



# Earnings Call – Q1 - FY25

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January 7, 2025



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.

## **Non-GAAP Financial Measures**

This press release includes certain financial measures not presented in accordance with generally accepted accounting principles (“GAAP”) such as Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, and Adjusted Diluted EPS and certain ratios and other metrics derived there from. These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing financial results. Therefore, these measures should not be considered in isolation or as an alternative to net income, cash flows from operations or other measures of profitability, liquidity or performance under GAAP. You should be aware that the presentation of these measures may not be comparable to similarly-titled measures used by other companies. We believe (i) these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends; and (ii) that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends in and in comparing financial measures with other similar companies, many of which present similar non-GAAP financial measures to investors. These non-GAAP financial measures are subject to inherent limitations as they reflect the exercise of judgments by management about which expense and income are excluded or included in determining these non-GAAP financial measures. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measures are set forth in the appendix to this presentation.

# First Quarter Highlights



## CURRENT PERIOD

**\$18.9M**

Revenue

**+31%**

Revenue  
Growth

**\$0.01**

Diluted EPS

**\$0.17**

Adj.  
Diluted EPS

**24%**

Adj. EBITDA  
Margin

## Prior Year Comparison (1Q24)

**\$14.5M**

Revenue

**+21%**

Revenue  
Growth

**\$0.10**

Diluted EPS

**\$0.18**

Adj.  
Diluted EPS

**23%**

Adj. EBITDA  
Margin

# Trailing Twelve Months (TTM) 1Q25 Highlights



## CURRENT PERIOD

**\$74.4M**

Revenue

**+20%**

Revenue  
Growth

**\$0.40**

Diluted EPS

**\$0.94**

Adj.  
Diluted EPS

**29%**

Adj. EBITDA  
Margin

## Prior Year Comparison (1Q24)

**\$62.1M**

Revenue

**+16%**

Revenue Growth

**\$0.52**

Diluted EPS

**\$1.06**

Adj.  
Diluted EPS

**34%**

Adj. EBITDA  
Margin

## General

- Overall software revenue growth of 41% for 1Q25 and 16% for TTM
- Good renewal rate, upsell and new logo activity
- Revenue contribution from ALI and MC in-line with expectations

Cheminformatics  
(CHEM)

**+15%**

Q1 Revenue Growth

Physiologically  
Based  
Pharmacokinetics  
(PBPK)

**+4%**

Q1 Revenue Growth

Clinical  
Pharmacology &  
Pharmacometrics  
(CPP)

**+43%**

Q1 Revenue Growth

Quantitative  
Systems  
Pharmacology  
(QSP)

**+40%**

Q1 Revenue Growth

Adaptive Learning &  
Insights  
(ALI)

**\$1.7M**

Q1 Revenue

Medical  
Communications  
(MC)

**\$0.1M**

Q1 Revenue

**+7%**

TTM Revenue Growth

**+4%**

TTM Revenue Growth

**+28%**

TTM Revenue Growth

**-5%**

TTM Revenue Growth

**\$2.8M**

TTM Revenue <sup>(1)</sup>

**\$0.1M**

TTM Revenue <sup>(1)</sup>

<sup>(1)</sup> The TTM revenue for the ALI and MC business units only includes revenue since the acquisition of Pro-ficiency in June 2024.

# Services Highlights



## General

- Overall services revenue growth of 19% for 1Q25 and 26% for TTM
- Total backlog \$17.3M, over 90% expected to be converted to revenue within 12 months
- Revenue contribution from MC in-line with expectations

Physiologically  
Based  
Pharmacokinetics  
(PBPk)

**-9%**

Q1 Revenue Decline

Clinical  
Pharmacology &  
Pharmacometrics  
(CPP)

**-6%**

Q1 Revenue Decline

Quantitative  
Systems  
Pharmacology  
(QSP)

**-14%**

Q1 Revenue Decline

Medical  
Communications  
(MC)

**\$1.9M**

Q1 Revenue

**-2%**

TTM Revenue Decline

**+13%**

TTM Revenue Growth

**+28%**

TTM Revenue Growth

**\$3.1M**

TTM Revenue <sup>(1)</sup>

<sup>(1)</sup> The TTM revenue for the MC business unit only includes revenue since the acquisition of Pro-ficiency in June 2024.

# Financial Results

A large blue arrow pointing right, with the text 'Financial Results' inside it. The arrow is composed of a white shape on the left and a blue shape on the right, forming a continuous arrow pointing towards the right side of the image.

# Revenue - Q1



(in millions)

**+31%**

Total Revenue Growth

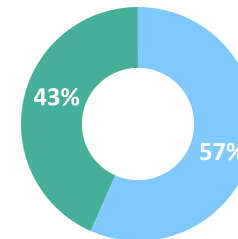
**+41%**

Software Revenue Growth

**+19%**

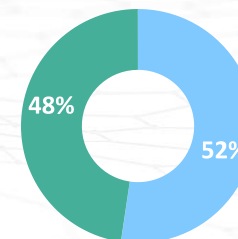
Services Revenue Growth

1Q25 Mix



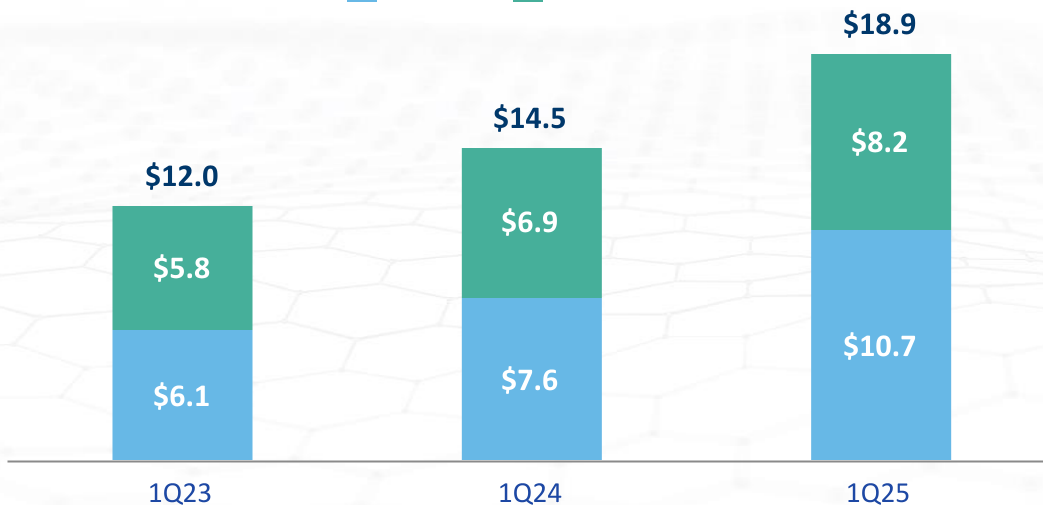
Software Services

1Q24 Mix



Software Services

Software Services





# Revenue - Trailing Twelve Months (TTM)



(in millions)

**+20%**

Total Revenue  
Growth

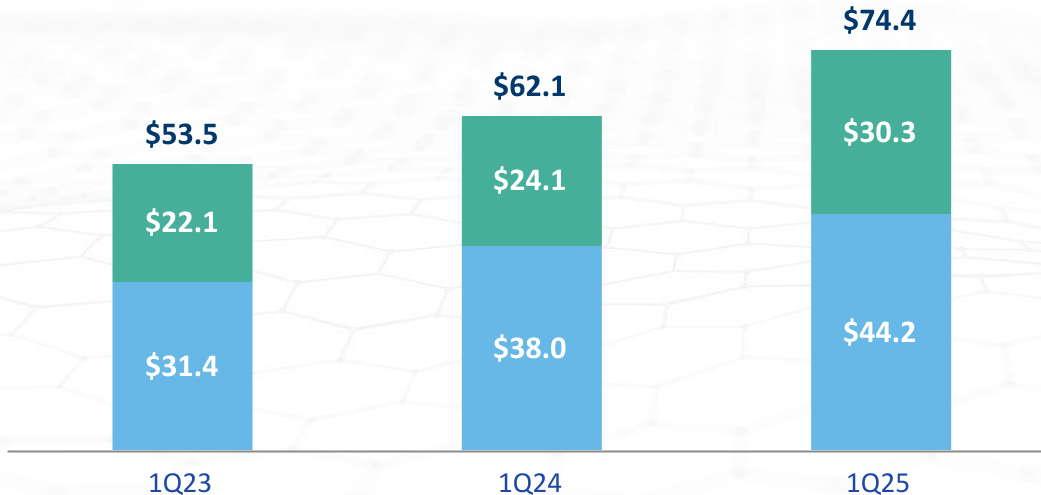
**+16%**

Software Revenue  
Growth

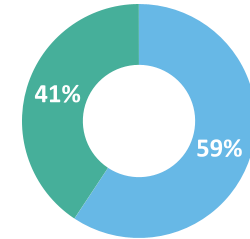
**+26%**

Services Revenue  
Growth

■ Software ■ Services

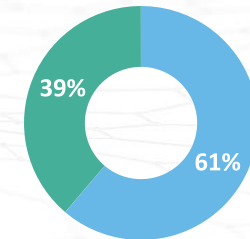


1Q25 Mix



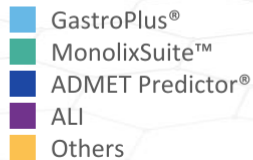
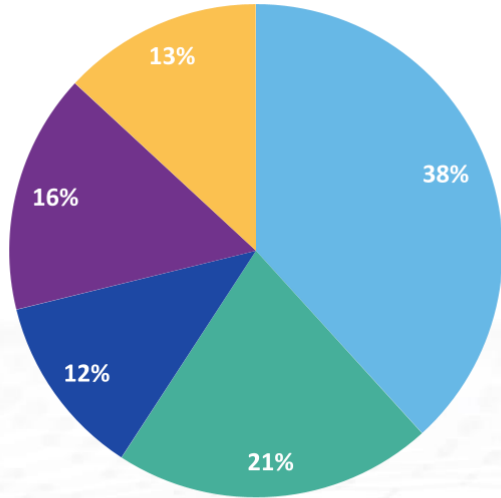
■ Software ■ Services

1Q24 Mix



■ Software ■ Services

## 1Q25



## First Quarter Highlights

### GastroPlus®

- 2 new customers
- 4 upsells to existing customers

### MonolixSuite™

- 12 new customers
- 9 upsells to existing customers

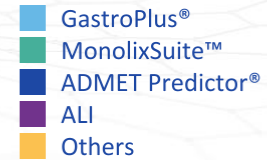
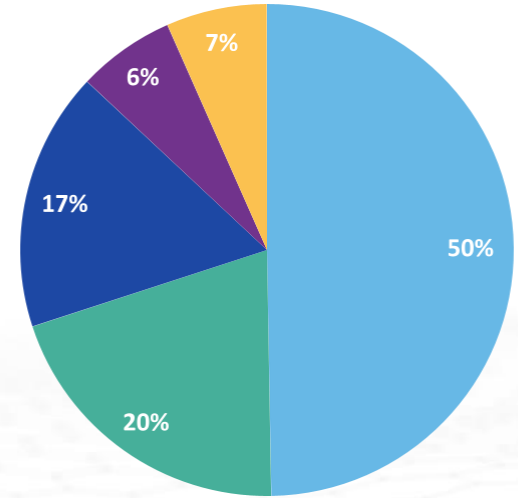
### ADMET Predictor®

- 4 new customers
- 1 upsells to existing customers

### QSP

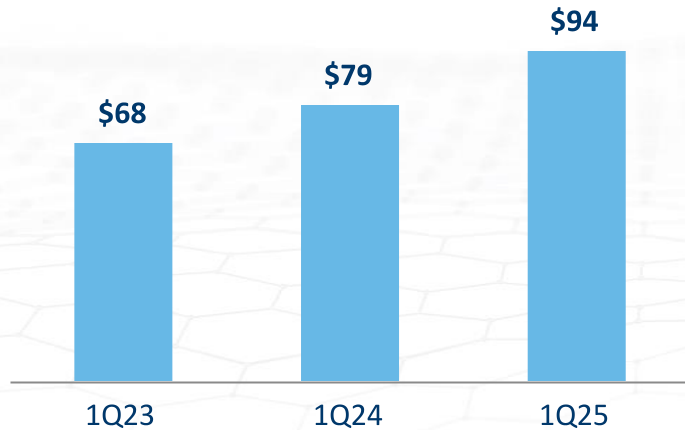
- Added model licenses for Psoriatic Arthritis and Chron's Disease

## TTM

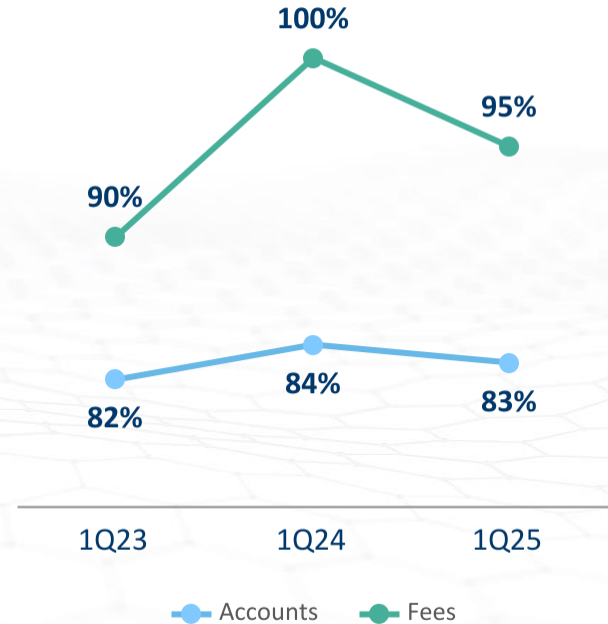


## Commercial Customers

### Avg. Revenue per Customer (in thousands)

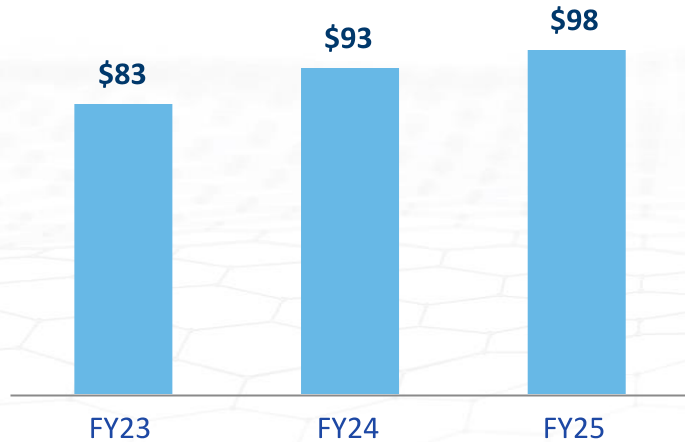


### Renewal Rates

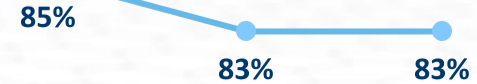
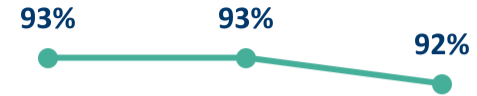


## Commercial Customers

### Avg. Revenue per Customer (in thousands)



### Renewal Rates

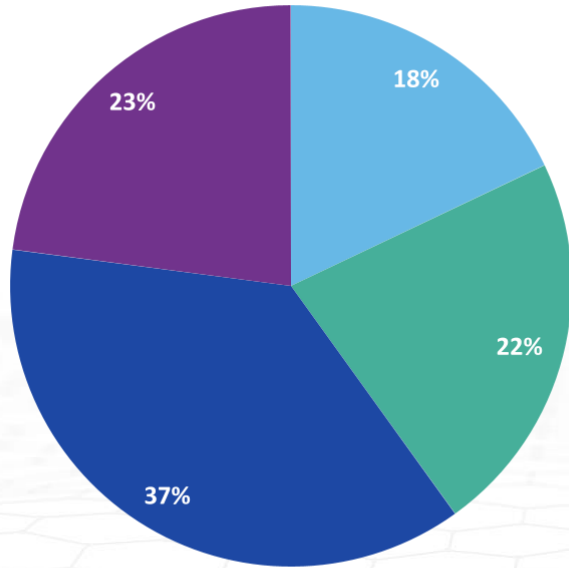


—●— Accounts —●— Fees

# Services Solutions as % of Services Revenue

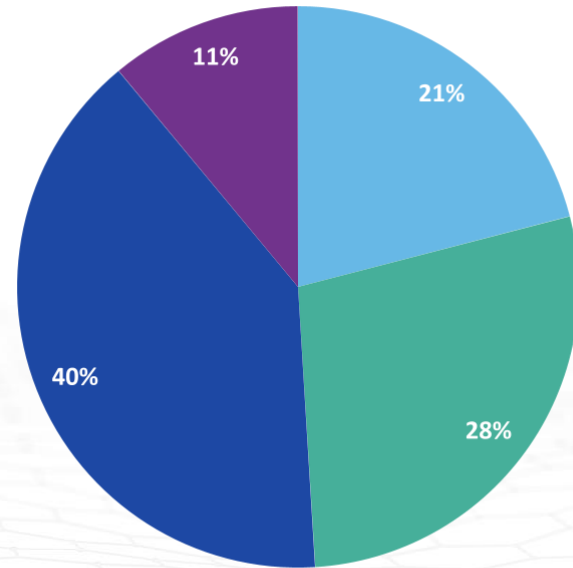


1Q25



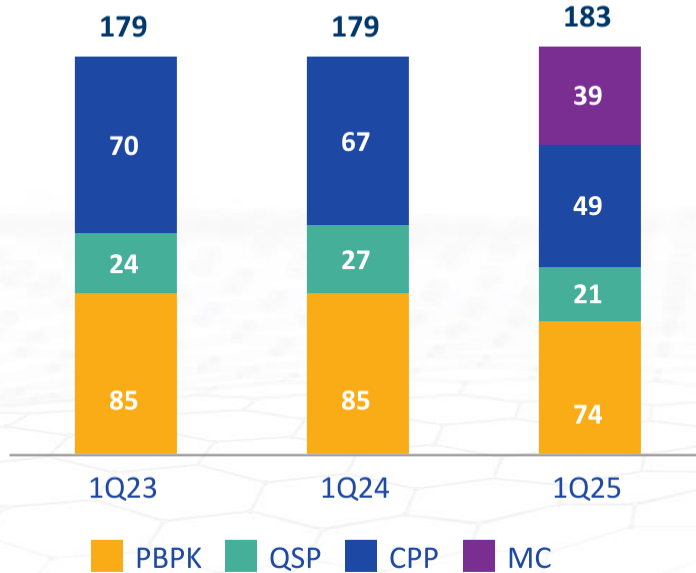
PBPK QSP CPP MC

TTM

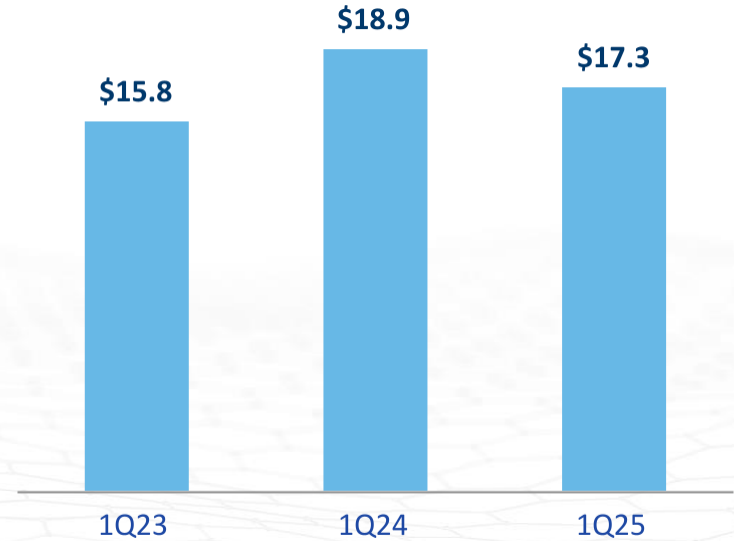


PBPK QSP CPP MC

## Total Projects



## Backlog (in millions)



# Income Statement Summary <sup>(1)</sup>



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

	1Q25	% of Rev	1Q24 <sup>(2)</sup>	% of Rev
Revenue	\$18.9	100%	\$14.5	100%
Cost of revenue	8.7	46%	4.7	32%
Gross profit	10.2	54%	9.0	62%
R&D	1.8	10%	1.2	8%
S&M	2.9	15%	2.0	14%
G&A	5.4	28%	4.9	34%
Total operating exp	10.1	53%	8.1	56%
Income from operations	0.1	1%	1.0	7%
Income before income taxes	0.3	1%	2.4	17%
Income taxes	(0.1)	—%	(0.5)	3%
Effective tax rate	24%		19%	
Net income	\$0.2	1%	\$1.9	13%
Diluted EPS	\$0.01		\$0.10	
Adjusted EBITDA	\$4.5	24%	\$3.4	23%
Excluded items	\$3.2		\$1.8	
Adjusted Diluted EPS	\$0.17		\$0.18	

<sup>(1)</sup> Numbers may not add due to rounding

<sup>(2)</sup> Reflects \$0.8 million reclassification from G&A expense to cost of revenue to provide more effective FY25 comparison.

# Balance Sheet Summary



(in millions)

	November 30, 2024	August 31, 2024
Cash and short-term investments	\$18.2	\$20.3
Total current assets	40.4	39.3
<b>Total assets</b>	<b>\$196.9</b>	<b>\$196.6</b>
Current liabilities	9.7	12.1
Long-term liabilities	2.5	2.1
Total liabilities	12.2	14.2
Shareholders' equity	184.7	182.4
<b>Total liabilities and shareholders' equity</b>	<b>\$196.9</b>	<b>\$196.6</b>



	<u>Guidance</u>
<b>Total Revenue</b>	<b>\$90M - \$93M</b>
<b>Total Revenue Growth</b>	<b>28% - 33%</b>
<b>Software Revenue Mix</b>	<b>55% - 60%</b>
<b>Adjusted EBITDA<sup>(1)</sup> Margin</b>	<b>31% - 33%</b>
<b>Adjusted Diluted EPS<sup>(2)</sup></b>	<b>\$1.07 - \$1.20</b>

<sup>(1)</sup> Adjusted EBITDA represents net income excluding the effect of interest expense (income), provision (benefit) for income taxes, amortization expense, intangible asset amortization, equity-based compensation expense, loss (gain) on currency exchange, goodwill impairment, change in fair value of contingent consideration, reorganization expense, acquisition and integration expense and other items not indicative of our ongoing operating performance.

<sup>(2)</sup> Adjusted net income and adjusted diluted earnings per share exclude the effect of amortization expense, equity-based compensation expense, loss (gain) on currency exchange, goodwill impairment, change in fair value of contingent consideration, reorganization expense, acquisition and integration expense and other items not indicative of our ongoing operating performance as well as the income tax provision adjustment for such charges.

## CONTINUED LEADERSHIP POSITION IN LIFE SCIENCES TECHNOLOGY 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 <sup>(1)</sup>



(in millions)

	FY24				FY25	FY24
	Q1	Q2	Q3	Q4	Q1	Full Year
Net Income	\$1.945	\$4.029	\$3.137	\$0.843	\$0.206	\$9.954
Excluding:						
Interest income and expense, net	(1.292)	(1.348)	(1.522)	(0.213)	(0.159)	(4.375)
Provision for income taxes	0.461	1.223	0.753	0.020	0.064	2.457
Depreciation and amortization	1.091	1.105	1.263	2.206	2.265	5.665
Stock-based compensation	1.303	1.585	1.665	1.387	1.589	5.940
(Gain) loss on currency exchange	(0.044)	0.098	(0.009)	(0.431)	0.015	(0.386)
Impairment of other intangibles	—	—	—	—	—	—
Change in value of contingent consideration	(0.110)	0.440	(0.599)	(1.370)	—	(1.639)
Reorganization expense	—	—	—	—	0.258	—
Mergers & Acquisitions expense	0.034	0.003	0.898	1.706	0.255	2.641
Adjusted EBITDA	\$3.388	\$7.135	\$5.586	\$4.148	\$4.493	\$20.257

<sup>(1)</sup> Numbers may not add due to rounding

# Adjusted Diluted EPS Non-GAAP Reconciliation <sup>(1)</sup>



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

	FY24				FY25	FY24
	Q1	Q2	Q3	Q4	Q1	Full Year
Net Income (GAAP)	\$1.945	\$4.029	\$3.137	\$0.843	\$0.206	\$9.954
Excluding:						
Amortization	0.991	0.991	1.122	2.059	2.130	5.163
Stock-based compensation	1.303	1.585	1.665	1.387	1.589	5.940
(Gain) loss on currency exchange	(0.044)	0.098	(0.009)	(0.431)	0.015	(0.386)
Mergers & Acquisitions expense	0.034	0.003	0.898	1.706	0.255	2.641
Change in value of contingent consideration	(0.110)	0.440	(0.599)	(1.370)	—	(1.639)
Reorganization expense	—	—	—	—	0.258	—
Tax effect on above adjustments	(0.417)	(0.746)	(0.603)	(0.554)	(1.007)	(2.320)
Adjusted Net income (Non-GAAP)	\$3.702	\$6.400	\$5.611	\$3.640	\$3.446	\$19.353
Weighted-avg. common shares outstanding:						
Diluted	20.279	20.315	20.433	20.338	20.266	20.301
Diluted EPS (GAAP)	\$0.10	\$0.20	\$0.15	\$0.04	\$0.01	\$0.49
Adjusted Diluted EPS (Non-GAAP)	\$0.18	\$0.32	\$0.27	\$0.18	\$0.17	\$0.95

<sup>(1)</sup> Numbers may not add due to rounding



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