SimulationsPlus

Investor Presentation

NASDAQ: SLP

Q1 FY24 Update

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 successfully integrate the recently acquired Immunetrics business with our own, as well as expenses we may incur in connection therewith, 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.

Mission: Improve Health Through Innovative solutions

To create value for customers
by accelerating development timelines and reducing the cost of drug development R&D through innovative science-based software and consulting solutions that optimize treatment options and improve patient lives.

SimulationsPlus

SLP At A Glance

Leading Provider of Software and Consulting Services in the Biosimulation Market

AI-powered technology solutions optimize the outcomes of drug discovery, development, research, and regulatory submissions processes. Our software-based technology both models and simulates how drugs and diseases behave in humans and in other species.

25+
YEARS

OVER 25 YEARS IN BUSINESS AND CONTINUING THE COMMITMENT TO IMPROVE PUBLIC HEALTH THROUGH INNOVATIVE SOLUTIONS

300+
CLIENTS

OUR CLIENTS TRUST OUR EXPERT CONSULTING THAT SUPPORTS DRUG RECOVERY, CLINICAL DEVELOPMENT RESEARCH AND REGULATORY SUBMISSIONS

18+
SOFTWARE SOLUTIONS

WE PROVIDE VALIDATED AI AND MACHINE LEARNING, MODELING AND SIMULATION SOFTWARE FOR NOVICE AND EXPERT USERS ALIKE

Investment Highlights

- Industry Leader in Large and Growing Market
- Biosimulation Technology Leader Leveraging AI
- Compelling Customer Value Proposition
- Strong Competitive Position and Barriers to Entry
- Attractive Financial Profile
- Seasoned Management Team and Scientific Leadership

Biosimulation Overview

Biosimulation is software-based technology that models and simulates how drugs and diseases behave in the human body

Biosimulation combines core principles in biology, chemistry and pharmacology with proprietary mathematical algorithms to predict how biology and drugs interact with one another.

- Models can start in vitro (without animal or human testing) but are developed through the development cycle incorporating animal and human test results along the way.
- Model uses include lead optimization, dose regimens, clinical trial protocol development, clinical trial simulation, bioequivalence evaluation, toxicity assessment and many more.

Drug Development Challenges | Biosimulation Solution

Our core mission – accelerating the development and delivery of better, safer, and more effective drugs

CHALLENGES

- The median cost of developing a new drug averages $1.5 to $2 billion and the timeline can range from 10-15 years.
- On average only 11% of all drug candidates are approved

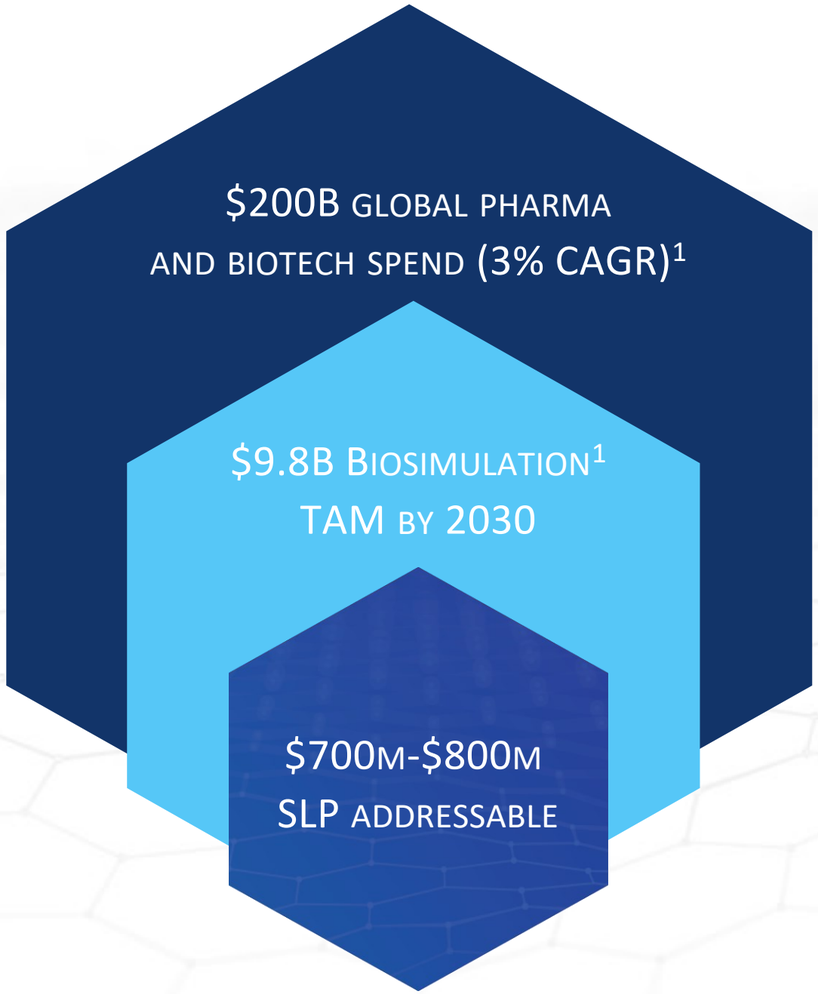
SIMULATIONS PLUS SOLUTIONS

- Simulations Plus offers AI-powered technology solutions to help optimize the outcomes of the drug discovery, development, research and regulatory approval processes to bring drugs to market faster
- Simulations Plus solutions can help increase the number of candidates approved by streamlining the drug development process, creating efficiencies that lead to drug efficacy and safety, higher regulatory approval, improved commercial success and much more

Source: Company research

Leader in Large and Growing Market

Spending for biosimulation products continues to increase given need to bring drugs to market faster



+ Biosimulation market valued at $2.8B in 2022 and is expected to expand at a 16.9% CAGR from 2022 - 2030[1]

+ Strategy to grow addressable market within the Biosimulation TAM through both internal R&D investment and strategic acquisitions
  - Biosimulation TAM growing 4-5x faster than global pharma and biotech spend
  - SLP is growing faster than the Biosimulation TAM

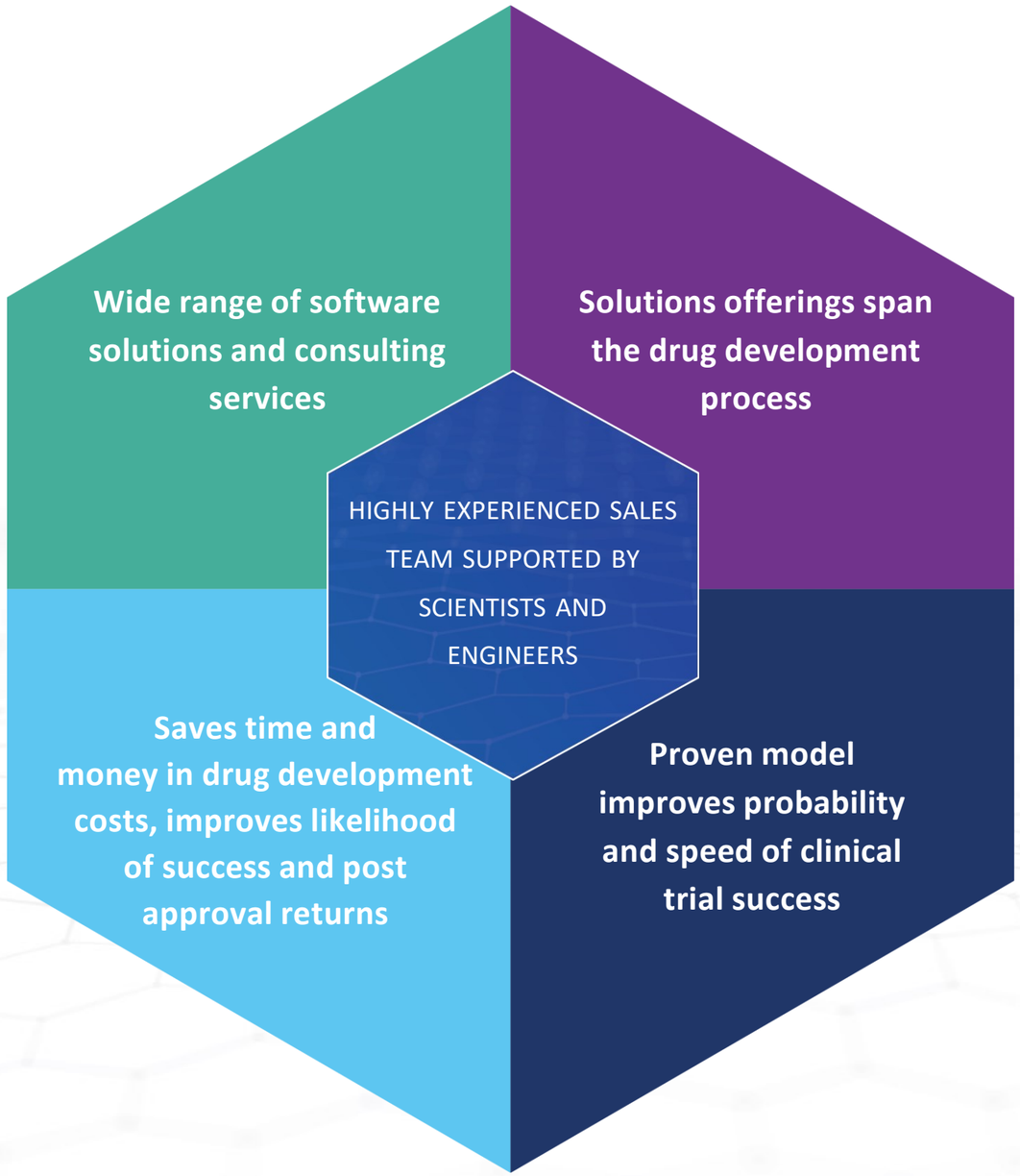
+ Highly fragmented and underpenetrated market with only a few larger players
  - The global biosimulation market is segmented based on product, application, delivery model, and end users.

1 Company research, SkyQuest

Compelling Customer Value Proposition

- GastroPlus®
- ADMET Predictor®
- MonolixSuite™ (includes Monolix, Pkanalix, Simulix)
- QSP/T Models (including DILISYM, RENASYM, IPFSYM, etc.)

- Provides operational efficiencies and leads to accurate / timely decision making and regulatory reporting



- Early drug discovery to preclinical
- Clinical data analysis
- Submission to regulatory agencies supporting product approval

- Only ~7% of proposed new drug compounds pass Phase I trials
- Only 53% of drugs that get to Phase III trials make it to market
- 70% of drugs fail in Phase II or Phase III due to safety and efficacy issues

End-to-End Solutions Across the Development Life Cycle

Decrease development uncertainty, cost and time

CHEMINFORMATICS

PHYSCHEM
ADME
TOXICITY

PBPK / PBBM/ QST/ QSP

FIRST-IN-HUMAN
FOOD EFFECTS
IVIVC & VIRTUAL BE
EFFICACY & SAFETY
ADDITIONAL DOSAGE ROUTES

PHARMACOMETRICS

PEDIATRIC PREDICTIONS
DDI & DOSAGE
FORMS LOCAL & SYSTEMIC EXPOSURE
POPULATION PREDICTIONS

REGULATORY

DRUG APPROVAL

"…combining models and data results in higher confidence in clinical performance at an earlier time in development."

U.S. Food and Drug Administration

CONFIDENCE LEVEL OF DRUG APPROVAL

Discovery | Pre-clinical | Clinical | Drug Approval

TIME

Strong Competitive Position

- LEADING POSITION IN LARGE, GROWING, FRAGMENTED AND UNDERPENETRATED MARKET
- LARGE, GROWING AND DIVERSE CUSTOMER BASE
- MOST COMPREHENSIVE AND WIDELY RECOGNIZED TOOLS IN THE INDUSTRY
- 300+ CUSTOMERS
- ACCUMULATED PUBLIC AND PRIVATE DATA THAT INFORMS OUR ALGORITHMS AND MODELS

Financial Profile

Delivering Double-Digit Revenue Growth / Industry Leading Margins

	FY18	FY19	FY20	FY21	FY22	FY23	6 Yr CAGR
REVENUE $ in millions	$29.7	$34.0	$41.6	$46.4	$53.9	$59.6	**14.9%**
	FY18	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**6 Yr Avg**
GROSS MARGIN %	73.1%	73.4%	74.4%	77.2%	79.9%	80.0%	**76.4%**
EBITDA MARGIN %	43.3%	39.1%	34.4%	31.2%	33.3%	19.2%	**33.4%**

- Double digit revenue growth
- Strong recurring revenue supported by a 90%+ Software Fee Renewal Rate
- High gross/EBITDA margins to drive strong operating leverage
- High-margin, recurring revenue over the life of the client relationship
- Product mix skews toward higher margin software sales
- $113.9 million in cash and short-term investments[1] to fund growth

[1]As of Q1'24 quarter end

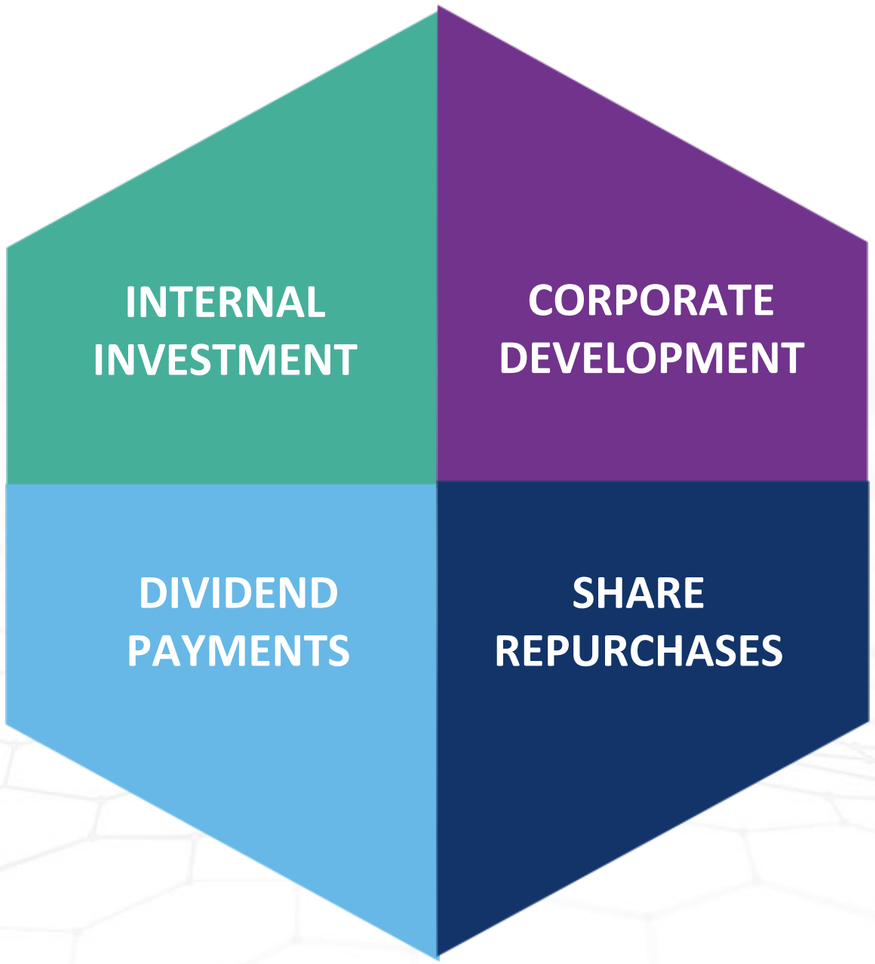
M&A | Integration & Immunetrics Case Study

Integration and consolidation efficiencies

- Quantitative Systems Pharmacology (QSP) is the discipline of building mathematical models to mechanistically stimulate the dynamics of diseases and treatments. These models incorporate public and proprietary data from in vitro, pre-clinical and clinical studies, and predict clinical outcomes across patient populations and treatment strategies
- Immunetrics has increased the range of therapeutic areas addressed by our QSP software and services offerings by more than 50%
- Ideal fit as the business leverages our existing infrastructure by expanding its therapeutic resources into largely underserved areas, including immunology and oncology
- Immunetrics chose Simulations Plus for its well-respected reputation
- Integration is going very well

Capital Allocation Strategy

- Employee Engagement and Development
- Product Development
- ERP Processes and Technology



- Acquisitions (Immunetrics Q4’23)
- Earlier Stage Investments
- Strategic Partnerships and Alliances

- $0.06 per share paid quarterly in FY’23

- $50M share repurchase program
- $20M accelerated share repurchase (ASR) completed Q3’23

We are committed to investing in our employees, products, and providing value to our shareholders

Corporate Development Initiative

Strategic investments in early-stage companies to drive innovation and collaboration

Key investment objectives:

- **Enhance Innovation and Adoption of Emerging Technologies:** Explore software and services innovation and seek deeper visibility into evolving technologies, including artificial intelligence-driven drug design (AIDD) and development.
- **Grow M&A Pipeline:** Seed investments and partnerships in early-stage companies are expected to broaden the opportunity pipeline and total addressable market (TAM).
- **Expand Revenue Opportunities:** Broaden portfolio offerings through software technology and scientific service partnerships and explore new partner revenue models.
- **Drive Shareholder Returns:** Optimize the combination of organic growth, operating leverage, and strategic M&A to deliver long-term sustainable returns to our stakeholders.

Seasoned Management Team and Scientific Leadership

Highly experienced management team with deep life science industry expertise, track record of growth and strong returns

Shawn O'Connor
Chief Executive Officer

Will Frederick
Chief Financial Officer
Chief Operating Officer

Dan Szot
Chief Revenue Officer

Sandra Suarez-Sharp, Ph.D.
President
Regulatory Strategies

Brett Howell, Ph.D.
President
Quantitative Systems Pharmacology Solutions (QSP)

Jill Fiedler-Kelly, M.S., FISoP
President
Clinical Pharmacology & Pharmacometrics Services Solutions (CPP)

John DiBella, M.S
President
Physiologically Based Pharmacokinetic (PBPK) Solutions, Cheminformatics Solutions

Jonathan Chauvin, Ph.D.
President
Clinical Pharmacology & Pharmacometrics Software Solutions (CPP)

Conclusion

CONTINUED LEADERSHIP POSITION IN BIOSIMULATION MARKET

Delivering on our commitment to scientific leadership

- Internal R&D investment
- Expanding industry and regulatory partnerships
- Model-Informed Drug Development (MIDD+) – 3rd annual SLP sponsored conference

Enhancing our client facing capabilities

- Appointed new CRO to lead sales effort
- Reorganized operations to put clients first
- Focus on supporting accelerated growth in distributor network

Challenges being addressed

- Software renewal timing changes completed
- Small biotech churn
- General market dynamics: inflation, recession & forex

Focus on capital allocation

- ASR program has been completed
- Immunetrics acquisition completed in Q4

STRONG START TO FISCAL 2024

Appendix

Secular Trends Driving Sustained Long-Term Growth

Drivers include:

- Biosimulation taking greater percentage of drug development spend annually
- Scarcity of blockbuster drug opportunities drive industry focus to smaller market targets requiring increased development efficiency
- Increased scrutiny and rising cost of animal studies and human clinical
- Increased adoption of Modeling & Simulation by regulatory agencies and decision making based on Modeling & Simulation input
- Increasing use cases for application of Modeling & Simulation methods to impact decision making

Drug Discovery & Development

The Drug Discovery and Development Industry can be broken down into several subindustries, including:

1. TARGET DISCOVERY AND VALIDATION
2. LEAD COMPOUND IDENTIFICATION AND OPTIMIZATION
3. PRE-CLINICAL DEVELOPMENT
4. CLINICAL TRIALS
5. REGULATORY REVIEW & APPROVAL
6. COMMERCIALIZATION
7. POST-APPROVAL SURVEILLANCE AND LIFE CYCLE MANAGEMENT

Each of these subindustries represents a different stage of the drug development process and involves different tasks, such as identifying targets for drug development, synthesizing and testing compounds, conducting clinical trials, and seeking regulatory approval for marketing and sales. The subindustries within drug discovery and development are highly interdependent, with progress in one stage often impacting the progress in other stages.

Fiscal 2023 ESG Achievements

ENVIRONMENT	SOCIAL	HUMAN CAPITAL	GOVERNANCE
Reduced footprint of US-based facilities by 35% from 19,300 sf to 12,400 sf.	Updated company privacy policy and processes in the PDP Program to reflect changes to global personal data protection laws.	Established a paid parental leave program to support working parents.	Engaged a third-party consulting firm to carry out a board evaluation process and joined NACD to support ongoing director education.
Established a process to gather GHG emissions data points and set targets for expected SEC disclosure requirements.	Developed and published Human Rights Policy to support our commitment to human rights.	Implemented employee engagement & recognition software to further promote and foster a culture of appreciation and inclusion.	Implemented pay vs. performance analysis for SEC disclosure of company financial performance measure used to determine executive compensation.
Implemented LearnUpon LMS and Adobe e-signature to reduce in-person training travel and printed materials with virtual on-demand programs using digital materials.	Expanded University+ program to 307 free software licenses across 51 countries to further education in our industry and support the next generation of scientists.	Conducted employee engagement survey to ensure culture alignment and success of internal programs and benefits.	Updated Code of Conduct policy to reflect that we and our business partners meet the standards of business governance, environmental sustainability, and human rights.

Software Products Overview

Biosimulation Technology Leader Leveraging AI and Machine Learning

SLP software licensed to major pharma (19 of 20 largest)

GastroPlus - mechanistically based simulation software package that simulates intravenous, oral, oral cavity, ocular, inhalation, dermal, subcutaneous, and intramuscular absorption, biopharmaceutics, pharmacokinetics, and pharmacodynamics in humans and animals.

ADMET Predictor - the flagship machine learning platform for ADMET modeling with extended capabilities for data analysis, metabolism prediction, and AI-driven drug design.

DILIsym is Quantitative Systems Toxicology (QST) - software designed to be used during drug development to provide an indication of the potential drug-induced liver injury (DILI) hazard posed by individual molecules and/or to provide deeper insight into the mechanisms responsible for observed DILI responses at various stages of the development process.

MonolixSuite - built for model-informed drug development computing, MonolixSuite (including Monolix, Slmulix, Pkanalix) is a fast, easy-to-use, and powerful suite of applications for pharmacometrics analysis, modeling, and simulation. Intuitive, effective offering the most advanced calculation capabilities.

QSP/T Models

- **ILDsym** - model of interstitial lung disease (ILD) associated with systemic sclerosis (SSc).
- **RENAsym** is quantitative systems toxicology (QST) software for predicting and understand drug-induced kidney injury.

PBPK Software Solutions and AI Data

- LEAD SELECTION
- PHARMACOLOGY
- TREATMENT REGIMEN
- SAFETY
- CLINICAL EFFICACY
- ADMET DMPK

SERVICES

PBPK / PBBM

Preclinical Regulatory

Consulting

QSP/QST SolutionsMining

- LEAD SELECTION
- PHARMACOLOGY
- TREATMENT REGIMEN
- SAFETY
- CLINICAL EFFICACY
- ADMET DMPK

SERVICES

QSP Consulting

QST Consulting

Pharmacometrics Solutions

- LEAD SELECTION
- PHARMACOLOGY
- TREATMENT REGIMEN
- SAFETY
- CLINICAL EFFICACY
- ADMET DMPK

SERVICES

Pharmacometrics
Clinical Pharmacology
Clinical Regulatory
Consulting

Services Overview

Provides customers with specialized knowledge and expertise

Delivers complementary capabilities to software application solutions

- Drives greater demand for its software solutions
- Provides stable, steady revenue streams

Helps clients minimize or eliminate questions posed by regulatory reviews while decreasing cost and time to develop detailed reports

Drives operational efficiencies for customers leading to timelier and more streamlined decision-making and regulatory reporting

Covers Pharmacometrics, PBPK, QSP/T and Regulatory Strategies disciplines

Offers specialized therapeutic, modeling and regulatory knowledge

Brings specialized knowledge and expertise as part of its consulting services, helping extend customers' internal capabilities in the biosimulation modeling and the simulation space

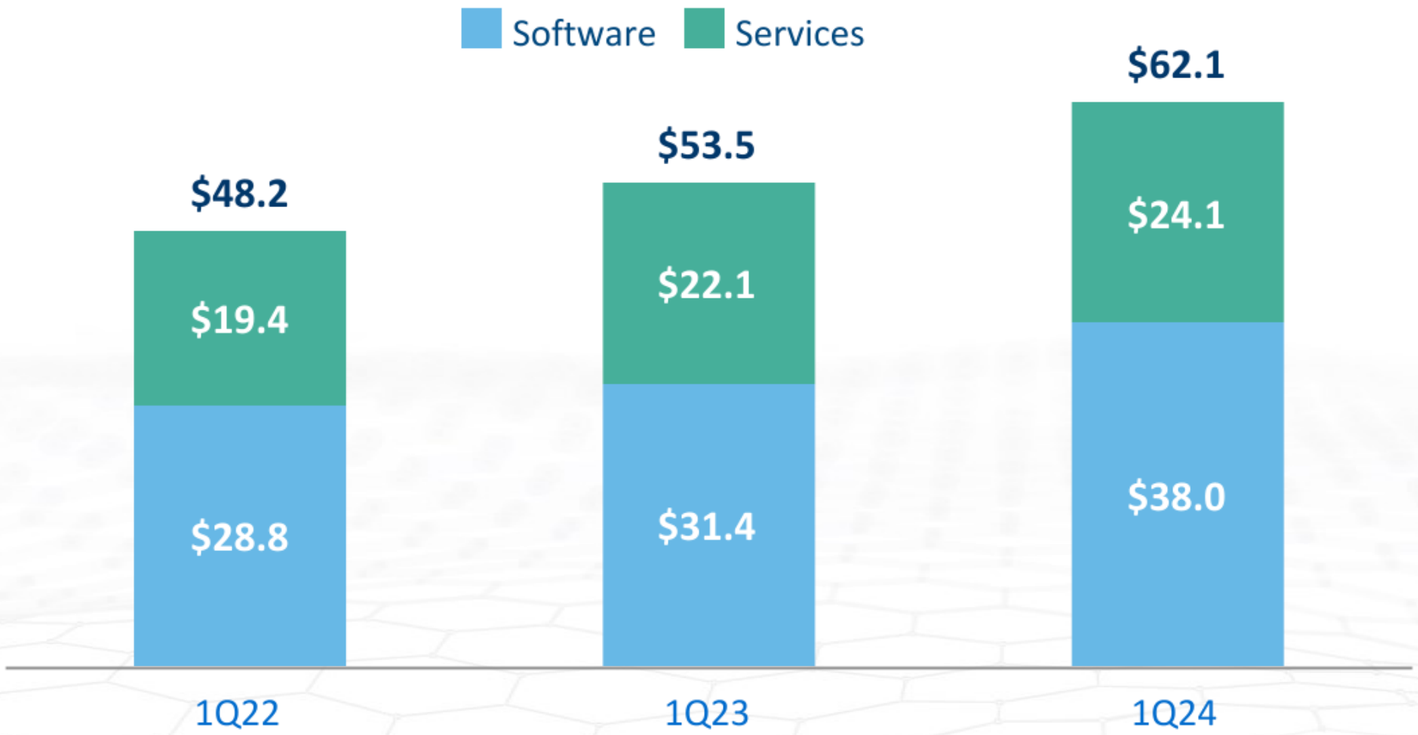
Average contract size of approximately ~$200k

- Pharmacokinetic and Pharmacodynamic (PKPD) projects in the $100K - $300K range
- Quantitative Systems Technology (QST) and Quantitative Systems Pharmacology (QSP) platform contracts can be in the $300K - $700K range
- Customer contracts are sizable and provide steady revenue streams

Financial Results

Revenue - Trailing Twelve Months (TTM)

(in millions)

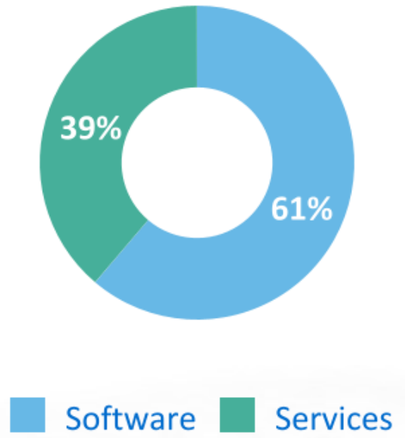


+16%
Total Revenue Growth[1]

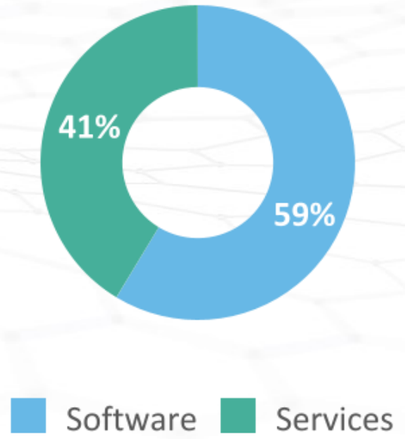
+21%
Software Revenue Growth[1]

+9%
Services Revenue Growth[1]

1Q24 Revenue Mix

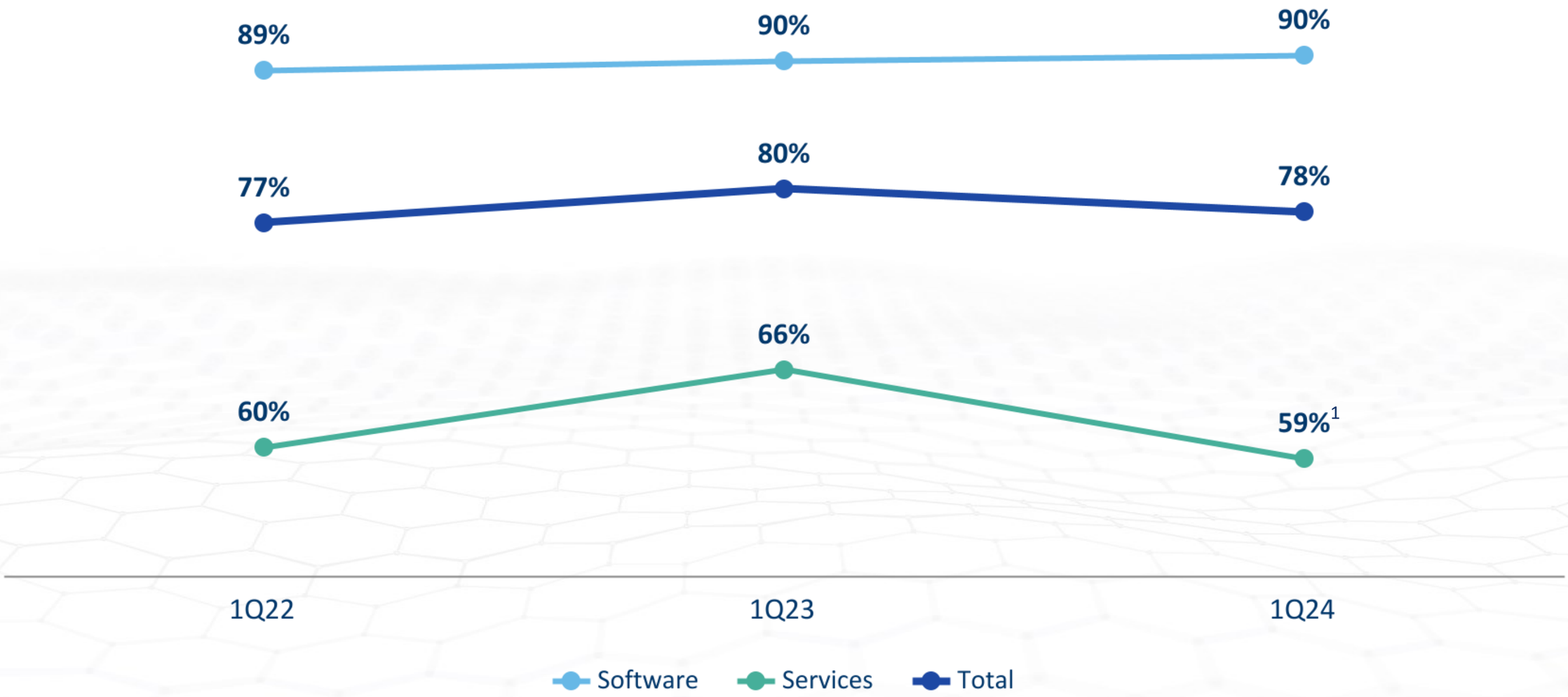


1Q23 Revenue Mix



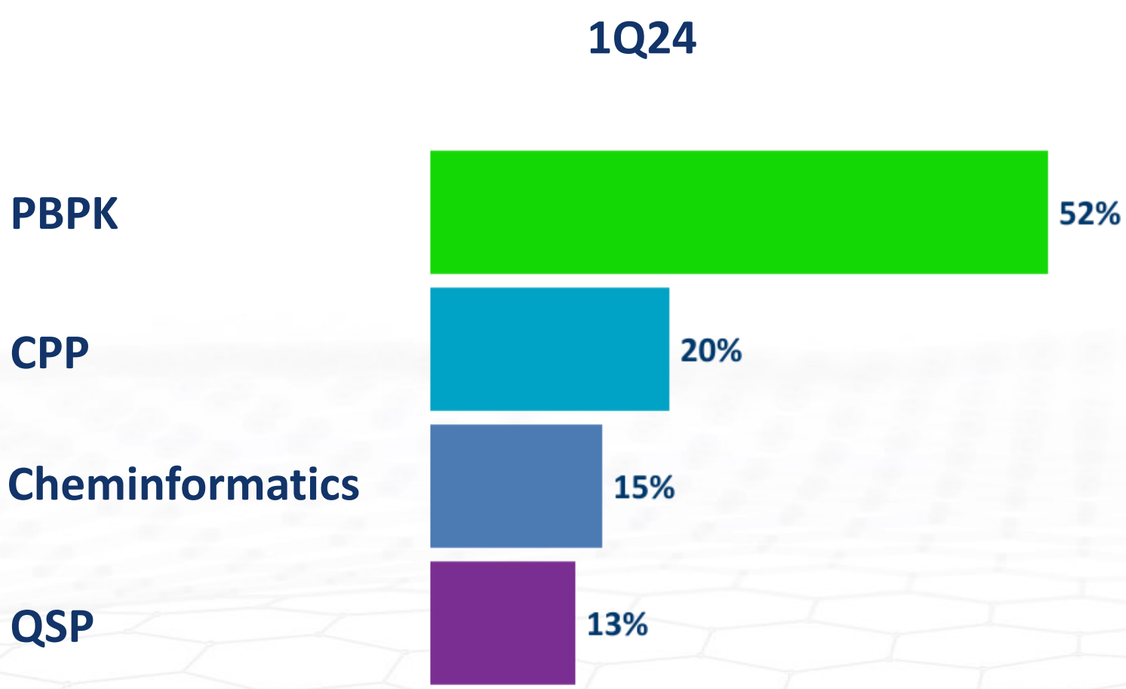
[1] *TTM 1Q'24 vs. TTM 1Q'23*

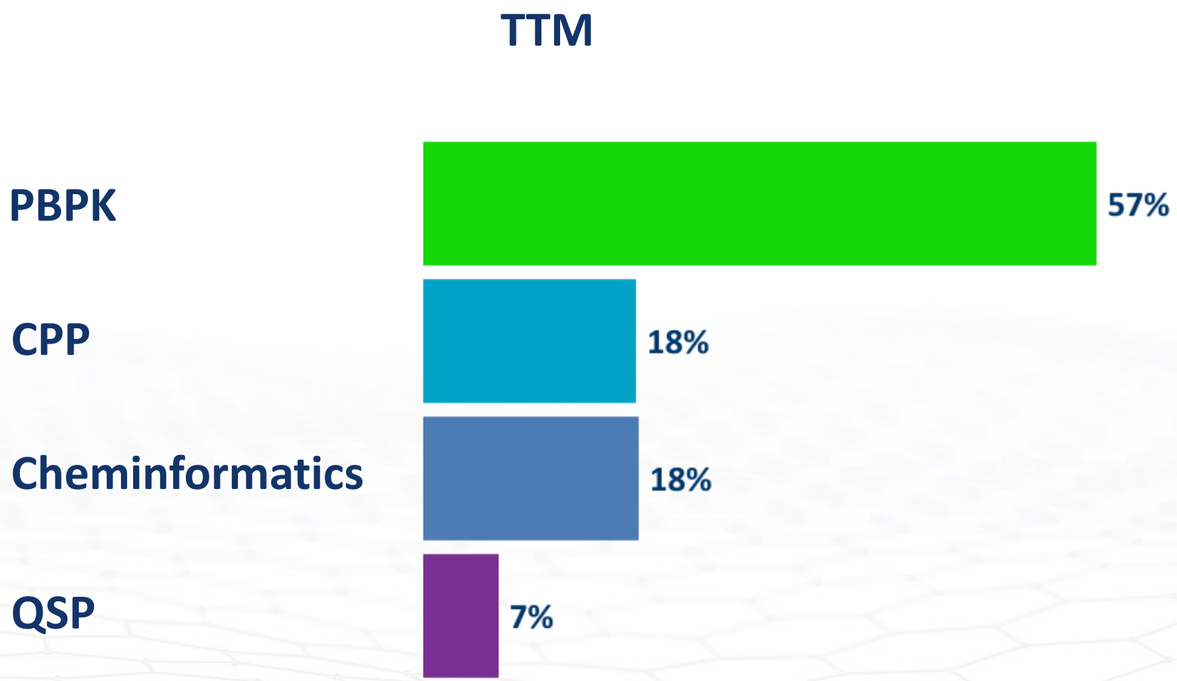
Gross Margin Trends – TTM



[1] *Decrease in gross margin was partially due to a shift in reporting effective 1Q'24, where certain cost items are reflected in cost of revenues for services that were previously in SG&A expense.*

Software Revenue by Business Unit



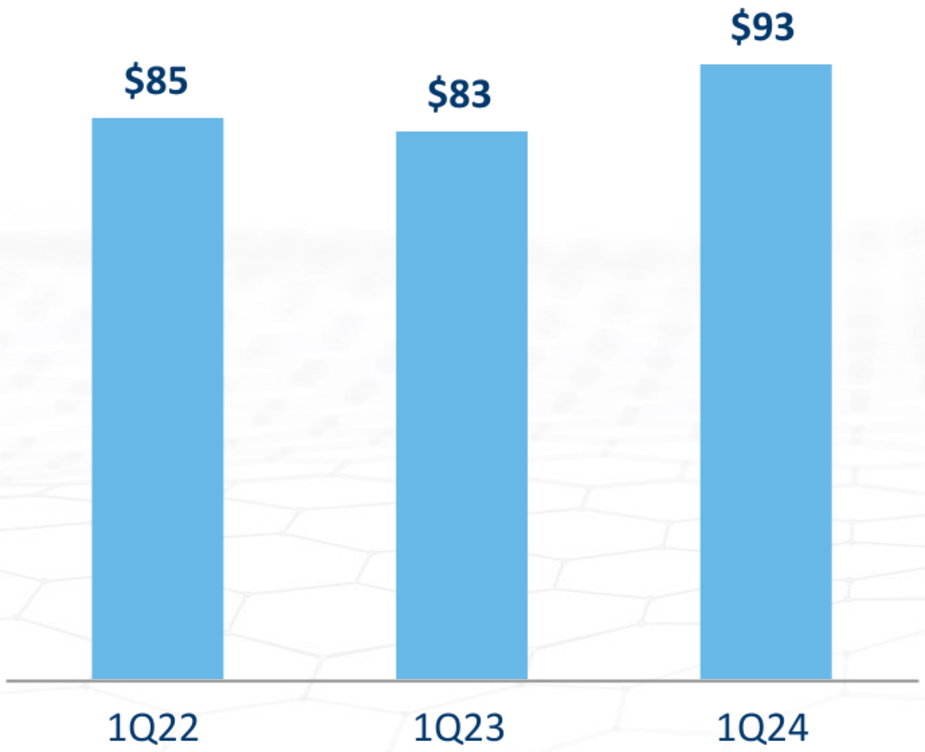


Software Business Unit as % of Software Revenue

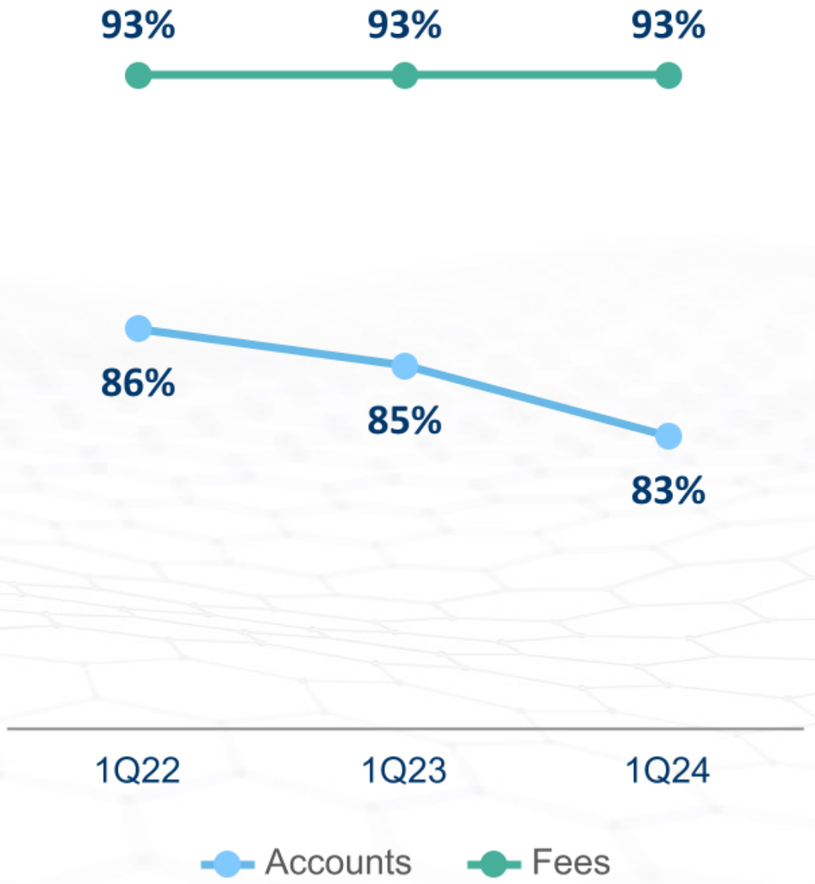
Software Performance Metrics - TTM

Commercial Customers

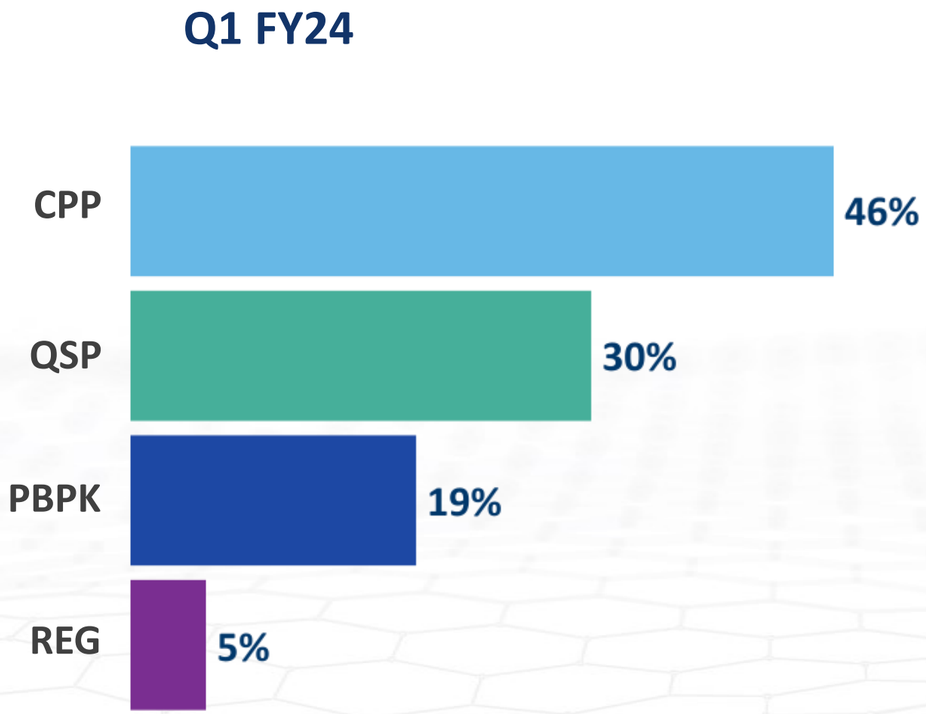
Avg. Revenue per Customer (in thousands)

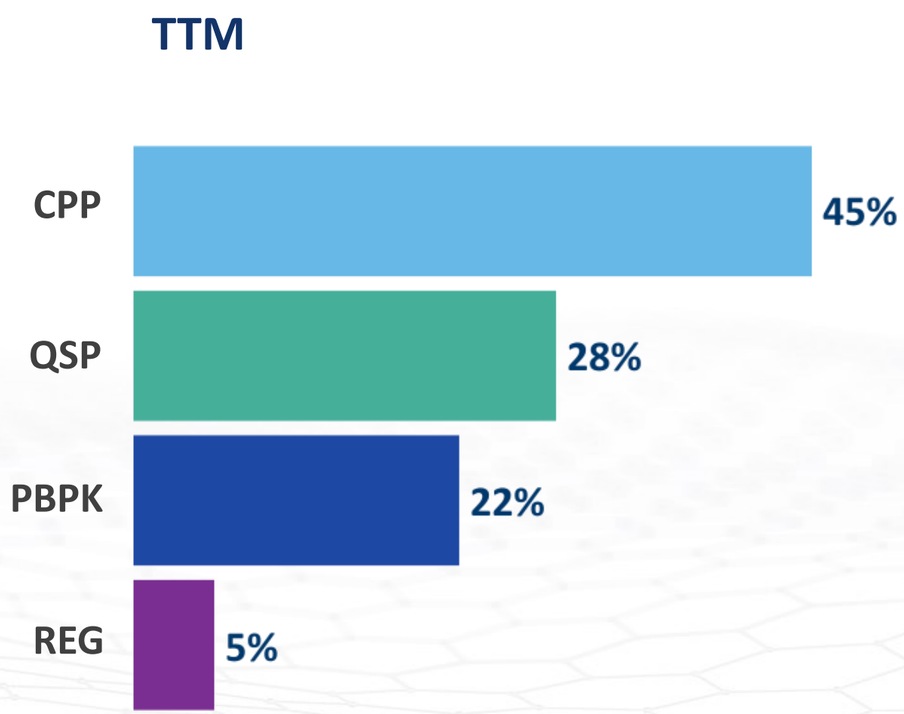


Renewal Rates



Services Revenue by Business Unit

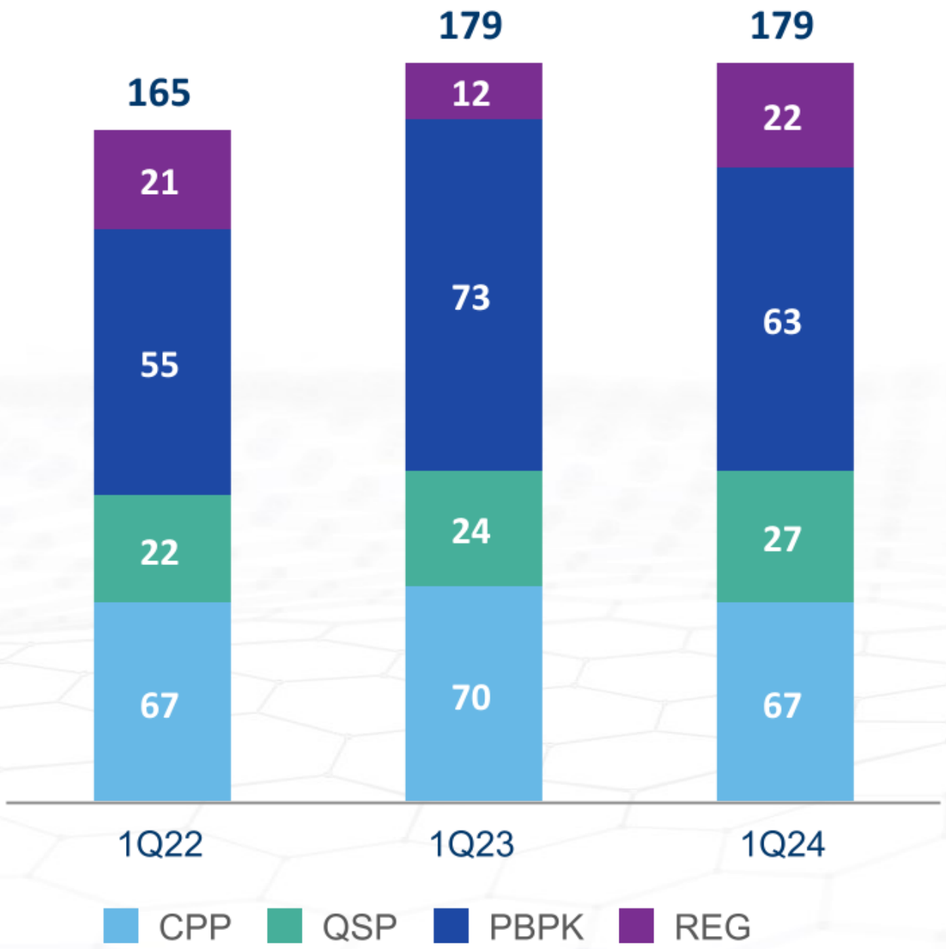




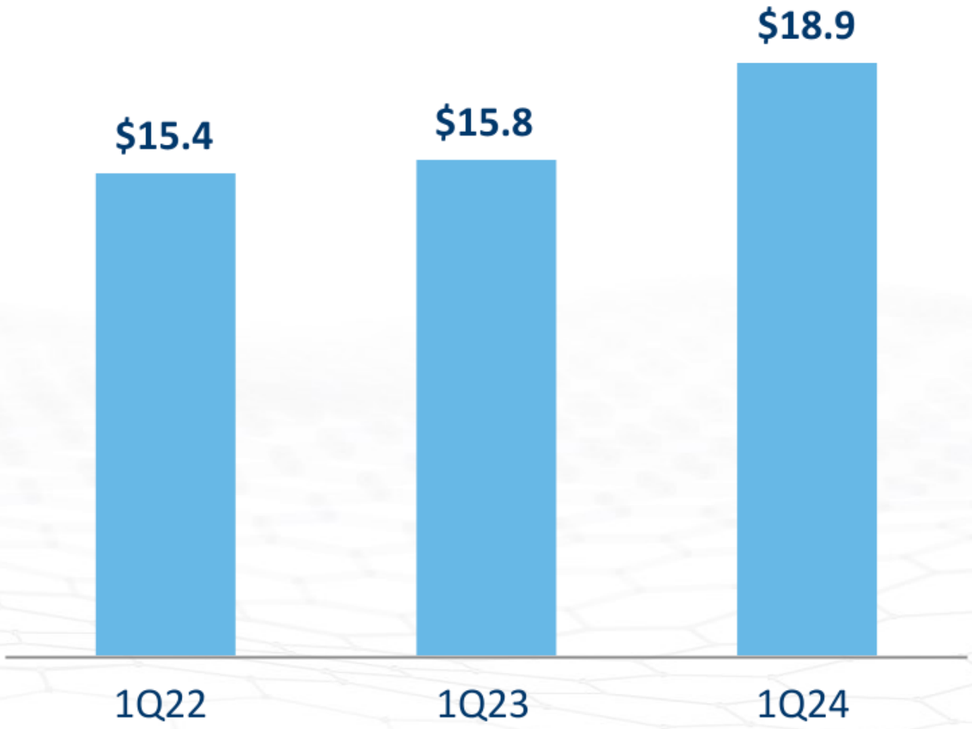
Services Business Unit as % of Services Revenue

Services Projects and Backlog

Total Projects



Backlog (in millions)



Income Statement Summary - Q1 FY24

(in millions, except Diluted EPS)

	1Q24	% of Rev	1Q23	% of Rev
Revenue	$14.5	100%	$12.0	100%
Revenue growth	21%		(4)%	
Gross profit	9.8	68%	9.3	78%
R&D	1.2	8%	1.2	10%
S&M	2.0	14%	1.5	12%
G&A	5.7	39%	5.8	48%
Total operating exp.	8.9	61%	8.4	70%
Income from operations	1.0	7%	0.9	7%
Income before income taxes	2.4	17%	1.6	14%
Income taxes	(0.5)	3%	(0.4)	3%
Effective tax rate	19%		23%	
Net income	$1.9	13%	$1.2	10%
Diluted earnings per share	$0.10		$0.06	
Adjusted EBITDA	$3.4	23%	$3.0	25%

Balance Sheet Summary

(in millions)

	November 30, 2023	August 31, 2023
Cash and short-term investments	**$113.9**	**$115.5**
Total current assets	129.7	130.4
Total assets	**$185.8**	**$186.1**
Current liabilities	8.6	12.0
Long-term liabilities	4.8	4.1
Total liabilities	13.4	16.1
Shareholders' equity	172.3	170.0
Total liabilities and shareholders' equity	**$185.8**	**$186.1**

Fiscal 2024 Guidance

	Guidance
Total Revenue	$66M to $69M
Total Revenue Growth	10% to 15%
Software Revenue Mix	55% to 60%
Services Revenue Mix	40% to 45%
Diluted EPS	$0.66 to $0.68

Investor Relations Contacts:
Lisa Fortuna
Financial Profiles
310-622-8234
slp@finprofiles.com

Renee Bouche
Simulations Plus Investor Relations
661-723-7723
renee.bouche@simulations-plus.com