SimulationsPlus

Investor Presentation

NASDAQ: SLP

Q4 FY23 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.

SLP Mission: Improve Health Through Innovative Solutions

We create value for our 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

4

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

SLP 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

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 MGMT.

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
- ✓ 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.

Drug Development Challenges | SLP 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

Biosimulation Overview

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

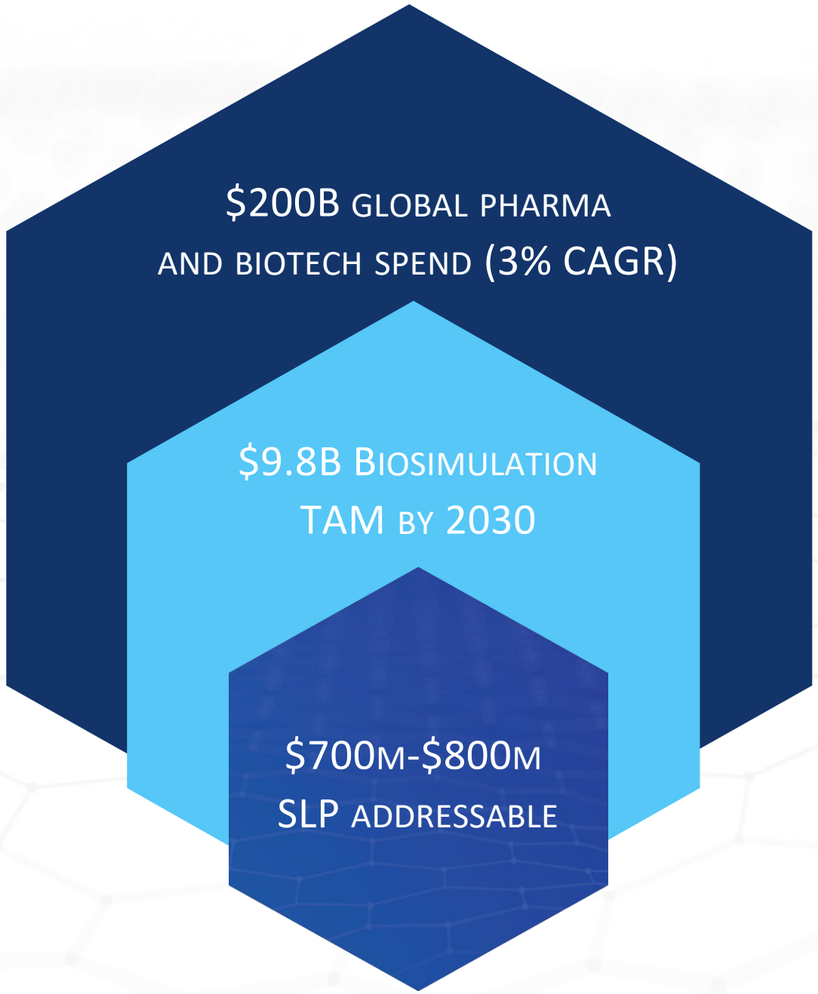
Biosimulation combines core principles in biology, chemistry and pharmacology with proprietary mathematical algorithms to predict how biology and drugs interact with one another.

- 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.

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

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

- 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.

Source: Company research

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

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

Fiscal 2023 Highlights

$59.6M
Revenue

$0.49
Diluted EPS

$0.67
Adjusted Diluted EPS[1]

35%
Adj. EBITDA[1] as % of Revenue

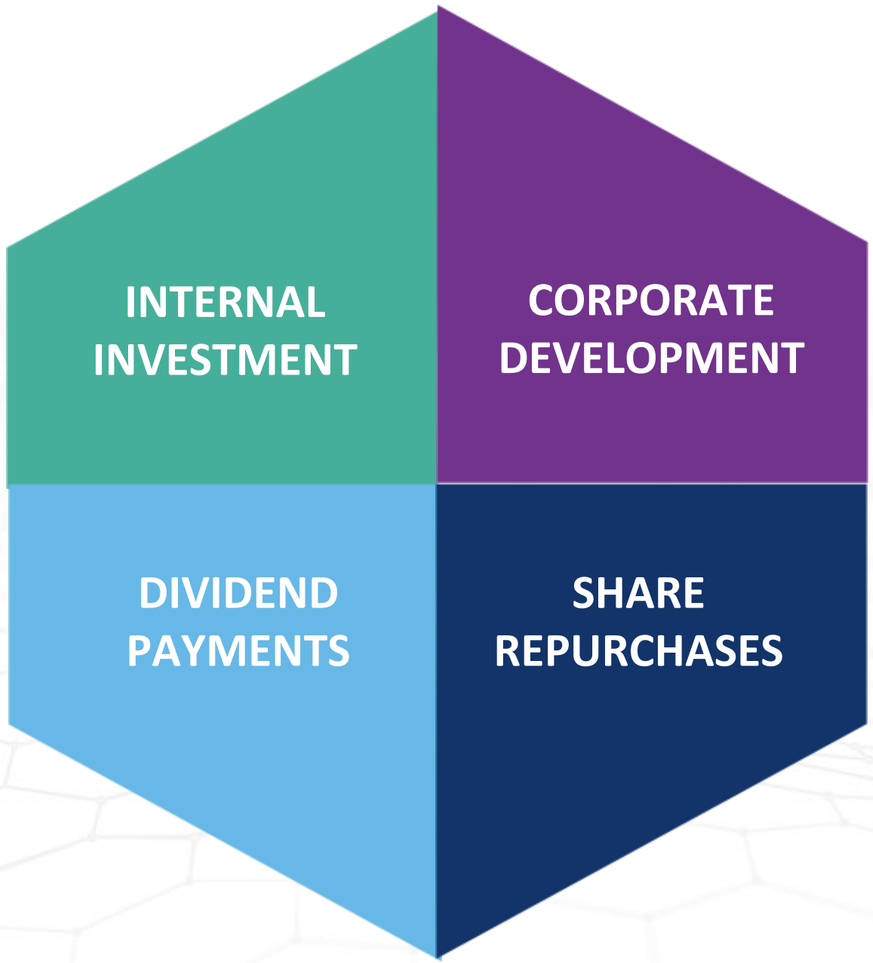
$20M
Backlog

- Strong revenue and earnings results for fiscal 2023
- Conditions in our market remain similar to what we have seen past several quarters
  - Small biotech slowdown
  - Large Pharma spending cautiousness
- Integration of Immunetrics going well
- Achieved revenue and adjusted diluted earnings per share guidance

1 Refer to Non-GAAP Disclosures in the appendix

Fiscal 2023 Capital Allocation Strategy

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



- Acquisitions (Immunetrics Q4)
- Investment Opportunities
- Strategic Partnerships and Alliances

- $0.06 per share paid Feb. 6th
- $0.06 per share paid May 1st
- $0.06 per share paid Aug. 7th
- $0.06 per share paid Nov. 6th

- $50M share repurchase program
- $20M accelerated share repurchase (ASR) in Q3

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

Fiscal 2023 M&A | Immunetrics Acquisition and Integration

Integration and consolidation efficiencies

- QSP is a critical and growing field
- 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

Fiscal 2023 ESG Achievements

Strategic priorities that align with our mission and values and the four pillars of sustainability

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.

Attractive Financial Profile

Delivering Double-Digit Revenue Growth / Industry Leading Margins

	FY18	FY19	FY20	FY21	FY22	FY23	5 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
- $115.5 million in cash and short-term investments to fund growth

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**

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

Josh Fohey
Vice President, Business Development

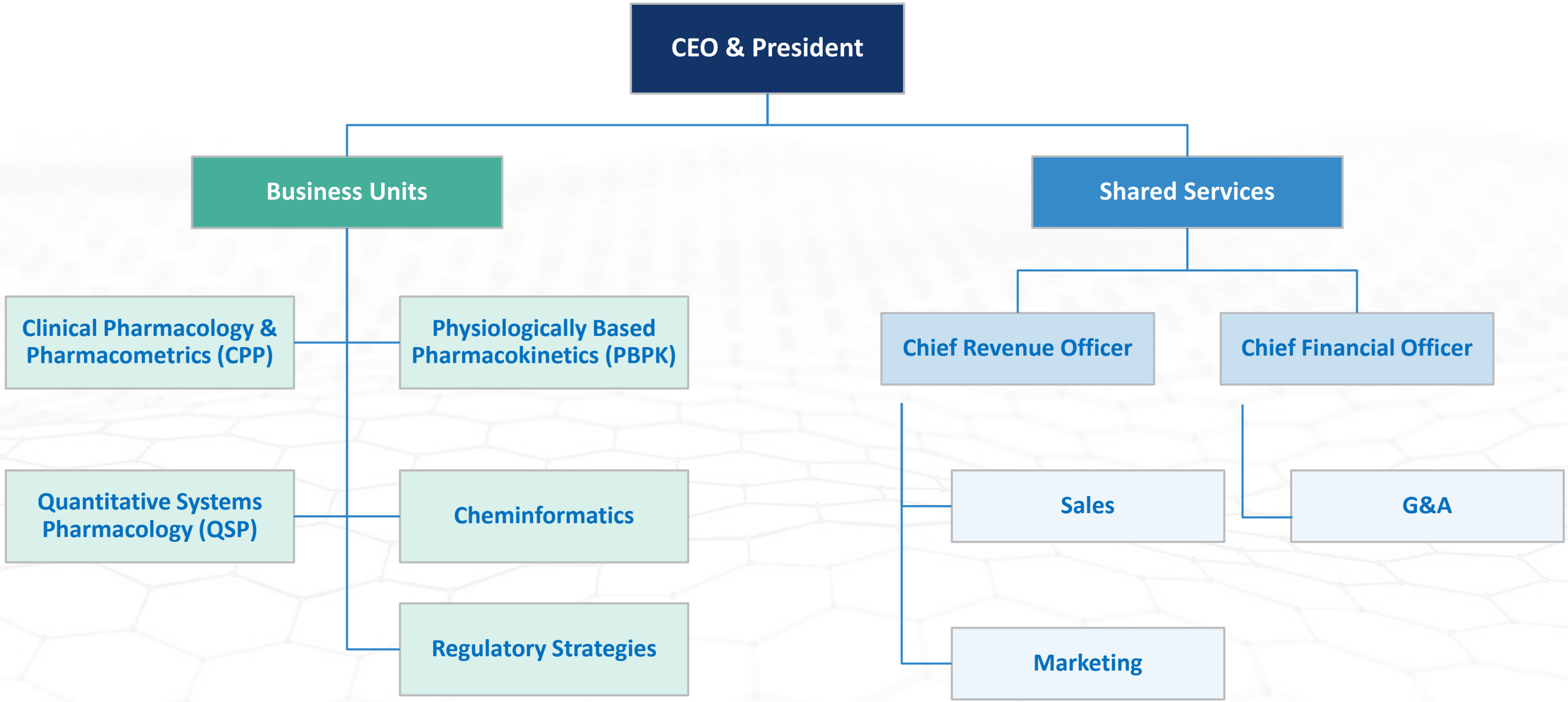
Brett Howell, Ph.D.
President
Quantitative Systems Pharmacology Solutions (QSP)

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, Regulatory Strategies Solutions

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

Organizational Structure Aligned to Support Customers



Conclusion

CONTINUED LEADERSHIP POSITION IN BIOSIMULATION MARKET

Delivering on our commitment to scientific leadership

- Internal R&D investment
- Expanding industry and regulatory partnerships
- MIDD+ – 3rd annual SLP sponsored conference

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

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

Focus on Capital Allocation

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

WELL POSITIONED TO ACHIEVE OUR FY24 GOALS

Appendix

Non-GAAP Definitions

Adjusted EBITDA

Adjusted EBITDA is defined as earnings (loss) before interest, taxes, depreciation and amortization, stock-based compensation, (gain) loss on currency exchange, any acquisition- or financial-transaction-related expenses, and any asset impairment charges. Currency exchange excluded represents the exchange rate fluctuations on the foreign currency denominated transactions. The impact of transactions in foreign currency represents the effect of converting revenue and expenses occurring in a currency other than the functional currency. The Company believes that the non-GAAP financial measures presented facilitate an understanding of operating performance and provide a meaningful comparison of its results between periods. The Company's management uses non-GAAP financial measures to, among other things, evaluate its ongoing operations in relation to historical results, for internal planning and forecasting purposes and in the calculation of performance-based compensation. Adjusted EBITDA represents a measure that we believe is customarily used by investors and analysts to evaluate the financial performance of companies in addition to the GAAP measures that we present. Our management also believes that Adjusted EBITDA is useful in evaluating our core operating results. However, Adjusted EBITDA is not a measure of financial performance under accounting principles generally accepted in the United States of America and should not be considered an alternative to net income or operating income as an indicator of our operating performance or to net cash provided by operating activities as a measure of our liquidity. The Company's Adjusted EBITDA measure may not provide information that is directly comparable to that provided by other companies in its industry, as other companies in its industry may calculate non-GAAP financial results differently, particularly related to nonrecurring, unusual items.

Adjusted Diluted EPS

Adjusted diluted EPS is calculated based on net income excluding the impact of any acquisition- or financial-transaction-related expenses, any asset impairment charges, and tax provisions / benefits related to the previous items. The Company excludes the above items because they are outside of the Company's normal operations and/or, in certain cases, are difficult to forecast accurately for future periods.

The Company believes that the use of non-GAAP measures helps investors to gain a better understanding of the Company's core operating results and future prospects, consistent with how management measures and forecasts the Company's performance, especially when comparing such results to previous periods or forecasts.

Cheminformatics and PBPK Solutions

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

SERVICES

PBPK / PBBM
Preclinical Regulatory
Consulting

Quantitative Systems Pharmacology Solutions

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

SERVICES

QSP Consulting

QST Consulting

Clinical Pharmacology & 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
- 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 PBPK, Clinical Pharmacology & Pharmacometrics, QSP and Regulatory Strategies disciplines
- Offers specialized therapeutic, modeling and regulatory knowledge
- Brings specialized knowledge and expertise to help extend customers' internal capabilities
- Average contract size of approximately $200k

Workplace Recognition Awards

Diversity at Simulations Plus

Top 5%

A+

Diverse employees at Simulations Plus have rated Perks And Benefits, Meetings, and Team as the highest categories they have scored

CEO Rating at Simulations Plus

A+

CEO Rating at Simulations Plus is rated A+
Last updated months ago

TOP 5%

Simulations Plus ranks in the Top 5% of other companies on Comparably with 51-200 Employees for CEO Rating Score

Simulations Plus' CEO, Shawn O'Connor, has 60 employee ratings and a score of 89/100, placing them in the Top 5% of similar size companies on Comparably with 51-200 Employees and Top 5% of other companies in Los Angeles. When breaking the CEO score down by factors such as department, gender, and ethnicity, we see that females at Simulations Plus rate Shawn O'Connor higher than males, giving the CEO a score of 94/100.


SimulationsPlus