

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## SIMULATIONS PLUS INC

**Form: 8-K**

**Date Filed: 2020-04-10**

Corporate Issuer CIK: 1023459

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

April 7, 2020

(Date of the earliest event reported)

Simulations Plus, Inc.

(Exact name of registrant as specified in its charter)

California  
(State or other jurisdiction of incorporation)

001-32046  
(Commission File Number)

95-4595609  
(I.R.S. Employer Identification No.)

42505 10<sup>th</sup> Street West, Lancaster, California 93534-7059  
(Address of principal executive offices) (Zip Code)

661-723-7723

Registrant's telephone number, including area code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)  
 Soliciting material pursuant to Rule 14z-12 under Exchange Act (17 CFR 240.14a-12)  
 Pre-commencement communications pursuant to Rule 14d-2(b) under Exchange Act (17 CFR 240.14d-2(b))  
 Pre-commencement communications pursuant to Rule 13e-4(c) under Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.001 per share	SLP	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 7.01 Regulation FD Disclosure**

On April 9, 2020, Simulations Plus, Inc., a California corporation (the "Company"), issued a press release announcing that its board of directors has declared a quarterly cash dividend of \$0.06 per share of common stock, payable on May 1, 2020 to shareholders of record on April 24, 2020.

A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

**Item 8.01 Other Events**

On April 9, 2020, Simulations Plus, Inc., a California corporation (the "Company"), issued a press release announcing financial results for its second fiscal quarter of fiscal year 2020 ended February 29, 2020. The press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

On April 9, 2020, Simulations Plus, Inc., a California corporation (the "Company"), held an investor conference call reporting its second fiscal quarter financial results of fiscal year 2020 ended February 29, 2020. The PowerPoint slides, which were used for this Investor Conference Call, are attached herein as exhibit 99.2 to this Current Report on Form 8-K.

The information contained in this Current Report on Form 8-K shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing. The information set forth in this Current Report on Form 8-K shall not be deemed an admission as to the materiality of any information in this report on Current Report on Form 8-K that is required to be disclosed solely to satisfy the requirements of Regulation FD.

This report on Form 8-K (the "Report"), including the disclosures set forth herein, contains certain forward-looking statements that involve substantial risks and uncertainties. When used herein, the terms "anticipates," "expects," "estimates," "believes" and similar expressions, as they relate to us or our management, are intended to identify such forward-looking statements.

Forward-looking statements in this Report or hereafter, including in other publicly available documents filed with the Securities and Exchange Commission (the "Commission"), reports to the stockholders of Simulations Plus, Inc., a California corporation (the "Company" or "us," "our" or "we") and other publicly available statements issued or released by us involve known and unknown risks, uncertainties and other factors which could cause our actual results, performance (financial or operating) or achievements to differ from the future results, performance (financial or operating) or achievements expressed or implied by such forward-looking statements. Such future results are based upon management's best estimates based upon current conditions and the most recent results of operations. These risks include, but are not limited to, the risks set forth herein and in such other documents filed with the Commission, each of which could adversely affect our business and the accuracy of the forward-looking statements contained herein. Our actual results, performance or achievements may differ materially from those expressed or implied by such forward-looking statements.

**Item 9.01 Financial Statements and Exhibits****(d) Exhibits**

- |      |   |
|------|---|
| 99.1 | <a href="#">Press release issued on April 9, 2020.</a>                                    |
| 99.2 | <a href="#">PowerPoint presentation at the Investor Conference Call on April 9, 2020.</a> |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SIMULATIONS PLUS, INC.

Dated: April 10, 2020

By: /s/ John R. Kneisel

John R. Kneisel  
Chief Financial Officer



SCIENCE + SOFTWARE = SUCCESS

For Further Information:

**Simulations Plus, Inc.**

42505 10<sup>th</sup> Street West

Lancaster, CA 93534-7059

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For Immediate Release:

April 9, 2020

## **Simulations Plus Reports Record Second Quarter FY2020 Revenue**

***Quarterly Revenues Up 22%;  
Board of Directors Announces Quarterly Dividend of \$0.06 Per Share***

**LANCASTER, CA**, April 9, 2020 – Simulations Plus, Inc. (Nasdaq: SLP), the leading provider of modeling and simulation solutions for the pharmaceutical, biotechnology, chemicals, and consumer goods industries, today reported financial results for its second quarter of fiscal year 2020, the period ended February 29, 2020 (2QFY20).

2QFY20 highlights compared with 2QFY19:

- Net revenues increased 22.2%, or \$1.9 million, to \$10.3 million from \$8.5 million
- Gross profit was \$7.7 million, up \$1.4 million, or 22.7%, from \$6.3 million
- SG&A was \$4.1 million, up \$1.3 million, or 46.3%, from \$2.8 million
- SG&A as a percentage of revenues increased to 39.7% from 33.2%, inclusive of \$350,000 in transaction costs related to the Lixoft acquisition
- R&D expense increased 3.3%, or \$23,600, to \$748,000 from \$724,000
- Income before taxes increased 5.2%, or \$140,500, to \$2.8 million from \$2.7 million
- Net income increased to \$2.2 million from \$2.1 million
- Diluted earnings per share remained unchanged at \$0.12 per share

6moFY20 highlights compared with 6moFY19:

- Net revenues increased 23.4%, or \$3.7 million, to \$19.8 million from \$16.0 million
- Gross profit was \$14.4 million, up \$2.8 million, or 24.5%, from \$11.6 million
- SG&A was \$7.6 million, an increase of \$2.1 million, or 37.9%, from \$5.5 million
- R&D expense increased 1.6%, or \$20,300, and remained at \$1.3 million
- Income before taxes increased 18.1%, or \$852,300, to \$5.6 million from \$4.7 million
- Net income increased \$573,000, or 15.8%, to \$4.2 million from \$3.6 million
- Diluted earnings per share increased \$0.03, to \$0.23 from \$0.20 per share

Shawn O'Connor, chief executive officer of Simulations Plus, said: "This was a strong, productive, and important quarter for Simulations Plus, highlighted by the acquisition of Lixoft, which expands our presence in Europe and bolsters our software revenue mix. Operationally, we grew revenues 22% for the quarter and 23% year-to-date, driving a nearly 16% increase in year-to-date net income and strengthening our balance sheet. Today, Simulations Plus is a strong company with a global presence, more than \$40 million in trailing 12 month revenue, much of which is recurring, a service business that operates with a large backlog of project-based business, proven profitability and a balance sheet that gives us flexibility during these challenging times. Our new business sales have slowed, as our customers deal with the Covid-related interruptions and uncertainty. To date, this has resulted in sales pipeline growth, as sales have been mostly delayed but not lost."

"To proactively contribute to solving this worldwide pandemic, we established the StrategiesPlus™ COVID-19 ACT Program to speed consulting assistance to any organization involved in coronavirus research," Mr. O'Connor continued. "This program enables each part of our organization to provide tools and expertise to help accelerate drug development and R&D. In particular, we are adding to our consulting services team in an effort to address the growing demand and expanding opportunities we see in the marketplace."

John Kneisel, chief financial officer of Simulations Plus, added: "We finished the quarter with \$12.2 million in cash. Early in the third fiscal quarter, we paid approximately \$6 million in net cash for the Lixoft acquisition. We maintain a strong balance sheet with sufficient cash reserves and working capital and access to a line of credit to provide flexibility. The Lixoft acquisition will be immediately accretive, helping boost future cash flows to further strengthen our position."

#### **Quarterly Dividend Declared**

The Company's Board of Directors has declared a cash dividend of \$0.06 per share of the Company's common stock payable on May 1, 2020, to shareholders of record as of April 24, 2020. The declaration of any future dividends will be determined by the Board of Directors each quarter and will depend on earnings, financial condition, capital requirements, and other factors.

#### **Investor Conference Call**

The Company has announced an investor conference call that will be webcast live on April 9, 2020, at 1:15 p.m. Pacific Time/4:15 p.m. Eastern Time. The live webcast/teleconference will be accessible by registering [here](#). Please dial in five to ten minutes prior to the scheduled start time. A live, listen-only webcast will also be available by dialing (914) 614-3221, and entering access code 938-770-331. A replay of the webcast will be available at the Simulations Plus website following the call.

## **About Simulations Plus, Inc.**

Simulations Plus, Inc., is a premier developer of drug discovery and development software as well as a leading provider of both preclinical and clinical pharmacometric consulting services for regulatory submissions and quantitative systems pharmacology models for drug-induced liver injury and nonalcoholic fatty liver disease. The company is a global leader focused on improving the ways scientists use knowledge and data to predict the properties and outcomes of pharmaceutical, biotechnology, and chemical agents. Our software is licensed to and used in the conduct of drug research by major pharmaceutical, biotechnology, chemical, and consumer goods companies and regulatory agencies worldwide. Our innovations in integrating new and existing science in medicinal chemistry, computational chemistry, pharmaceutical science, biology, and physiology into our software have made us the leading software provider for physiologically based pharmacokinetic modeling and simulation. For more information, visit our website at [www.simulations-plus.com](http://www.simulations-plus.com).

**Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995** – With the exception of historical information, the matters discussed in this press release are forward-looking statements that involve a number of risks and uncertainties. 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 our new software products as well as 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, 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.

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**SIMULATIONS PLUS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	(Unaudited) February 29, 2020	(Audited) August 31, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 12,248,652	\$ 11,435,499
Accounts receivable, net of allowance for doubtful accounts of \$0	7,244,344	5,026,558
Revenues in excess of billings	4,113,185	3,233,659
Prepaid income taxes	457,232	765,110
Prepaid expenses and other current assets	612,505	704,316
Total current assets	24,675,918	21,165,142
<b>Long-term assets</b>		
Capitalized computer software development costs, net of accumulated amortization of \$12,983,725 and \$12,356,055	5,458,837	4,959,736
Property and equipment, net	335,298	341,145
Operating lease right of use asset	637,509	—
Intellectual property, net of accumulated amortization of \$4,413,334 and \$3,948,750	4,561,666	5,026,249
Other intangible assets net of accumulated amortization of \$1,383,750 and \$1,210,000	3,106,250	3,280,000
Goodwill	10,387,198	10,387,198
Other assets	37,227	37,227
<b>Total assets</b>	<b>\$ 49,199,903</b>	<b>\$ 45,196,697</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 624,645	\$ 204,075
Accrued payroll and other expenses	1,526,891	1,639,038
Income taxes payable	—	—
Current portion - Contracts payable	1,761,028	1,761,028
Billings in excess of revenues	891,905	798,549
Operating lease liability, current portion	493,257	—
Deferred revenue	183,310	380,787
Total current liabilities	5,481,036	4,783,477
<b>Long-term liabilities</b>		
Deferred income taxes, net	2,714,398	2,731,616
Operating Lease Liability	142,343	—
Total liabilities	<b>8,337,777</b>	<b>7,515,093</b>
Commitments and contingencies		
Shareholders' equity		
Preferred stock, \$0.001 par value 10,000,000 shares authorized no shares issued and outstanding	\$ —	\$ —
Common stock, \$0.001 par value 50,000,000 shares authorized 17,648,646 and 17,591,834 shares issued and outstanding	7,651	7,595
Additional paid-in capital	16,406,702	15,319,474
Retained earnings	24,447,773	22,354,535
Total shareholders' equity	<b>\$ 40,862,126</b>	<b>\$ 37,681,604</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 49,199,903</b>	<b>\$ 45,196,697</b>

The accompanying notes are an integral part of these financial statements.

**SIMULATIONS PLUS, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

For the three and six months ended February 29, 2020 and February 28, 2019

	Three months ended		Six months ended	
	(Unaudited)		(Unaudited)	
	2020	2019	2020	2019
<b>Revenues</b>	\$ 10,349,863	\$ 8,471,720	\$ 19,750,968	\$ 16,007,623
<b>Cost of revenues</b>	2,666,388	2,207,831	5,309,297	4,406,952
<b>Gross margin</b>	7,683,475	6,263,889	14,441,671	11,600,671
<b>Operating expenses</b>				
Selling, general, and administrative	4,110,018	2,809,691	7,623,381	5,530,093
Research and development	747,612	724,034	1,273,965	1,253,670
Total operating expenses	4,857,630	3,533,725	8,897,346	6,783,763
<b>Income from operations</b>	2,825,845	2,730,164	5,544,325	4,816,908
<b>Other income (expense)</b>				
Interest income	12,073	5,573	23,349	9,245
Interest expense	–	(38,188)	–	(76,376)
(Loss) income on currency exchange	(1,825)	(1,916)	1,886	(32,526)
Total other income (expense)	10,248	(34,531)	25,235	(99,657)
<b>Income before provision for income taxes</b>	2,836,093	2,695,633	5,569,560	4,717,251
Provision for income taxes	(686,013)	(596,184)	(1,361,203)	(1,081,855)
<b>Net Income</b>	<b>\$ 2,150,080</b>	<b>\$ 2,099,449</b>	<b>\$ 4,208,357</b>	<b>\$ 3,635,396</b>
<b>Earnings per share</b>				
Basic	\$ 0.12	\$ 0.12	\$ 0.24	\$ 0.21
Diluted	\$ 0.12	\$ 0.12	\$ 0.23	\$ 0.20
<b>Weighted-average common shares outstanding</b>				
Basic	17,638,406	17,476,603	17,623,699	17,449,069
Diluted	18,315,824	18,002,741	18,305,645	17,984,078

The accompanying notes are an integral part of these financial statements.



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**Q2FY2020**

**Investor Conference Call**

**Shawn O'Connor, CEO**

**John Kneisel, CFO**

**April 9, 2020**

**(NASDAQ:SLP)**



## 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.

# HIGHLIGHTS

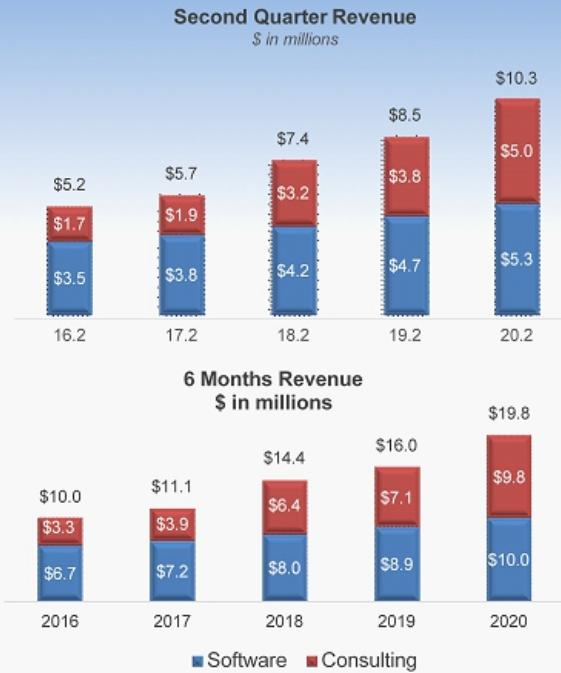
# Lixoft

Acquired April 1<sup>st</sup>, 2020

- Founded in 2011 with headquarters in Paris, France
- Monolix Suite: PKPD Modeling functionality
  - Datxplore: Exploration and visualization of data
  - PKanalix: Non-compartmental and compartmental analysis
  - Mlxplore: Exploration and visualization of complex models
  - Monolix: Non-linear mixed effects modeling (NLME) engine
  - Simulx: Clinical trial pharmacometrics simulations
- Company Profile
  - Founded in 2011 and headquartered in Paris, France
  - 12 employees
  - 2019 calendar year revenues of approximately \$3.4 million and \$1.7 million in net earnings
- Acquisition benefits
  - ✓ Immediately accretive
  - ✓ Product/Culture fit
  - ✓ Good valuation
  - ✓ Adds fast growing high margin software revenue stream
  - ✓ Provides greater presence in EU geography
  - ✓ Consulting service upside
  - ✓ Adds experienced executive leadership

# Steady and Consistent Revenue Growth

Organic Revenue Growth accelerating to new 15-20% range



## Key Highlights

### • Q2 FY2020 Financial Highlights

- Revenue up 22.2% for Q2FY20 vs Q2FY19
- Gross profit 74.2% for Q2FY20 vs 73.9% Q2FY19
- Net income before taxes 27.4% Q2FY20 vs 31.8% Q2FY19
- EPS \$0.12 Q2FY20 vs \$0.12 Q2FY19
- Cash generated from operations during the quarter of \$1.2M with cash on hand at end of quarter of \$12.2M

### • Operational Highlights

- Software revenue: 52% of total revenue, 12% y/y growth
- Service revenue: 48% of total revenue, 35% y/y growth
- 119 Employees (including 82 with advanced degrees) up 19% y/y (73% of that growth is billable consulting staff)

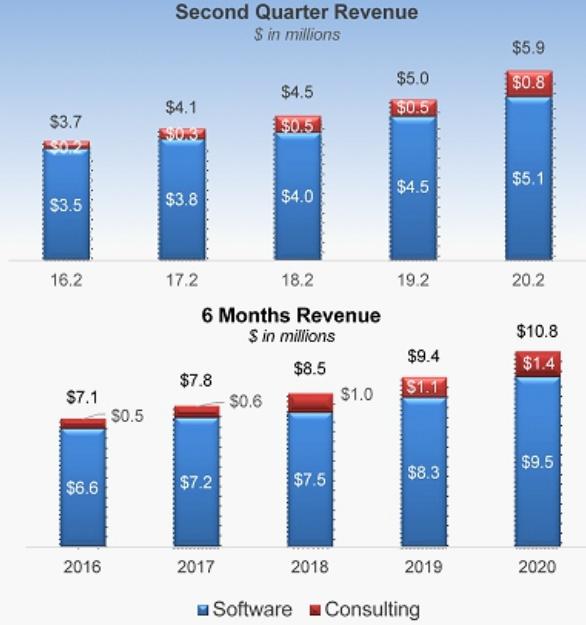
# COVID-19 Impact

- **Financial Stability**
  - Operational transition has been effected smoothly; workforce is engaged in support of our clients productively and efficiently.
  - Strong balance sheet with ample cash
  - High percentage of revenues based upon software renewals for which we have seen no impact to date; Lixoft adds to this profile
  - Service business operates off large backlog which has been reviewed in detail with anticipated Covid impact of less than 10%
- **New business impact**
  - Slowdown in new business closures both in terms of new software licenses and new service business
  - Software delays especially in our Asian market
  - New service contracts, often tied to clinical trial preparation or post trial analysis, have slowed somewhat
  - However, both software and service sales cycles continue in regard to lead generation, virtual meetings and presentations and our pipeline of business is growing
  - Recently introduced service offerings in regulatory guidance and Covid rapid response have generated new opportunities

# Simulations Plus Division (Lancaster)

The genesis of the company... providing software, training and consulting services

## Key Highlights



### • Q2 FY2020 Financial Highlights

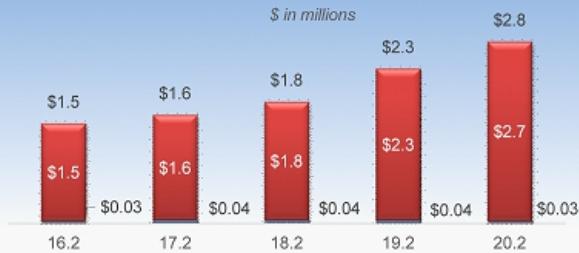
- Revenue up 18% for the quarter
  - Q2 Revenue breakdown: 71% Renewal; 16% New; 13% Services
  - Software: renewal 88% (accounts), 94% (fees), and licensing units up 11% y/y
  - 12 new commercial companies added software licenses in U.S., Europe, Japan and Brazil
  - 16 non-profit research groups added software licenses; expansion of licenses at the U.S. FDA, Health Canada and NMPA (China FDA)
  - Projects with 19 companies and 10 funded collaborations
- ### • Operational Highlights
- Significant progress on several research initiatives:
    - GastroPlus® X (GPX)
    - ADMET Predictor® X (APX)
    - AIDD (Artificial Intelligence-driven Drug Design)
    - Funded software R&D projects (FDA, large pharmaceutical companies)
  - New funded software R&D project to enhance cheminformatic functionality in ADMET Predictor®
  - Added VP, Regulatory Affairs, with 20 years of FDA experience

Simulations Plus represented 57% of total revenue and 70% of EBITDA for Q2 FY2020

# Cognigen Division (Buffalo)

A leading provider of population modeling and simulation services for the pharma and biotech industries

## Second Quarter Revenue



## Key Highlights

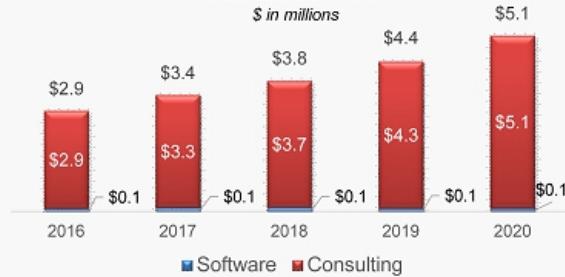
### • Q2 FY2020 Financial Highlights

- Revenue up 20% for the quarter
- 21 contracts signed, including 14 new projects initiated during quarter
- 64 active projects in 2QFY20 across 34 companies

### • Operational Highlights

- 18 proposals outstanding with 18 companies at the start of 3QFY20
- Recruited Director, Quantitative Clinical Pharmacology, to focus on traditional pharmacology consulting support
- Hired a Senior Clinical Pharmacologist to increase capacity to support early-stage clinical development advice and services

## 6 Months Revenue



Cognigen represented 27% of total revenue and 10% of EBITDA for Q2 FY2020

# DILIsym Division (RTP)

A leading provider of software products and services in QST and QSP



## Key Highlights

- **Q2 FY2020 Financial Highlights**
  - Revenue up 44.8% for the quarter
  - Revenue breakdown: 48% DILIsym® software and projects; 12% RADAsym™; 10% IPFsym™ software; 12% NAFLDsym® software and projects; 6% RENAsym® grant; 12% Heart Failure Software
- **Operational Highlights**
  - 20 active DILIsym consulting projects
  - 7 active consortium DILIsym contracts
  - Broadly available NAFLDsym version 2A licensed to another company
  - NIH small business grant for development of new kidney injury product
  - Idiopathic pulmonary fibrosis (IPF) model under development
  - Started work in a new area of pharmacology, heartfailure

DILIsym represented 16% of total revenue and 20% of EBITDA for Q2 FY2020

# Financial Results



# Income Statement: 2QFY20 Versus 2QFY19 (in millions)

	Lancaster	Buffalo	North Carolina	2Q20	2Q19	Diff	% chg
<b>Net sales</b>	\$ 5.9	\$ 2.8	\$ 1.7	\$ 10.3	\$ 8.5	\$ 1.9	22.2%
<b>Gross profit</b>	\$ 5.1	\$ 1.4	\$ 1.2	\$ 7.7	\$ 6.3	\$ 1.4	22.7%
<b>Gross profit margin</b>	85.7%	51.2%	71.7%	74.2%	73.9%	0.3%	0.4%
<b>SG&amp;A</b>	\$ 2.5	\$ 1.1	\$ 0.5	\$ 4.1	\$ 2.8	\$ 1.3	46.3%
<b>R&amp;D</b>	\$ 0.6	\$ 0.0	\$ 0.1	\$ 0.7	\$ 0.7	\$ 0.0	3.3%
<b>Total operating expenses</b>	\$ 3.1	\$ 1.1	\$ 0.7	\$ 4.9	\$ 3.5	\$ 1.3	37.5%
<b>Income from operations</b>	\$ 2.0	\$ 0.3	\$ 0.5	\$ 2.8	\$ 2.7	\$ 0.1	3.5%
<b>Other income (expense)</b>	\$ 0.0	\$ -	\$ 0.0	\$ 0.0	\$ (0.0)	\$ 0.0	-129.7%
<b>Income before income taxes</b>	\$ 2.0	\$ 0.3	\$ 0.5	\$ 2.8	\$ 2.7	\$ 0.1	5.2%
<b>Net income</b>	\$ 1.5	\$ 0.2	\$ 0.4	\$ 2.2	\$ 2.1	\$ 0.1	2.4%
<b>Diluted earnings per share (in dollars)</b>				\$ 0.12	\$ 0.12	\$ 0.00	0.7%
<b>EBITDA</b>	\$ 2.4	\$ 0.3	\$ 0.7	\$ 3.5	\$ 3.4	\$ 0.0	1.1%

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Note: some numbers may not foot or crossfoot due to rounding

 **SimulationsPlus**  
SCIENCE + SOFTWARE = SUCCESS

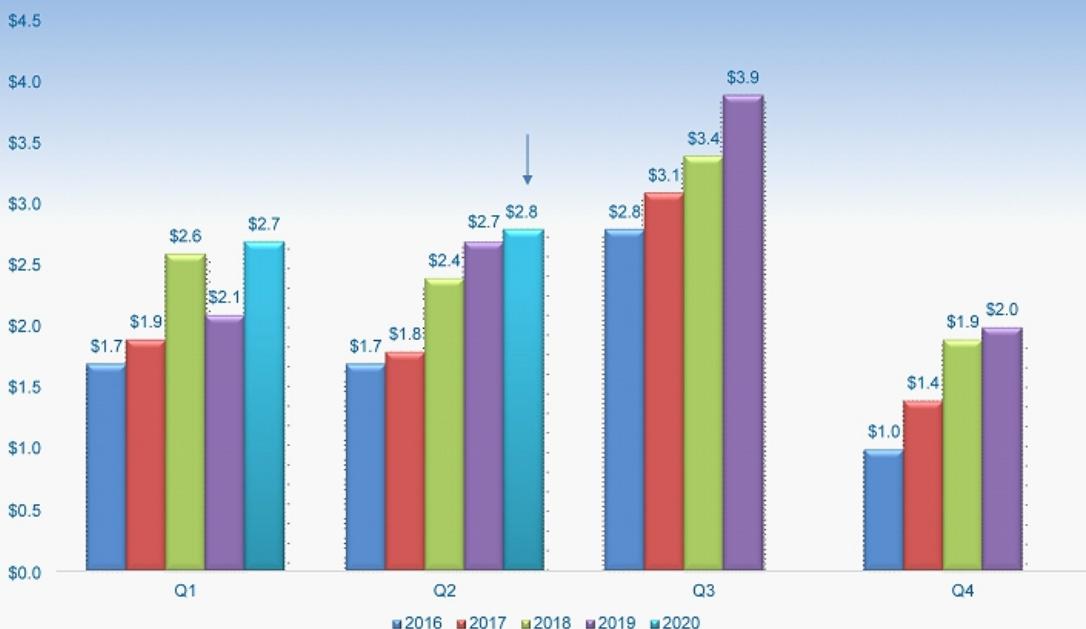
# Income Statement: 6MoFY20 Versus 6MoFY19 (in millions)

	Lancaster	Buffalo	North Carolina	FY20	FY19	Diff	% chg
<b>Net sales</b>	\$ 10.8	\$ 5.1	\$ 3.8	\$ 19.8	\$ 16.0	\$ 3.7	23.4%
<b>Gross profit</b>	9.2	2.5	2.7	14.4	11.6	2.8	24.5%
<b>Gross profit margin</b>	85.3%	49.2%	70.7%	73.1%	72.5%	0.7%	0.9%
<b>SG&amp;A</b>	\$ 4.4	\$ 2.2	\$ 1.1	\$ 7.6	\$ 5.5	\$ 2.1	37.9%
<b>R&amp;D</b>	0.9	0.1	0.3	1.3	1.3	0.0	1.6%
<b>Total operating expenses</b>	5.3	2.2	1.4	8.9	6.8	2.1	31.2%
<b>Income from operations</b>	3.9	0.3	1.3	5.5	4.8	0.7	15.1%
<b>Other income (expense)</b>	0.0	0.0	0.0	0.0	(0.1)	0.1	-125.3%
<b>Income before income taxes</b>	3.9	0.3	1.3	5.6	4.7	0.9	18.1%
<b>Net income</b>	\$ 3.0	\$ 0.2	\$ 1.0	\$ 4.2	\$ 3.6	\$ 0.6	15.8%
<b>Diluted earnings per share (in dollars)</b>				\$ 0.23	\$ 0.20	\$ 0.03	13.7%
<b>EBITDA</b>	\$ 4.8	\$ 0.4	\$ 1.6	\$ 6.8	\$ 6.2	\$ 0.6	10.5%

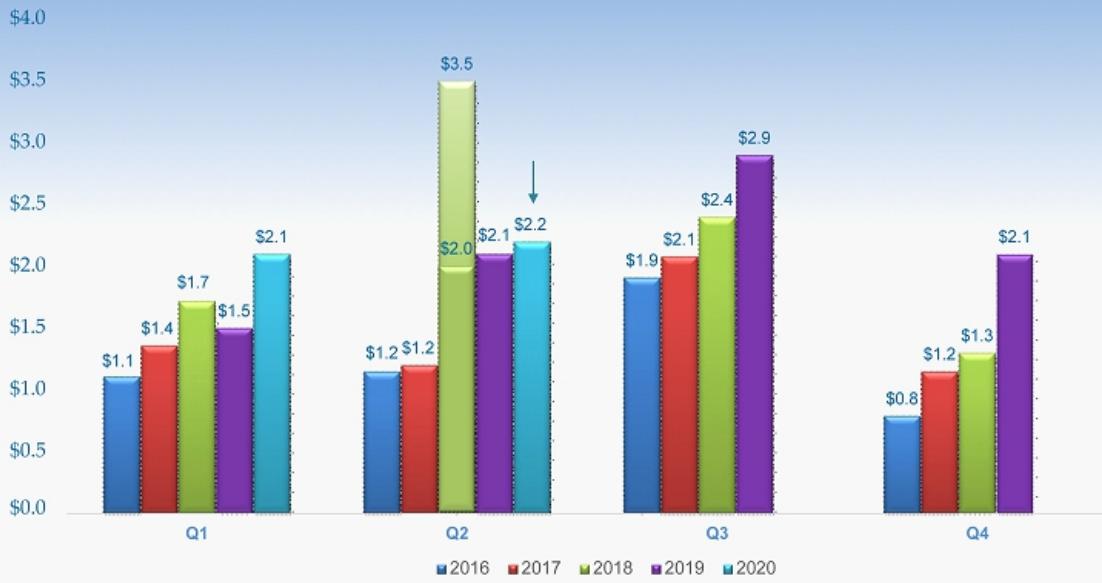
# Consolidated Revenues: Fiscal Quarter ( in millions)



# Consolidated Income from Operations: Fiscal Quarter (in millions)



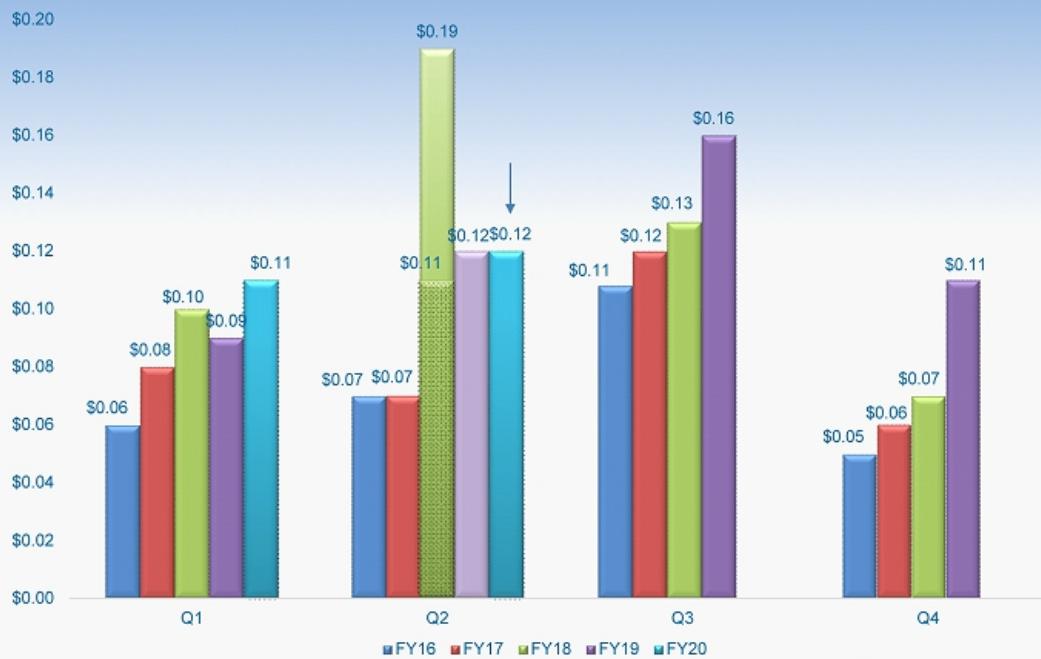
## Consolidated Net Income: Fiscal Quarter (in millions)



Note: 2Q18 \$1.5M tax benefit of deferred tax adjustment

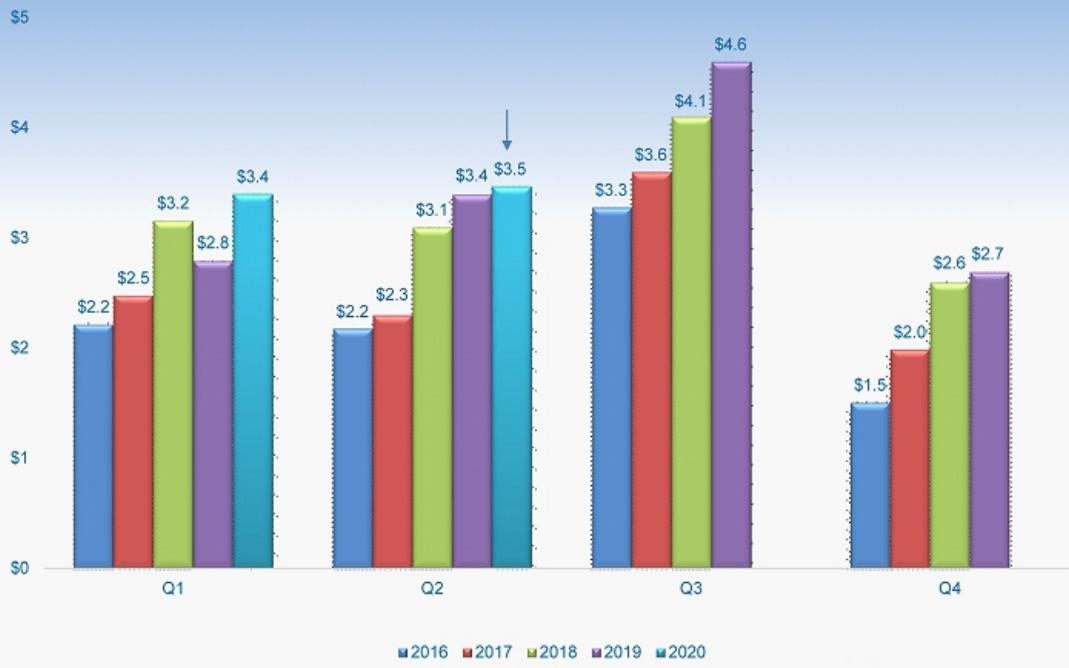


# Consolidated Diluted Earnings Per Share: Fiscal Quarter



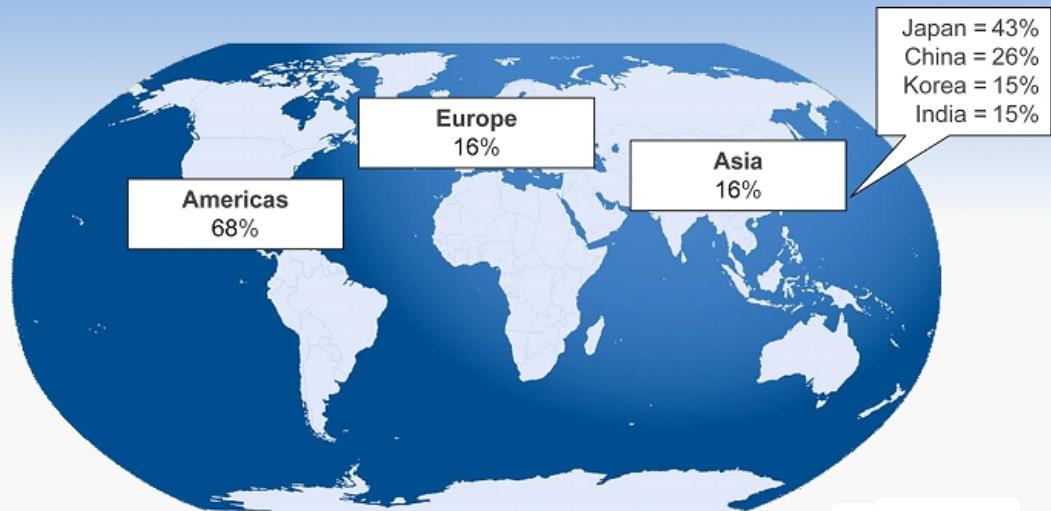
16 Note: 2Q18 \$0.08 tax benefit of deferred tax adjustment

## Consolidated EBITDA: Fiscal Quarter (in millions)



# Revenue by Region – YTD 2020

A global and diversified base of revenue



# Cash Position Excellent (in millions)

Accumulating Cash while funding Acquisitions and Dividends

■ Dividend Paid ■ Acquisitions ■ Cash on Hand



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\* Chart covers period starting September 2016.

**S+** SimulationsPlus  
SCIENCE + SOFTWARE = SUCCESS

## Selected Consolidated Balance Sheet Items

(in millions, except where indicated)

	February 29, 2020	August 31, 2019
Cash and cash equivalents	\$ 12.2*	\$ 11.4
Cash per share ( <i>in Dollars</i> )	\$ 0.69	\$ 0.65
Total current assets	24.7	21.2
Total assets	49.2	45.2
Total current liabilities	5.5	4.8
Total liabilities	8.3	7.5
Current ratio	4.50	4.42
Shareholders' equity	40.9	37.7
Total liabilities and shareholders' equity	49.2	45.2
Shareholders' equity per diluted share ( <i>in Dollars</i> )	\$2.2	\$2.1

\* Cash as of April 6, 2020 ~\$8.0 million.

# Simulations Plus

Our mission is to improve the productivity of science-based research & development enterprises by delivering innovative modeling and simulation software and insightful consulting services

<b>Products &amp; Services</b>  <b>Software Portfolio</b> <ul style="list-style-type: none"><li>• Modeling &amp; simulation platform for drug R&amp;D</li><li>• Predictive software for &gt;140 properties of chemical formulations</li><li>• Analytical software for certain biological or disease states</li><li>• Cloud-based web app for drug development lifecycle management</li></ul> <b>Consulting Services</b> <ul style="list-style-type: none"><li>• Provide multi-disciplinary modeling and simulation support</li></ul>	<b>Customers and Market</b> <p>Pharmaceutical and biotech companies ranging from the largest in the world to a number of medium-sized and smaller companies in the U.S., Europe and Japan</p> <b>Operating Divisions</b> <ul style="list-style-type: none"><li>• Simulations Plus, Inc.</li><li>• Cognigen</li><li>• DILIsym</li><li>• Lixoft</li></ul> <b>Corporate Information</b> <ul style="list-style-type: none"><li>• The company was founded in 1996 and now has 119 employees* worldwide.</li><li>• Primary offices located in Lancaster, CA; Buffalo, NY; Raleigh, NC; and Paris, France.</li></ul> <p>* As of 2/29/2020</p>	<b>Consistent Financial Results</b> <ul style="list-style-type: none"><li>• &gt; 10 years of consistent revenue growth</li><li>• &gt; 10 years of profitability</li><li>• Cash generated from operations during six months ended 2/29/20 of \$3.8 million with cash on hand of \$8.0 Million at 4/6/2020 </li><li>• Dividend payout ratio of 49%<sup>1</sup>.</li><li>• Quarterly dividend of \$0.06 per share</li></ul>
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<sup>1</sup>Dividend ratio for FY2019: No assurances of future cash dividends can be made as the BOD makes its decision on a quarterly basis based on current financial condition and strategic plans.

# Thank you!

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