



Earnings Call – Q4 - FY24

October 23, 2024



Except for historical information, the matters discussed in this press release are forward-looking statements that involve risks and uncertainties. Words like “believe,” “expect,” and “anticipate” 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. Factors that could cause or contribute to such differences include, but are not limited to: our ability to successfully integrate the Pro-ficiency business with our own, as well as expenses we may incur in connection therewith, 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, market conditions, macroeconomic factors, 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 2024 Highlights



CURRENT PERIOD

\$70.0M

Revenue

\$0.49

Diluted EPS

\$0.53

Adj.
Diluted EPS

29%

Adj. EBITDA as %
of Revenue

\$14.1M

Backlog

Prior Year Comparison (FY23)

\$59.6M

Revenue

\$0.49

Diluted EPS

\$0.67

Adj. Diluted
EPS

35%

Adj. EBITDA as
% of Revenue

\$19.5M

Backlog

Fourth Quarter Highlights



CURRENT PERIOD

\$18.7M

Revenue

\$0.04

Diluted EPS

\$0.06

Adj.
Diluted EPS

22%

Adj. EBITDA as %
of Revenue

\$14.1M

Backlog

Prior Year Comparison (4Q23)

\$15.6M

Revenue

\$0.03

Diluted EPS

\$0.18

Adj. Diluted
EPS

31%

Adj. EBITDA as
% of Revenue

\$19.5M

Backlog

General

- Overall software revenue growth of 12% for FY24 and 6% for FY24Q4
- Good renewal rate, upsell and new logo activity
- Good initial revenue contribution from ALI and MC

Cheminformatics

Physiologically
Based
Pharmacokinetics

Clinical
Pharmacology &
Pharmacometrics

Quantitative
Systems
Pharmacology

Adaptive Learning &
Insights

Medical
Communications

+1%

Q4 Revenue Growth

-8%

Q4 Revenue Growth

+20%

Q4 Revenue Growth

-67%

Q4 Revenue Growth

\$1.1M

Q4 Revenue

\$0.1M

Q4 Revenue

+6%

FY Revenue Growth

+7%

FY Revenue Growth

+18%

FY Revenue Growth

+7%

FY Revenue Growth

\$1.1M

FY Revenue

\$0.1M

FY Revenue

General

- Overall services revenue growth of 26% for FY24 and 39% for FY24Q4
- Total backlog \$14.1M – slippage of bookings into Q1FY25
- Good initial revenue contribution from MC

Physiologically
Based
Pharmacokinetics

-6%

Q4 Revenue Growth

Clinical
Pharmacology &
Pharmacometrics

+28%

Q4 Revenue Growth

Quantitative
Systems
Pharmacology

+32%

Q4 Revenue Growth

Medical
Communications

\$1.1M

Q4 Revenue

-5%

FY Revenue Growth

+19%

FY Revenue Growth

+57%

FY Revenue Growth

\$1.1M

FY Revenue

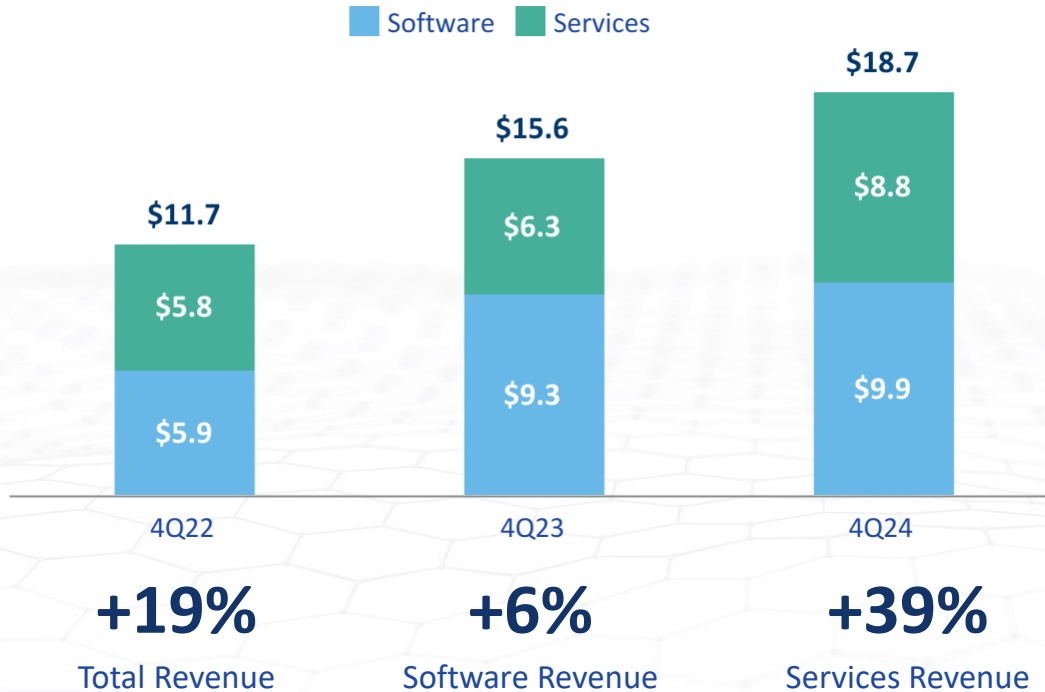
Financial Results

A large white arrow pointing right, set against a blue background. The arrow is positioned on the left side of the image, pointing towards the right. The background is a solid blue color, and the arrow is a large, white, right-pointing chevron shape.

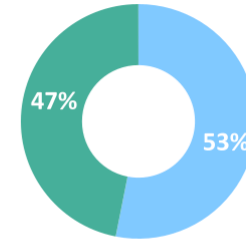
Revenue - Q4



(in millions)

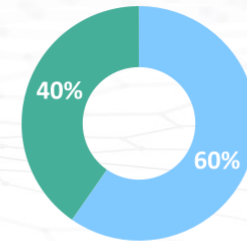


4Q24 Mix



■ Software ■ Services

4Q23 Mix

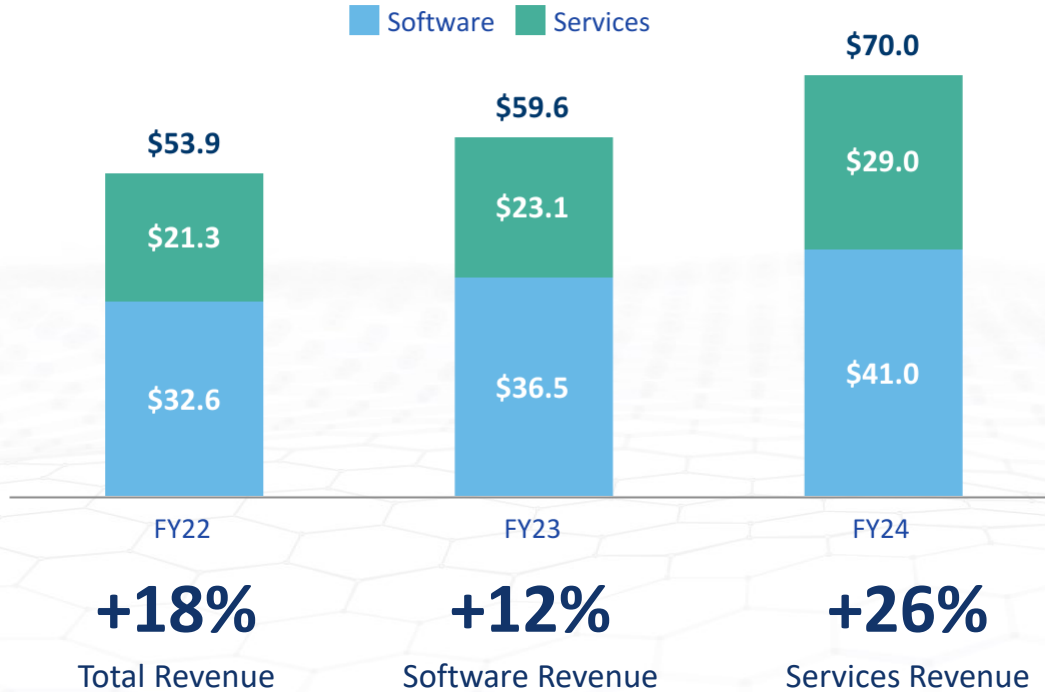


■ Software ■ Services

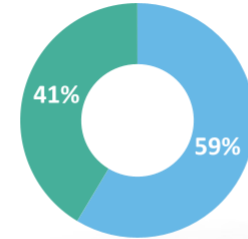
Revenue - Fiscal 2024



(in millions)

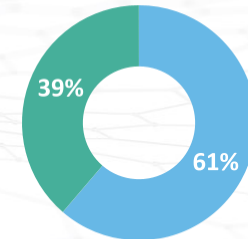


FY24 Mix



Software Services

FY23 Mix

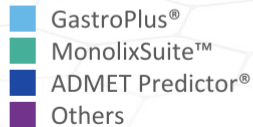
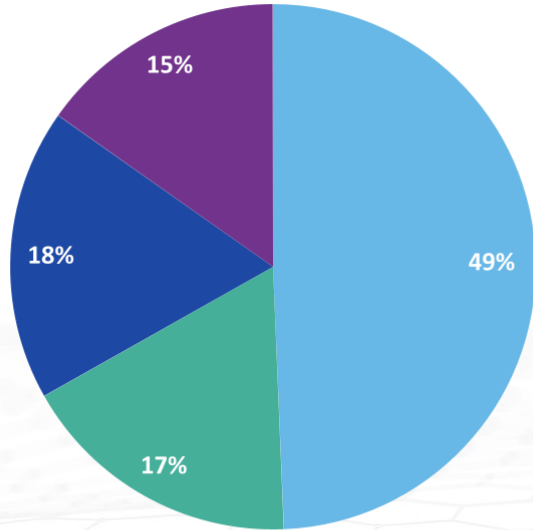


Software Services

Key Software Products as % of Software Revenue



4Q24



Fourth Quarter Highlights

GastroPlus®

- 7 new customers
- 15 upsells to existing customers

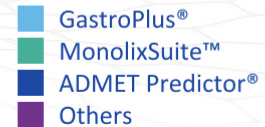
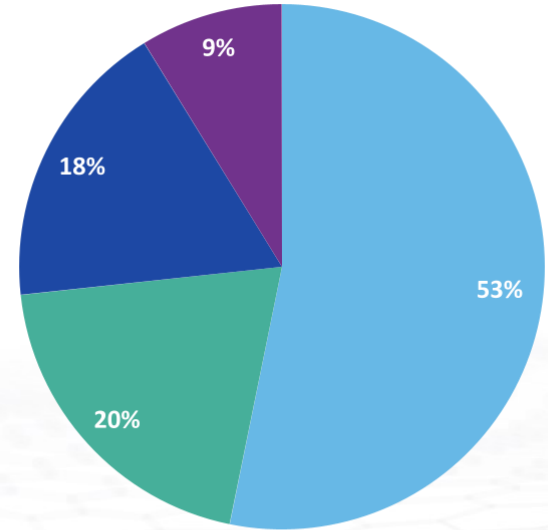
ADMET Predictor®

- 4 new customers
- 6 upsells to existing customers

MonolixSuite™

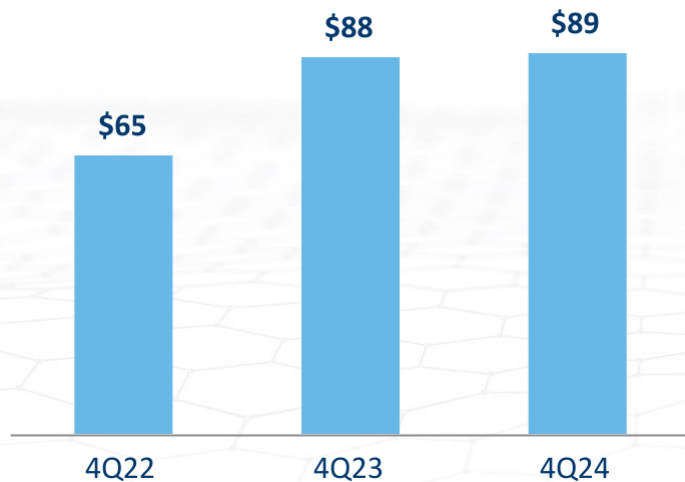
- 11 new customers
- 4 upsells to existing customers

FY24

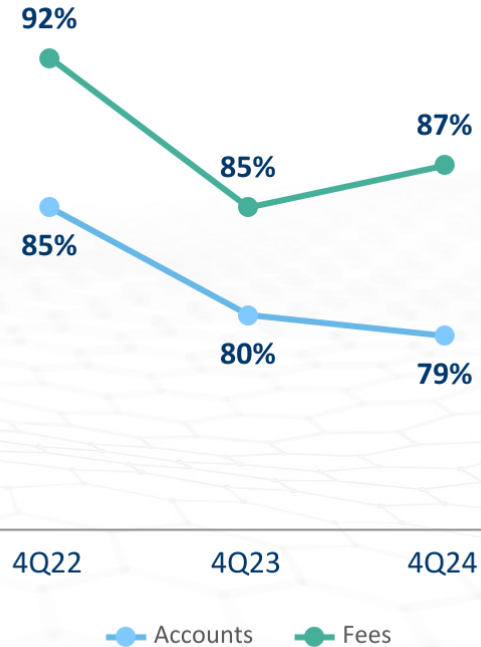


Commercial Customers

Avg. Revenue per Customer (in thousands)

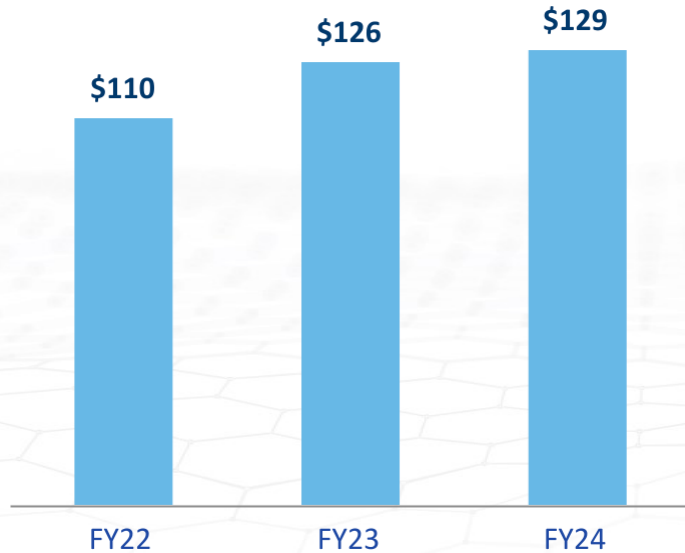


Renewal Rates

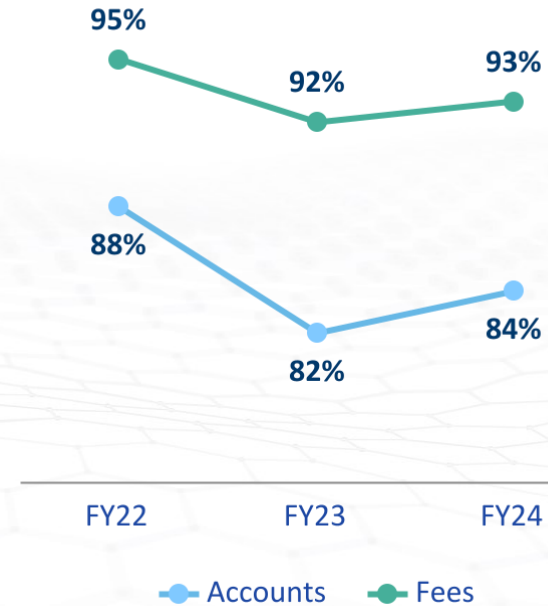


Commercial Customers

Avg. Revenue per Customer (in thousands)



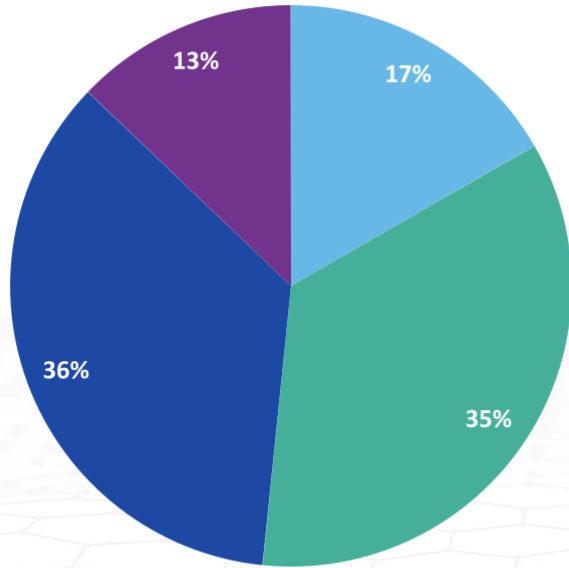
Renewal Rates



Services Solutions as % of Services Revenue

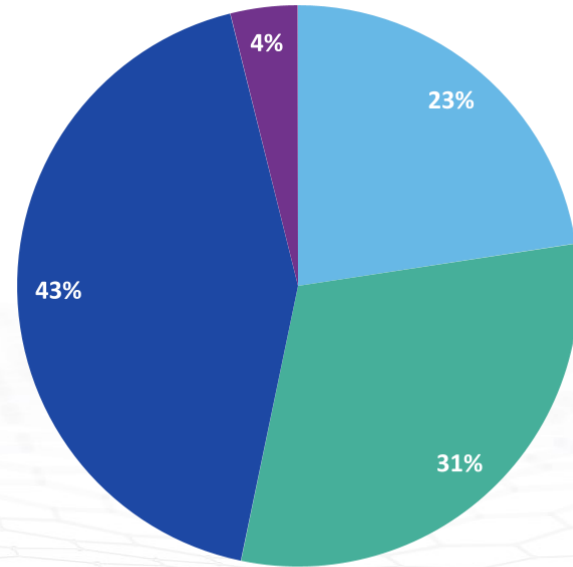


4Q24



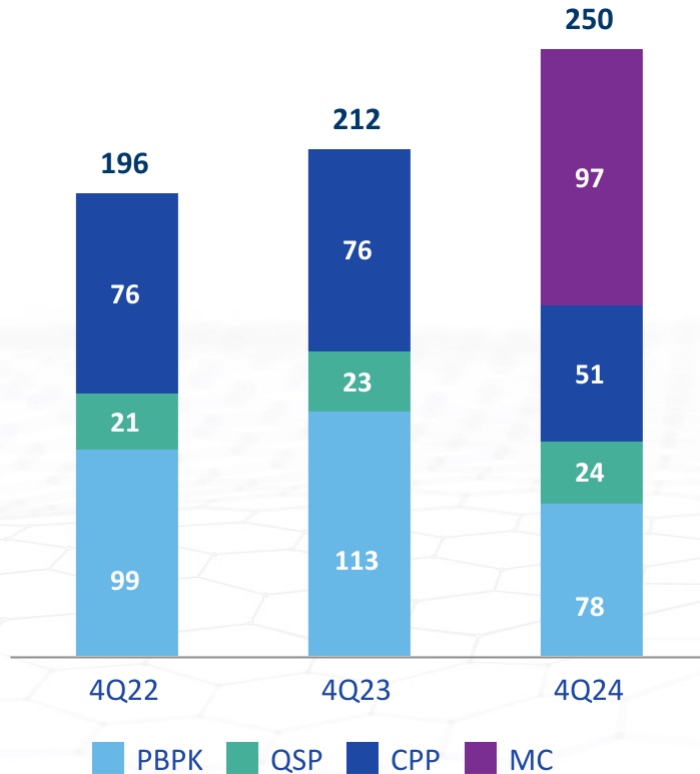
PBPK QSP CPP MC

FY24

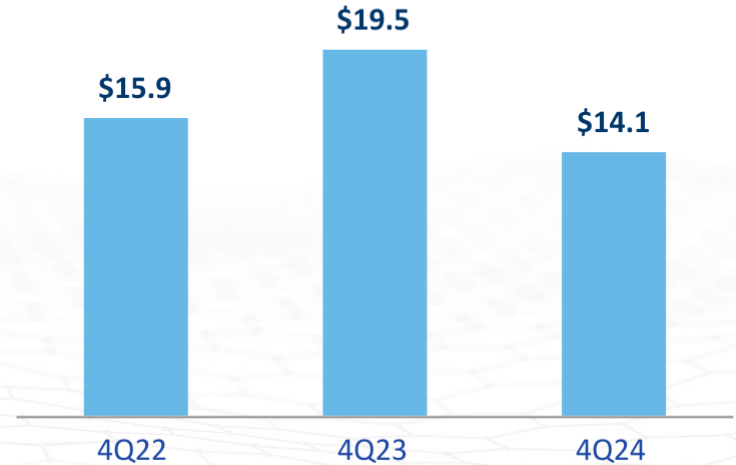


PBPK QSP CPP MC

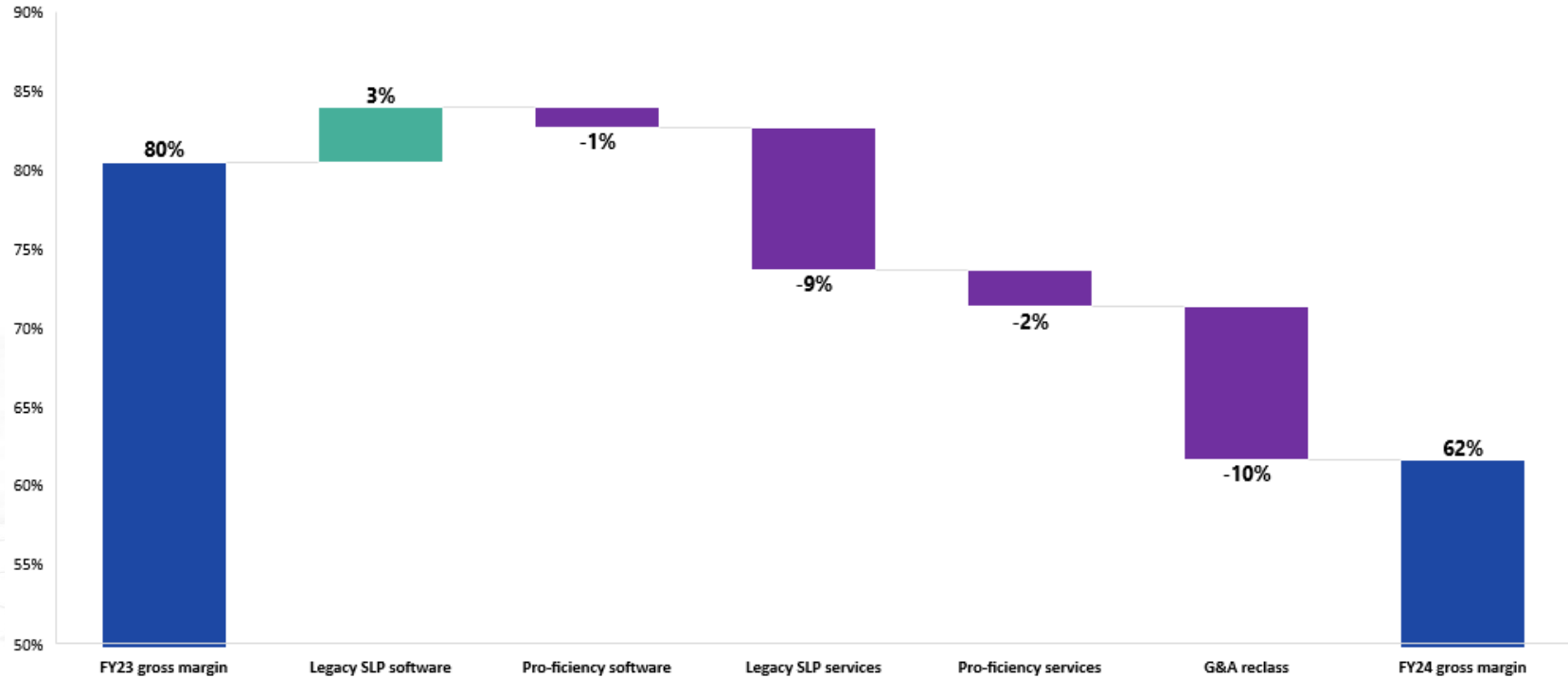
Total Projects



Backlog (in millions)



Gross Margin Bridge FY23 to FY24



Income Statement Summary - Q4



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

	4Q24	% of Rev	4Q23	% of Rev
Revenue	\$18.7	100%	\$15.6	100%
Revenue growth	19%		33%	
Gross profit	6.8	37%	12.3	78%
R&D	1.9	10%	1.1	7%
S&M	2.6	14%	1.7	11%
G&A	3.5	19%	9.8	63%
Total operating exp	8.0	43%	12.5	80%
Loss from operations	(1.2)	(6)%	(0.3)	(2)%
Income before income taxes	0.9	5%	0.1	—%
Income taxes	—	—%	0.5	3%
Effective tax rate	2%		674%	
Net income	\$0.8	5%	\$0.5	3%
Diluted earnings per share	\$0.04		\$0.03	
Adjusted EBITDA	\$4.1	22%	\$4.9	31%
Excluded items	\$0.3		\$3.1	
Adjusted Diluted EPS	\$0.06		\$0.18	

Income Statement Summary - Fiscal 2024



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

	FY24	% of Rev	FY23	% of Rev
Revenue	\$70.0	100%	\$59.6	100%
Revenue growth	18%		11%	
Gross profit	43.2	62%	47.9	80%
R&D	5.8	8%	4.5	8%
S&M	8.9	13%	6.6	11%
G&A	22.4	32%	28.2	47%
Total operating exp	37.0	53%	39.2	66%
Income from operations	6.1	9%	8.7	15%
Income before income taxes	12.4	18%	11.7	20%
Income taxes	(2.5)	4%	(1.7)	3%
Effective tax rate	20%		15%	
Net income	\$10.0	14%	\$10.0	17%
Diluted earnings per share	\$0.49		\$0.49	
Adjusted EBITDA	\$20.3	29%	\$20.6	35%
Excluded items	\$0.8		\$3.8	
Adjusted Diluted EPS	\$0.53		\$0.67	

Balance Sheet Summary



(in millions)

	August 31, 2024	August 31, 2023
Cash and short-term investments	\$20.3	\$115.5
Total current assets	39.3	130.4
Total assets	\$196.6	\$186.1
Current liabilities	12.1	12.0
Long-term liabilities	2.1	4.1
Total liabilities	14.2	16.1
Shareholders' equity	182.4	170.0
Total liabilities and shareholders' equity	\$196.6	\$186.1

	<u>Guidance</u>
Total Revenue	\$90M - \$93M
Total Revenue Growth	28% - 33%
Software Revenue Mix	55% - 60%
Adjusted EBITDA¹ Margin	31% - 33%
Adjusted Diluted EPS²	\$1.07 - \$1.20

1. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization, stock-based compensation, (gain) loss on currency exchange, any acquisition- or financial-transaction-related expenses, change in value of contingent consideration, and any asset impairment charges. Currency exchange excluded represents the exchange rate fluctuations on the foreign-currency-denominated transactions. The impact of transaction in foreign currency represents the effect of converting revenue and expenses occurring in a currency other than the functional currency. Adjusted EBITDA Margin represents Adjusted EBITDA divided by revenue.
2. Adjusted Diluted EPS is calculated based on net income excluding the impact related to the previous items.

CONTINUED LEADERSHIP POSITION IN BIOSIMULATION MARKET

Delivering on our commitment to scientific leadership

- Release of GastroPlusX
- 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 Performance Management 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*



(in millions)

	FY 2022				FY 2023				FY 2024				FY 2022	FY 2023	FY 2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Full Year	Full Year	Full Year
Net Income	\$3.0	\$4.4	\$4.1	\$1.0	\$1.2	\$4.2	\$4.0	\$0.5	\$1.9	\$4.0	\$3.1	\$0.8	\$12.5	\$10.0	\$10.0
Excluding:															
Interest income and expense, net	(0.1)	(0.1)	(0.1)	(0.4)	(0.8)	(1.0)	(1.1)	(1.3)	(1.3)	(1.3)	(1.5)	(0.2)	(0.7)	(4.1)	(4.4)
Provision for income taxes	0.8	1.1	0.7	(0.1)	0.4	0.9	0.9	(0.5)	0.5	1.2	0.8	—	2.6	1.7	2.5
Depreciation and amortization	0.8	1.0	0.9	0.9	0.9	0.9	0.9	1.1	1.1	1.1	1.3	2.2	3.6	3.9	5.7
Stock-based compensation	0.6	0.7	0.7	0.7	0.9	1.2	1.1	1.1	1.3	1.6	1.7	1.4	2.7	4.2	5.9
(Gain) loss on currency exchange	(0.1)	(0.1)	0.2	0.2	—	—	0.3	0.2	—	0.1	—	(0.4)	0.2	0.5	(0.4)
Impairment of other intangibles	—	—	—	—	—	—	—	0.5	—	—	—	—	—	0.5	—
Change in value of contingent consideration	0.1	0.1	—	—	—	—	—	0.7	(0.1)	0.4	(0.6)	(1.4)	0.3	0.7	(1.6)
Mergers & Acquisitions expense	—	—	—	0.3	0.3	0.1	0.4	2.5	—	—	0.9	1.7	0.3	3.3	2.6
Adjusted EBITDA	\$5.3	\$7.2	\$6.5	\$2.5	\$3.0	\$6.2	\$6.5	\$4.9	\$3.4	\$7.1	\$5.6	\$4.1	\$21.5	\$20.6	\$20.3

*Numbers may not add due to rounding

Adjusted EPS Non-GAAP Reconciliation*



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

	FY 2023				FY 2024				FY 2022	FY 2023	FY 2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Full Year	Full Year	Full Year
Net Income (GAAP)	\$1.2	\$4.2	\$4.0	\$0.5	\$1.9	\$4.0	\$3.1	\$0.8	\$12.5	\$10.0	\$10.0
Excluding:											
Mergers & Acquisitions expense	0.3	0.1	0.4	0.9	—	—	0.9	1.7	0.3	1.7	2.6
Immunetrics transaction costs	—	—	—	1.6	—	—	—	—	—	1.6	—
Change in value of contingent consideration	—	—	—	0.7	(0.1)	0.4	(0.6)	(1.4)	0.3	0.7	(1.6)
Cognigen trade name write-off	—	—	—	0.5	—	—	—	—	—	0.5	—
Tax effect on above adjustments	(0.1)	—	(0.1)	(0.5)	—	(0.1)	(0.1)	(0.1)	(0.1)	(0.7)	(0.2)
Adjusted Net income (Non-GAAP)	\$1.5	\$4.2	\$4.3	\$3.7	\$1.8	\$4.4	\$3.4	\$1.1	\$13.0	\$13.8	\$10.8
Weighted-average common shares outstanding:											
Diluted	20.8	20.5	20.4	20.4	20.3	20.3	20.4	20.3	20.7	20.5	20.3
Diluted EPS (GAAP)	\$0.06	\$0.20	\$0.20	\$0.03	\$0.10	\$0.20	\$0.15	\$0.04	\$0.60	\$0.49	\$0.49
Adjusted Diluted EPS (Non-GAAP)	\$0.07	\$0.21	\$0.21	\$0.18	\$0.09	\$0.22	\$0.17	\$0.06	\$0.63	\$0.67	\$0.53

*Numbers may not add due to rounding



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