SimulationsPlus

SCIENCE + SOFTWARE = SUCCESS

LD MICRO

Nasdaq: SLP

September 2020

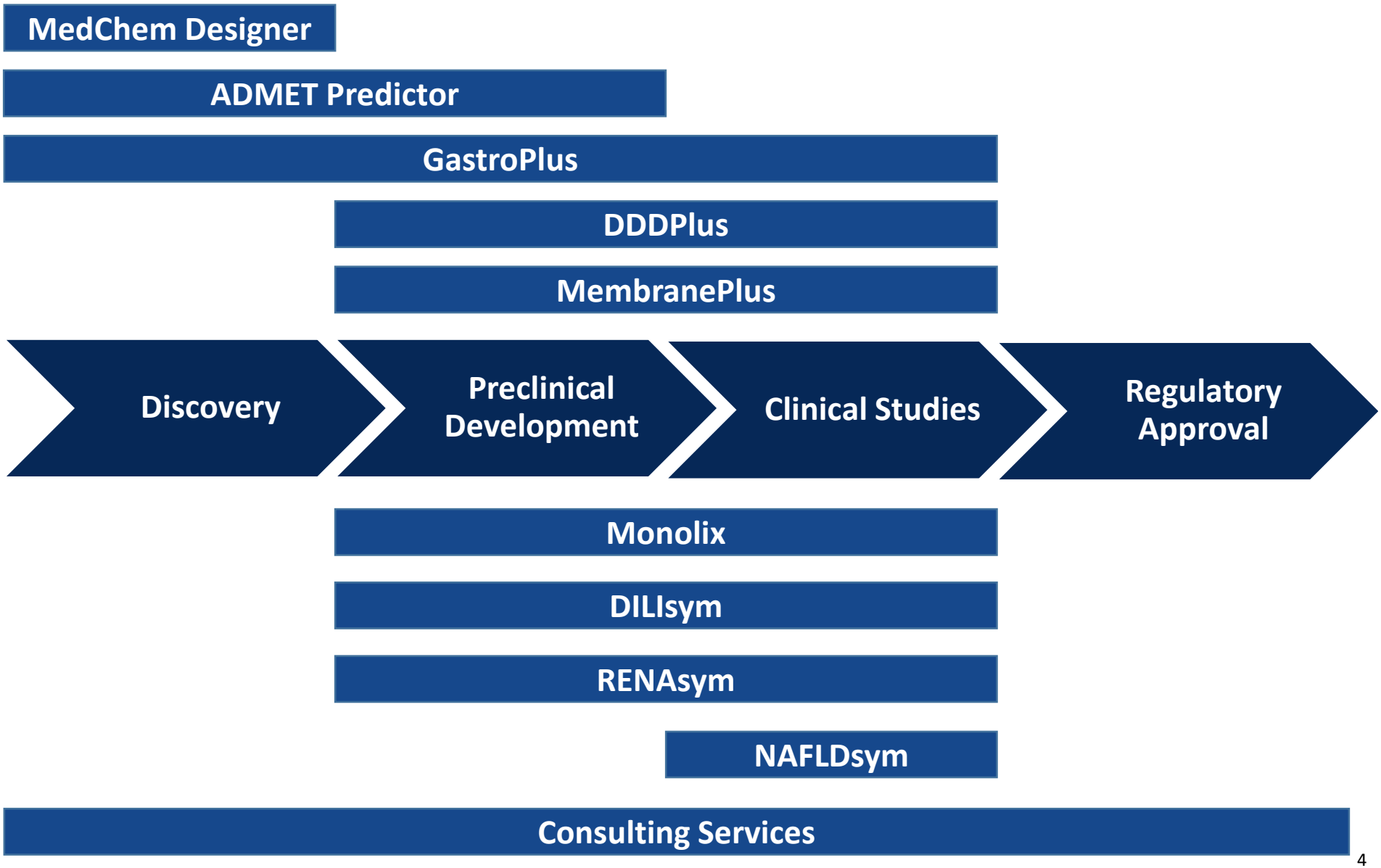
Safe Harbor Statement

With the exception of historical information, the matters discussed in this presentation are forward-looking statements that involve a number of risks and uncertainties. The actual results of the Company could differ significantly from those statements. Factors that could cause or contribute to such differences include but are not limited to: continuing demand for the Company's products, competitive factors, the Company's ability to finance future growth, the Company's ability to produce and market new products in a timely fashion, the Company's ability to continue to attract and retain skilled personnel, and the Company's ability to sustain or improve current levels of productivity. Further information on the Company's risk factors is contained in the Company's quarterly and annual reports and filed with the Securities and Exchange Commission.

Investment Highlights

- Provider of innovative modeling and simulation software and consulting services focused on pharmaceutical and biotechnology companies
  - Solutions from early discovery through regulatory approval
- Pure play in the in silico drug discovery space
- Growing acceptance of technology by regulators and industry with supportive guidance issued by the FDA
- Products have the potential to reduce drug development costs and time while improving success rates
- Steady growth in pharmaceutical industry R&D expenditures provides expanding target market
  - ~$170B in 2020 growing around 3% per year[1]
- Ten-year track record of consistent revenue and profitability growth
  - Recent revenue CAGR of 20%+

Enabling Drug Discovery and Development



Our Value Proposition

It costs ~$1.4B and 10+ years to bring a drug to market[2,3]

- Simulations Plus technologies allow customers to model and predict results of chemical and biological tests required in the drug R&D process
- Computational AI models help scientists streamline and improve their processes
  - Machine learning and ability to utilize ever-growing data sets improves models over time
- More rapidly find “drug-like” hits and leads and optimize them
- Better inform clinical trial design and analyze clinical results
- Identify potential safety liabilities earlier, avoiding costly clinical failures
- Optimize efficacy and minimize toxicity by efficiently identifying dosing regimens
- Improve success rates at multiple points in the process
- Technologies have helped bring 40 drugs to market and informed many more development programs

Physiologically Based PK Software and AI Data Mining

GastroPlus	Simulating IV, oral, oral cavity, ocular, inhalation, skin and IM absorption, PBPK, PBBM, PD modeling and drug-drug interactions
ADMET Predictor	QSAR modeling enabling rapid prediction of 140+ ADMET properties Used for lead generation and optimization
DDDPlus	Mechanistic simulation engine for the in vitro dissolution predictions to accelerate and optimize drug formulation
MembranePlus	Predict how fast a drug candidate will pass across the important physiological membrane barriers (GI, BBB)
MedChem Designer	Chemical sketching tool with ADMET property predictions in connection with ADMET Predictor

Population PK/PD Modeling

Monolix Suite	Population PK/PD Model to support dose regimen, risk exposure, clinical trial protocol design and analysis, drug label specifications and regulatory submission
Datxplore	Exploration and visualization of data
PKanalix	Non-compartmental and compartmental analysis
Mlxplore	Exploration and visualization of complex models
Monolix	Non-linear mixed effects (NME) modeling engine
Simulx	Clinical trial pharmacometrics simulations
KIWI	Cloud-based data management application

Quantitative Systems Pharmacology/Toxicology Modeling

DILIsym	Determine potential drug-induced liver injury hazard posed by individual drug candidates to support clinical trial optimization
RENAsym	Assess the potential for drug-induced kidney injury of drug candidates to support clinical trial optimization and clinical trial decision making
NAFLDsym	NASH model to predict efficacy for treatment modalities to support clinical trial optimization and clinical trial decision making
Additional QSP models	IPFsym (Idiopathic pulmonary fibrosis) RADAsym (Acute radiation exposure)

Consulting Services

- Leveraging scientific skillsets of 70+ Ph.D. experts combined with software products to support model-based drug development
- Focused on lead selection, pharmacology, ADMET and DMPK, dose regimen, efficacy and safety
- Specific offerings include:
  - Population PK/PD data assembly, modeling, simulation, analysis and regulatory submission
  - PBPK modeling and simulation
  - Liver and kidney safety modeling and analysis
  - QSP/QST modeling support and analysis
  - AI drug candidate prioritization
  - Global regulatory strategies
  - Regulatory and scientific writing

Accelerating Regulatory Interactions: Janssen Case Study

Virtual crossover trials to establish drug product specification after manufacturing changes

- Janssen changed the manufacturing process to improve efficiencies with scale-up techniques post approval
- FDA requested clinical study to confirm bioequivalence
- Built and validated the baseline model in GastroPlus® using existing clinical data from previously approved lots
- Assessed impact of formulation changes; defined drug product specifications
- Performed virtual trial simulations in different populations to confirm bioequivalence
- FDA accepted the GastroPlus® modeling results, clinical study request was waived

Virtual Bioequivalence Study Simulations

API Lot	PE/NPE	Dose (mg)	AUC_{∞} (ng.h/mL) (N=250)		C_{max} (ng/mL) (N=250)	
			GM	GMR (90% CI)	GM	GMR (90% CI)
Lot 5	PE	50	4180	113.3 (110.7, 116.1)	551	139.3 (136.0, 142.7)
Lot 1	NPE	50	3688		395	
Lot 5	PE	100	8242	103.0 (100.9, 105.1)	551	106.4 (104.3, 108.6)
Lot 3	NPE	100	8001		395	
Lot 5	PE	300	24998	102.2 (99.8, 104.6)	3118	100.0 (97.7, 102.4)
Lot 2	NPE	300	24460		3117	
Lot 5	PE	100	8242	98.2 (96.2, 100.2)	1068	95.1 (93.2, 97.0)
Lot 4	NPE	100	8395		1123	
Lot 5	PE	300	24998	101.9 (99.8, 104.1)	3118	98.3 (96.3, 100.4)
Lot 4	NPE	300	24525		3171	

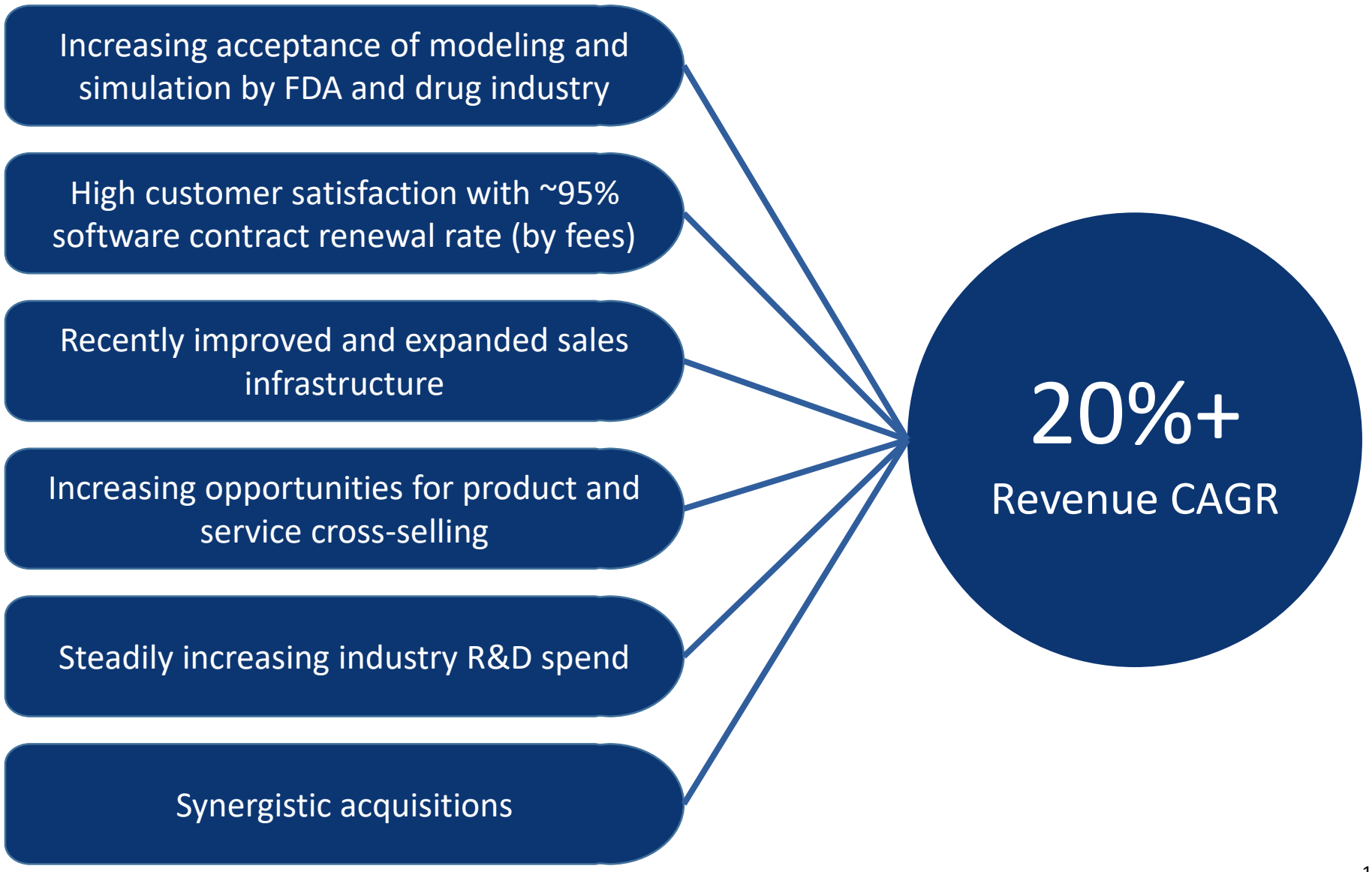
API: active pharmaceutical ingredient; AUC_{∞}: area under the plasma concentration-time curve from time 0 to infinite time; CI: confidence interval; C_{max}: maximum observed plasma concentration; GM: geometric mean; GMR: geometric mean ration; NPE: non-particle-engineered; PE: particle-engineered

Strategic Use of Modeling and Simulation: Case Study

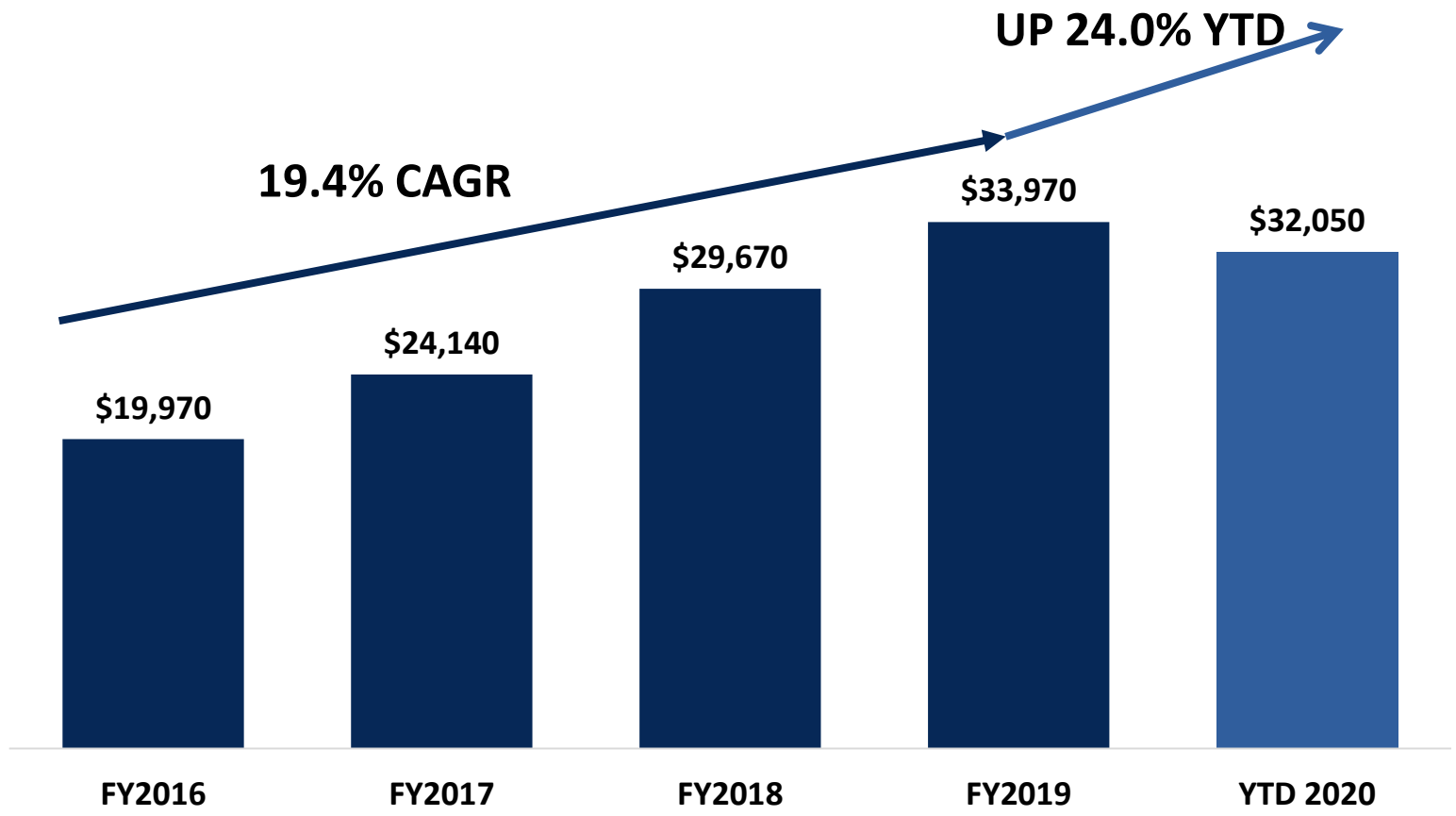
In Silico Methods Improve the Probability of Phase 3 Success

- Client with novel antibody for prophylactic use in competitive migraine market had Phase 3 development plan with predicted probability of success of <15%
- Iteratively developed model throughout Phase 1 & Phase 2
- Implemented model-based clinical trial simulation strategy to improve Phase 3 design
- Phase 3 trials demonstrated safety and efficacy in preventing migraine
- Months of development time and millions of dollars saved by avoiding failed Phase 3 trials, also reduced time to approval and market
- Reduced unnecessary burden on patients by evaluating multiple alternatives in silico before running trials

Strong Drivers of Revenue Growth

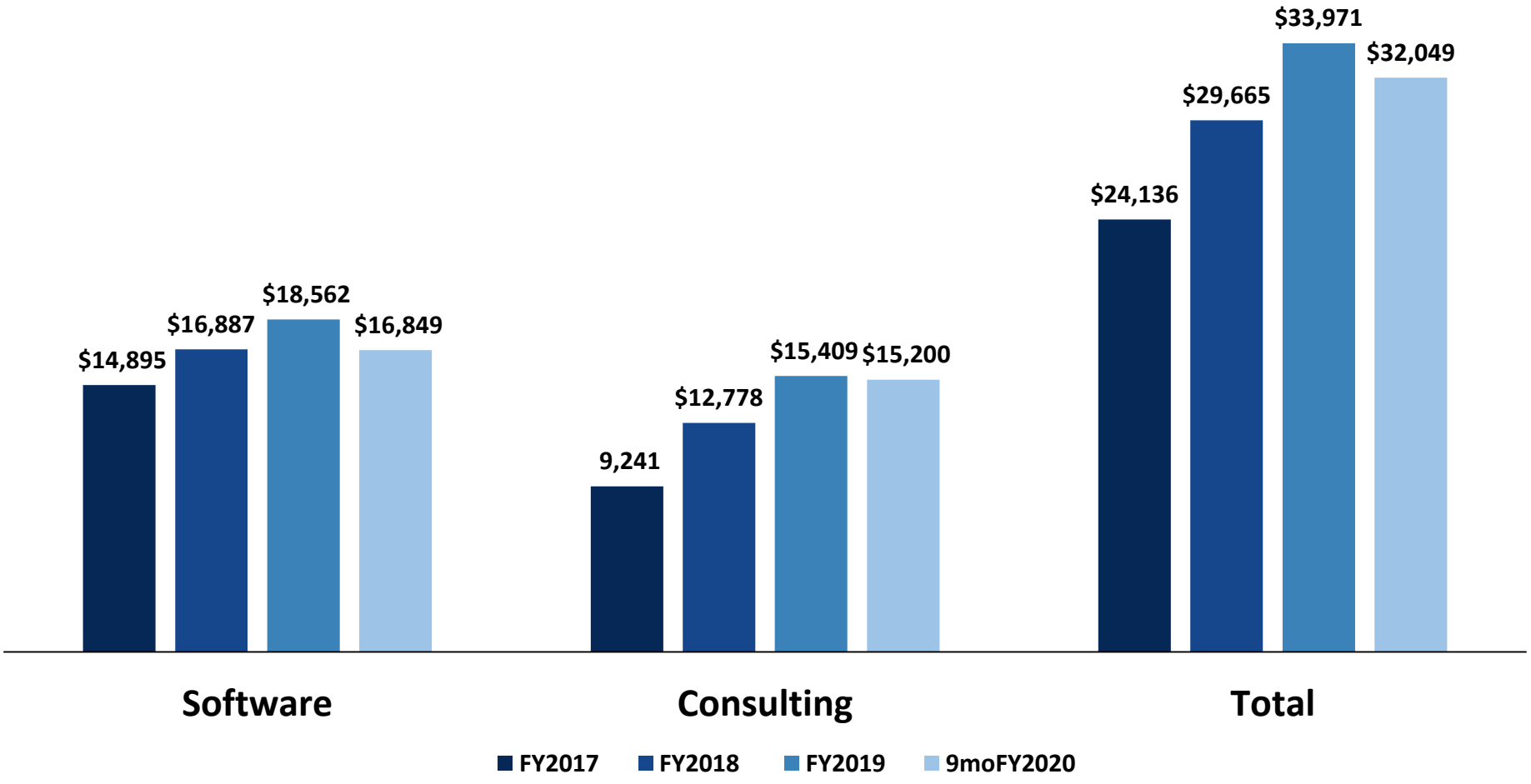


Strong Revenue Performance



Numbers in thousands

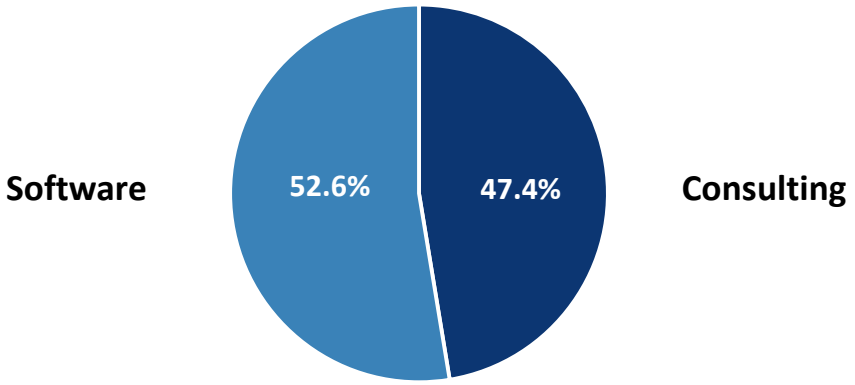
Revenue by Product Category



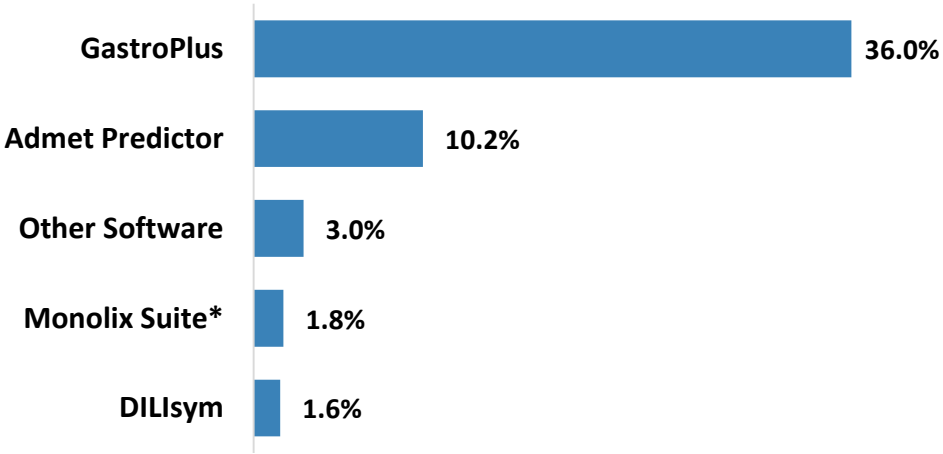
Numbers in thousands

Revenue Breakdown – 9 Months FY2020

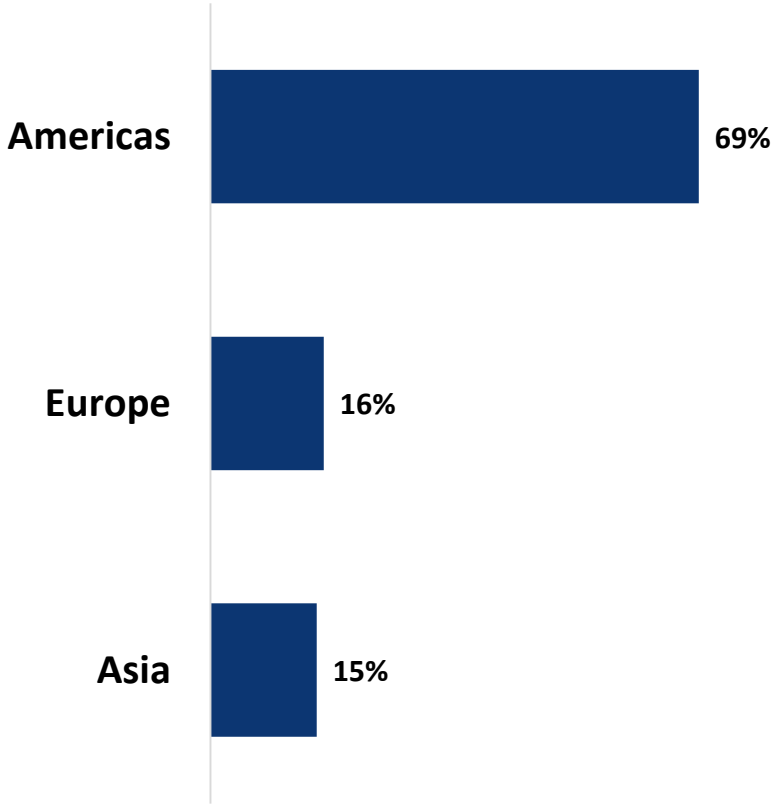
Product



Software Products % of Total Revenues

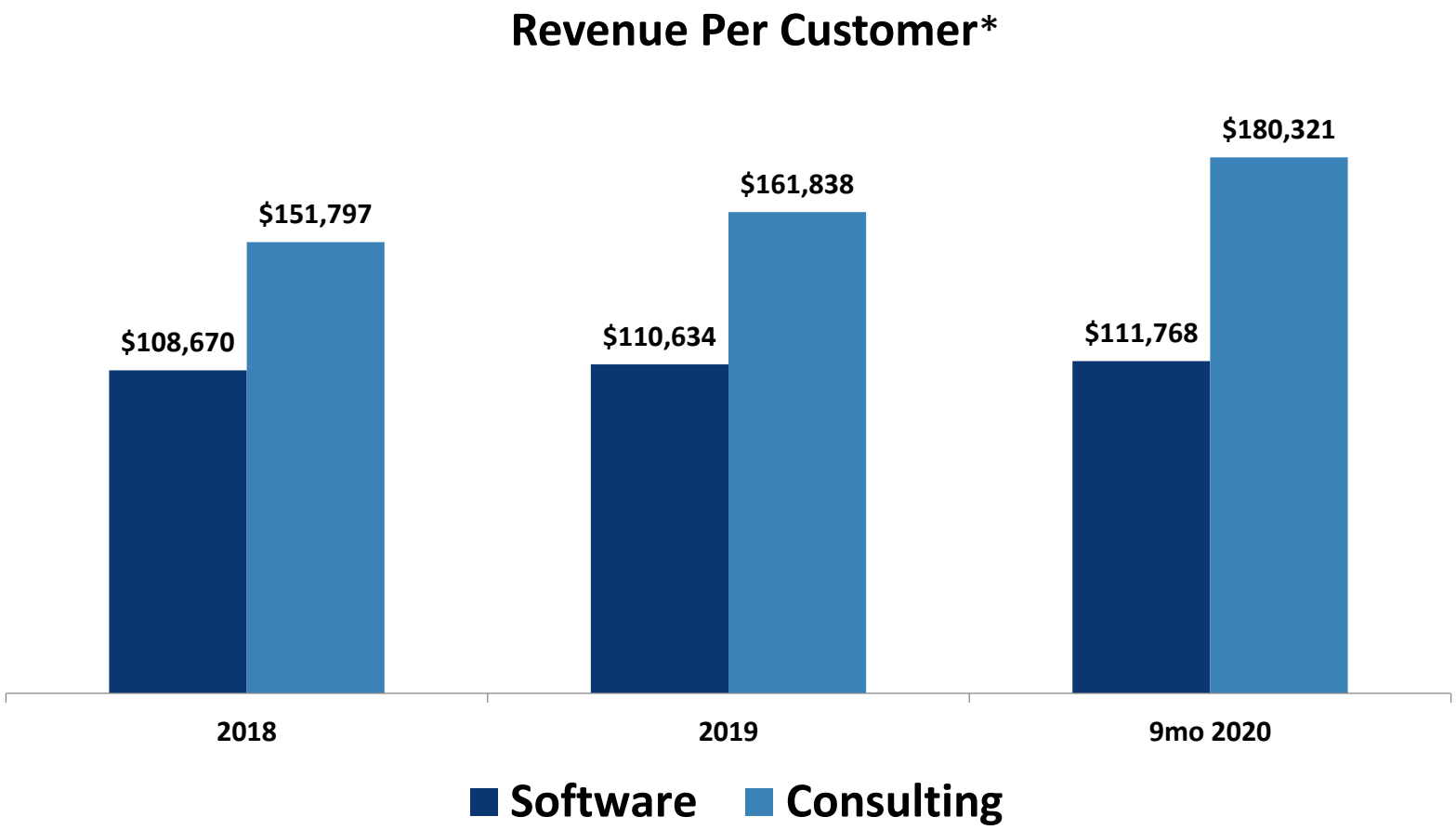


Region



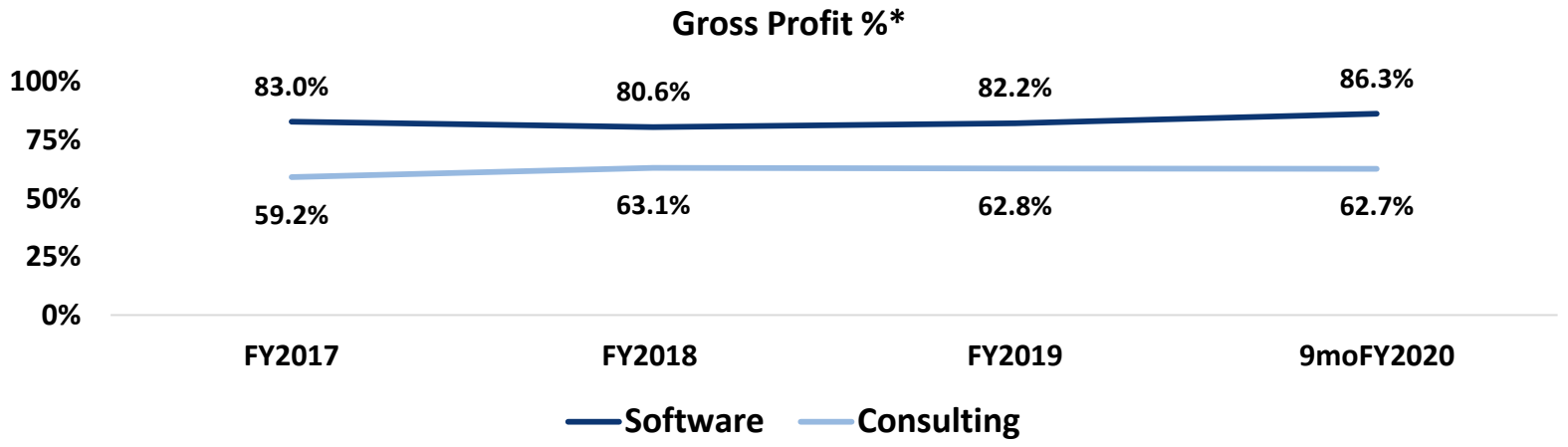
* Includes two months of revenue recorded post acquisition

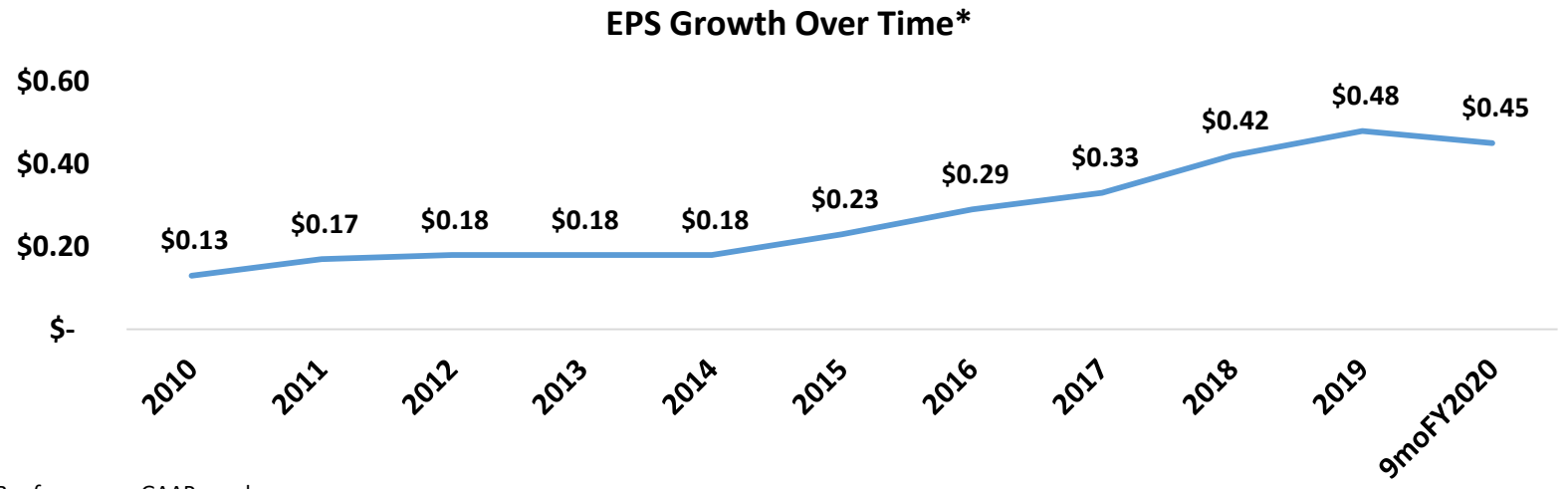
Increasing Average Revenue per Customer



* Software revenue per customer excludes academic and non-profit customers

Attractive Margins Deliver Steady EPS Growth





* *Pro forma* non-GAAP numbers

Strategic Opportunities for Expansion and Growth

- Expand product offerings through opportunistic acquisitions
  - Fill gaps in the current product offerings
  - Focus on immediately or near-term accretive opportunities
  - Fragmented industry amenable to consolidation
- Further expand global sales reach
  - Increase sales effort to drive new customer growth in U.S., Europe and Asia
  - Expand client base in the small and mid-sized biotechnology space
  - Focus on cross-selling efforts to increase average revenue per customer
- Increase R&D investment to enhance existing models and develop new tools to broaden product offerings

Income Statement Summary

	9 Months Ended	
	May 31, 2020	May 31, 2019
Income Statement		
Revenues	$ 32,049,003	$ 25,944,545
Cost of revenues	7,974,702	6,734,890
Gross margin	24,074,301	19,209,655
Operating expenses		
Selling, general, and administrative	12,646,512	8,613,788
Research and development	2,026,684	1,896,926
Total operating expenses	14,673,197	10,510,714
Income from operations	9,401,104	8,698,941
Other income (expense)		
Interest income	27,814	20,296
Interest expense	0	(109,078)
Change in value of contingent consideration	(81,000)	0
(Loss) income on currency exchange	1,283	(40,467)
Total other income (expense)	(51,902)	(129,249)
Income before provision for income taxes	9,349,202	8,569,692
Provision for income taxes	(2,205,276)	(2,045,590)
Net Income	**$ 7,143,925**	**$ 6,524,102**

Financial Summary and Selected Financial Information

Nasdaq	SLP
Cash and Equivalents (6/30/20)	$9.56 million
Borrowed Debt	$0.0
Market Capitalization	>$ 1.0B
Fully Diluted Shares Out (a/o 5/31/2020)	20.5M
Average Daily Trading Volume	~200,000

Management

Shawn O'Connor, CEO – Extensive experience in publicly-traded and privately-held software and services companies focused on R&D modeling in Pharmaceutical and Biotech industry. Served as president, chief executive officer, and a director of Entelos; former chairman, president, and chief executive officer of Pharsight Corporation; former CFO at Diasonics; Big 8 Accounting firm

John R. Kneisel, CFO – 30+ years of financial management and accounting-related services. Joined the Company in November 2013. Served as internal outsourced financial management services (CFO and Controller) to small- to medium-sized companies. Positions at Dreamhammer, Inc., Group 1 Automotive Inc, and leading CPA firms, including Good, Swartz, Brown & Berns, LLP

John A. DiBella, M.S., President, Lancaster Division – More than 16 years at Simulations Plus; M.S. and B.Sc. In Biomedical Engineering from Case Western Reserve University

Jill Fiedler-Kelly, M.S. FISoP, President of Cognigen – Co-founder of Cognigen with more than 25 years of experience in CRO industry

Brett Howell, Ph.D., President of DILIsym – Widely published and experienced researcher with extensive expertise in PBPK and PD model development

Jonathan Chauvin, Ph.D., President of Lixoft – Founder and developer of Lixoft. More than 15 years of industry experience

Michael Bolger, Ph.D., Chief Scientist – Original programmer of GastroPlus. Long academic career at USC with more than 50 peer-reviewed publications. Prior to joining SLP, was scientist at FDA. Co-founded CoCensys, Inc.

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References

[1] EvaluatePharma® World Preview 2017, Outlook to 2022, 10th Edition, June 2017, p. 19

[2] *J Health Econ*. 2016 May;47:20-33.

[3] Brochure: “Biopharmaceutical Research and Development: The Process Behind New Medicines”. PhRMA. http://phrma-docs.phrma.org/sites/default/files/pdf/rd_brochure_022307.pdf.