 2024, compared to \$329,643 for the nine months ended September 30, 2023.

(1) Constant currency and Adjusted OI w/SBC are non-GAAP financial measures. Refer to the “Non-GAAP Financial Measures” section for additional information, including our definitions and our uses of constant currency and Adjusted OI w/SBC.

(2) Refer to the “Key Business Metrics” section for additional information, including our definitions and our uses of ARR, ARR growth rate, and recurring revenues dollar-based net retention rate.

Results of Operations:

Impact of Foreign Currency

Our results of operations have been, and in the future will be, affected by changes in foreign currency exchange rates. Other than the natural hedge attributable to matching revenues and expenses in the same currencies, we do not currently hedge foreign currency exposure.

We identify the effects of foreign currency on our operations and present constant currency growth rates and fluctuations because we believe exchange rates are an important factor in understanding period-over-period comparisons and enhance the understanding of our results and evaluation of our performance. Refer to the “Non-GAAP Financial Measures” section for additional information, including our definition and our use of constant currency.

Revenues

Consolidated Revenues

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30,		%	Constant	September 30,		%	Constant
	2024	2023		Currency	2024	2023		Currency
			% ⁽¹⁾	% ⁽¹⁾			% ⁽¹⁾	% ⁽¹⁾
Subscriptions	\$ 303,239	\$ 270,751	12.0 %	11.8 %	\$ 907,772	\$ 807,839	12.4 %	12.4 %
Perpetual licenses	11,274	11,887	(5.2 %)	(5.3 %)	31,649	33,152	(4.5 %)	(3.8 %)
Subscriptions and licenses	314,513	282,638	11.3 %	11.1 %	939,421	840,991	11.7 %	11.8 %
Services	20,660	23,974	(13.8 %)	(14.8 %)	63,852	76,781	(16.8 %)	(17.3 %)
Total revenues	\$ 335,173	\$ 306,612	9.3 %	9.1 %	\$ 1,003,273	\$ 917,772	9.3 %	9.3 %

(1) Constant currency is a non-GAAP financial measure. Refer to the “Non-GAAP Financial Measures” section for additional information, including our definition and our use of constant currency, and for a reconciliation of constant currency growth rates.

The increase in total revenues for the three and nine months ended September 30, 2024 was driven by an increase in subscriptions revenues, partially offset by decreases in services revenues and perpetual licenses revenues.

Subscriptions. For the three and nine months ended September 30, 2024, the increase in subscriptions revenues was driven by improvements in our business performance of \$32,488 (\$31,957 on a constant currency basis) and \$99,933 (\$100,191 on a constant currency basis), respectively. Our business performance excludes the impact of our platform acquisitions and includes the impact from programmatic acquisitions, which generally are immaterial, individually and in the aggregate.

For the three and nine months ended September 30, 2024, the improvements in business performance were primarily driven by expansion from accounts with revenues in the same period in the prior year (“existing accounts”), and growth of 3% attributable to new accounts, most notably small- and medium-sized accounts. Improvements in business performance for the three and nine months ended September 30, 2024 were led by our engineering applications, geoprofessional applications, and our *Bentley Infrastructure Cloud* for project delivery.

Perpetual licenses. For the three and nine months ended September 30, 2024, the decrease in perpetual licenses revenues was driven by a decline in business performance of \$613 (\$634 on a constant currency basis) and \$1,503 (\$1,276 on a constant currency basis), respectively.

Services. For the three and nine months ended September 30, 2024, the decrease in services revenues was driven by a decline in our business performance of \$3,314 (\$3,546 on a constant currency basis) and \$12,929 (\$13,291 on a constant currency basis), respectively, driven primarily from weakness in Maximo-related work within our digital integrator, Cohesive.

Revenues by Geographic Region

Revenue from external customers is attributed to individual countries based upon the location of the customer.

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30,		%	Constant	September 30,		%	Constant
	2024	2023		Currency	2024	2023		Currency
			% ⁽¹⁾	% ⁽¹⁾			% ⁽¹⁾	% ⁽¹⁾
Americas	\$ 175,609	\$ 162,367	8.2 %	8.6 %	\$ 536,112	\$ 489,548	9.5 %	9.7 %
EMEA	95,343	86,956	9.6 %	8.1 %	285,922	263,232	8.6 %	7.6 %
APAC	64,221	57,289	12.1 %	11.8 %	181,239	164,992	9.8 %	11.0 %
Total revenues	\$ 335,173	\$ 306,612	9.3 %	9.1 %	\$ 1,003,273	\$ 917,772	9.3 %	9.3 %

(1) Constant currency is a non-GAAP financial measure. Refer to the “Non-GAAP Financial Measures” section for additional information, including our definition and our use of constant currency, and for a reconciliation of constant currency growth rates.

Americas. For the three and nine months ended September 30, 2024, the increase in revenues from the Americas was primarily driven by improvements in our business performance of \$13,242 (\$14,025 on a constant currency basis) and \$46,564 (\$47,514 on a constant currency basis), respectively.

The improvements in business performance for the three and nine months ended September 30, 2024 were primarily due to expansion of our subscriptions revenues from existing accounts in the U.S, partially offset by a decline in services revenues.

EMEA. For the three and nine months ended September 30, 2024, the increase in revenues from EMEA was primarily driven by improvements in our business performance of \$8,387 (\$7,041 on a constant currency basis) and \$22,690 (\$20,099 on a constant currency basis), respectively.

The improvements in business performance for the three months ended September 30, 2024 were primarily due to expansion of our subscriptions revenues from existing accounts in the United Kingdom and Africa.

The improvements in business performance for the nine months ended September 30, 2024 were primarily due to expansion of our subscriptions revenues from existing accounts in the United Kingdom, the Middle East, and Africa, partially offset by a decline in services revenues.

APAC. For the three and nine months ended September 30, 2024, the increase in revenues from APAC was primarily driven by improvements in our business performance of \$6,932 (\$6,711 on a constant currency basis) and \$16,247 (\$18,011 on a constant currency basis), respectively.

The improvements in business performance for the three and nine months ended September 30, 2024 were primarily due to expansion of our subscriptions revenues from existing accounts in Australia, Southeast Asia, and India, partially offset by declines of our subscriptions revenues from existing accounts in China.

The future results in China remain uncertain as a result of continued geopolitical challenges, the obstacles there to cloud-deployed software, and the financial timing impact of the preference there for license sales, rather than subscriptions.

Cost of Revenues

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30,		%	Constant	September 30,		%	Constant
	2024	2023		Currency	2024	2023		Currency
			% ⁽¹⁾				% ⁽¹⁾	
Cost of subscriptions and licenses	\$ 44,220	\$ 42,088	5.1 %	5.0 %	\$ 126,870	\$ 124,175	2.2 %	2.2 %
Cost of services	20,612	22,588	(8.7 %)	(9.3 %)	62,985	74,111	(15.0 %)	(15.3 %)
Total cost of revenues	\$ 64,832	\$ 64,676	0.2 %	0.0 %	\$ 189,855	\$ 198,286	(4.3 %)	(4.4 %)

(1) Constant currency is a non-GAAP financial measure. Refer to the “Non-GAAP Financial Measures” section for additional information, including our definition and our use of constant currency, and for a reconciliation of constant currency growth rates.

Cost of subscriptions and licenses. For the three months ended September 30, 2024, on a constant currency basis, cost of subscriptions and licenses increased primarily due to an increase in cloud-related costs of \$3,360, partially offset by lower amortization of capitalized costs under our Accelerated Commercial Development Program (“ACDP”) as compared to the same period in the prior year.

For the nine months ended September 30, 2024, on a constant currency basis, cost of subscriptions and licenses increased primarily due to an increase in cloud-related costs of \$6,723. Partially offsetting this increase was lower amortization of capitalized costs under our ACDP of \$1,833 as compared to the same period in the prior year. Additionally, headcount-related costs decreased \$1,007 due to lower stock-based compensation expense, partially offset by realignment expenses recognized in 2024 related to the 2023 Program.

Cost of services. For the three and nine months ended September 30, 2024, on a constant currency basis, cost of services decreased primarily due to a decrease in headcount-related costs of \$2,270 and \$11,704, respectively, mainly due to a reduction in third-party personnel costs.

Operating Expense (Income)

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30,		%	Constant	September 30,		%	Constant
	2024	2023		Currency	2024	2023		Currency
			% ⁽¹⁾				% ⁽¹⁾	
Research and development	\$ 70,068	\$ 65,465	7.0 %	7.1 %	\$ 204,148	\$ 203,382	0.4 %	0.6 %
Selling and marketing	64,940	53,757	20.8 %	20.7 %	176,455	160,262	10.1 %	10.2 %
General and administrative	51,359	42,678	20.3 %	20.3 %	152,695	128,743	18.6 %	18.6 %
Deferred compensation plan	6,983	(3,160)	NM	NM	13,665	4,763	186.9 %	186.9 %
Amortization of purchased intangibles	8,361	9,517	(12.1 %)	(12.3 %)	25,717	29,567	(13.0 %)	(13.1 %)
Total operating expenses	\$ 201,711	\$ 168,257	19.9 %	19.9 %	\$ 572,680	\$ 526,717	8.7 %	8.9 %

Percentage changes that are considered not meaningful are denoted with NM.

(1) Constant currency is a non-GAAP financial measure. Refer to the “Non-GAAP Financial Measures” section for additional information, including our definition and our use of constant currency, and for a reconciliation of constant currency growth rates.

Research and development. For the three months ended September 30, 2024, on a constant currency basis, research and development expenses increased primarily due to an increase in headcount-related costs of \$4,137 mainly due to an increase in annual and other compensation costs.

For the nine months ended September 30, 2024, on a constant currency basis, research and development expenses increased primarily due to an increase in headcount-related costs, mainly due to an increase in annual and other compensation costs, an increase in third-party personnel costs, and an increase in travel, partially offset by lower acquisition-related retention incentives and lower separation costs.

For the nine months ended September 30, 2024, our research and development headcount-related costs reflect run-rate savings associated with the strategic realignment program, which we initiated during the fourth quarter of 2023. While most of the realignment actions were completed at the beginning of 2024, our reinvestment of these run-rate savings into priority investment areas, such as artificial intelligence in product development, was fully realized during the third quarter of 2024.

Selling and marketing. For the three and nine months ended September 30, 2024, on a constant currency basis, selling and marketing expenses increased primarily due to an increase in headcount-related costs of \$10,050 and \$16,418, respectively, mainly due to an increase in annual and other compensation costs, and an increase in third-party personnel costs primarily related to our marketing activities.

General and administrative. For the three months ended September 30, 2024, on a constant currency basis, general and administrative expenses increased primarily due to an increase in headcount-related costs of \$2,770, mainly due to an increase in annual and other compensation costs, partially offset by a decrease in stock-based compensation expense. The decrease in stock-based compensation expense primarily related to the reduction in Gregory S. Bentley's fractional interest under the Bonus Plan as part of Mr. Bentley's transition to the role of Executive Chair of the Board of Directors effective July 1, 2024. For the three months ended September 30, 2024, general and administrative expenses further increased due to higher charitable contributions focusing on education and sustainability of \$2,599. Additionally, during the three months ended September 30, 2024, we recognized approximately \$2,700 of costs associated with our internal-use system implementations.

For the nine months ended September 30, 2024, on a constant currency basis, general and administrative expenses increased primarily due to an increase in headcount-related costs of \$9,565, mainly due to an increase in annual and other compensation costs, and to a lesser extent, an increase in stock-based compensation expense. For the nine months ended September 30, 2024, general and administrative expenses further increased due to higher expense associated with non-income related taxes of \$4,152, and higher charitable contributions focusing on education and sustainability of \$2,524. Additionally, during the nine months ended September 30, 2024, we recognized approximately \$6,200 of costs associated with our internal-use system implementations, as well as approximately \$2,200 of other corporate initiatives expenses. Partially offsetting these increases were lower acquisition costs of \$4,593. During the nine months ended September 30, 2023, we recorded income of \$1,797 due to the continued wind down of our Russian entities since we exited operations beginning in the second quarter of 2022.

Deferred compensation plan. For the three and nine months ended September 30, 2024 and 2023, deferred compensation plan expense (income) was attributable to the marked to market impact on deferred compensation plan liability balances period over period.

Amortization of purchased intangibles. For the three and nine months ended September 30, 2024, on a constant currency basis, amortization of purchased intangibles decreased primarily due to previously acquired intangible assets that continue to become fully amortized and lower acquisition activity as compared to prior periods.

Interest Expense, Net

	Three Months Ended September 30,		Change	Nine Months Ended September 30,		Change
	2024	2023		2024	2023	
Interest expense	\$ (5,105)	\$ (10,548)	(51.6 %)	\$ (18,409)	\$ (31,863)	(42.2 %)
Interest income	436	501	(13.0 %)	2,120	1,240	71.0 %
Interest expense, net	\$ (4,669)	\$ (10,047)	(53.5 %)	\$ (16,289)	\$ (30,623)	(46.8 %)

For the three and nine months ended September 30, 2024, interest expense, net decreased primarily due to lower weighted average debt outstanding, as compared to the same period in the prior year, mainly related to the pay down of our revolving loan borrowings in January 2024 and repayments of our senior secured term loan during the second and third quarters of 2024 under the Credit Facility.

Other (Expense) Income, Net

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(Loss) gain from:				
Change in fair value of interest rate swap	\$ (7,931)	\$ 4,765	\$ (5,570)	\$ 4,102
Foreign exchange ⁽¹⁾	696	(3,154)	754	404
Receipts related to interest rate swap	2,452	2,336	7,220	6,420
Other (expense) income, net ⁽²⁾	(304)	2,006	1,926	(3,719)
Total other (expense) income, net	<u>\$ (5,087)</u>	<u>\$ 5,953</u>	<u>\$ 4,330</u>	<u>\$ 7,207</u>

(1) Foreign exchange gain (loss) is primarily attributable to foreign currency translation derived mainly from U.S. dollar denominated cash and cash equivalents, account receivables, customer deposits, and intercompany balances held by foreign subsidiaries. Intercompany finance transactions primarily denominated in U.S. dollars resulted in unrealized foreign exchange gains (losses) of \$1,561 and \$(1,574) for the three months ended September 30, 2024 and 2023, respectively, and \$1,130 and \$684 for the nine months ended September 30, 2024 and 2023, respectively.

(2) Other (expense) income, net includes investment impairment charges of \$(7,318) for the nine months ended September 30, 2023, partially offset by gains on investments of \$2,360 recorded during the three months ended September 30, 2023.

Provision for Income Taxes

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Income before income taxes	\$ 58,874	\$ 69,585	\$ 228,779	\$ 169,353
Provision for income taxes	\$ 16,522	\$ 16,514	\$ 44,099	\$ 22,107
Effective tax rate	28.1 %	23.7 %	19.3 %	13.1 %

For the three months ended September 30, 2024, the effective tax rate was higher compared to the same period in the prior year primarily due to the impact of the decrease in discrete tax benefits recognized in the current year period. For the three months ended September 30, 2024, we recorded discrete tax expenses of \$2,887. For the three months ended September 30, 2023, we recorded discrete tax benefits of \$4,428 primarily associated with windfall tax benefits from stock-based compensation, net of the impact from officer compensation limitation provisions.

For the nine months ended September 30, 2024, the effective tax rate was higher compared to the same period in the prior year primarily due to the impact of the decrease in discrete tax benefits recognized in the current year period. For the nine months ended September 30, 2024 and 2023, we recorded discrete tax benefits of \$17,794 and \$31,895, respectively, primarily associated with windfall tax benefits from stock-based compensation, net of the impact from officer compensation limitation provisions.

Key Business Metrics:

In addition to our results of operations discussed above, we believe the following presentation of key business metrics provides additional useful information to investors regarding our results of operations. To the extent material, we disclose below the additional purposes, if any, for which our management uses these key business metrics. Our key business metrics may vary significantly from period to period for reasons unrelated to our operating performance and may differ from similarly titled measures presented by other companies.

	September 30,	
	2024	2023
ARR	\$ 1,270,726	\$ 1,124,774
Last twelve-months recurring revenues	\$ 1,195,118	\$ 1,076,434
Twelve-months ended constant currency ⁽¹⁾ :		
ARR growth rate	12 %	12.5 %
Account retention rate	99 %	97 %
Recurring revenues dollar-based net retention rate	109 %	110 %

(1) Constant currency is a non-GAAP financial measure. Refer to the “Non-GAAP Financial Measures” section for additional information, including our definition and our use of constant currency.

Recurring Revenues

Recurring revenues are the basis for our other revenue-related key business metrics. We believe this measure is useful in evaluating our ability to consistently retain and grow our revenues within our existing accounts.

Recurring revenues are subscriptions revenues that recur monthly, quarterly, or annually with specific or automatic renewal clauses and professional services revenues in which the underlying contract is based on a fixed fee and contains automatic annual renewal provisions.

ARR

ARR is a key business metric that we believe is useful in evaluating the scale and growth of our business as well as to assist in the evaluation of underlying trends in our business. Furthermore, we believe ARR, considered in connection with our last twelve-month recurring revenues dollar-based net retention rate, is a leading indicator of revenue growth.

ARR is defined as the sum of the annualized value of our portfolio of contracts that produce recurring revenues as of the last day of the reporting period, and the annualized value of the last three months of recognized revenues for our contractually recurring consumption-based software subscriptions with consumption measurement durations of less than one year, calculated using the spot foreign currency exchange rates. We believe that the last three months of recognized revenues, on an annualized basis, for our recurring software subscriptions with consumption measurement period durations of less than one year is a reasonable estimate of the annual revenues, given our consistently high retention rate and stability of usage under such subscriptions.

ARR resulting from the annualization of recurring contracts with consumption measurement durations of less than one year, as a percentage of total ARR, was 49% and 46% as of September 30, 2024 and 2023, respectively, with our E365 subscription offering representing 43% and 39% of total ARR as of September 30, 2024 and 2023, respectively.

Constant currency ARR growth rate is the growth rate of ARR measured on a constant currency basis. In reporting period-over-period ARR growth rates in constant currency, we calculate constant currency growth rates by translating current and prior period ARR on a transactional basis to our reporting currency using current year budget exchange rates. We believe that ARR growth is an important metric indicating the scale and growth of our business.

Last Twelve-Months Recurring Revenues

Last twelve-month recurring revenues is a key business metric that we believe is useful in evaluating our ability to consistently retain and grow our recurring revenues. We believe that we will continue to experience favorable growth in recurring revenues primarily due to our strong account retention and recurring revenues dollar-based net retention rates, as well as the addition of new accounts with recurring revenues.

Last twelve-months recurring revenues is calculated as recurring revenues recognized over the preceding twelve-month period.

The last twelve-months recurring revenues for the periods ended September 30, 2024 compared to the last twelve-months of the comparative twelve-month period increased by \$118,684. This increase was primarily due to growth in ARR, which is primarily the result of growing our recurring revenues within our existing accounts as expressed in our recurring revenues dollar-based net retention rate, as well as additional recurring revenues resulting from new accounts and acquisitions. For the twelve months ended September 30, 2024 and 2023, 91% and 89%, respectively, of our revenues were recurring revenues.

Account Retention Rate

Account retention rate is a key business metric that we believe is useful in evaluating the long-term value of our account relationships and our ability to retain our account base. We believe that our consistent and high account retention rates illustrate our ability to retain and cultivate long-term relationships with our accounts.

Account retention rate for any given twelve-month period is calculated using the average foreign currency exchange rates for the prior period, as follows: the prior period recurring revenues from all accounts with recurring revenues in the current and prior period, divided by total recurring revenues from all accounts during the prior period.

Recurring Revenues Dollar-Based Net Retention Rate

Recurring revenues dollar-based net retention rate is a key business metric that we believe is useful in evaluating our ability to consistently retain and grow our recurring revenues.

Recurring revenues dollar-based net retention rate is calculated, using the average exchange rates for the prior period, as follows: the recurring revenues for the current period, including any growth or reductions from existing accounts, but excluding recurring revenues from any new accounts added during the current period, divided by the total recurring revenues from all accounts during the prior period. A period is defined as any trailing twelve months. Related to our platform acquisitions, recurring revenues into new accounts will be captured as existing accounts starting with the second anniversary of the acquisition when such data conforms to the calculation methodology. This may cause variability in the comparison.

Given that recurring revenues represented 91% and 89% of our total revenues for the twelve months ended September 30, 2024 and 2023, respectively, this metric helps explain our revenue performance as primarily growth from existing accounts.

Non-GAAP Financial Measures:

In addition to our results determined in accordance with GAAP discussed above, we believe the following presentation of financial measures not in accordance with GAAP provides useful information to investors regarding our results of operations. To the extent material, we disclose below the additional purposes, if any, for which our management uses these non-GAAP financial measures and provide reconciliations between these non-GAAP financial measures and their most directly comparable GAAP financial measures. Non-GAAP financial information should be considered in addition to, not as a substitute for, or in isolation from, the financial information prepared in accordance with GAAP, including operating income, or other measures of performance. Our non-GAAP financial measures may vary significantly from period to period for reasons unrelated to our operating performance and may differ from similarly titled measures presented by other companies.

Adjusted OI w/SBC

Adjusted OI w/SBC is a non-GAAP financial measure and is used to measure the operational strength and performance of our business, as well as to assist in the evaluation of underlying trends in our business.

Adjusted OI w/SBC is our primary performance measure, which excludes certain expenses and charges, including the non-cash amortization expense resulting from the acquisition of intangible assets, as we believe these may not be indicative of our core business operating results. We intentionally include stock-based compensation expense in this measure as we believe it better captures the economic costs of our business.

Management uses this non-GAAP financial measure to understand and compare operating results across accounting periods, for internal budgeting and forecasting purposes, to evaluate financial performance, and in our comparison of our financial results to those of other companies. It is also a significant performance measure in certain of our executive incentive compensation programs.

Adjusted OI w/SBC is defined as operating income adjusted for the following: amortization of purchased intangibles, expense (income) relating to deferred compensation plan liabilities, acquisition expenses, and realignment expenses (income), for the respective periods.

Adjusted Operating Income

Adjusted operating income is a non-GAAP financial measure that we believe is useful to investors in making comparisons to other companies, although this measure may not be directly comparable to similar measures used by other companies.

Adjusted operating income is defined as operating income adjusted for the following: amortization of purchased intangibles, expense (income) relating to deferred compensation plan liabilities, acquisition expenses, realignment expenses (income), and stock-based compensation expense, for the respective periods.

Reconciliation of operating income to Adjusted OI w/SBC and to Adjusted operating income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating income	\$ 68,630	\$ 73,679	\$ 240,738	\$ 192,769
Amortization of purchased intangibles ⁽¹⁾	11,448	12,678	35,159	39,038
Deferred compensation plan ⁽²⁾	6,983	(3,160)	13,665	4,763
Acquisition expenses ⁽³⁾	2,454	2,980	6,782	15,278
Realignment expenses (income) ⁽⁴⁾	9	150	818	(1,800)
Adjusted OI w/SBC	89,524	86,327	297,162	250,048
Stock-based compensation expense ⁽⁵⁾	15,895	18,039	57,088	54,907
Adjusted operating income	<u>\$ 105,419</u>	<u>\$ 104,366</u>	<u>\$ 354,250</u>	<u>\$ 304,955</u>

Further explanation of certain of our adjustments in arriving at Adjusted OI w/SBC and Adjusted operating income are as follows:

- (1) *Amortization of purchased intangibles.* Amortization of purchased intangibles varies in amount and frequency and is significantly impacted by the timing and size of our acquisitions. Management finds it useful to exclude these non-cash charges from our operating expenses to assist in budgeting, planning, and forecasting future periods. The use of intangible assets contributed to our revenues earned during the periods presented and will also contribute to our revenues in future periods. Amortization of purchased intangible assets will recur in future periods.

- (2) *Deferred compensation plan.* We exclude *Deferred compensation plan* expense (income) when we evaluate our continuing operational performance because it is not reflective of our ongoing business and results of operation. We believe it is useful for investors to understand the effects of this item on our total operating expenses. *Deferred compensation plan* liabilities are marked to market at the end of each reporting period, with changes in the liabilities recorded as an expense (income) to *Deferred compensation plan* in the consolidated statements of operations.
- (3) *Acquisition expenses.* We incur expenses for professional services rendered in connection with business combinations, which are included in our GAAP presentation of general and administrative expense (see Note 4 to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q). Also included in our acquisition expenses are retention incentives paid to executives of the acquired companies. We exclude these acquisition expenses when we evaluate our continuing operational performance as we would not have otherwise incurred these expenses in the periods presented as part of our continuing operations.
- (4) *Realignment expenses (income).* We exclude these charges and subsequent adjustments to our estimates when we evaluate our continuing operational performance because they are not reflective of our ongoing business and results of operations. We believe it is useful for investors to understand the effects of these items on our total operating expenses. For the three and nine months ended September 30, 2024, *Realignment expenses* were primarily associated with the 2023 Program. For the three and nine months ended September 30, 2023, *Realignment expenses (income)* was associated with the continued wind down of our Russian entities since we exited operations beginning in the second quarter of 2022.
- (5) *Stock-based compensation expense.* We exclude non-cash stock-based compensation expenses from certain of our non-GAAP measures because we believe this is useful to investors in making comparisons to other companies.

Constant Currency

Constant currency and constant currency growth rates are non-GAAP financial measures that present our results of operations excluding the estimated effects of foreign currency exchange rate fluctuations. A significant amount of our operations is conducted in foreign currencies. As a result, the comparability of the financial results reported in U.S. dollars is affected by changes in foreign currency exchange rates. We use constant currency and constant currency growth rates to evaluate the underlying performance of the business, and we believe it is helpful for investors to present operating results on a comparable basis period over period to evaluate its underlying performance.

In reporting period-over-period results, except for ARR as discussed above in “Key Business Metrics” section, we calculate the effects of foreign currency fluctuations and constant currency information by translating current and prior period results on a transactional basis to our reporting currency using prior period average foreign currency exchange rates in which the transactions occurred.

Reconciliation of consolidated revenues to consolidated revenues in constant currency:

	Three Months Ended September 30, 2024			Three Months Ended September 30, 2023		
	Actual	Impact of Foreign Exchange at 2023 Rates	Constant Currency	Actual	Impact of Foreign Exchange at 2023 Rates	Constant Currency
Subscriptions	\$ 303,239	\$ (1,100)	\$ 302,139	\$ 270,751	\$ (569)	\$ 270,182
Perpetual licenses	11,274	(28)	11,246	11,887	(7)	11,880
Subscriptions and licenses	314,513	(1,128)	313,385	282,638	(576)	282,062
Services	20,660	(191)	20,469	23,974	41	24,015
Total revenues	\$ 335,173	\$ (1,319)	\$ 333,854	\$ 306,612	\$ (535)	\$ 306,077

	Nine Months Ended September 30, 2024			Nine Months Ended September 30, 2023		
	Actual	Impact of Foreign Exchange at 2023 Rates	Constant Currency	Actual	Impact of Foreign Exchange at 2023 Rates	Constant Currency
Subscriptions	\$ 907,772	\$ (784)	\$ 906,988	\$ 807,839	\$ (1,042)	\$ 806,797
Perpetual licenses	31,649	218	31,867	33,152	(9)	33,143
Subscriptions and licenses	939,421	(566)	938,855	840,991	(1,051)	839,940
Services	63,852	(325)	63,527	76,781	37	76,818
Total revenues	\$ 1,003,273	\$ (891)	\$ 1,002,382	\$ 917,772	\$ (1,014)	\$ 916,758

Reconciliation of revenues by geographic region to revenues by geographic region in constant currency:

	Three Months Ended September 30, 2024			Three Months Ended September 30, 2023		
	Actual	Impact of Foreign Exchange at 2023 Rates	Constant Currency	Actual	Impact of Foreign Exchange at 2023 Rates	Constant Currency
Americas	\$ 175,609	\$ 687	\$ 176,296	\$ 162,367	\$ (98)	\$ 162,269
EMEA	95,343	(1,502)	93,841	86,956	(154)	86,802
APAC	64,221	(504)	63,717	57,289	(283)	57,006
Total revenues	\$ 335,173	\$ (1,319)	\$ 333,854	\$ 306,612	\$ (535)	\$ 306,077

	Nine Months Ended September 30, 2024			Nine Months Ended September 30, 2023		
	Actual	Impact of Foreign Exchange at 2023 Rates	Constant Currency	Actual	Impact of Foreign Exchange at 2023 Rates	Constant Currency
Americas	\$ 536,112	\$ 698	\$ 536,810	\$ 489,548	\$ (254)	\$ 489,294
EMEA	285,922	(2,812)	283,110	263,232	(219)	263,013
APAC	181,239	1,223	182,462	164,992	(541)	164,451
Total revenues	\$ 1,003,273	\$ (891)	\$ 1,002,382	\$ 917,772	\$ (1,014)	\$ 916,758

Reconciliation of cost of revenues to cost of revenues in constant currency:

	Three Months Ended September 30, 2024			Three Months Ended September 30, 2023		
	Actual	Impact of Foreign Exchange at 2023 Rates	Constant Currency	Actual	Impact of Foreign Exchange at 2023 Rates	Constant Currency
Cost of subscriptions and licenses	\$ 44,220	\$ (86)	\$ 44,134	\$ 42,088	\$ (38)	\$ 42,050
Cost of services	20,612	(121)	20,491	22,588	(1)	22,587
Total cost of revenues	\$ 64,832	\$ (207)	\$ 64,625	\$ 64,676	\$ (39)	\$ 64,637

	Nine Months Ended September 30, 2024			Nine Months Ended September 30, 2023		
	Actual	Impact of Foreign Exchange at 2023 Rates	Constant Currency	Actual	Impact of Foreign Exchange at 2023 Rates	Constant Currency
Cost of subscriptions and licenses	\$ 126,870	\$ (21)	\$ 126,849	\$ 124,175	\$ (25)	\$ 124,150
Cost of services	62,985	(235)	62,750	74,111	(4)	74,107
Total cost of revenues	\$ 189,855	\$ (256)	\$ 189,599	\$ 198,286	\$ (29)	\$ 198,257

Reconciliation of operating expense (income) to operating expense (income) in constant currency:

	Three Months Ended September 30, 2024			Three Months Ended September 30, 2023		
	Actual	Impact of Foreign Exchange at 2023 Rates	Constant Currency	Actual	Impact of Foreign Exchange at 2023 Rates	Constant Currency
Research and development	\$ 70,068	\$ (15)	\$ 70,053	\$ 65,465	\$ (76)	\$ 65,389
Selling and marketing	64,940	(75)	64,865	53,757	(16)	53,741
General and administrative	51,359	(52)	51,307	42,678	(19)	42,659
Deferred compensation plan	6,983	—	6,983	(3,160)	—	(3,160)
Amortization of purchased intangibles	8,361	(12)	8,349	9,517	—	9,517
Total operating expenses	<u>\$ 201,711</u>	<u>\$ (154)</u>	<u>\$ 201,557</u>	<u>\$ 168,257</u>	<u>\$ (111)</u>	<u>\$ 168,146</u>

	Nine Months Ended September 30, 2024			Nine Months Ended September 30, 2023		
	Actual	Impact of Foreign Exchange at 2023 Rates	Constant Currency	Actual	Impact of Foreign Exchange at 2023 Rates	Constant Currency
Research and development	\$ 204,148	\$ 449	\$ 204,597	\$ 203,382	\$ (3)	\$ 203,379
Selling and marketing	176,455	284	176,739	160,262	46	160,308
General and administrative	152,695	52	152,747	128,743	23	128,766
Deferred compensation plan	13,665	—	13,665	4,763	—	4,763
Amortization of purchased intangibles	25,717	(31)	25,686	29,567	—	29,567
Total operating expenses	<u>\$ 572,680</u>	<u>\$ 754</u>	<u>\$ 573,434</u>	<u>\$ 526,717</u>	<u>\$ 66</u>	<u>\$ 526,783</u>

Liquidity and Capital Resources:

Cash and Cash Equivalents

	September 30, 2024	December 31, 2023
Cash and cash equivalents held domestically	\$ 5,593	\$ 3,693
Cash and cash equivalents held by foreign subsidiaries	66,582	64,719
Total cash and cash equivalents	<u>\$ 72,175</u>	<u>\$ 68,412</u>

Our primary source of operating cash is from the sale of our subscriptions, perpetual licenses, and services. Our primary use of cash is payment of our operating costs, which consist mainly of headcount-related costs. In addition to operating expenses, we also use cash to service our debt obligations, to pay quarterly dividends, to repurchase our Class B common stock and convertible debt, and for capital expenditures in support of our operations. We also use cash to fund our acquisitions of software assets and businesses, and other investment activities.

We believe that cash generated from operations, together with existing cash and cash equivalent balances, and external borrowings including available liquidity under the Credit Facility, will be sufficient to meet our domestic and international working capital and capital expenditure requirements. We regularly review our capital structure and consider a variety of potential financing alternatives and planning strategies to ensure that we have the proper liquidity available in the locations in which it is needed and to fund our operations and growth investments with cash that has not been permanently reinvested outside the U.S. Our future capital requirements may be materially different than those currently planned in our budgeting and forecasting activities and depend on many factors, including our strategy of regularly acquiring and integrating specialized infrastructure engineering software businesses, our rate of revenue growth, the timing and extent of spending on research and development, the expansion of our sales and marketing activities, the timing of new product introductions, market acceptance of our

products, competitive factors, our discretionary payments of dividends or repurchases of our Class B common stock and convertible debt, funding of our purchase commitments, currency fluctuations, and overall economic conditions, globally. To the extent that current and anticipated future sources of liquidity are insufficient to fund our future business activities and requirements, we may be required to seek additional equity or debt financing. The sale of additional equity would result in additional dilution to our stockholders, while the incurrence of additional debt financing, including convertible debt, would result in additional debt service obligations. Such debt instruments also could introduce new or modified covenants that might restrict our operations and/or our ability to pay dividends, consummate acquisitions, or otherwise pursue our business strategies. We cannot provide assurance that we could obtain additional financing on favorable terms or at all.

Cash Flows Activity

	Nine Months Ended September 30,	
	2024	2023
Net cash provided by (used in):		
Operating activities	\$ 353,660	\$ 329,643
Investing activities	(135,680)	(51,245)
Financing activities	(213,218)	(280,019)

Operating Activities

For the nine months ended September 30, 2024, compared to the same period in the prior year, net cash provided by operating activities was higher by \$24,017 due to an increase in net income of \$37,492 and a net increase in non-cash adjustments of \$30,200, partially offset by a decrease in net cash flows from the change in operating assets and liabilities of \$43,675. The decrease in cash flows from the change in operating assets and liabilities was primarily due to the timing of collections on our receivables and a decrease in deferred revenues.

Investing Activities

Net cash used in investing activities was higher by \$84,435 for the nine months ended September 30, 2024, compared to the same period in the prior year, primarily due to higher acquisition related payments of \$105,664, partially offset by lower purchases of investments of \$10,545 and lower purchases of property and equipment and investment in capitalized software of \$10,407. We used available cash and borrowings under our Credit Facility to fund an acquisition in September 2024.

Financing Activities

Net cash used in financing activities was lower by \$66,801 for the nine months ended September 30, 2024, compared to the same period in the prior year, primarily due to lower net paydowns of the Credit Facility of \$81,575, partially offset by higher dividend payments of \$9,993, primarily due to an increase in our quarterly dividend per share to \$0.06 in 2024 from \$0.05 in 2023.

Long-Term Debt

	September 30, 2024	December 31, 2023
Current portion of long-term debt	\$ —	\$ 10,000
Long-term debt	1,418,870	1,518,403
Total debt	\$ 1,418,870	\$ 1,528,403

As of September 30, 2024, we had \$732,149 available under the Credit Facility. During the nine months ended September 30, 2024, we made repayments of \$140,000 on the senior secured term loan under the Credit Facility. Under the terms of the senior secured term loan, repayments are applied to unpaid quarterly principal installments. There are no remaining required principal installments on the senior secured term loan through the maturity date of November 15, 2025.

We were in compliance with all covenants under the Credit Facility, the 2026 Notes, and the 2027 Notes as of September 30, 2024. Any failure to comply with such covenants under the Credit Facility would prevent us from being able to borrow additional funds under the Credit Facility, and, as with any failure to comply with such covenants under the 2026 Notes and the 2027 Notes, could constitute a default that may cause all amounts outstanding to become due and immediately payable in full.

On October 18, 2024, we entered into the 2024 Credit Facility, which provides us with a \$1,300,000 revolving credit facility, including \$125,000 in swingline loans and \$125,000 in letters of credit. The 2024 Credit Facility also provides us with a \$500,000 “accordion” feature to increase the facility in the form of both revolving indebtedness and/or incremental term loans. On October 18, 2024, we used borrowings under the 2024 Credit Facility to repay all indebtedness outstanding under the Credit Facility, including the outstanding senior secured term loan.

Stock Repurchases

BSY Stock Repurchase Program

Our Board of Directors has authorized us to repurchase up to \$200,000 of our Class B common stock and/or outstanding convertible senior notes through June 30, 2024 under the Repurchase Program. This authorization under the Repurchase Program expired on June 30, 2024. In March 2024, our Board of Directors approved an extension to the Repurchase Program authorizing us to repurchase up to \$200,000 of our Class B common stock and/or outstanding convertible senior notes from June 30, 2024 through June 30, 2026. We may use available working capital, cash provided by operating activities, and/or external borrowings including available liquidity under our Credit Facility to make repurchases.

During the nine months ended September 30, 2024, we repurchased 912,737 shares for \$45,769 under the Repurchase Program. For the nine months ended September 30, 2023, we did not repurchase shares under the Repurchase Program.

The timing, as well as the number and value of shares and/or outstanding convertible senior notes repurchased under the Repurchase Program, will be determined at our discretion and will depend on a variety of factors, including our assessment of the intrinsic value of our shares, the market price of our Class B common stock and outstanding convertible senior notes, general market and economic conditions, available liquidity, compliance with our debt and other agreements, and applicable legal requirements.

Withholding Taxes on Certain Equity Awards

We have the right to require that certain equity awardees receive gross or net quantities of shares of our Class B common stock, including distributions from the DCP and share issuances under our Bonus Plan. In the case of a gross issuance or distribution, an awardee is required to reimburse promptly to us the cash required for his or her tax withholding amounts. Conversely, under a net issuance or distribution, shares are withheld in consideration of remitting withholding taxes on behalf of an equity awardee, thereby requiring us to remit cash for the tax withholdings. During the nine months ended September 30, 2024, we exercised our right to require that impacted equity awardees receive gross quantities of our Class B common stock. During the nine months ended September 30, 2023, we allowed impacted awardees the option to receive net quantities of shares of our Class B common stock. We will continue to evaluate whether share awards will be required to be received by awardees on a gross basis, or if net settlement may be elected by awardees.

Dividend Payments

The declaration and payment of dividends is within the discretion of our Board of Directors. We paid quarterly dividends of \$0.06 per share of common stock during the nine months ended September 30, 2024 and \$0.05 per share of common stock during the nine months ended September 30, 2023. While we intend to continue paying quarterly dividends, any future determination will be subject to the discretion of our Board of Directors and will be dependent on a number of factors, including our results of operations, capital requirements, restrictions under Delaware law, and overall financial condition, as well as any other factors our Board of Directors considers relevant. In addition, the terms of the agreement governing the Credit Facility limit the amount of dividends we can pay.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in our market risk exposure as described in Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk in our 2023 Annual Report on Form 10-K.

Item 4. Controls and Procedures

Evaluation of Effectiveness of Disclosure Controls and Procedures

Our management maintains 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 “Exchange Act”) that are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is processed, recorded, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), as appropriate, to allow for timely decisions regarding required disclosure.

We evaluated, under the supervision and with the participation of management, including our principal executive and principal financial officers, the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of September 30, 2024, our disclosure controls and procedures were effective at the reasonable assurance level.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within Bentley Systems, Incorporated have been detected.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in management’s evaluation pursuant to Rules 13a or 15d of the Exchange Act that occurred during the quarter ended September 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are subject from time to time to various legal proceedings and claims which arise in the ordinary course of our business. Although the outcome of these and other claims cannot be predicted with certainty, we do not believe that the ultimate resolution of pending matters will have a material adverse effect on our financial condition, results of operations, or cash flows. We currently believe that we do not have any material litigation pending against us.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in Part I, Item 1A. Risk Factors in our 2023 Annual Report on Form 10-K.

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

Recent Sales of Unregistered Equity Securities

From July 1, 2024 to September 30, 2024, we issued 174,479 shares of our Class B common stock pursuant to the vesting of restricted stock and RSUs.

From July 1, 2024 to September 30, 2024, we issued 2,181,214 shares of our Class B common stock in connection with distributions from our DCP.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. Unless otherwise stated, the sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance on Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer pursuant to benefit plans and contracts relating to compensation as provided under Rule 701. All recipients had adequate access, through their relationships with us, to information about us. The issuance of these securities were made without any general solicitation or advertising.

Issuer Purchases of Equity Securities

The following table reflects our Class B common stock we repurchased during the three months ended September 30, 2024:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan ⁽¹⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan ⁽²⁾
July 1, 2024 to July 31, 2024	—	\$ —	—	\$ 200,000,000
August 1, 2024 to August 31, 2024	183,056	45.13	183,056	191,738,298
September 1, 2024 to September 30, 2024	—	—	—	191,738,298
	<u>183,056</u>	<u>45.13</u>	<u>183,056</u>	

(1) Represents shares purchased in open-market transactions under the Repurchase Program approved by our Board of Directors.

(2) These amounts correspond to the plan publicly announced and approved by our Board of Directors in March 2024 that authorizes the repurchase up to \$200 million of our Class B common stock and/or outstanding convertible senior notes through June 30, 2026.

Item 5. Other Information

Rule 10b5-1 Trading Plans

On September 6, 2024, Keith A. Bentley, a member of the Company's Board of Directors, adopted a trading plan established pursuant to Rule 10b5-1 of the Exchange Act, which is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c), to sell an aggregate of 70,725 shares of our Class B common stock. Mr. Bentley's plan expires on February 15, 2025.

During the three months ended September 30, 2024, there were no other Company directors or executive officers who adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Item 6. Exhibits

Exhibit Number	Description
10.1	Second Amended and Restated Credit Agreement, dated as of October 18, 2024, by and among Bentley Systems, Incorporated, the lenders party thereto, and PNC Bank, National Association, as administrative agent (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on October 22, 2024 (File No. 001-39548) and incorporated herein by reference)
31.1*	Certification of CEO pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended
31.2*	Certification of CFO pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended
32*	Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover page formatted as Inline XBRL and contained in Exhibit 101

* Filed or furnished herewith. The certification attached as Exhibit 32 that accompanies this Quarterly Report on Form 10-Q is not deemed filed with the SEC and is not to be incorporated by reference into any filing of Bentley Systems, Incorporated under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURE

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

Date: November 7, 2024

Bentley Systems, Incorporated

By: _____
/s/ WERNER ANDRE
Werner Andre
Chief Financial Officer
(Principal Financial Officer)

**Management Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Nicholas H. Cumins, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bentley Systems, Incorporated (the “registrant”);
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 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 (the registrant’s fourth fiscal quarter in the case of an annual report) 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 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 7, 2024

/s/ NICHOLAS H. CUMINS

Nicholas H. Cumins
Chief Executive Officer
(Principal Executive Officer)

**Management Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Werner Andre, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bentley Systems, Incorporated (the “registrant”);
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 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 (the registrant’s fourth fiscal quarter in the case of an annual report) 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 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 7, 2024

/s/ WERNER ANDRE

Werner Andre

Chief Financial Officer

(Principal Financial Officer)

**Certification of CEO and CFO 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 of Bentley Systems, Incorporated (the "Company") on Form 10-Q for the period ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, 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, as amended; 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 7, 2024

/s/ NICHOLAS H. CUMINS

Nicholas H. Cumins

Chief Executive Officer

(Principal Executive Officer)

/s/ WERNER ANDRE

Werner Andre

Chief Financial Officer

(Principal Financial Officer)