



Earnings Call - Q4 - FY22

October 26, 2022

Safe Harbor Statement

With the exception of historical information, the matters discussed in this presentation are forward-looking statements that involve a number of risks and uncertainties. Words like “believe,” “expect” and “anticipate” mean that these are our best estimates as of this writing, but that 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. Factors that could cause or contribute to such differences include, but are not limited to: 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, our ability to finance growth, our ability to continue to attract and retain highly qualified technical staff, our ability to identify and close acquisitions on terms favorable to the Company, and a sustainable market. Further information on our risk factors is contained in our quarterly and annual reports and filed with the U.S. Securities and Exchange Commission.

Full Year Highlights

16%

Revenue Growth

28%

Diluted EPS
Growth

24%

Adj. EBITDA
Growth

22%

Services Backlog
Growth

Achievements

- Continued scientific leadership in biosimulation market with expanding industry and regulatory partnerships
- Accelerating revenue growth and improved profitability
- Leveraging software portfolio to enhance growth
- Rebuilt service backlog and returned to growth

Fourth Quarter & Full Year Software Highlights

General

- Renewal rate in line with historical levels but impacted by delayed client process and forex
- University+ program has 245 individual licenses across 53 countries

-8%

Q4 Revenue
Decline

GastroPlus®

- 6 new commercial customers in Q4
- 7 upsells in Q4
- 14 peer reviewed journal articles published in Q4

+15%

FY Revenue
Growth

+55%

Q4 Revenue
Growth

MonolixSuite®

- 7 new commercial customers
- Continued strong renewal/upsell pattern

+36%

FY Revenue
Growth

+15%

Q4 Revenue
Growth

ADMET Predictor®

- 5 new commercial customers
- 8 upsells in Q4

+14%

FY Revenue
Growth

Fourth Quarter & Full Year Services Highlights

General

- 22% increase in backlog compared to prior year
- Dynamic market for scientific talent

+3%

Q4 Revenue
Growth

PKPD

- Higher than usual seasonality for summer months
- Rising utilization and project pricing yields

+4%

FY Revenue
Growth

+29%

Q4 Revenue
Growth

QSP/QST

- 46% growth in project compared to prior quarter
- High CRO pass through revenues compared to prior quarter

+9%

FY Revenue
Growth

+84%

Q4 Revenue
Growth

PBPK

- Accelerating demand reflecting increased industry adoption
- 83% increase in backlog compared to prior year

+48%

FY Revenue
Growth

FY23 Outlook

FY23 Guidance:

10% to 15%

Total Revenue Growth

\$59.3M to \$62.0M

Total Revenue

60% to 65%

Software Revenue % of Total Revenue

35% to 40%

Service Revenue % of Total Revenue

\$0.63 to \$0.67

Diluted EPS

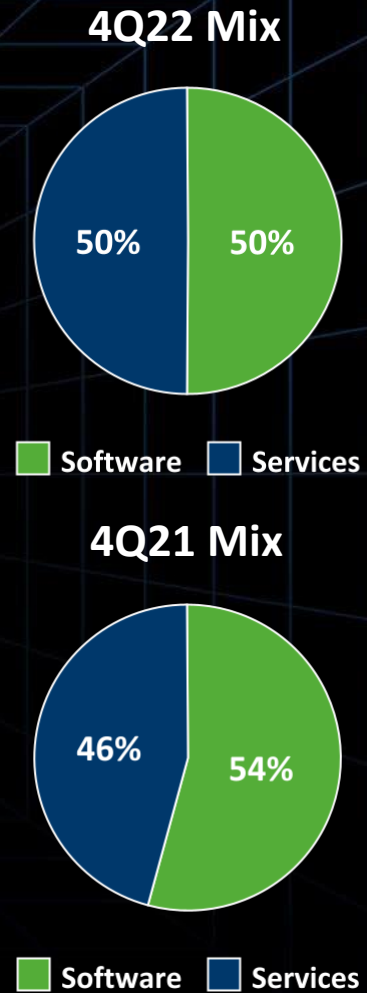
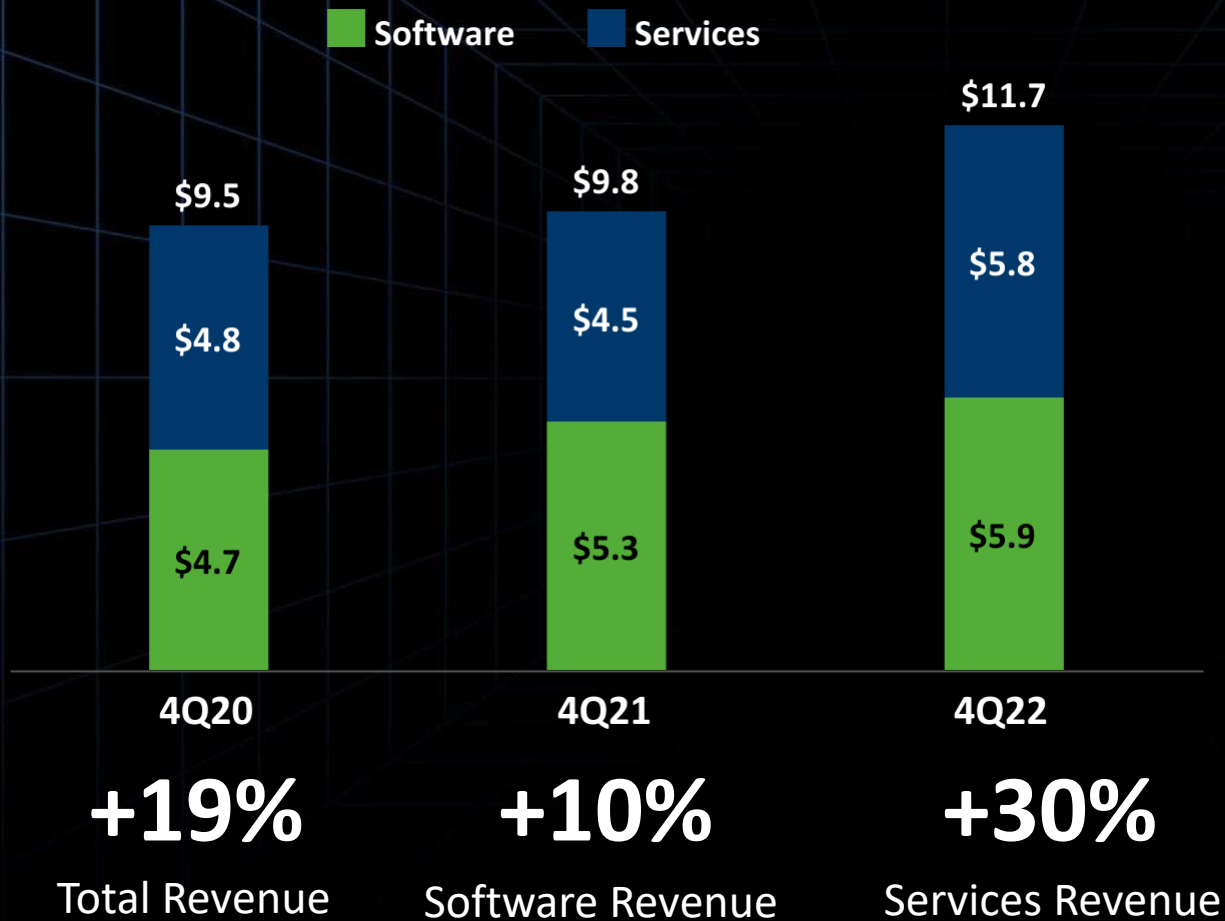
Commentary:

- Software business continues to deliver with strong momentum.
- Services business improving with significant improvement in backlog entering FY23
- Consistent annual renewal rates with changing seasonality
- M&A remains strategic enhancement to organic growth objectives (incremental to guidance)

Financial Results

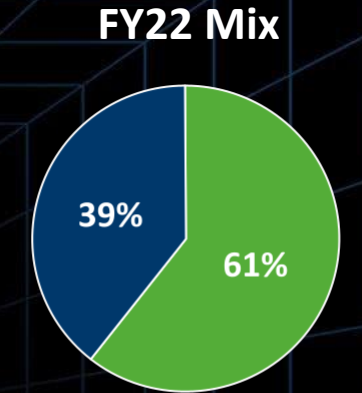
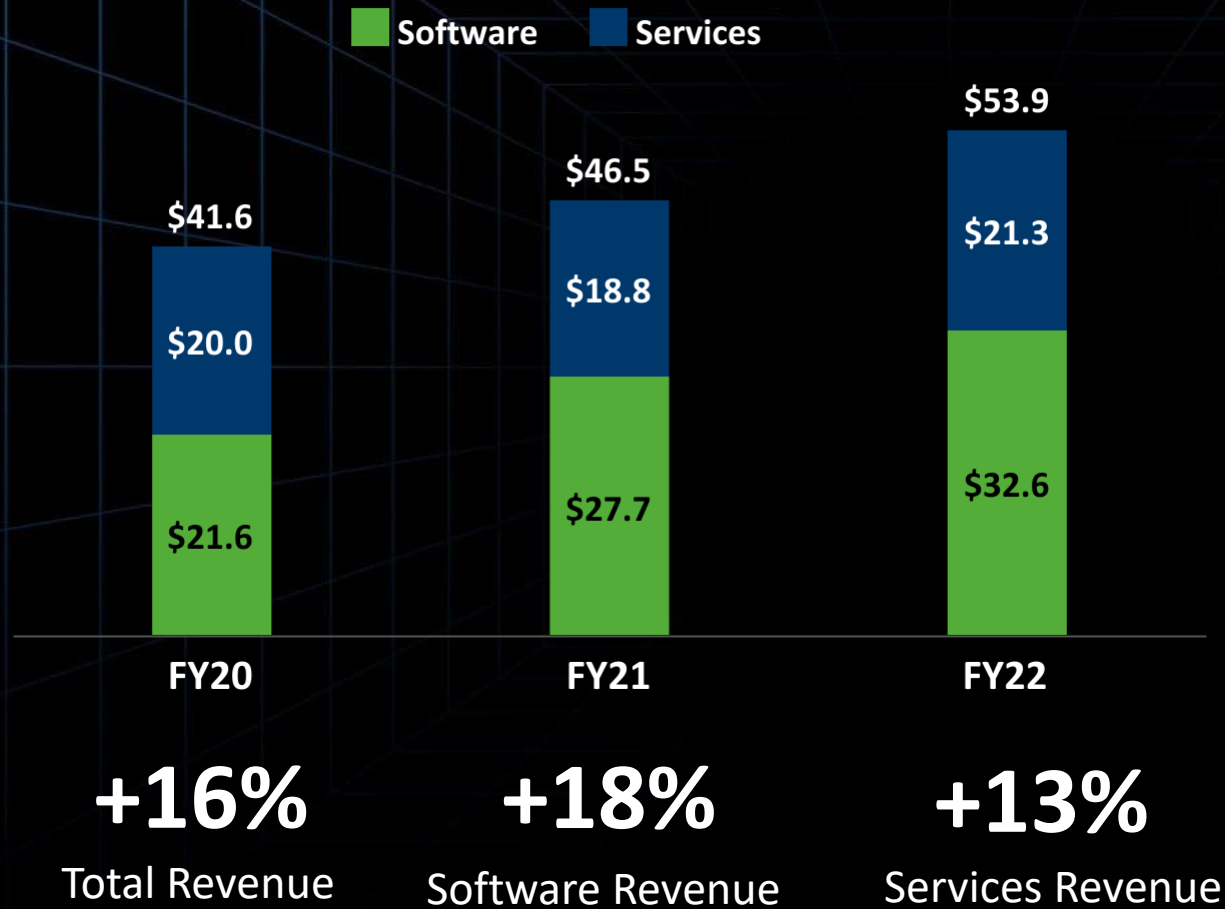
Revenue - Q4

(in millions)

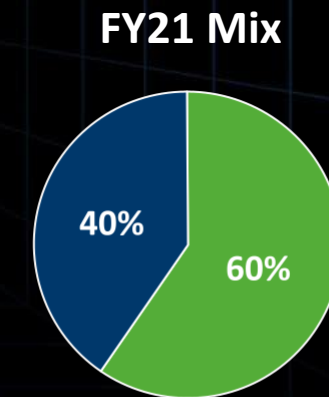


Revenue - Fiscal Year

(in millions)

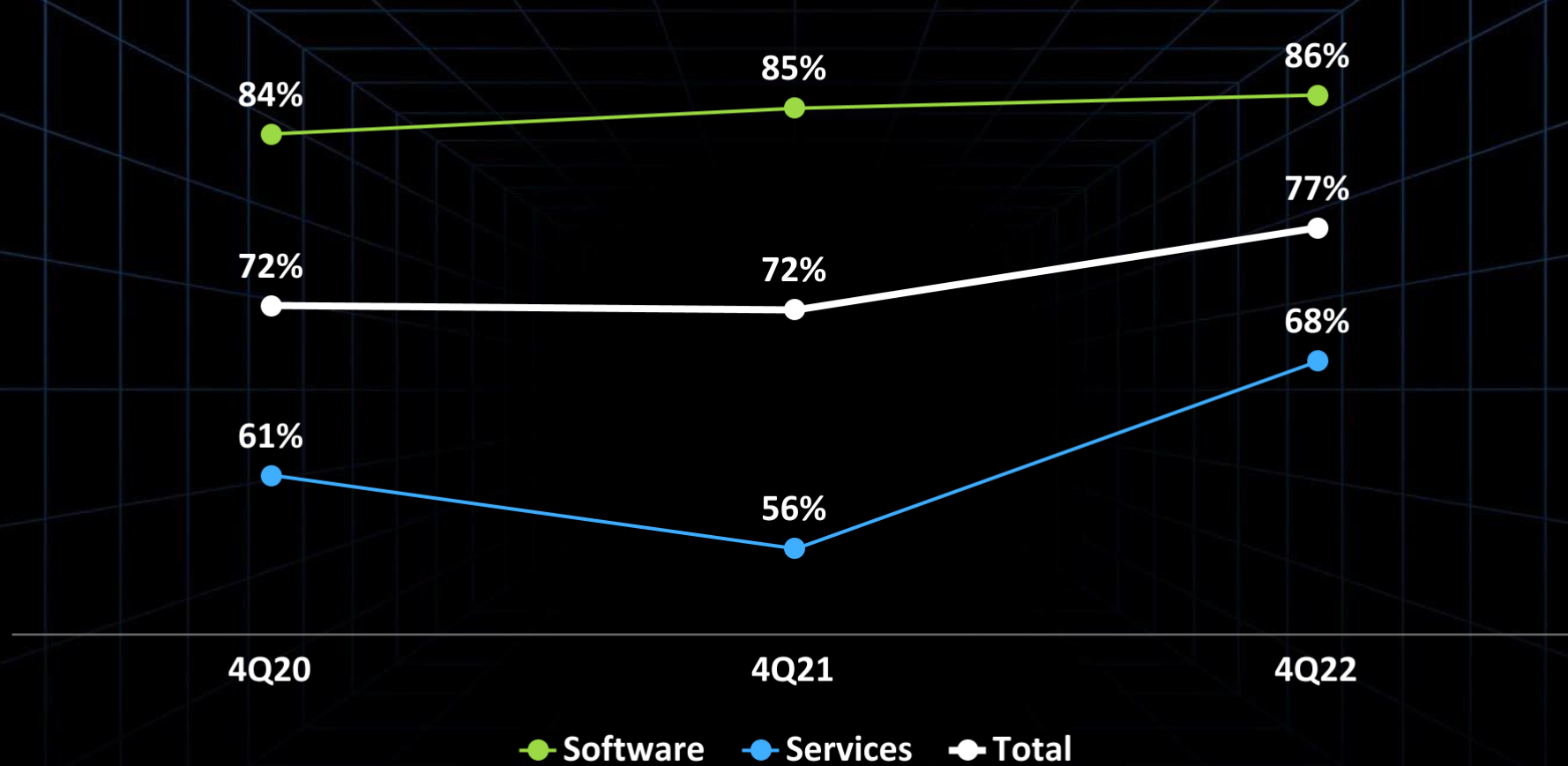


Software Services

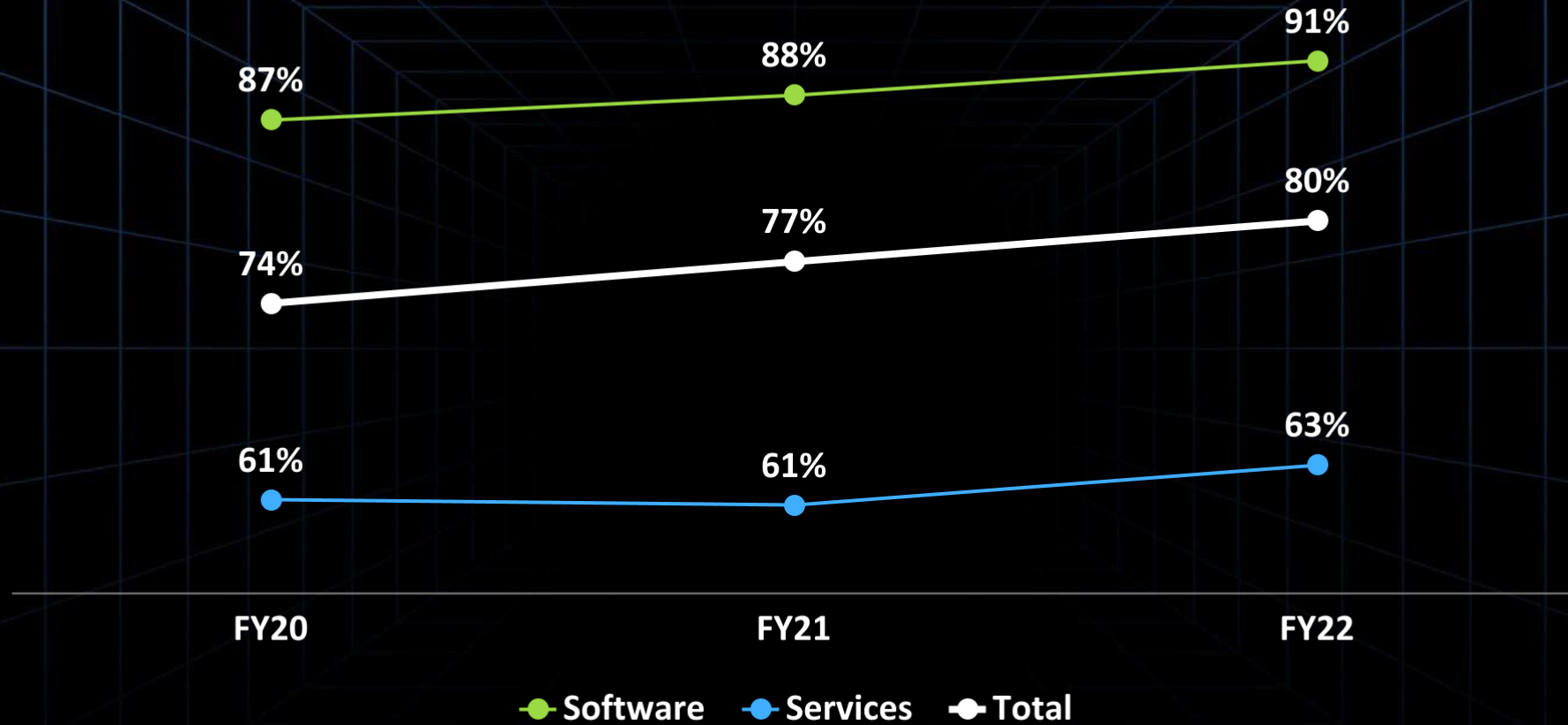


Software Services

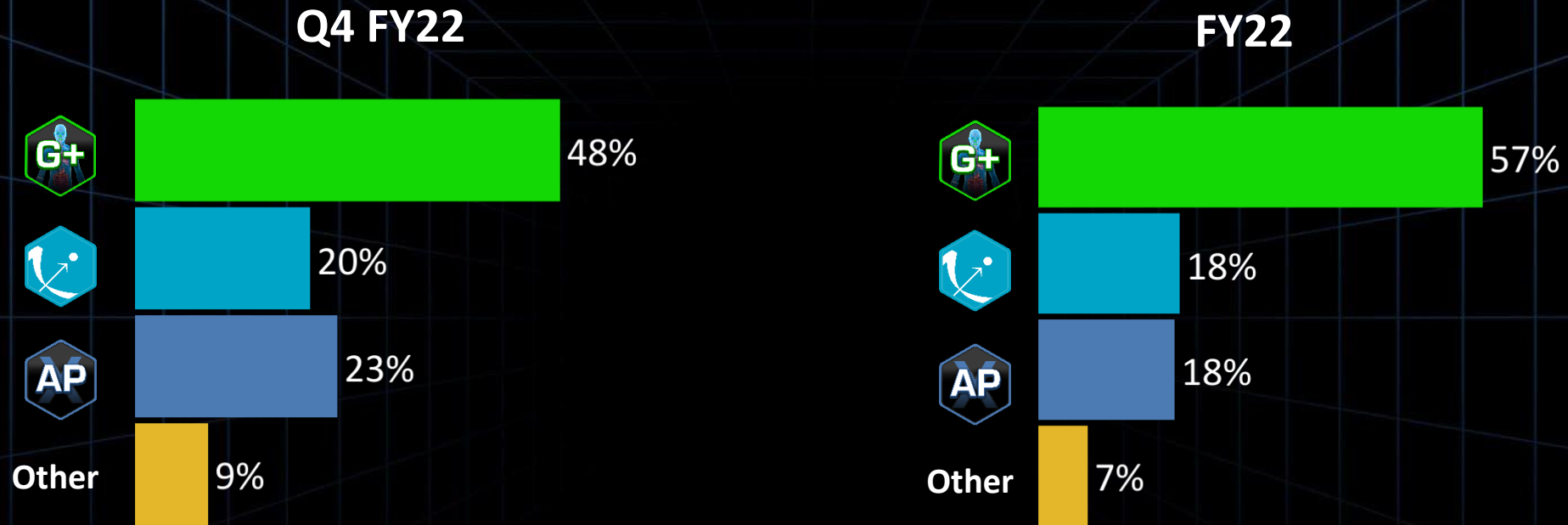
Gross Margin Trends - Q4



Gross Margin Trends - Fiscal Year



Software Revenue by Product

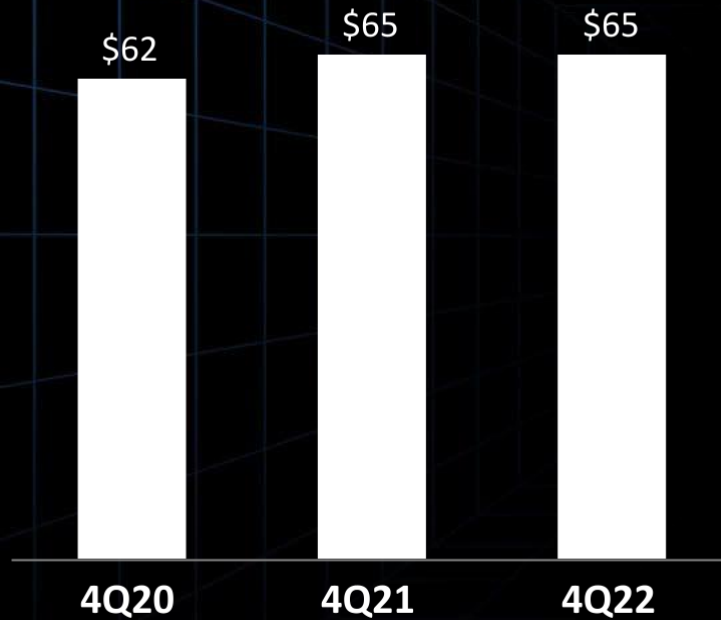


Software Product as % of Software Revenue

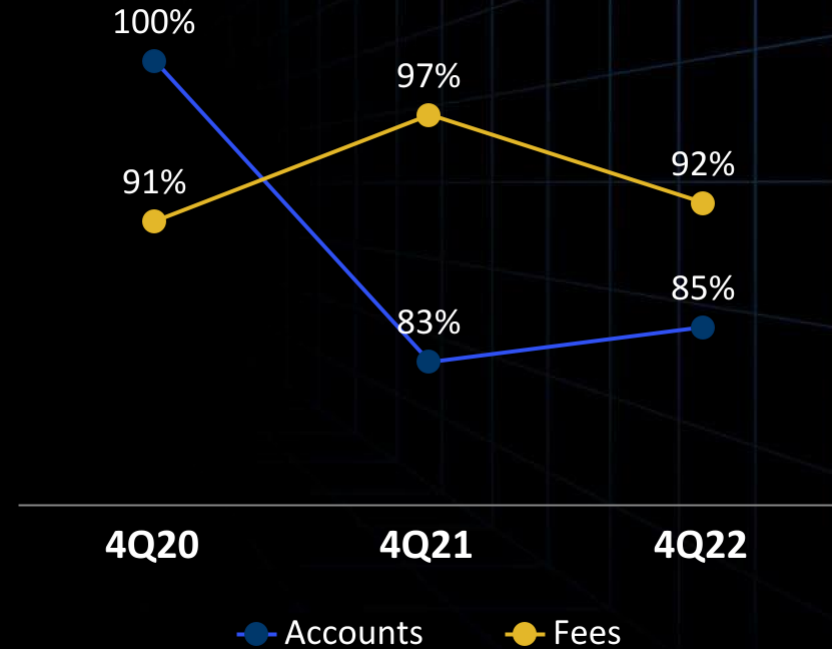
Software Performance Metrics - Q4

Commercial Customers

Avg. Revenue per Customer
(in thousands)



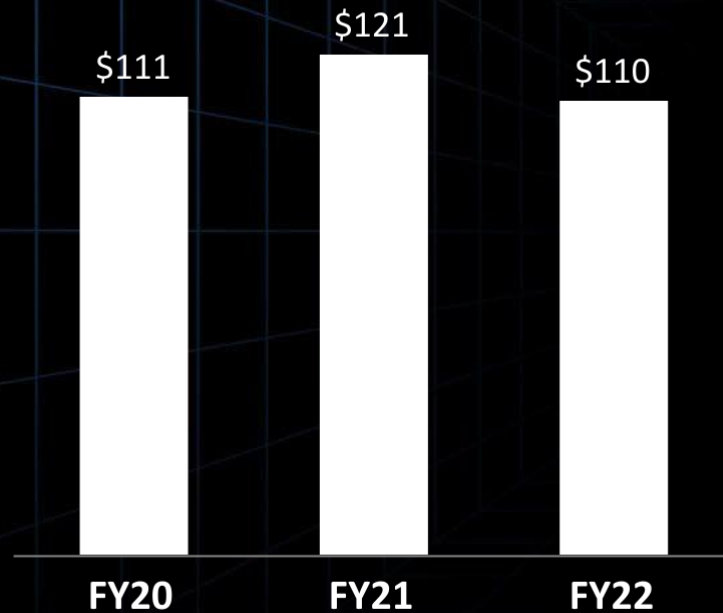
Renewal Rates



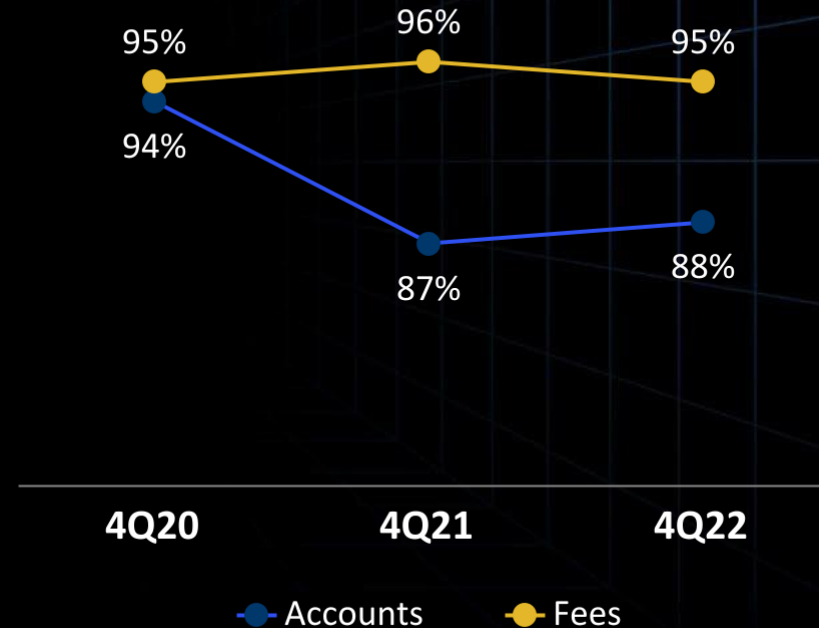
Software Performance Metrics - Fiscal Year

Commercial Customers

Avg. Revenue per Customer
(in thousands)



Renewal Rates



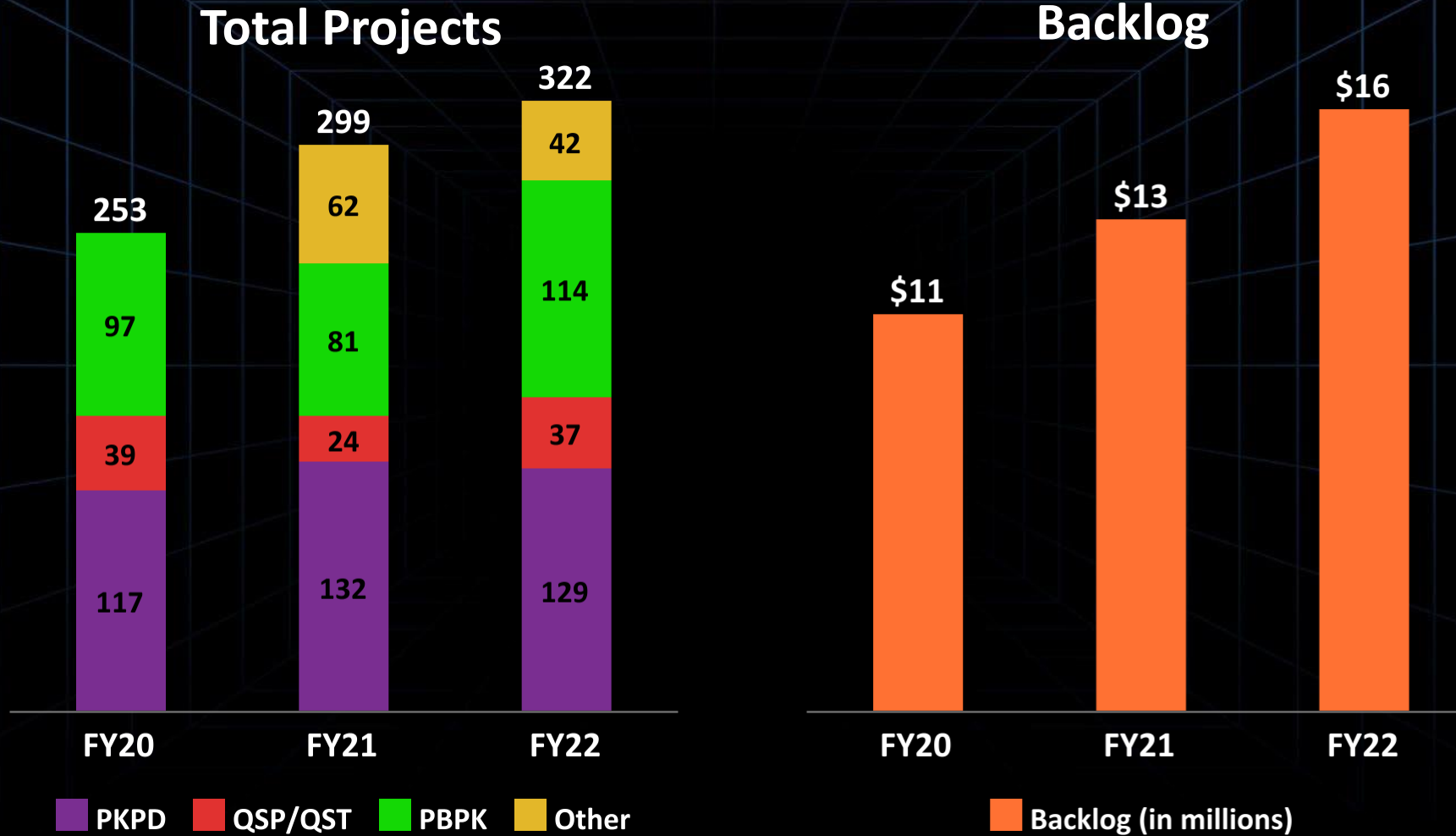
University+ Customers: 245 in 53 countries

Service Revenue by Type



Services as % of Service Revenue

Services Performance Metrics



Income Statement Summary - Q4

(in millions, except Diluted EPS)

	4Q22	% of Rev	4Q21	% of Rev
Revenue	\$11.7	100%	\$9.8	100%
Revenue growth	19%		3%	
Gross profit	9.1	77%	7.1	72%
R&D	0.8	7%	1.3	13%
SG&A	7.6	65%	5.6	57%
Total operating exp	8.4	71%	6.9	70%
Income from operations	0.7	6%	0.2	2%
Income before income taxes	0.9	8%	0.2	2%
Income taxes	0.1	1%	0.1	1%
Effective tax rate	8%		74%	
Net income	\$1.0	8%	\$0.3	3%
Diluted earnings per share (in dollars)	0.05		0.01	
Adjusted EBITDA	\$2.3	20%	\$1.7	18%

Income Statement Summary - Fiscal Year

(in millions, except Diluted EPS)

	FY22	% of Rev	FY21	% of Rev
Revenue	\$53.9	100%	\$46.5	100%
Revenue growth	16%		12%	
Gross profit	43.1	80%	35.9	77%
R&D	3.2	6%	4.0	9%
SG&A	25.0	46%	20.6	44%
Total operating exp	28.2	52%	24.6	53%
Income from operations	14.9	28%	11.3	24%
Income before income taxes	15.1	28%	11.1	24%
Income taxes	(2.6)	5%	(1.3)	3%
Effective tax rate	17%		12%	
Net income	\$12.5	23%	\$9.8	21%
Diluted earnings per share (in dollars)	0.60		0.47	
Adjusted EBITDA	\$21.0	39%	\$16.9	36%

Balance Sheet Summary

(in millions)

	August 31, 2022	August 31, 2021
Cash and short-term investments	\$128.2	\$123.6
Total current assets	146.8	139.3
Total assets	\$188.4	\$180.0
Current liabilities	7.7	11.6
Long-term liabilities	2.4	2.6
Total liabilities	10.1	14.2
Shareholders' equity	178.2	165.8
Total liabilities and shareholders' equity	\$188.4	\$180.0

Conclusion

CONTINUED LEADERSHIP POSITION IN BIOSIMULATION MARKET

- Delivering on our commitment to scientific leadership
 - Internal R&D investment
 - Expanding industry and regulatory partnerships
- Enhancing our client facing capabilities
 - Growth and maturity of business development team
 - Focus on expanding our local coverage of EU market
 - Focus on supporting accelerated growth in distributor network
- Challenges being addressed
 - Evolving seasonality due to software renewal timing changes
 - Continued competitive market for scientific talent
 - General market dynamics: inflation, recession & forex
 - Need to execute on M&A opportunities

WELL POSITIONED TO ACHIEVE OUR FY23 GOALS