



SCIENCE + SOFTWARE = SUCCESS

Earnings Call – Q1 FY21

Shawn O'Connor, CEO

William Frederick, CFO

January 11, 2021

(NASDAQ:SLP)

Safe Harbor Statement

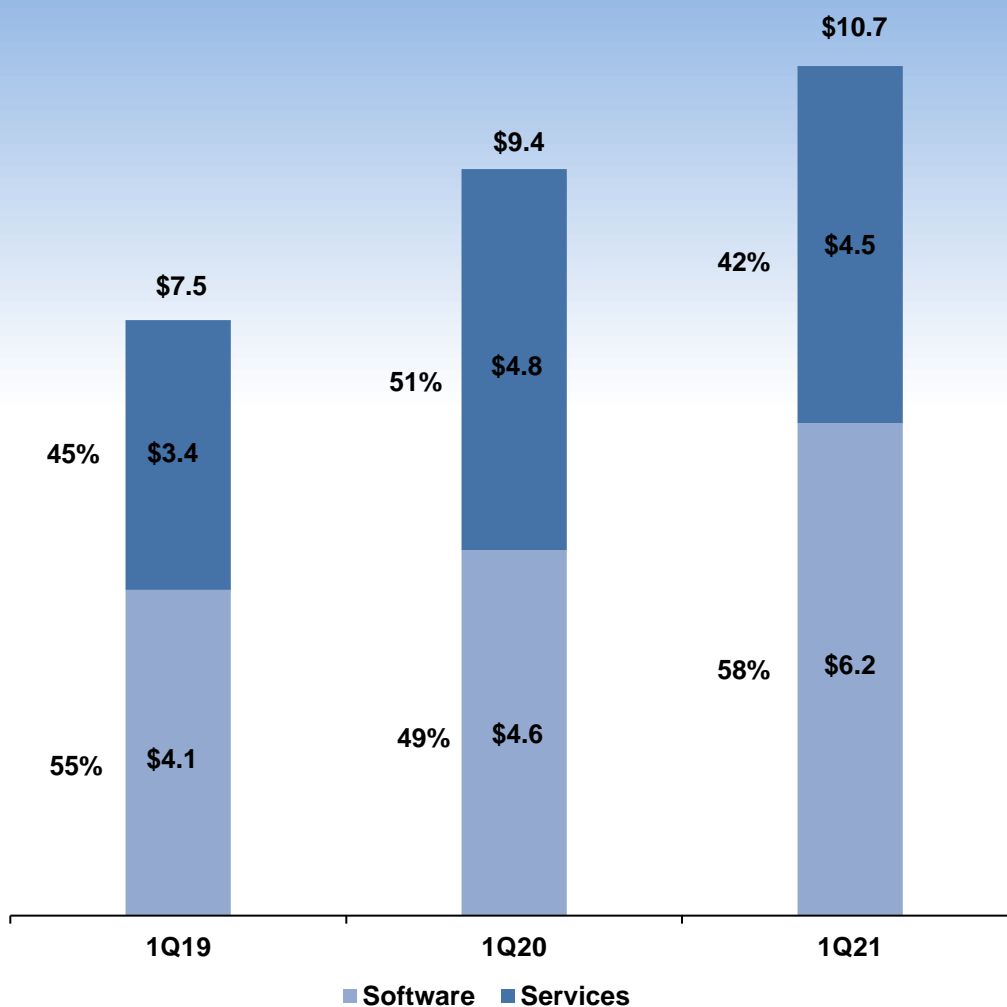
With the exception of historical information, the matters discussed in this presentation are forward-looking statements that involve a number of risks and uncertainties. The actual results of the Company could differ significantly from those statements. Factors that could cause or contribute to such 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.

Quarter Highlights

- Good start to the new fiscal year
- Revenue growth, although impacted by a tough year-over-year comparison for our DILIsym division, was otherwise strong and in line with expectations
- Our profitability remains solid and improved with continued favorable revenue mix toward increased software contribution
- Increasing sales pipeline and bookings reflect momentum in our marketplace still effected by COVID-19
- We continue to leverage key regulatory and large pharma relationships to enhance the value we provide to our clients with enhanced software and service capabilities

Revenue Mix

(in millions)



Total

- 14% Y/Y growth
- 1% Y/Y growth (excl. Lixoft)
- 28% Y/Y growth (excl. DILIsym services)

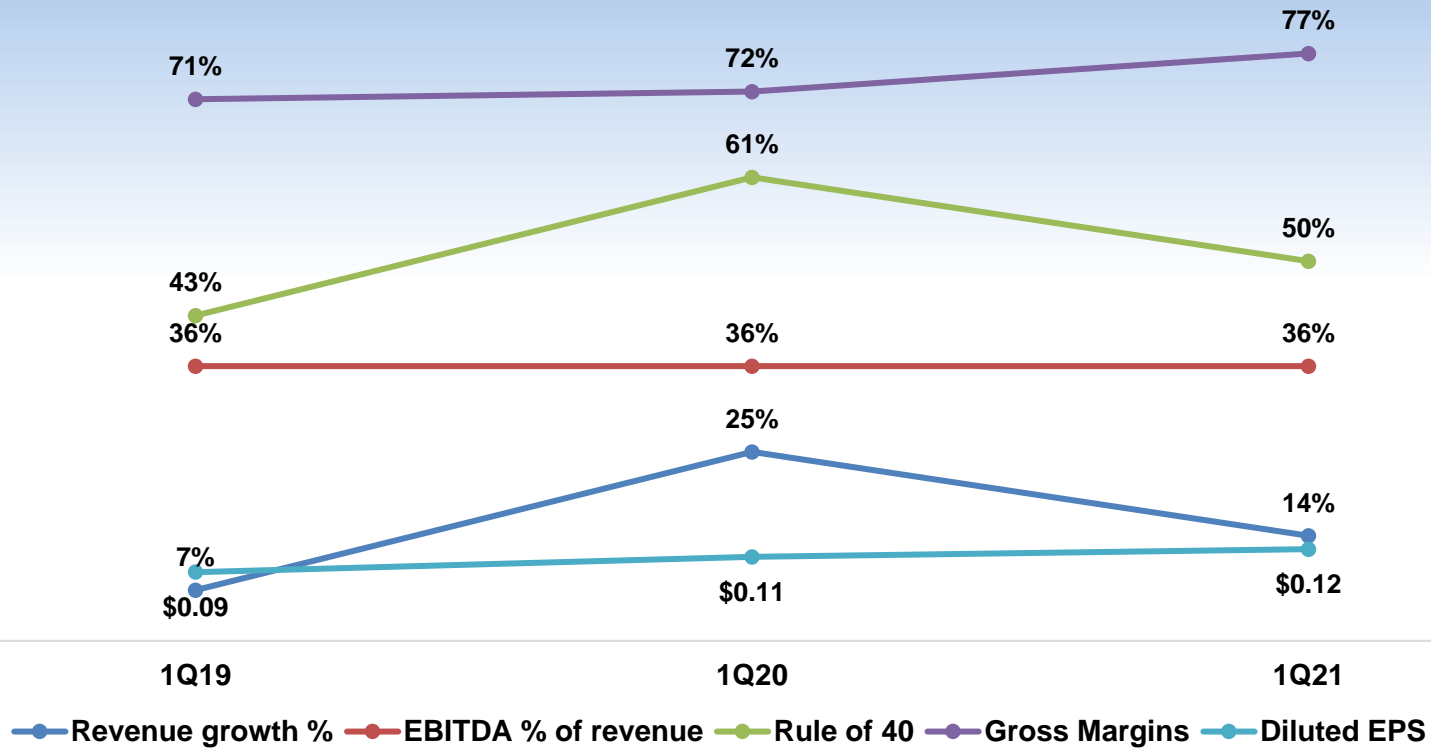
Software

- 35% Y/Y growth
- 9% Y/Y growth (excl. Lixoft)
- 58% of total revenue

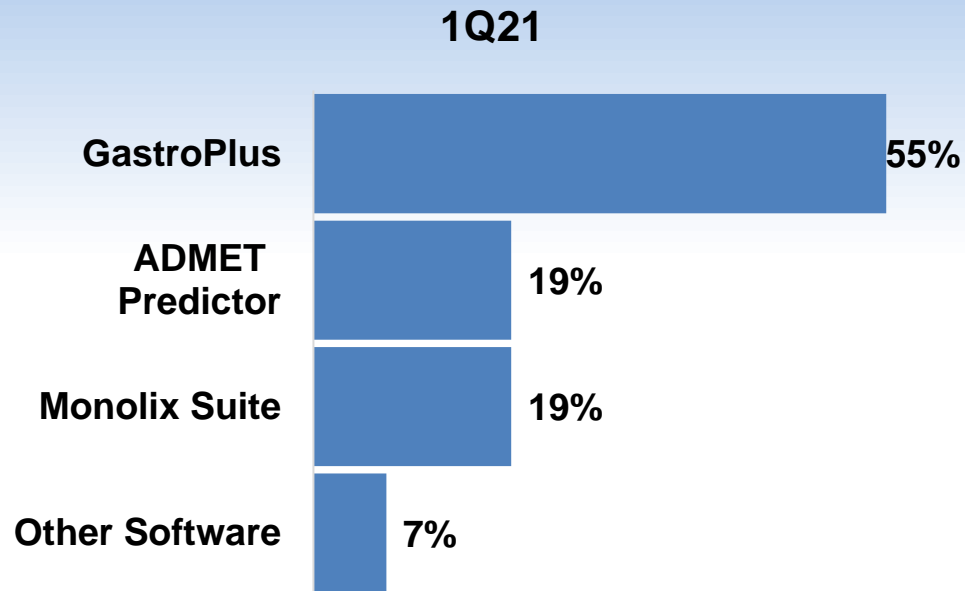
Services

- 6% Y/Y decline
- 15% Y/Y growth (excl. DILIsym services)
- 42% of total revenue

Growth & Profitability Metrics



Software Revenue by Product



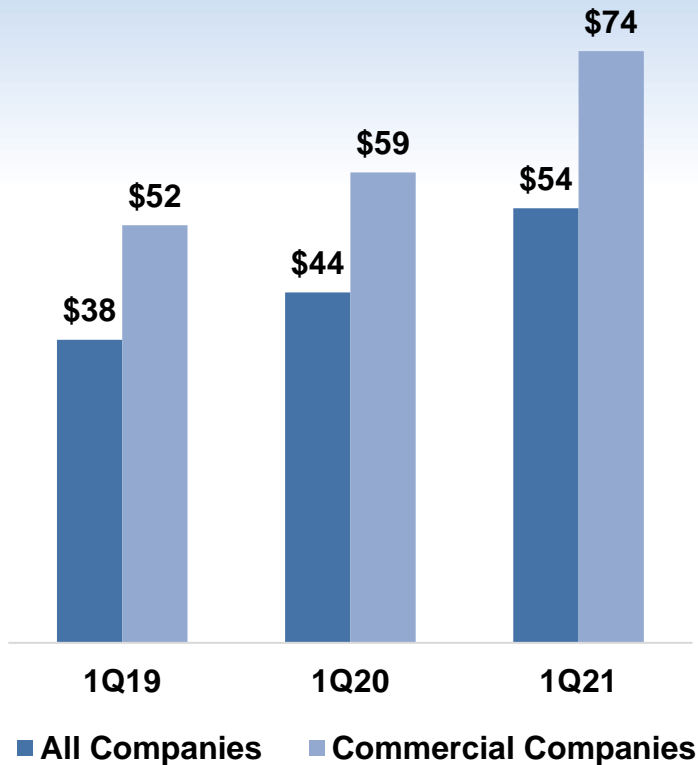
Software Products as % of Software Revenue

Software Highlights

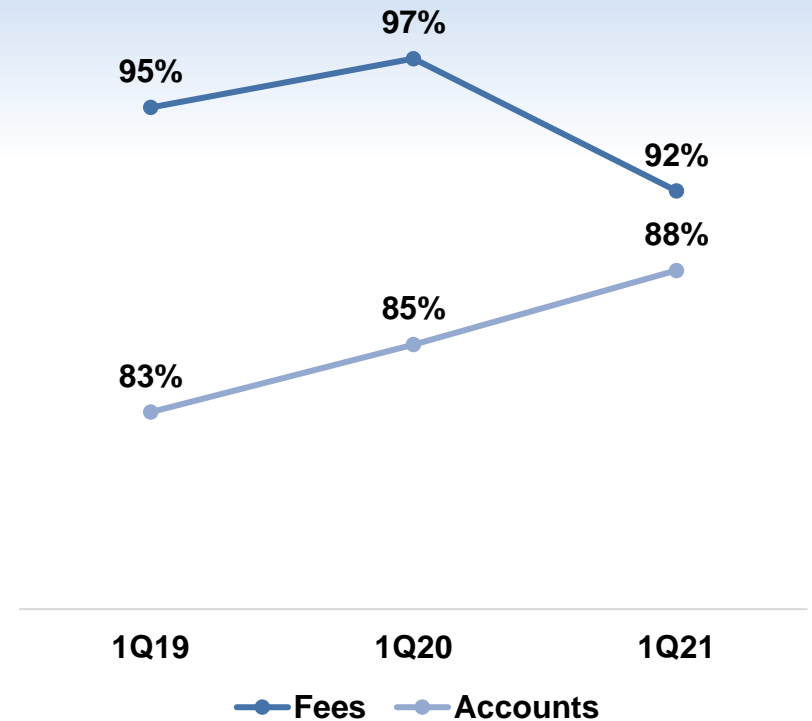
- Client Success
 - New GPX funded collaborations with FDA and Roche initiated
 - AIDD lead optimization project with large pharma partner initiated with 70 molecules moved to synthesis and testing phase
- New Products & Releases
 - GastroPlus V9.8 released
 - APX and AIDD released
 - Monolix Suites R2020 released
 - DILIsym V10 nearing completion
 - IPF Model and RENAsym nearing completion and availability for mid-year
- Other
 - 23% increase in Monolix customers vs 1Q20

Software Performance Metrics

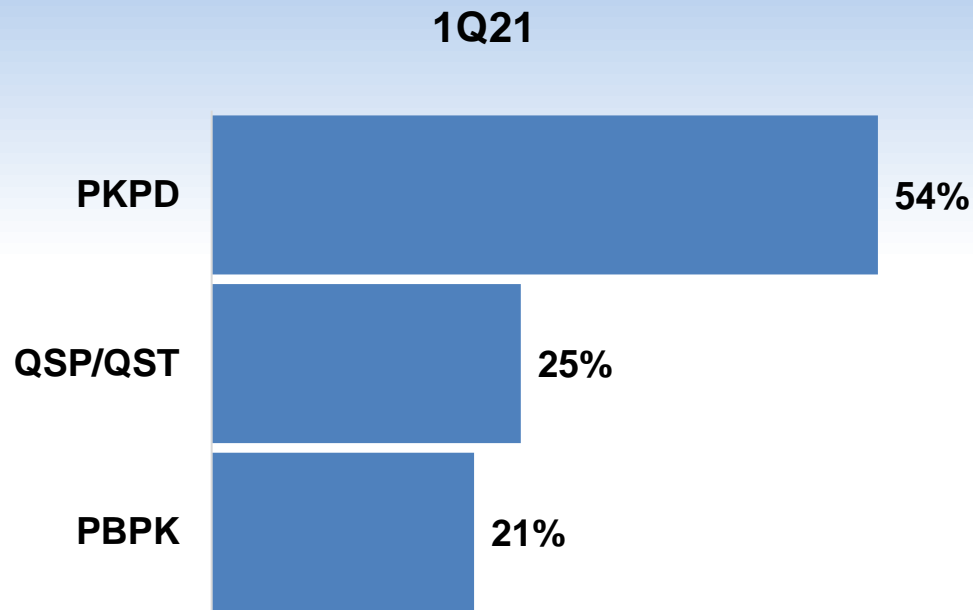
Avg. Revenue per Customer (in thousands)



Renewal Rates



Services Revenue by Type



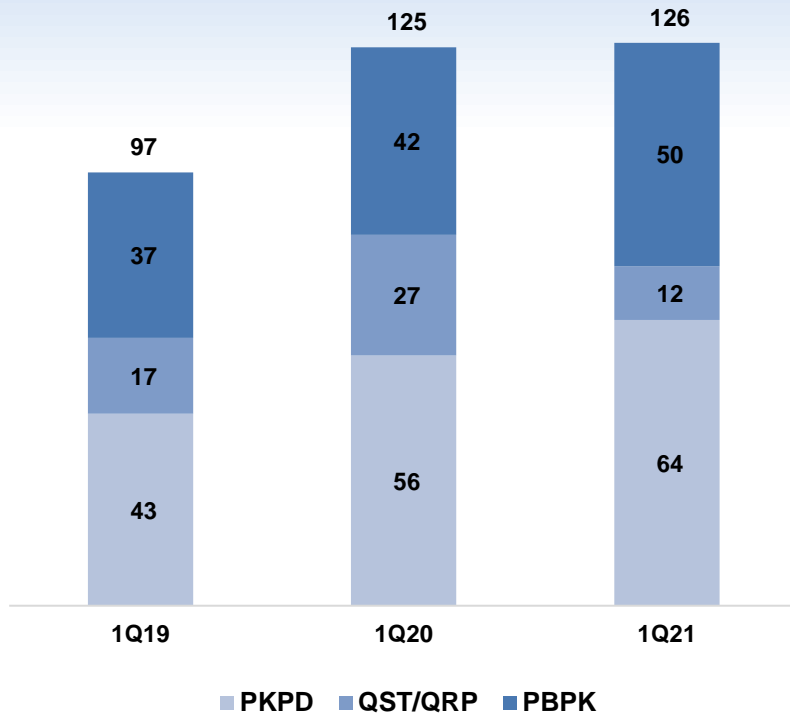
Services Types as % of Service Revenue

Services Highlights

- Client Success
 - Remdesivir at Liver tox meeting
 - OEHHA review of Acetaminophen
- New Services
 - Large COVID related project signed with large pharma client
 - 3-year project with large private foundation
 - 3 new projects with large non-profit biotechnology institute

Services Performance Metrics

Total Projects During Qtr.



Backlog



Q1 Performance & FY21 Outlook

- **Total Revenue Growth**
 - Q1 performance: 14% growth
 - Full-year target range: 15-20% organic growth plus 3-5% from Lixoft
- **Software Revenue Growth**
 - Q1 performance: 35% growth
 - Full-year target range: 20-25% growth
- **Services Revenue Growth**
 - Q1 performance: 6% decline
 - Full-year target range: 25-30% growth
- **M&A Effort**
 - Acquisitions would be incremental to revenue growth targets above
 - Focus:
 - Companies that extend our product portfolio
 - Companies that provide new service capabilities/capacity
 - Companies that expand our geographic coverage

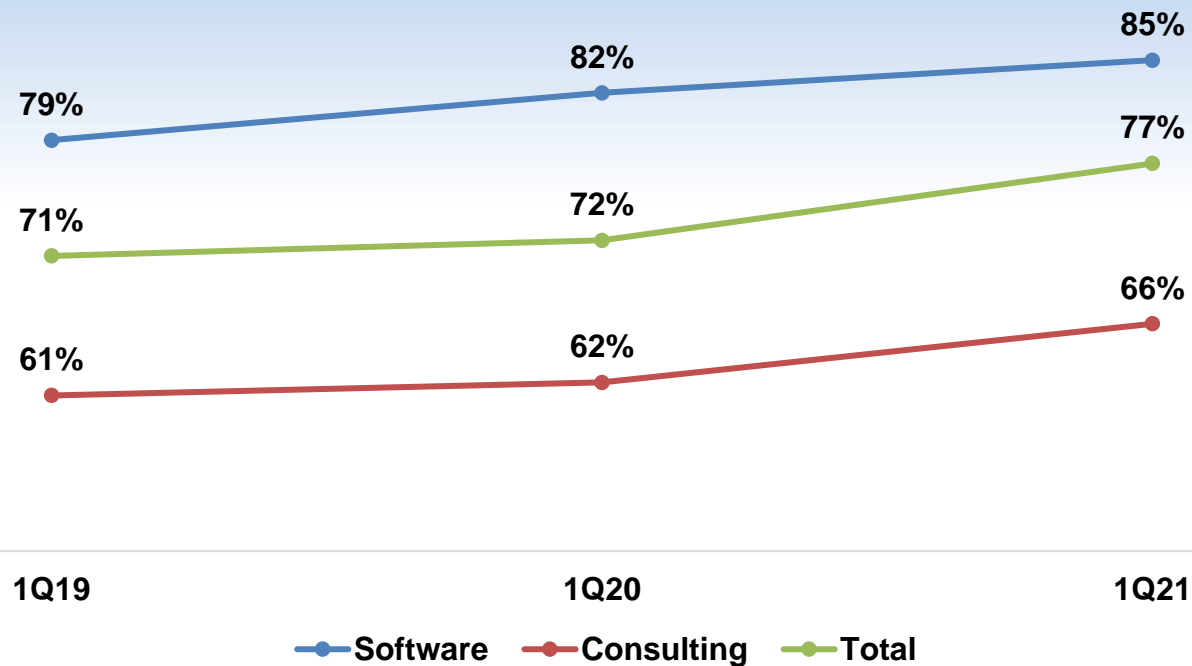
Financial Results

Income Statement Summary

(in millions)

	1QFY21	% of Rev	1QFY20	% of Rev
Revenue	\$ 10.7	100%	\$ 9.4	100%
Revenue Growth	14%		25%	
Gross Margin	\$ 8.3	77%	\$ 6.8	72%
SG&A	\$ 4.4	41%	\$ 3.5	37%
R&D	0.8	8%	0.5	6%
Total operating exp	5.2	49%	4.0	43%
Income from operations	3.1	29%	2.7	29%
Other income (expense)	(0.1)	(1)%	0.0	0%
Income before income taxes	3.0	28%	2.7	29%
Income taxes	0.5	5%	0.7	7%
Effective tax rate	17%		25%	
Net income	2.5	23%	2.1	22%
Diluted earnings per share (in dollars)	\$ 0.12		\$ 0.11	
EBITDA	\$ 3.9	36%	\$ 3.4	36%

Gross Margin Trend



* Pro forma non-GAAP numbers

Balance Sheet Summary

(in millions, except where indicated)

	November 30, 2020	August 31, 2020
Cash and short-term investments	\$ 118.8	\$ 116.0
Total current assets	131.2	129.1
Total assets	170.5	168.4
Current liabilities	5.5	5.5
Long-term liabilities	6.9	6.9
Total liabilities	12.4	12.4
Shareholders' equity	158.0	156.0
Total liabilities and shareholders' equity	170.5	168.4
Current ratio	24.0x	23.5x

Conclusion

- Q1 revenue growth and profitability in line with FY21 outlook
- Underlying sales activity appears to be moving back towards historical trends despite continued COVID-19 disruptions
- Sales investments in resource and infrastructure positively impacting strategic sales strategies and price/discounting programs
- Continued progress in our M&A efforts

Selected Financial Information

Nasdaq	SLP
Cash and short-term investments	\$119M
Borrowed Debt Outstanding	\$0
Market Capitalization (a/o 1/05/21)	\$ 1.5B
Fully Diluted Shares Outstanding 1Q21	20.8M
Average Daily Trading Volume (current 30 day - a/o 1/05/21)	~198,000

Thank you!

<https://www.simulations-plus.com>