

# **SIMULATIONS PLUS, INC.**

## **AUDIT COMMITTEE**

### **CHARTER**

Revised: March 28, 2024

#### Purpose:

The Audit Committee (“Audit Committee”) of the board of directors (the “Board”) of Simulations Plus, Inc. (the “Company”) shall assist management in fulfilling their responsibility to the Company’s shareholders, potential shareholders, and investment community relating to corporate accounting, reporting practices of the Company, and the quality and integrity of the financial reports of the Company. As part of that role, the Audit Committee represents and assists the Board with its oversight of the:

- integrity of the Company’s financial statements and internal controls;
- Company’s compliance with legal and regulatory requirements;
- selecting, retaining and compensating the independent registered public accounting firm;
- assessing qualifications and independence of the independent registered public accounting firm; and
- the Company’s risk management process.

In furtherance of the foregoing, it is the responsibility of the Audit Committee to maintain free and open means of communication between the Company’s directors, the independent auditors, outside legal and other advisory resources, and the financial management of the Company.

#### Membership:

The Audit Committee shall be comprised of three or more directors, all of whom shall, in the judgment of the Board:

- be an “Independent Director” (as defined under Rule 5605(a)(2) of the Nasdaq Stock Market), (ii) meet the “independence” criteria (as defined under IM-5605 – Rule 5605(a)(2)), and (iii) meet the criteria for independence pursuant to Rule 10A-3(b)(1) under the Securities Act of 1933, as amended (the “Act”), subject to the exemptions provided in Rule 10A-3(c) under the Act, all in accordance with applicable Nasdaq listing standards;
- have the ability to read and understand the Company’s basic financial statements;
- ensure that at least one member of the Audit Committee shall be designated as a “financial expert” having accounting or related financial management expertise in accordance with Nasdaq listing standards;
- not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years; and
- not accept any consulting, advisory or other compensatory fee from the Company other than for board service, and such directors must not be an affiliated person of the Company.

The members of the Audit Committee and the Audit Committee Chair will be appointed by and serve at the discretion of the Board, may be removed in the Board’s discretion, and shall serve on the Audit Committee until their resignation or removal.

#### Responsibilities:

In carrying out its responsibilities, the Audit Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the Company's directors and shareholders that the corporate accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality.

The duties and responsibilities of the Audit Committee include:

1. Engage the independent auditors to audit the Company's financial statements and internal controls.
2. Manage the independent auditors, including:
  - (a) selecting and retaining, evaluating and terminating when appropriate;
  - (b) setting their compensation;
  - (c) overseeing their work and pre-approving all audit services they provide;
  - (d) approving all permitted non-audit services they perform;
  - (e) at least annually, receiving and reviewing a report by the independent registered public accounting firm, when required by regulations, describing their internal quality-control procedures and any material issues raised by the most recent internal quality-control review, peer review or Public Company Accounting Oversight Board (PCAOB) review, of the independent auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (b) other required reports from the independent registered public accounting firm; and
  - (f) At least annually, considering their independence, including whether their provision of permitted non-audit services is compatible with independence, and obtain and review a written statement describing all the relationships between them and the Company.
3. Review the audit scope and plan of independent auditors.
4. Review with management and the independent auditors the Company's annual and quarterly financial statements and related footnotes included in the Company's annual reports on Form 10-K and quarterly reports on Form 10-Q, the independent auditor's judgments about the quality of the Company's accounting principles as applied in its financial reporting, and significant changes in their audit plan and serious difficulties or disputes with management encountered during the audit, and matters required by SAS 61 (Communication with Audit Committees).
5. Review with management and the independent auditors their significant audit findings, and assess the steps that management has taken or proposes to take to minimize significant financial risks or exposures facing the company.
6. Review with the independent auditors and the Company's personnel, the adequacy and effectiveness of the accounting and financial controls of the Company, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable.

7. Review management's annual internal control report which acknowledges management's responsibility for establishing and maintaining an adequate internal control structure and procedures for financial reporting; and contains an assessment of the effectiveness of the internal control structure.
8. Discuss with management and the independent auditor, at least annually, the risk management process, risk assessments, and significant areas of risk or exposure for the Company.
9. Provide oversight and review of the company's information systems and cybersecurity policies, insider trading policies, and any other such policies for which the Committee has oversight, including risks related thereto.
10. Investigate any matter brought to its attention within the scope of its duties, including matters brought forth through the Whistleblower Hotline or by Company employees, with the power to retain outside counsel for this purpose if, in its judgment, that is appropriate.
11. Review and approve all related party transactions, all transactions in which the Company is or will be a participant, which would be reportable by the Company under Item 404 of Regulation S-K promulgated under the Securities Act as a result of any of the following persons having or expected to have a direct or indirect material interest (a "Related Person Transaction"):
  - (a) executive officers of the corporation;
  - (b) members of the Board;
  - (c) beneficial holders of more than 5% of the Company's securities;
  - (d) immediate family members of any of the foregoing persons; and
  - (e) any other persons whom the Board determines may be considered to be a related party persons as defined by Item 404 of Regulation S-K promulgated under the Securities Act of 1933, as amended.
12. Annually evaluate the adequacy of the Audit Committee charter.
13. Obtain the advice and assistance, as appropriate, of independent counsel and other advisors as necessary to fulfill the responsibilities of the Audit Committee, and receive appropriate funding from the Company, as determined by the Audit Committee, for the payment of compensation to any such advisors.
14. Carry out such other duties and have such other authority as may be assigned or granted by the Board or as required to be carried out by applicable law and/or the rules and listing requirements of the Nasdaq Stock Market.

#### Meetings and Reports:

The Audit Committee shall meet at least four times each year and at such other times as it deems appropriate to fulfill its responsibilities. The Audit Committee shall periodically meet separately, in executive session, with management, the internal auditor (if applicable) and the independent registered public accounting firm. The Audit Committee shall report regularly to the Board with respect to its activities and make recommendations to the Board, as appropriate.

The Audit Committee shall provide the Board with a report of the Audit Committee's activities and proceedings, as appropriate. The Audit Committee will maintain written minutes of its meetings, which will be filed with the minutes of the meetings of the Board.

The Audit Committee may act by unanimous written consent in lieu of a meeting.

Engagement of Third Parties:

The Audit Committee may, in its sole discretion, engage a consultant, independent legal counsel or other adviser to assist in the evaluation of audit or other financial related matters, including without limitation to aid in the investigation of any whistleblower complaint received by the Company. The Audit Committee shall have the sole authority to appoint, oversee and approve the fees and other retention terms with respect to such a consultant, legal counsel or advisor. The Audit Committee also has the authority, as necessary and appropriate, to consult with other outside advisers to assist in its duties to the Company. The Audit Committee must conduct an independence assessment prior to engaging any consultant, independent legal counsel or other adviser.