



Earnings Call – Q2 - FY25

April 3, 2025



Except for historical information, the matters discussed in this presentation are forward-looking statements that involve risks and uncertainties. Words like “believe,” “will”, “can”, “expect,” “anticipate” and similar expressions (as well as other words or expressions referencing future events, conditions or circumstances) mean that these are our best estimates as of this writing, but there can be no assurances that expected or anticipated results or events will actually take place, so our actual future results could differ significantly from those statements. Forward looking statements contained in this press release include, but are not limited to, statements about expectations for the second half of 2025 and anticipated projections for fiscal year 2025. Factors that could cause or contribute to such differences include, but are not limited to: our ability to integrate our Adaptive Learning & Insights (ALI) and Medical Communications (MC) business units, our ability to meet our stated guidance, our ability to maintain our competitive advantages, acceptance of new software and improved versions of our existing software by our customers, the general economics of the pharmaceutical industry, general economic, political or geopolitical conditions and changes, our ability to finance growth, our ability to continue to attract and retain highly qualified technical staff, market conditions, macroeconomic factors, and a sustainable market. Further information on our risk factors is contained in our quarterly, annual and current reports and filed with the U.S. Securities and Exchange Commission.

Non-GAAP Financial Measures

This press release includes certain financial measures not presented in accordance with generally accepted accounting principles (“GAAP”) such as Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, and Adjusted Diluted EPS and certain ratios and other metrics derived there from. These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing financial results. Therefore, these measures should not be considered in isolation or as an alternative to net income, cash flows from operations or other measures of profitability, liquidity or performance under GAAP. You should be aware that the presentation of these measures may not be comparable to similarly-titled measures used by other companies. We believe (i) these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends; and (ii) that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends in and in comparing financial measures with other similar companies, many of which present similar non-GAAP financial measures to investors. These non-GAAP financial measures are subject to inherent limitations as they reflect the exercise of judgments by management about which expense and income are excluded or included in determining these non-GAAP financial measures. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measures are set forth in the appendix to this presentation.

Second Quarter Highlights



CURRENT PERIOD

\$22.4M

Revenue

+23%

Revenue
Growth

\$0.15

Diluted EPS

\$0.31

Adj.
Diluted EPS

29%

Adj. EBITDA
Margin

Prior Year Comparison (2Q24)

\$18.3M

Revenue

+16%

Revenue
Growth

\$0.20

Diluted EPS

\$0.32

Adj.
Diluted EPS

39%

Adj. EBITDA
Margin

Trailing Twelve Months (TTM) 2Q25 Highlights



CURRENT PERIOD

\$78.6M

Revenue

+21%

Revenue
Growth

\$0.36

Diluted EPS

\$0.93

Adj.
Diluted EPS

26%

Adj. EBITDA
Margin

Prior Year Comparison (2Q24)

\$64.7M

Revenue

+19%

Revenue Growth

\$0.52

Diluted EPS

\$1.09

Adj.
Diluted EPS

34%

Adj. EBITDA
Margin

General

- Overall software revenue growth of 16% for 2Q25 and 18% for TTM
- Good renewal rate, upsell and new logo activity
- Revenue contribution from ALI and MC in-line with expectations

Cheminformatics
(CHEM)

+8%

Q2 Revenue Growth

Physiologically
Based
Pharmacokinetics
(PBPK)

+1%

Q2 Revenue Growth

Clinical
Pharmacology &
Pharmacometrics
(CPP)

+9%

Q2 Revenue Growth

Quantitative
Systems
Pharmacology
(QSP)

+89%

Q2 Revenue Growth

Adaptive Learning &
Insights
(ALI)

\$0.9M

Q2 Revenue

Medical
Communications
(MC)

\$0.1M

Q2 Revenue

+9%

TTM Revenue Growth

+2%

TTM Revenue Growth

+19%

TTM Revenue Growth

+13%

TTM Revenue Growth

\$3.7M

TTM Revenue ⁽¹⁾

\$0.2M

TTM Revenue ⁽¹⁾

⁽¹⁾ The TTM revenue for the ALI and MC business units only includes revenue since the acquisition of Pro-ficiency in June 2024.

General

- Overall services revenue growth of 34% for 2Q25 and 28% for TTM
- Total backlog \$20.4M, over 94% expected to be converted to revenue within 12 months
- Revenue contribution from MC in-line with expectations

Physiologically
Based
Pharmacokinetics
(PBPk)

-23%

Q2 Revenue Decline

Clinical
Pharmacology &
Pharmacometrics
(CPP)

+19%

Q2 Revenue Growth

Quantitative
Systems
Pharmacology
(QSP)

-7%

Q2 Revenue Decline

Medical
Communications
(MC)

\$2.3M

Q2 Revenue

-14%

TTM Revenue Decline

+16%

TTM Revenue Growth

+12%

TTM Revenue Growth

\$5.3M

TTM Revenue ⁽¹⁾

⁽¹⁾ The TTM revenue for the MC business unit only includes revenue since the acquisition of Pro-ficiency in June 2024.

Financial Results

A large blue arrow pointing right, with the text 'Financial Results' inside it. The arrow is composed of a white shape on the left and a blue shape on the right, forming a continuous arrow pointing towards the right side of the image.

Revenue - Q2



(in millions)

+23%

Total Revenue
Growth

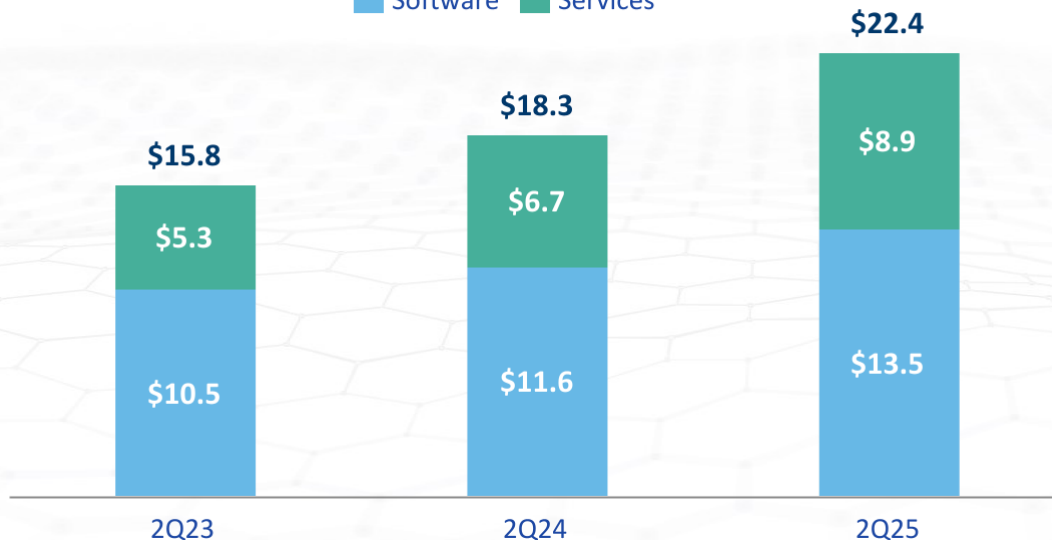
+16%

Software Revenue
Growth

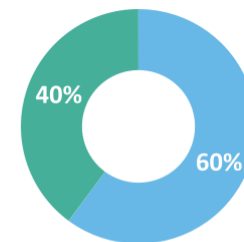
+34%

Services Revenue
Growth

■ Software ■ Services

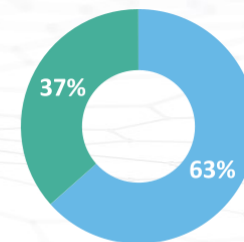


2Q25 Mix



■ Software ■ Services

2Q24 Mix



■ Software ■ Services

Revenue - YTD



(in millions)

+26%

Total Revenue
Growth

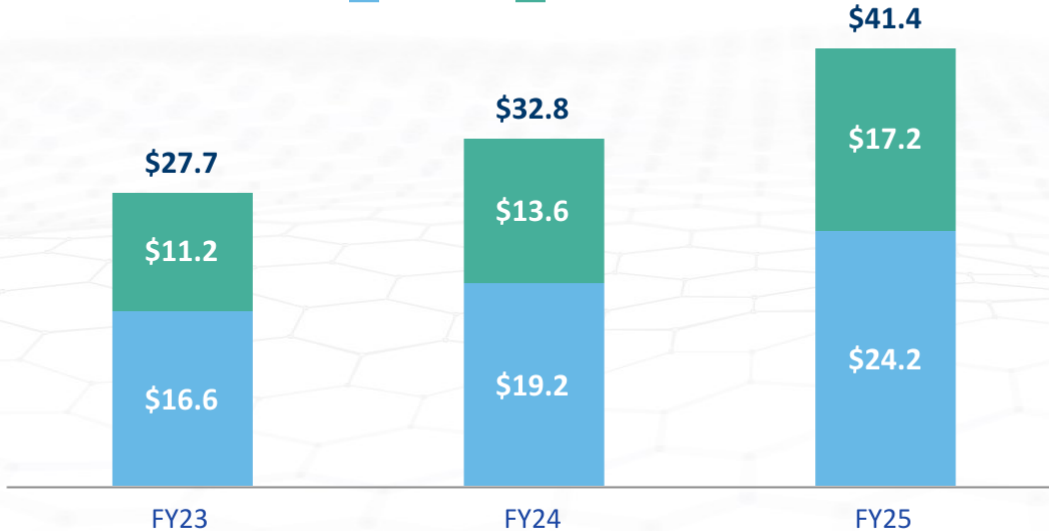
+26%

Software Revenue
Growth

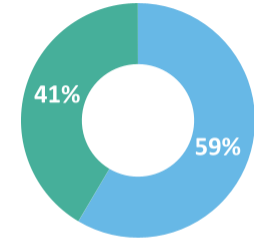
+26%

Services Revenue
Growth

■ Software ■ Services

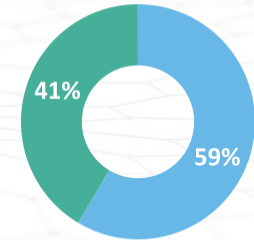


FY25 Mix



■ Software ■ Services

FY24 Mix



■ Software ■ Services

Revenue - Trailing Twelve Months (TTM)



(in millions)

+21%

Total Revenue
Growth

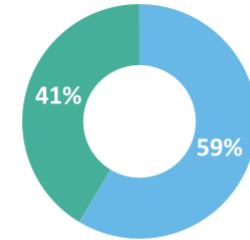
+18%

Software Revenue
Growth

+28%

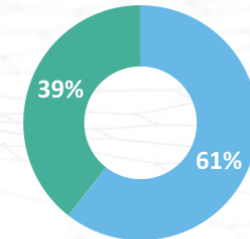
Services Revenue
Growth

2Q25 Mix



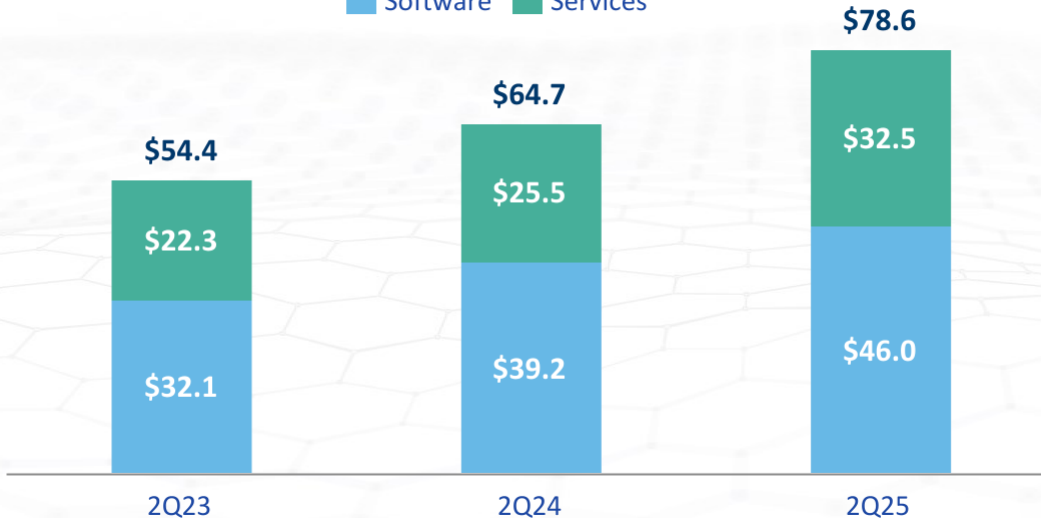
Software Services

2Q24 Mix

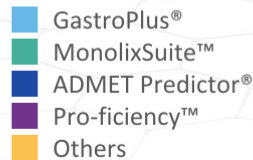
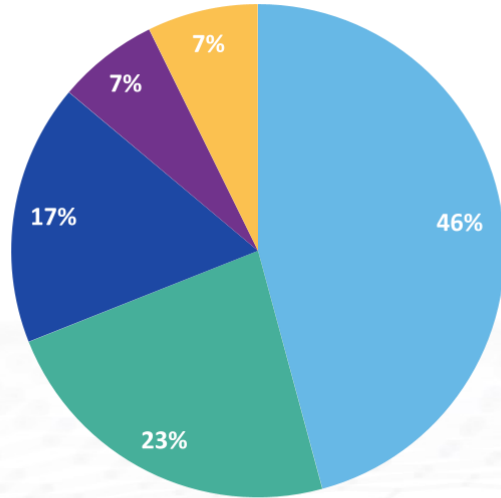


Software Services

Software Services



2Q25



Second Quarter Highlights

GastroPlus®

- 7 new customers
- 7 upsells to existing customers

MonolixSuite™

- 11 new customers
- 2 upsells to existing customers

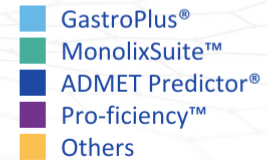
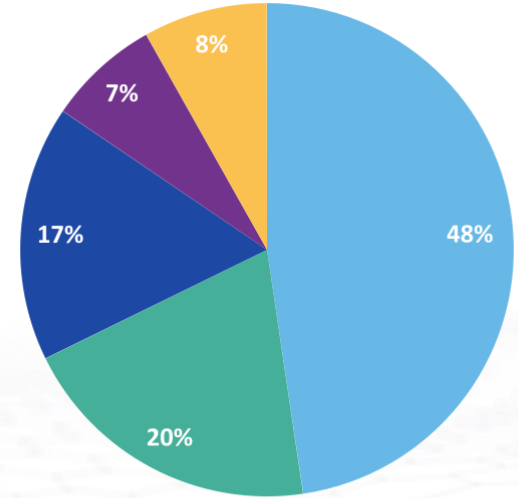
ADMET Predictor®

- 10 new customers
- 7 upsells to existing customers

QSP

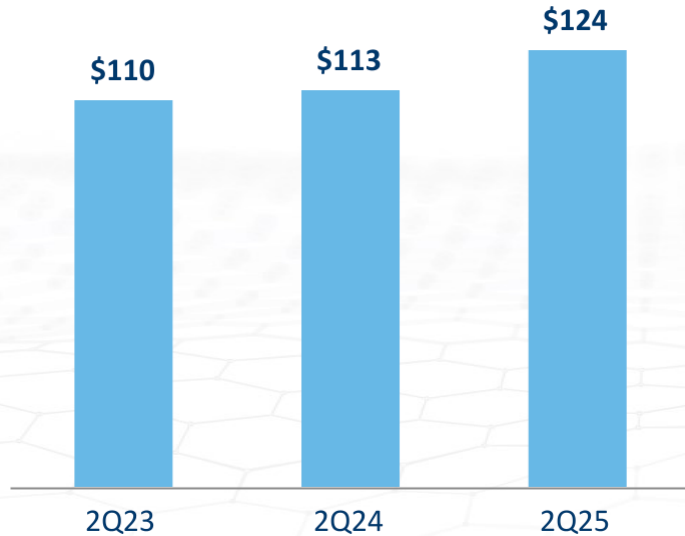
- Added model license for Atopic Dermatitis

TTM

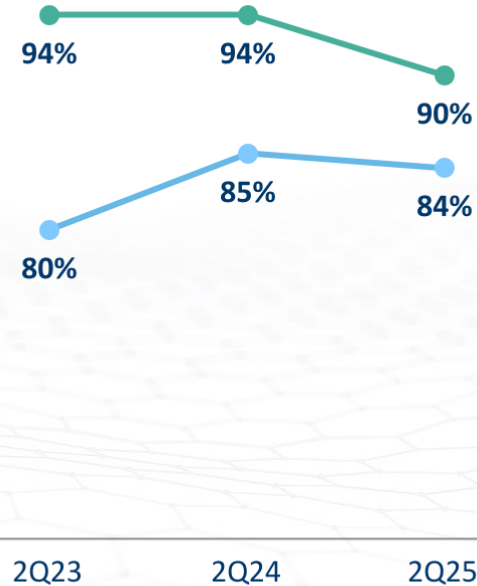


Commercial Customers

Avg. Revenue per Customer (in thousands)



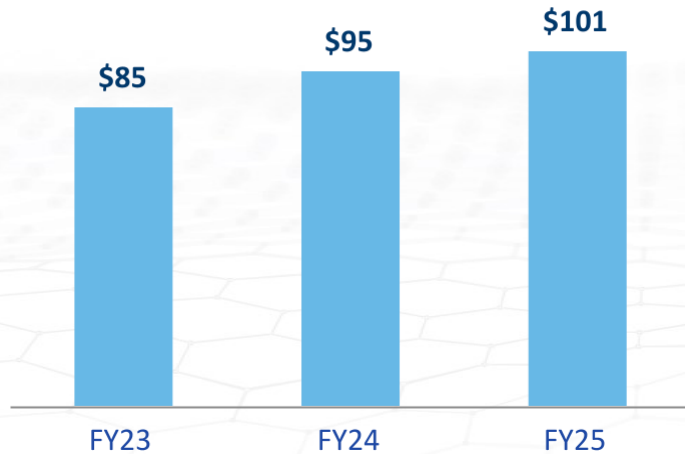
Renewal Rates



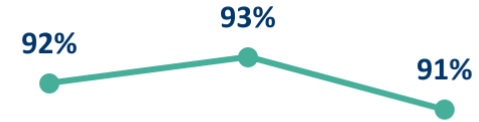
—●— Accounts —●— Fees

Commercial Customers

Avg. Revenue per Customer
(in thousands)



Renewal Rates

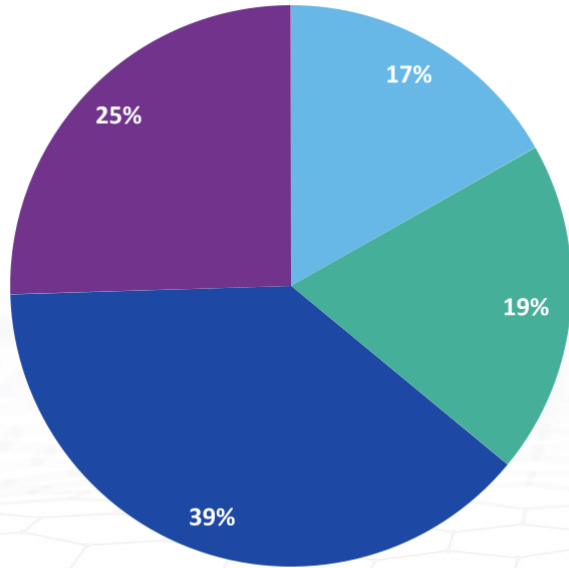


—●— Accounts —●— Fees

Services Solutions as % of Services Revenue

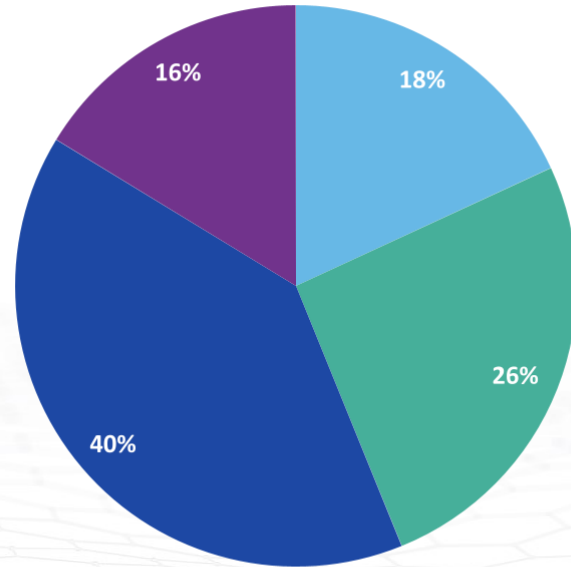


2Q25



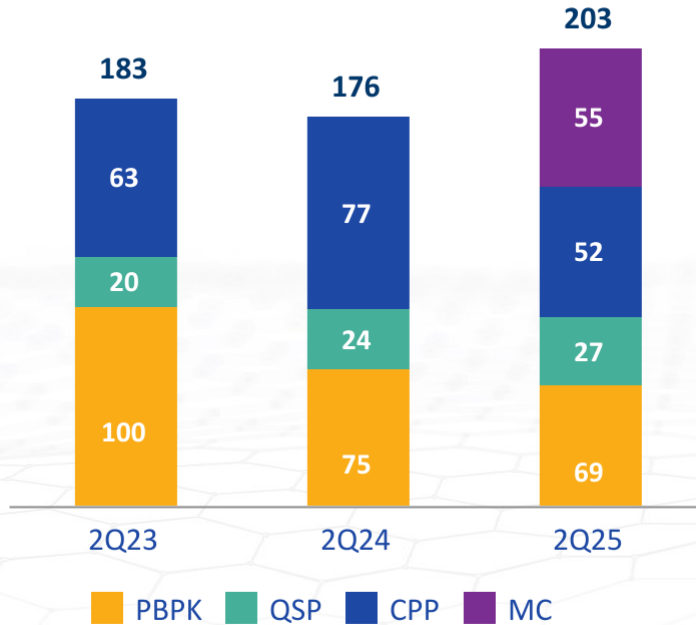
PBPK QSP CPP MC

TTM

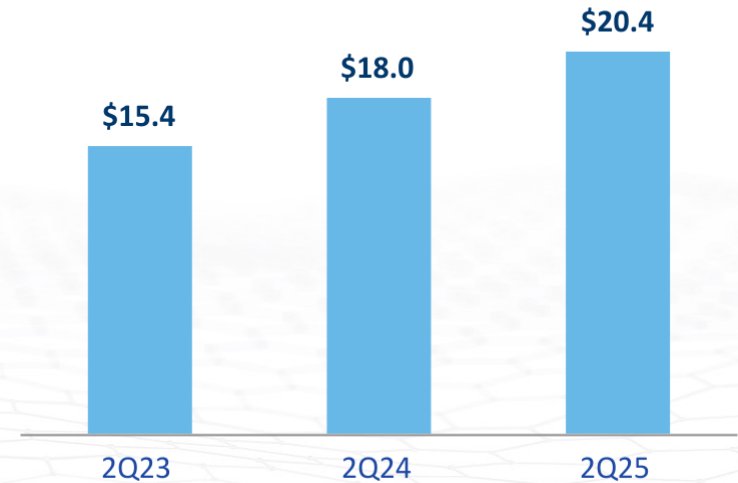


PBPK QSP CPP MC

Total Projects



Backlog (in millions)



Income Statement Summary - Q2 FY25 ⁽¹⁾



(in millions, except Diluted EPS and Adjusted Diluted EPS)

| | 2Q25 | % of Rev | 2Q24 | % of Rev |
|----------------------------|--------|----------|--------|----------|
| Revenue | \$22.4 | 100% | \$18.3 | 100% |
| Cost of revenue | 9.3 | 41% | 5.1 | 28% |
| Gross profit | 13.1 | 59% | 13.2 | 72% |
| R&D | 2.1 | 10% | 1.3 | 7% |
| S&M | 3.7 | 17% | 1.9 | 11% |
| G&A | 4.6 | 20% | 5.5 | 30% |
| Total operating exp | 10.4 | 46% | 8.8 | 48% |
| Income from operations | 2.7 | 12% | 4.4 | 24% |
| Income before income taxes | 3.5 | 16% | 5.3 | 29% |
| Income taxes | (0.4) | 2% | (1.2) | 7% |
| Effective tax rate | 12% | | 23% | |
| Net income | \$3.1 | 14% | \$4.0 | 22% |
| Diluted EPS | \$0.15 | | \$0.20 | |
| Adjusted EBITDA | \$6.6 | 29% | \$7.1 | 39% |
| Excluded items | \$3.1 | | \$2.4 | |
| Adjusted Diluted EPS | \$0.31 | | \$0.32 | |

⁽¹⁾ Numbers may not add due to rounding

Income Statement Summary - YTD



(in millions, except Diluted EPS and Adjusted Diluted EPS)

| | FY25 | % of Rev | FY24 | % of Rev |
|----------------------------|--------|----------|--------|----------|
| Revenue | \$41.4 | 100% | \$32.8 | 100% |
| Revenue growth | 26% | | 18% | |
| Gross profit | 23.3 | 56% | 23.1 | 70% |
| R&D | 4.0 | 10% | 2.5 | 8% |
| S&M | 6.6 | 16% | 3.9 | 12% |
| G&A | 9.9 | 24% | 11.2 | 34% |
| Total operating exp | 20.5 | 50% | 17.7 | 54% |
| Income from operations | 2.8 | 7% | 5.4 | 16% |
| Income before income taxes | 3.8 | 9% | 7.7 | 23% |
| Income taxes | (0.5) | 1% | (1.7) | 5% |
| Effective tax rate | 13% | | 22% | |
| Net income | \$3.3 | 8% | \$6.0 | 18% |
| Diluted EPS | \$0.16 | | \$0.29 | |
| Adjusted EBITDA | \$11.1 | 27% | \$10.5 | 32% |
| Excluded items | \$6.4 | | \$4.1 | |
| Adjusted Diluted EPS | \$0.48 | | \$0.50 | |

⁽¹⁾ Numbers may not add due to rounding

Balance Sheet Summary



(in millions)

| | February 28, 2025 | August 31, 2024 |
|---|-------------------|-----------------|
| Cash and short-term investments | \$21.4 | \$20.3 |
| Total current assets | 46.7 | 39.3 |
| Total assets | \$201.4 | \$196.6 |
| Current liabilities | 10.7 | 12.1 |
| Long-term liabilities | 1.2 | 2.1 |
| Total liabilities | 11.9 | 14.2 |
| Shareholders' equity | 189.5 | 182.4 |
| Total liabilities and shareholders' equity | \$201.4 | \$196.6 |

| | <u>Guidance</u> |
|---|------------------------|
| Total Revenue | \$90M - \$93M |
| Total Revenue Growth | 28% - 33% |
| Software Revenue Mix | 55% - 60% |
| Adjusted EBITDA⁽¹⁾ Margin | 31% - 33% |
| Adjusted Diluted EPS⁽²⁾ | \$1.07 - \$1.20 |

⁽¹⁾ Adjusted EBITDA represents net income excluding the effect of interest expense (income), provision (benefit) for income taxes, amortization expense, intangible asset amortization, equity-based compensation expense, loss (gain) on currency exchange, goodwill impairment, change in fair value of contingent consideration, reorganization expense, acquisition and integration expense and other items not indicative of our ongoing operating performance.

⁽²⁾ Adjusted net income and adjusted diluted earnings per share exclude the effect of amortization expense, equity-based compensation expense, loss (gain) on currency exchange, goodwill impairment, change in fair value of contingent consideration, reorganization expense, acquisition and integration expense and other items not indicative of our ongoing operating performance as well as the income tax provision adjustment for such charges.

CONTINUED LEADERSHIP POSITION IN LIFE SCIENCES TECHNOLOGY MARKET

Delivering on our commitment to scientific leadership

- Release of GastroPlus X
- Release of Monolix R24
- Release of ADMET Predictor Version 12
- Collaboration with USC to secure NIH Grant to develop new AI drug discovery offerings

Developing organization to drive growth

- Optimization of business unit structure following recent strategic acquisitions
- Formation of two new business units following Pro-ficiency acquisition
- Focus on supporting accelerated growth in distributor network

Expanding our software and services portfolio

- ALI: Pro-ficiency software platform
- MC: Panorama KOL Insights software platform

Creating shareholder value

- Delivering consistent revenue growth and profitability
- Strategic M&A

WELL POSITIONED FOR FISCAL 2025 PERFORMANCE

Adjusted EBITDA Non-GAAP Reconciliation ⁽¹⁾



(in millions)

| | FY24 | | | | FY25 | | FY24 | FY25 |
|---|---------|---------|---------|---------|---------|---------|-----------|----------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Full Year | YTD |
| Net Income | \$1.945 | \$4.029 | \$3.137 | \$0.843 | \$0.206 | \$3.074 | \$9.954 | \$3.280 |
| Excluding: | | | | | | | | |
| Interest income and expense, net | (1.292) | (1.348) | (1.522) | (0.213) | (0.159) | (0.154) | (4.375) | (0.313) |
| Provision for income taxes | 0.461 | 1.223 | 0.753 | 0.020 | 0.064 | 0.434 | 2.457 | 0.498 |
| Depreciation and amortization | 1.091 | 1.105 | 1.263 | 2.206 | 2.265 | 2.274 | 5.665 | 4.539 |
| Stock-based compensation | 1.303 | 1.585 | 1.665 | 1.387 | 1.589 | 1.557 | 5.940 | 3.146 |
| (Gain) loss on currency exchange | (0.044) | 0.098 | (0.009) | (0.431) | 0.015 | (0.002) | (0.386) | 0.013 |
| Change in value of contingent consideration | (0.110) | 0.440 | (0.599) | (1.370) | — | (0.640) | (1.639) | (0.640) |
| Reorganization expense | — | — | — | — | 0.258 | 0.157 | — | 0.415 |
| Mergers & Acquisitions expense | 0.034 | 0.003 | 0.898 | 1.706 | 0.255 | (0.122) | 2.641 | 0.133 |
| Adjusted EBITDA | \$3.388 | \$7.135 | \$5.586 | \$4.148 | \$4.493 | \$6.578 | \$20.257 | \$11.071 |

⁽¹⁾ Numbers may not add due to rounding

Adjusted Diluted EPS Non-GAAP Reconciliation ⁽¹⁾



(in millions, except Diluted EPS and Adjusted Diluted EPS)

| | FY24 | | | | FY25 | | FY24 | FY25 |
|---|---------|---------|---------|---------|---------|---------|-----------|---------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Full Year | YTD |
| Net Income (GAAP) | \$1.945 | \$4.029 | \$3.137 | \$0.843 | \$0.206 | \$3.074 | \$9.954 | \$3.280 |
| Excluding: | | | | | | | | |
| Amortization | 0.991 | 0.991 | 1.122 | 2.059 | 2.130 | 2.130 | 5.163 | 4.260 |
| Stock-based compensation | 1.303 | 1.585 | 1.665 | 1.387 | 1.589 | 1.557 | 5.940 | 3.146 |
| (Gain) loss on currency exchange | (0.044) | 0.098 | (0.009) | (0.431) | 0.015 | (0.002) | (0.386) | 0.013 |
| Mergers & Acquisitions expense | 0.034 | 0.003 | 0.898 | 1.706 | 0.255 | (0.122) | 2.641 | 0.133 |
| Change in value of contingent consideration | (0.110) | 0.440 | (0.599) | (1.370) | — | (0.640) | (1.639) | (0.640) |
| Reorganization expense | — | — | — | — | 0.258 | 0.157 | — | 0.415 |
| Tax effect on above adjustments | (0.417) | (0.746) | (0.603) | (0.554) | (1.007) | 0.041 | (2.320) | (0.966) |
| Adjusted Net income (Non-GAAP) | \$3.702 | \$6.400 | \$5.611 | \$3.640 | \$3.446 | \$6.195 | \$19.353 | \$9.641 |
| Weighted-avg. common shares outstanding: | | | | | | | | |
| Diluted | 20.279 | 20.315 | 20.433 | 20.338 | 20.266 | 20.277 | 20.301 | 20.262 |
| Diluted EPS (GAAP) | \$0.10 | \$0.20 | \$0.15 | \$0.04 | \$0.01 | \$0.15 | \$0.49 | \$0.16 |
| Adjusted Diluted EPS (Non-GAAP) | \$0.18 | \$0.32 | \$0.27 | \$0.18 | \$0.17 | \$0.31 | \$0.95 | \$0.48 |

⁽¹⁾ Numbers may not add due to rounding



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