



# **S+** *SimulationsPlus*

## Earnings Call – Q2 FY22

**April 6, 2022**

# 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. Words like “believe,” “expect” and “anticipate” mean that these are our best estimates as of this writing, but that 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 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, our ability to identify and close acquisitions on terms favorable to the Company, 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.

## Second Quarter Highlights

**13%**

Revenue Growth

**40%**

Diluted EPS  
Growth

**48%**

Adj. EBITDA % of  
Revenue

**50%**

Services Backlog  
Growth

### ➤ **Strong momentum to begin year**

- Continued strong double-digit software performance
- Continued services backlog growth

### ➤ **Demonstrated scientific leadership**

- New software releases
- Key pharma and regulatory collaborations

### ➤ **Results in-line with guidance**

# Second Quarter Software Highlights

## GastroPlus®

**+22%**

Q2 Revenue  
Growth

- 3 new commercial customers
- 8 upsells
- 18 peer reviewed journal articles published in Q2

**+21%**

YTD Revenue  
Growth

## MonolixSuite®

**+43%**

Q2 Revenue  
Growth

- Release of MonolixSuite 2021 R1 with a new bioequivalence module
- 8 new commercial customers and 11 upsells
- Monolix Distributor Agreement for Japan market

**+40%**

YTD Revenue  
Growth

## ADMET Predictor®

**+13%**

Q2 Revenue  
Growth

- 7 new commercial customers
- 8 upsells
- Continued progress with AIDD collaboration

**+19%**

YTD Revenue  
Growth

# Second Quarter Services Highlights

**-5%**

Revenue  
Decline

**50%**

Backlog  
Growth

**45%**

Projects  
Growth

## PKPD

- Good underlying bookings activity - full pipeline of opportunities
- Revenue cadence impacted by customer timing requirements

**-14%**

Q2 Revenue  
Decline

## QSP/QST

- Return to pre-COVID-19 bookings attainment
- Booked \$1.7M NIH grant for BIOLOGXsym™
- 2 new QSP modeling projects underway: GOUTsym and COMPLEMENTsym

**-12%**

Q2 Revenue  
Decline

## PBPK

- Accelerating demand in this market segment
- New funded collaboration with large animal health company

**0%**

Q2 Revenue  
Change

# FY22 Outlook

## Growth Targets:

**10% to 15%**  
Total Revenue Growth

**55% to 60%**  
Software Revenue % of Total  
Revenue

**40% to 45%**  
Service Revenue % of Total  
Revenue

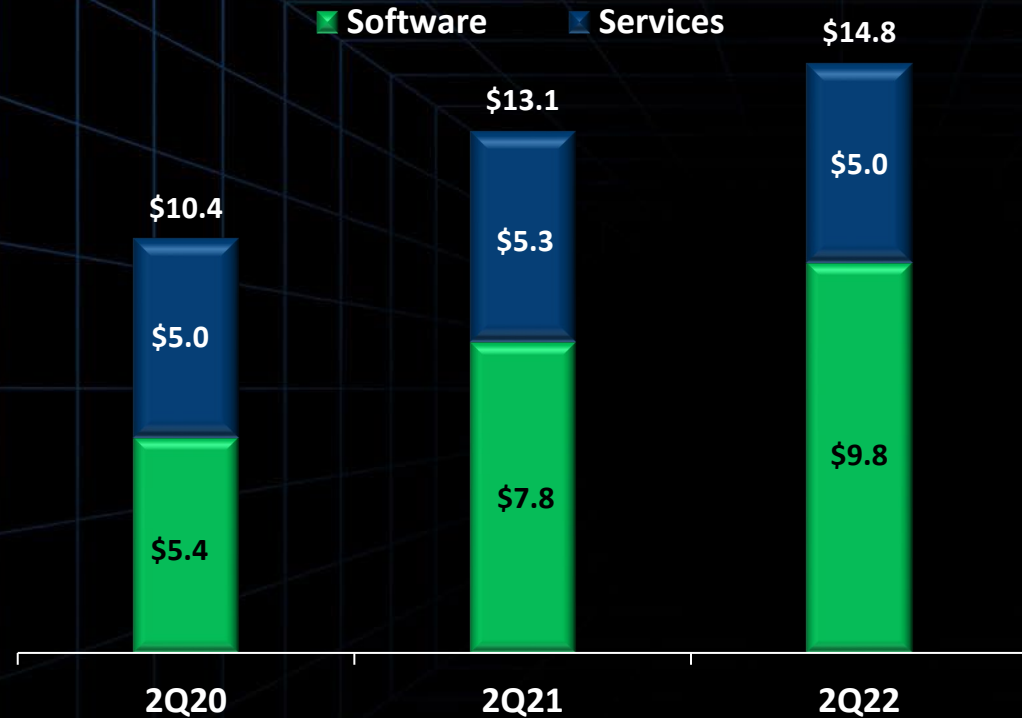
## Commentary:

- Software business continues to deliver strong momentum.
- Services business normalizing and long-term outlook remains positive; strong backlog growth and robust pipeline activity
- M&A remains strategic enhancement to organic growth objectives

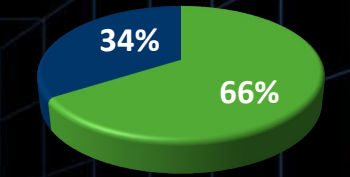
# Financial Results

# Revenue – Q2

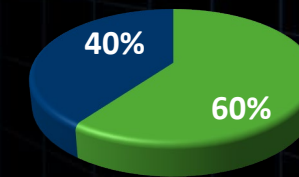
(in millions)



2Q22 Mix



2Q21 Mix



**+13%**  
Total Revenue

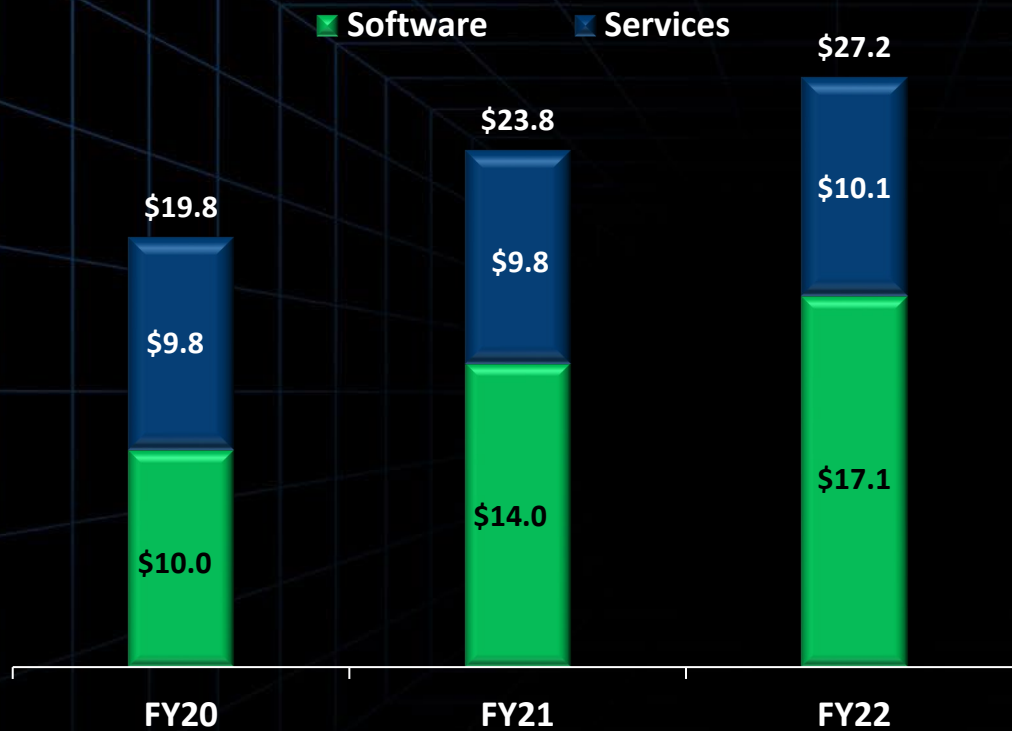
**+25%**  
Software Revenue

**-5%**  
Service Revenue



# Revenue – YTD

(in millions)



**+14%**

Total Revenue

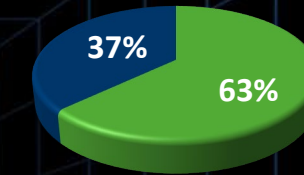
**+23%**

Software Revenue

**+2%**

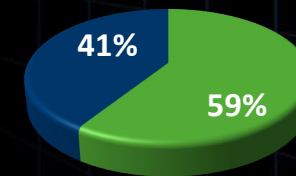
Service Revenue

FY22 Mix



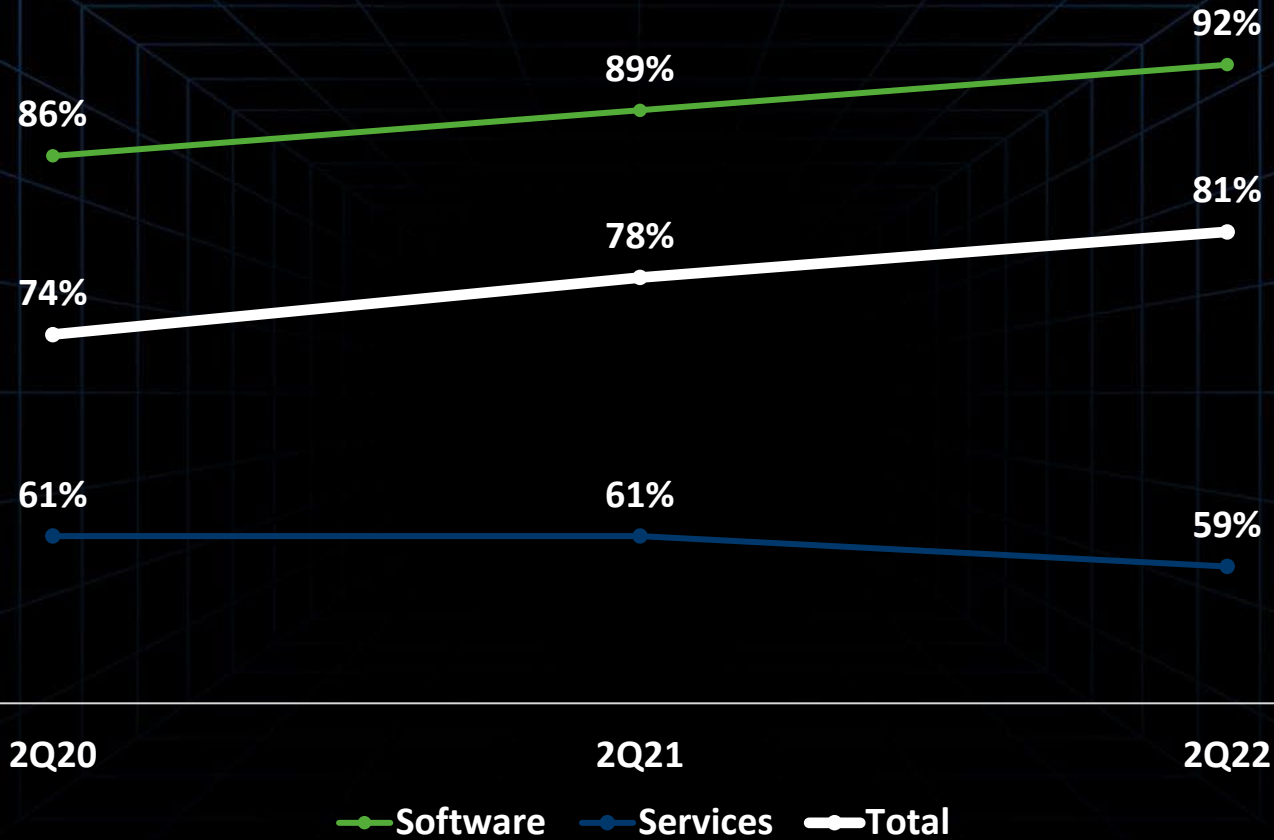
Software Services

FY21 Mix

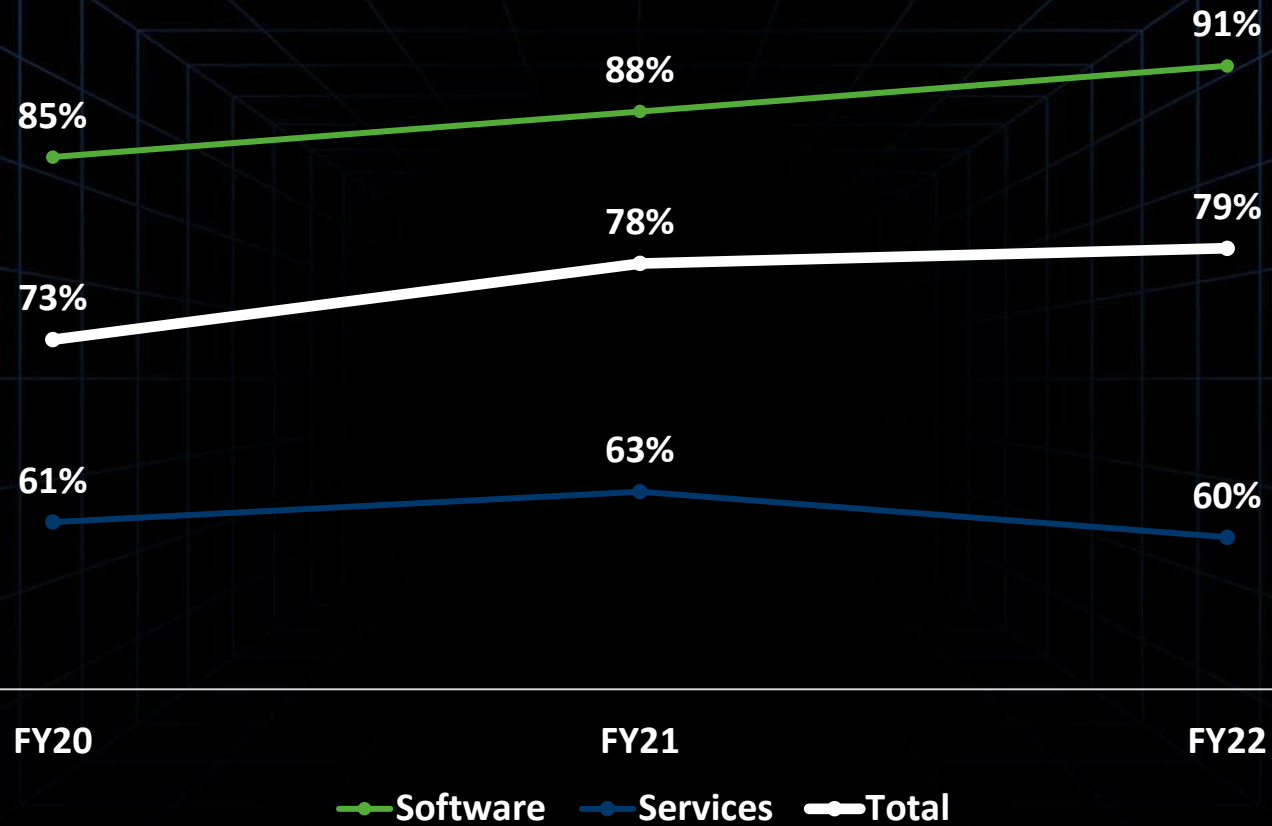


Software Services

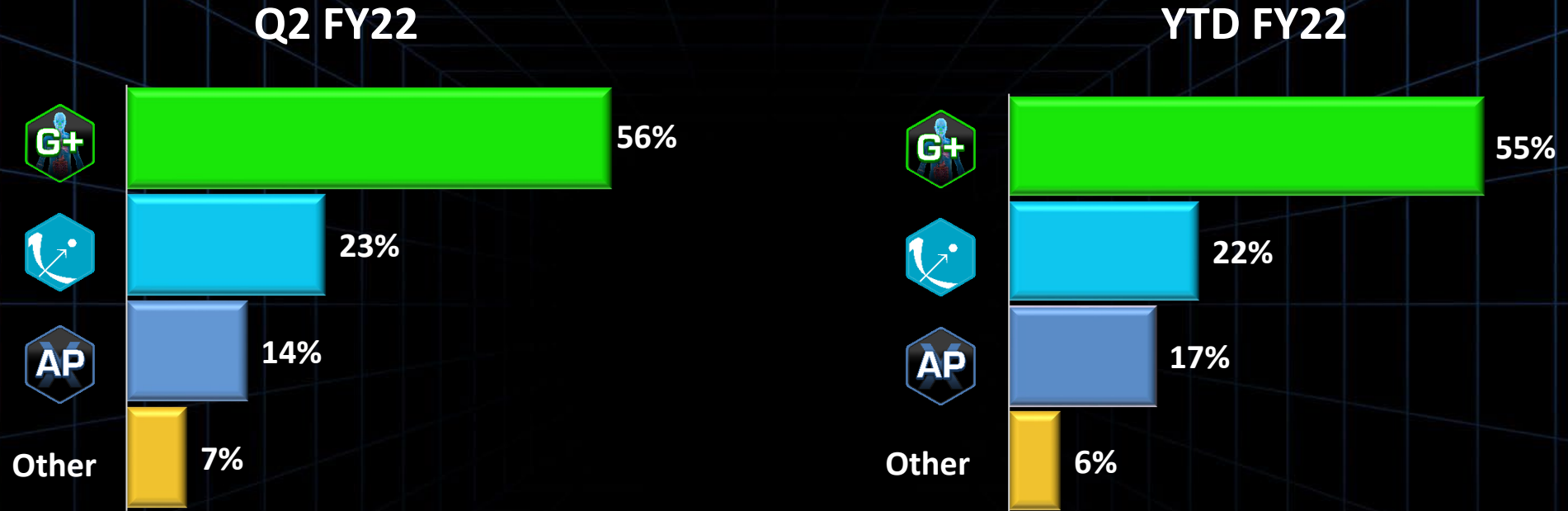
# Gross Margin Trends – Q2



# Gross Margin Trends – YTD



# Software Revenue by Product

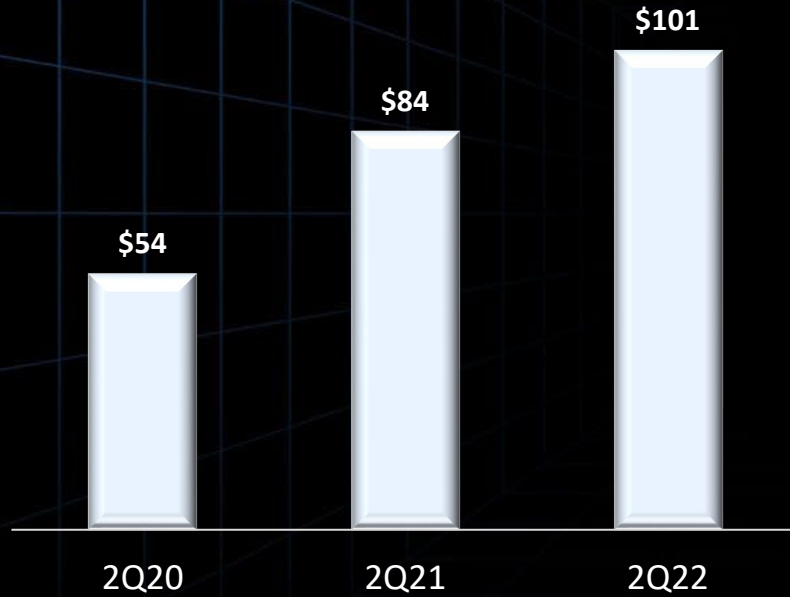


Software Product as % of Software Revenue

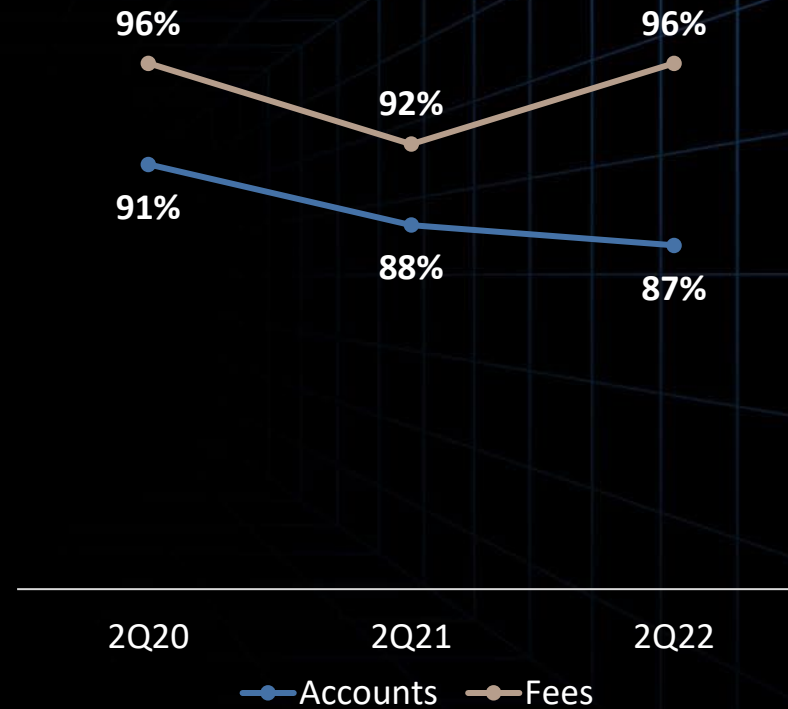
# Software Performance Metrics – Q2

## Commercial Customers

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



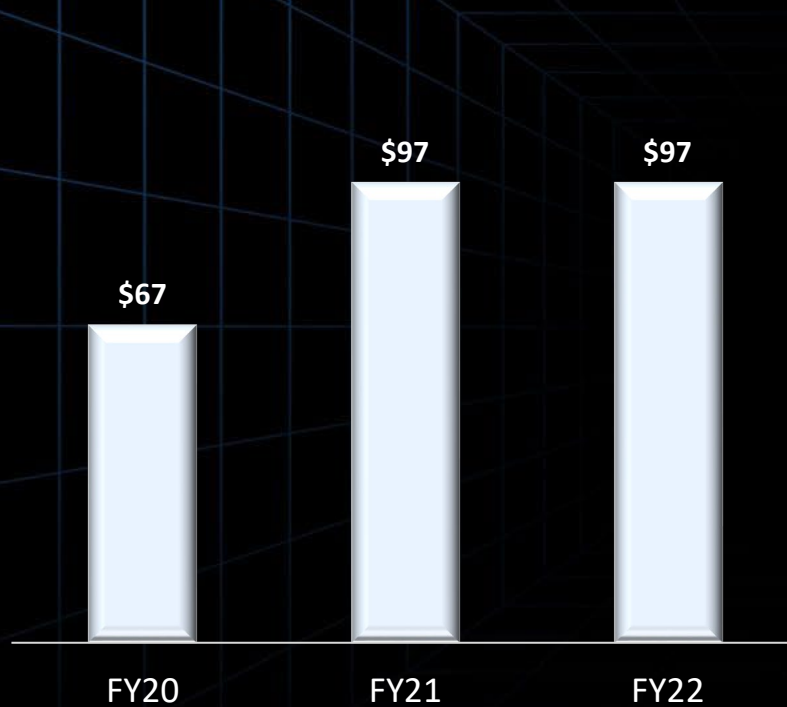
### Renewal Rates



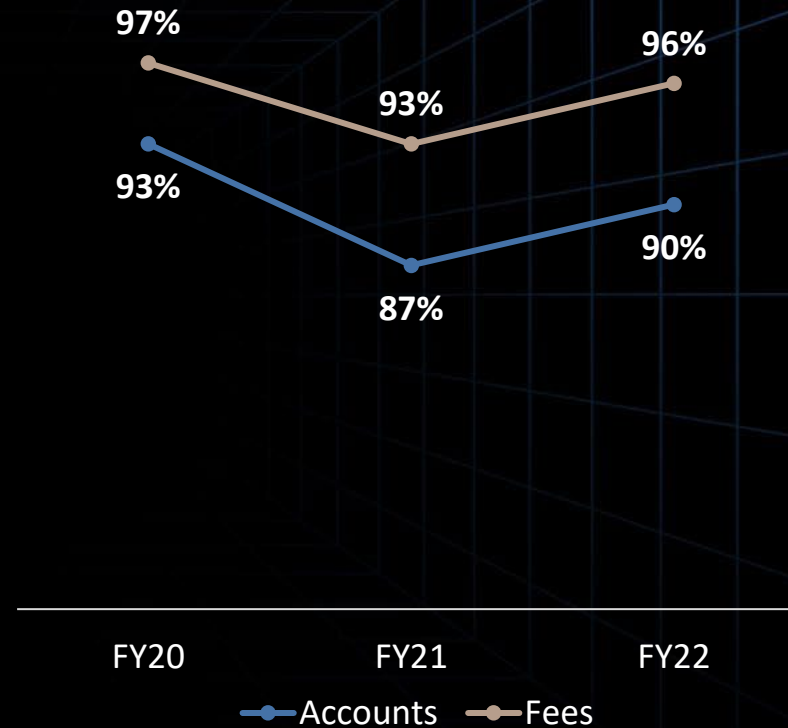
# Software Performance Metrics – YTD

## Commercial Customers

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

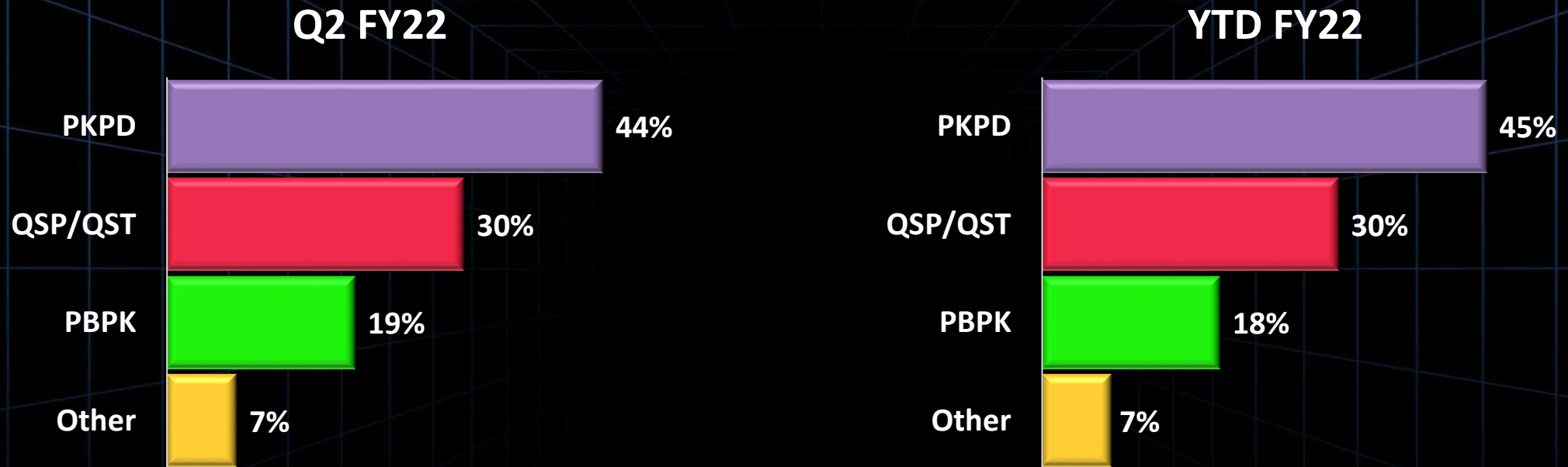


### Renewal Rates



**University+ Customers: 124 in 39 countries**

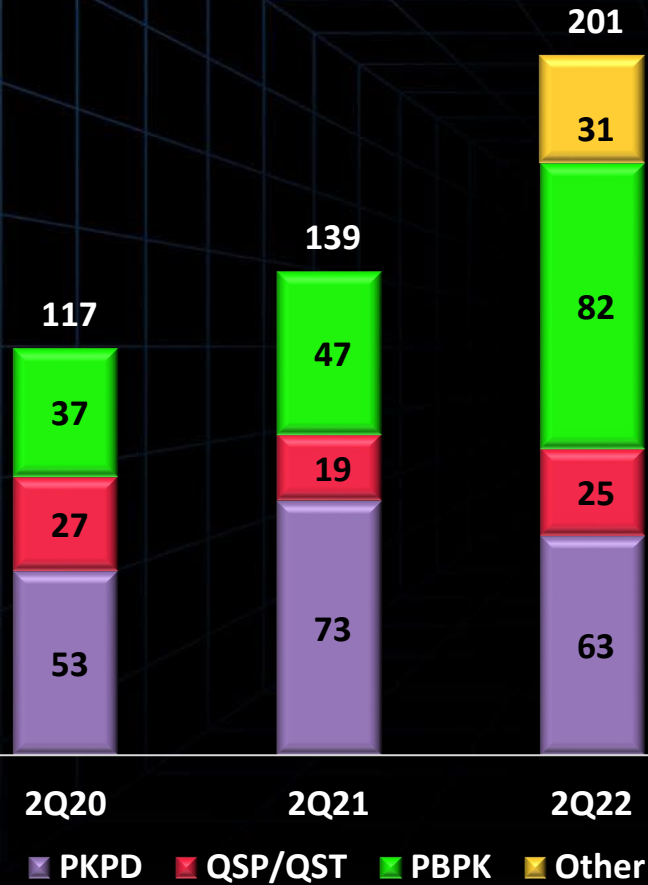
# Services Revenue by Type



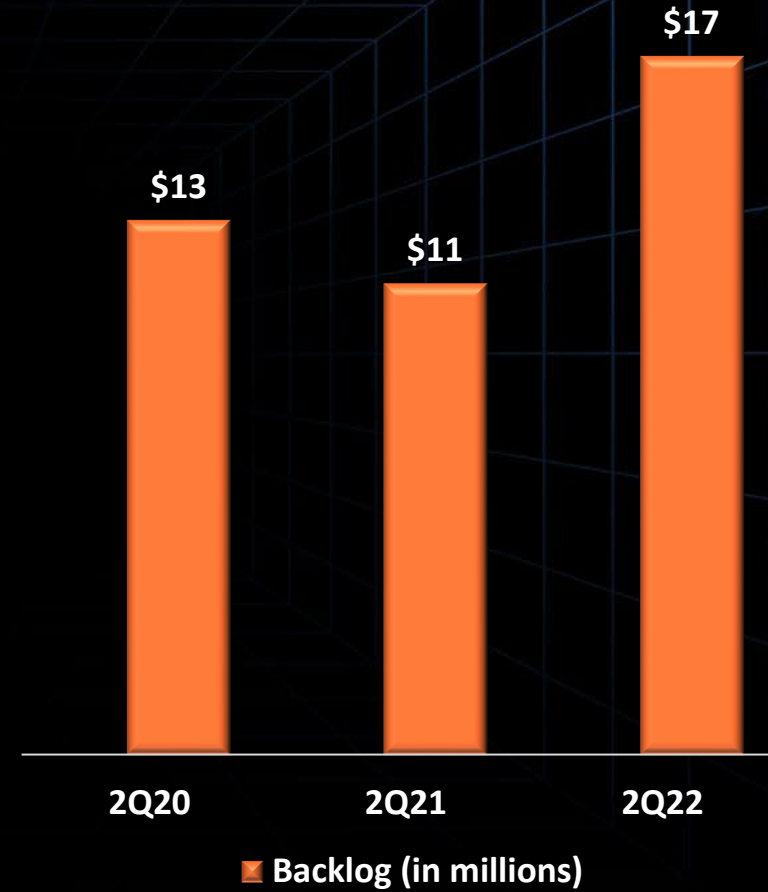
Services Types as % of Service Revenue

# Services Performance Metrics

## Total Projects



## Backlog





# Income Statement Summary – Q2

(in millions, except EPS)

	2Q22	% of Rev	2Q21	% of Rev
Revenue	\$14.8	100%	\$13.1	100%
Revenue Growth	13%		27%	
Gross profit	12.0	81%	10.2	78%
R&D	0.9	6%	1.3	10%
SG&A	5.6	38%	5.4	42%
Total operating expense	6.5	44%	6.7	51%
Income from operations	5.5	37%	3.5	27%
Income before income taxes	5.5	37%	3.4	26%
Income taxes	(1.1)	8%	(0.2)	2%
Effective tax rate	20%		6%	
Net income	\$4.4	30%	\$3.2	24%
Diluted earnings per share	\$0.21		\$0.15	
Adjusted EBITDA	\$7.2	48%	\$5.0	38%

# Income Statement Summary – YTD

(in millions, except EPS)

	FY22	% of Rev	FY21	% of Rev
Revenue	\$27.2	100%	\$23.8	100%
Revenue Growth	14%		21%	
Gross profit	21.6	79%	18.5	78%
R&D	1.8	7%	2.1	9%
SG&A	10.6	39%	9.9	41%
Total operating expense	12.4	45%	12.0	50%
Income from operations	9.3	34%	6.5	27%
Income before income taxes	9.4	35%	6.4	27%
Income taxes	(2.0)	7%	(0.7)	3%
Effective tax rate	21%		11%	
Net income	\$7.4	27%	\$5.7	24%
Diluted earnings per share	\$0.36		\$0.27	
Adjusted EBITDA	\$12.4	46%	\$9.3	39%

# Balance Sheet Summary

(in millions)

	Feb. 28, 2022	Aug. 31, 2021
<b>Cash and short-term investments</b>	<b>\$124.6</b>	<b>\$123.6</b>
Total current assets	143.6	139.3
<b>Total assets</b>	<b>185.0</b>	<b>180.0</b>
Current liabilities	9.0	11.6
Long-term liabilities	3.4	2.6
Total liabilities	12.4	14.2
Shareholders' equity	172.6	165.8
<b>Total liabilities and shareholders' equity</b>	<b>185.0</b>	<b>180.0</b>

# Conclusion

## SECURE LEADERSHIP POSITION IN BIOSIMULATION MARKET

- Industry adoption of model informed drug development tools and techniques continues to expand
- Scientific credibility with academia and regulatory agencies
- Software business with accelerated revenue growth rates and expanded product functionality
- Services business normalizing with improved backlog and strong bookings