



SCIENCE + SOFTWARE = SUCCESS

Earnings Call – Q2 FY21

Shawn O'Connor, CEO

William Frederick, CFO

April 12, 2021

(NASDAQ:SLP)

Safe Harbor Statement

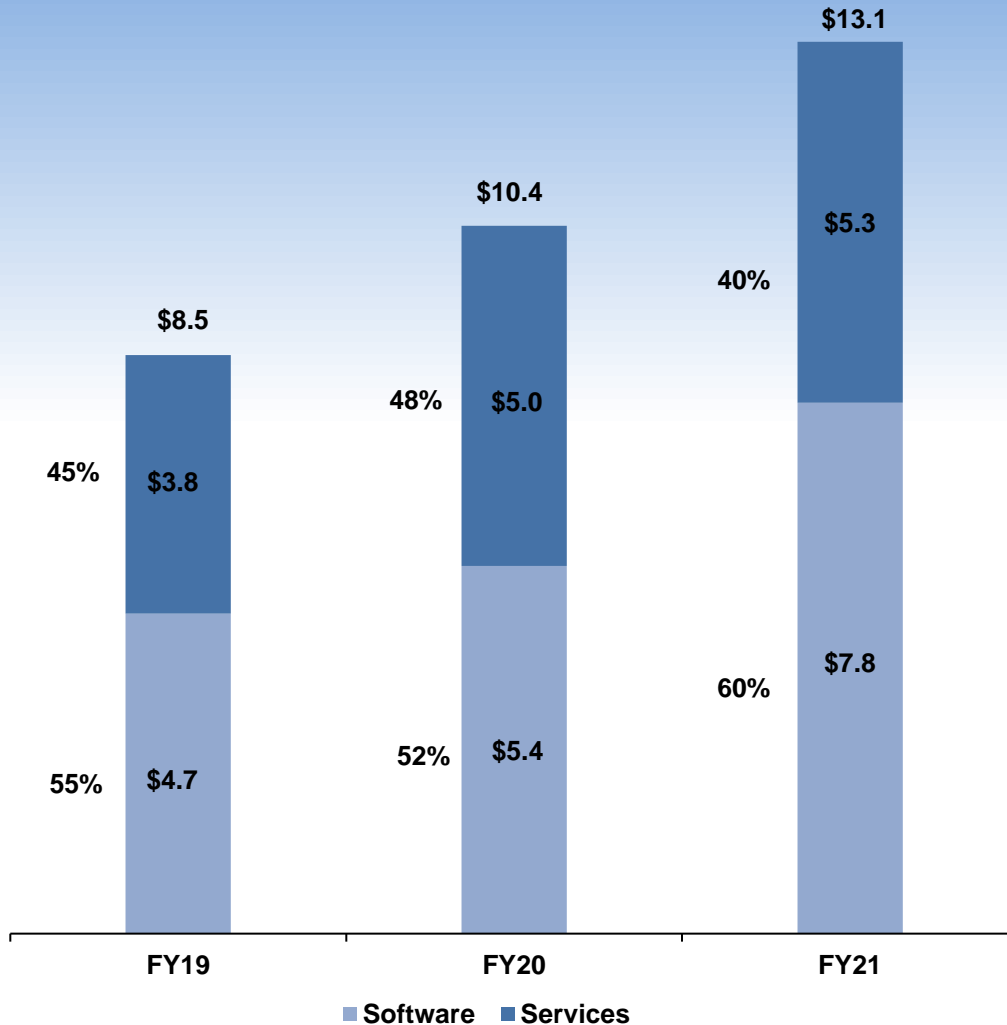
With the exception of historical information, the matters discussed in this presentation are forward-looking statements that involve a number of risks and uncertainties. The actual results of the Company could differ significantly from those statements. Factors that could cause or contribute to such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

- Strong performance across the board in 2nd quarter
- Year over year revenue growth of 27% for the quarter
- Profitability improvements with continued favorable revenue mix toward increased software contribution
- MIDD+ conference demonstrating industry leadership position
- Inaugural ESG report released reflecting commitment to good governance practices

Revenue Mix – Q2

(in millions)



Total

- 27% Y/Y growth
- 12% Y/Y growth (excl. Lixoft)

Software

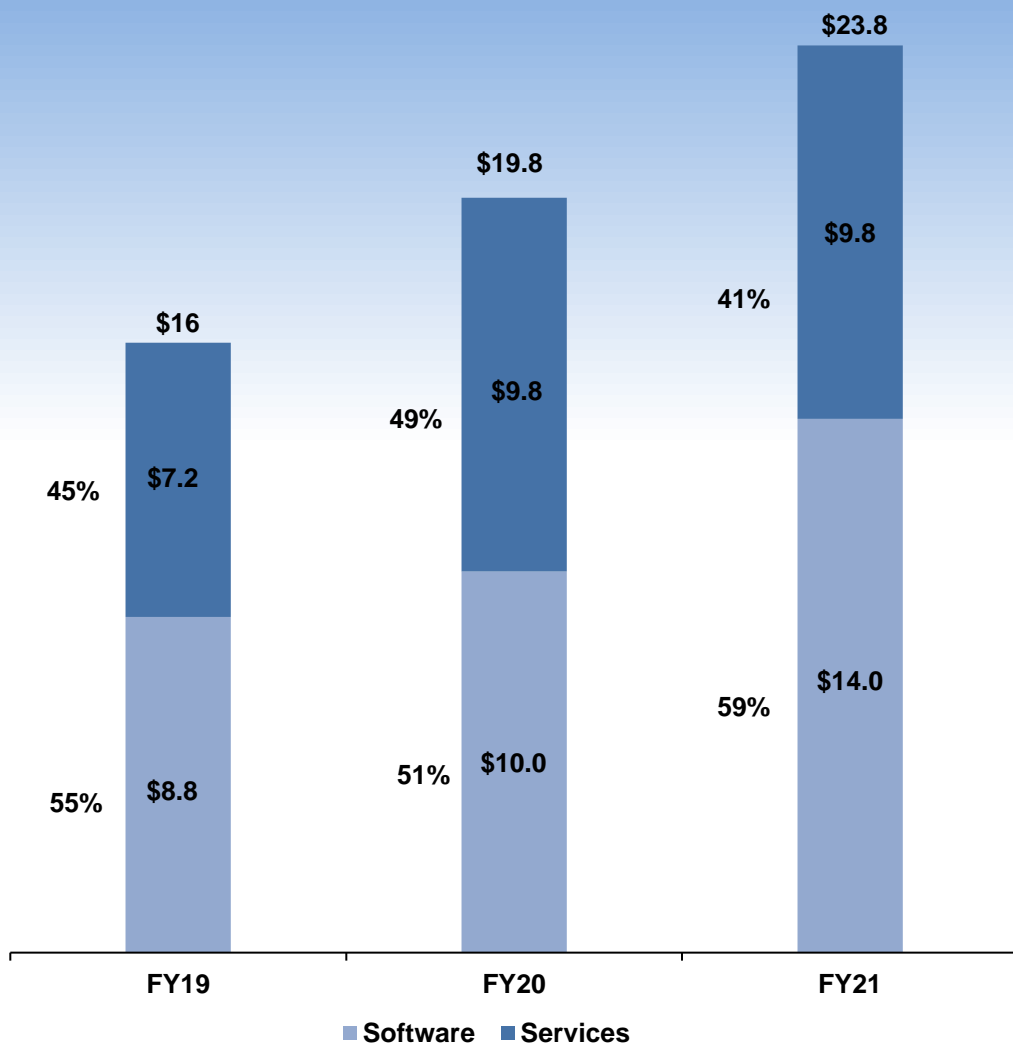
- 45% Y/Y growth
- 15% Y/Y growth (excl. Lixoft)
- 60% of total revenue

Services

- 7% Y/Y growth
- 40% of total revenue

Revenue Mix – YTD

(in millions)



Total

- 21% Y/Y growth
- 28% Y/Y growth (excl. DILIsym)

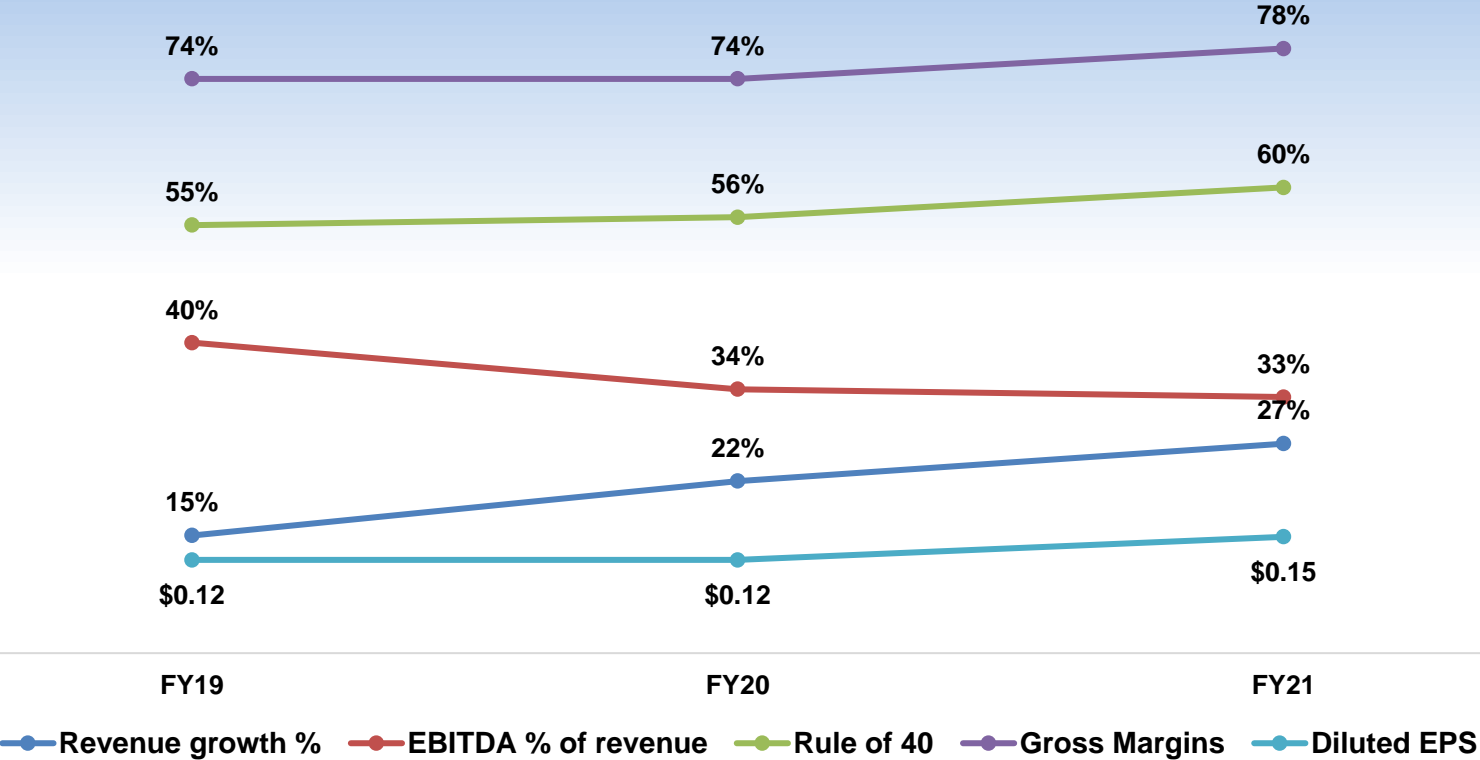
Software

- 40% Y/Y growth
- 13% Y/Y growth (excl. Lixoft)
- 59% of total revenue

Services

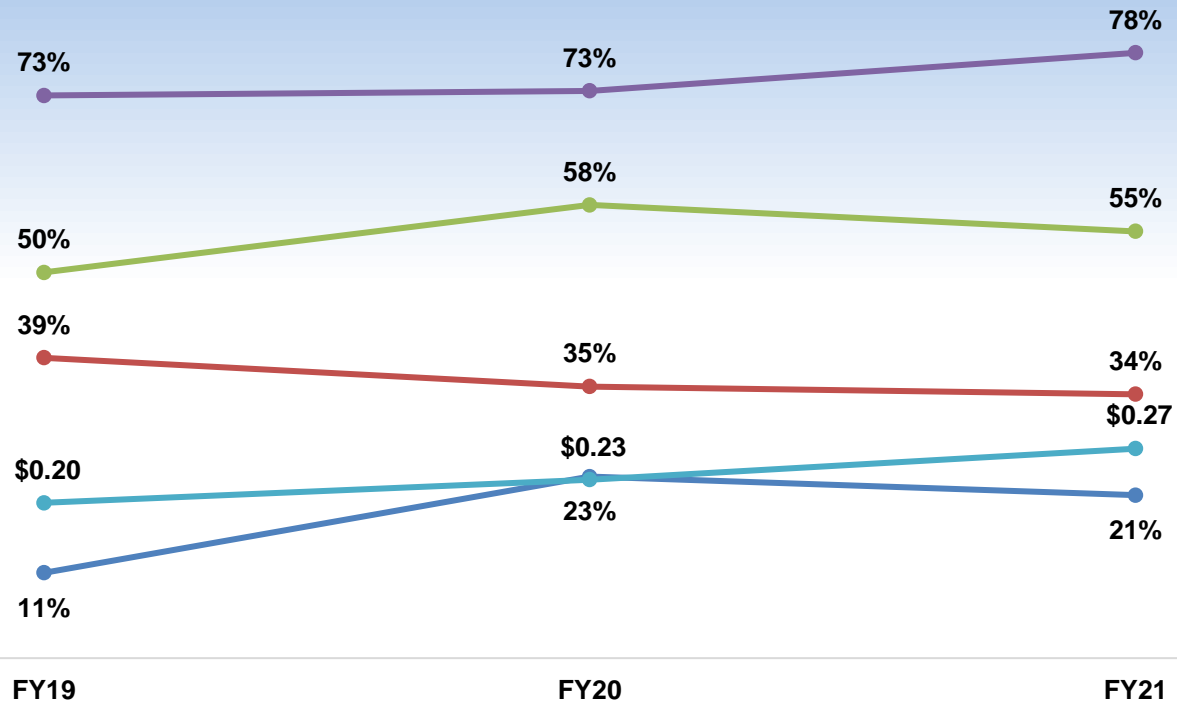
- 1% Y/Y growth
- 41% of total revenue

Growth & Profitability Metrics – Q2



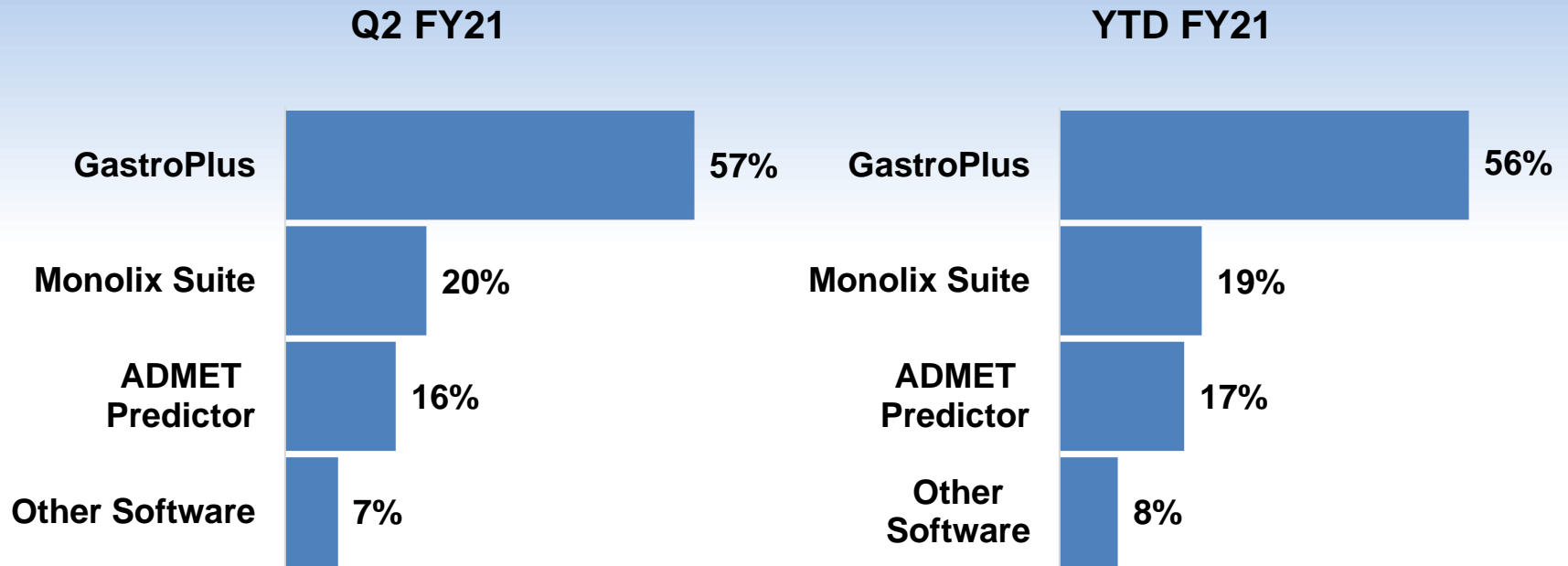
* Pro forma non-GAAP numbers

Growth & Profitability Metrics – YTD



● Revenue growth %
 ● EBITDA % of revenue
 ● Rule of 40
 ● Gross Margins
 ● Diluted EPS

Software Revenue by Product



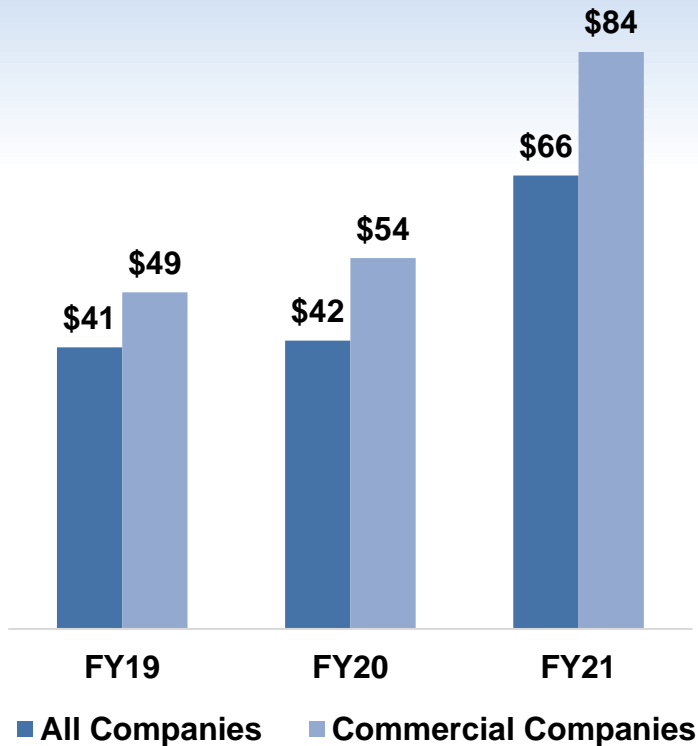
Software Products as % of Software Revenue

Software Highlights

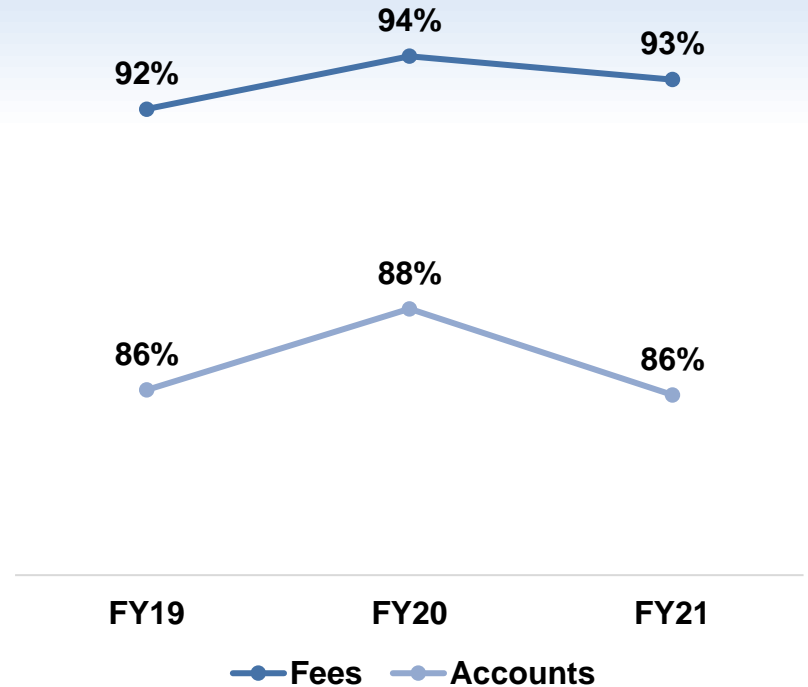
- Client Success
 - Successful progress with large pharma partner on AIDD lead optimization project; pipeline build of client candidates
 - Uptick in Monolix lead activity following release last quarter
- New Products & Releases
 - GastroPlus V9.8.1 released
 - MonolixSuite R2020 training workshop conducted over 5 days with approximate 300 participants daily
- Other
 - Extended software distributor network to South America and in China

Software Performance Metrics – Q2

Avg. Revenue per Customer (in thousands)

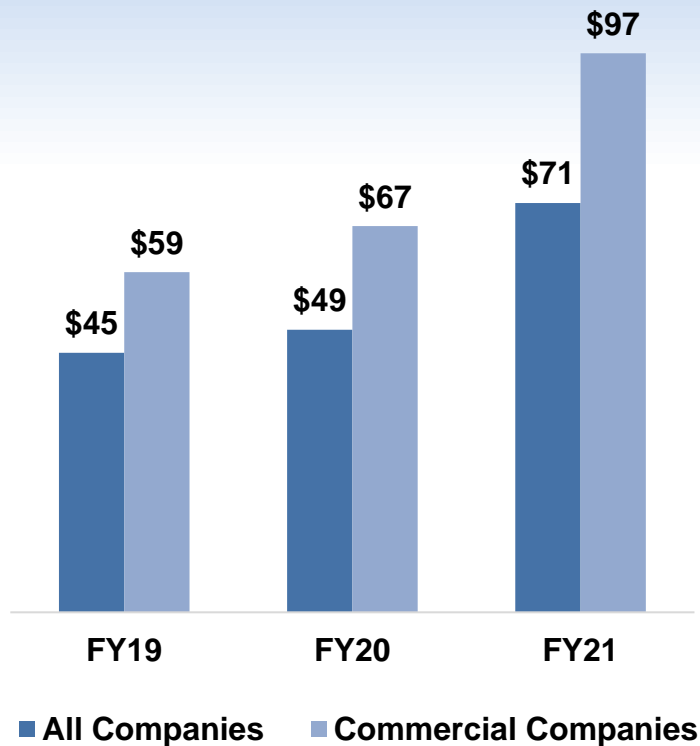


Renewal Rates

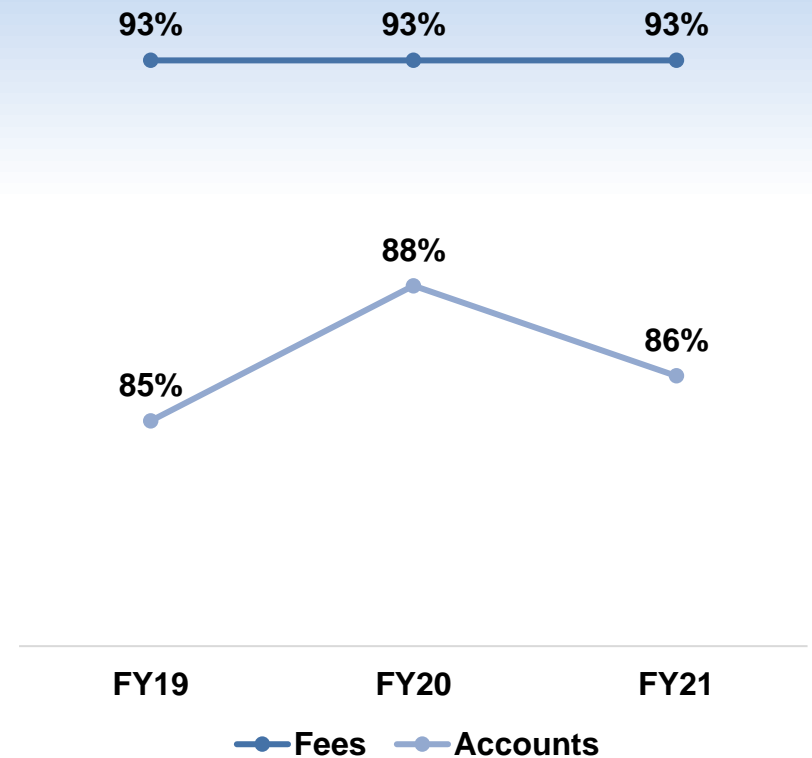


Software Performance Metrics – YTD

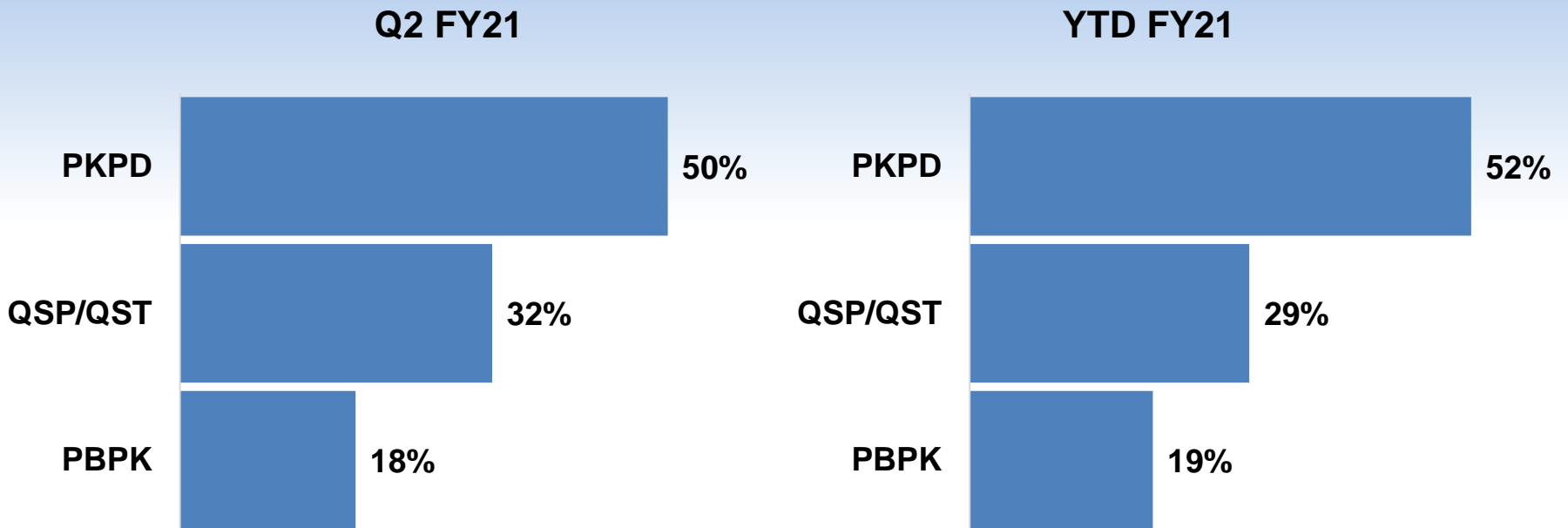
Avg. Revenue per Customer (in thousands)



Renewal Rates



Services Revenue by Type



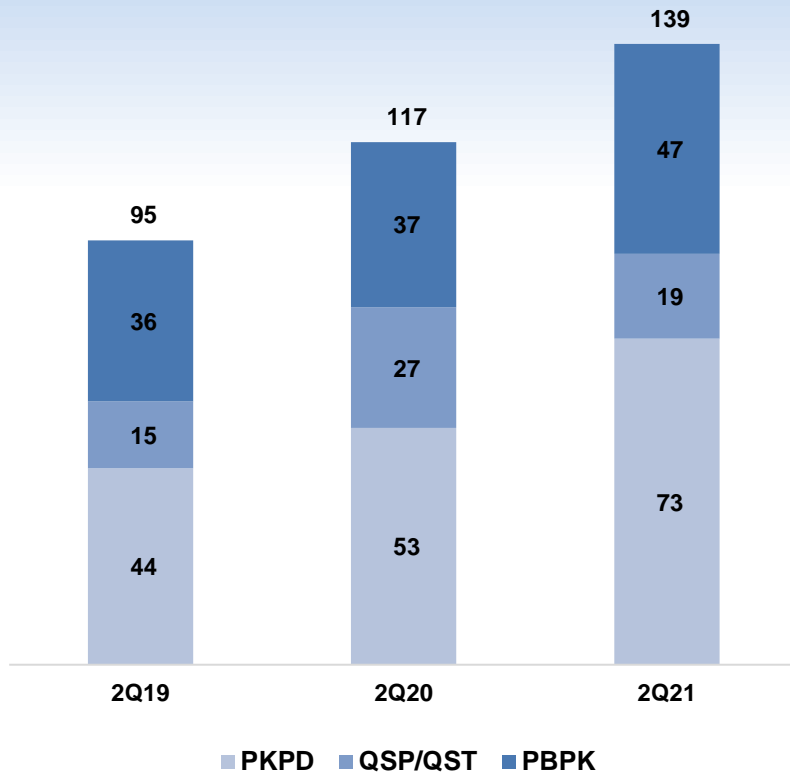
Services Types as % of Service Revenue

Services Highlights

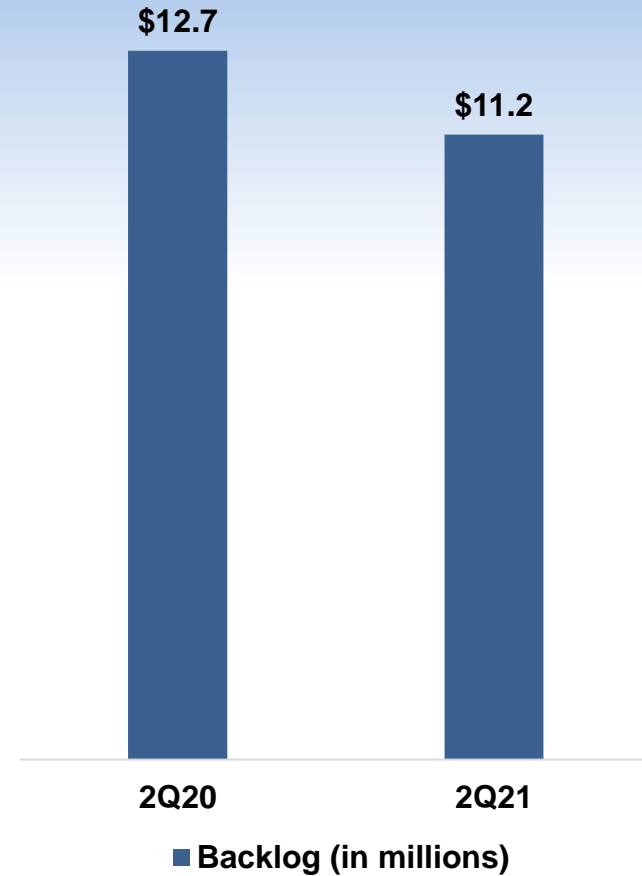
- Significant large pharma PK/PD project in support of regulatory interactions
- More than a dozen projects performed utilizing Monolix as primary analysis platform
- 7 new PK/PD clients and 3 large project contracts with existing clients
- Large QSP engagement in a new disease area
- RENAsym Consortium announcement
- Entered into large molecule safety collaboration
- New funded collaboration to improve lung exposure models for pulmonary infection treatments
- New funded collaboration to enhance GastroPlus ACAT model for oral absorption peptides
- Provided grant to Makerere University (Uganda) in support of pharmacometrics education program

Services Performance Metrics

Total Projects During Qtr.



Backlog



YTD Performance & FY21 Outlook

- **Total Revenue Growth**
 - YTD performance: 21% growth
 - Full-year target range: 15-20% organic growth plus 3-5% from Lixoft
- **Software Revenue Growth**
 - YTD performance: 40% growth
 - Full-year target range: 20-25% growth
- **Services Revenue Growth**
 - YTD performance: 1% growth
 - 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 – Q2

(in millions)

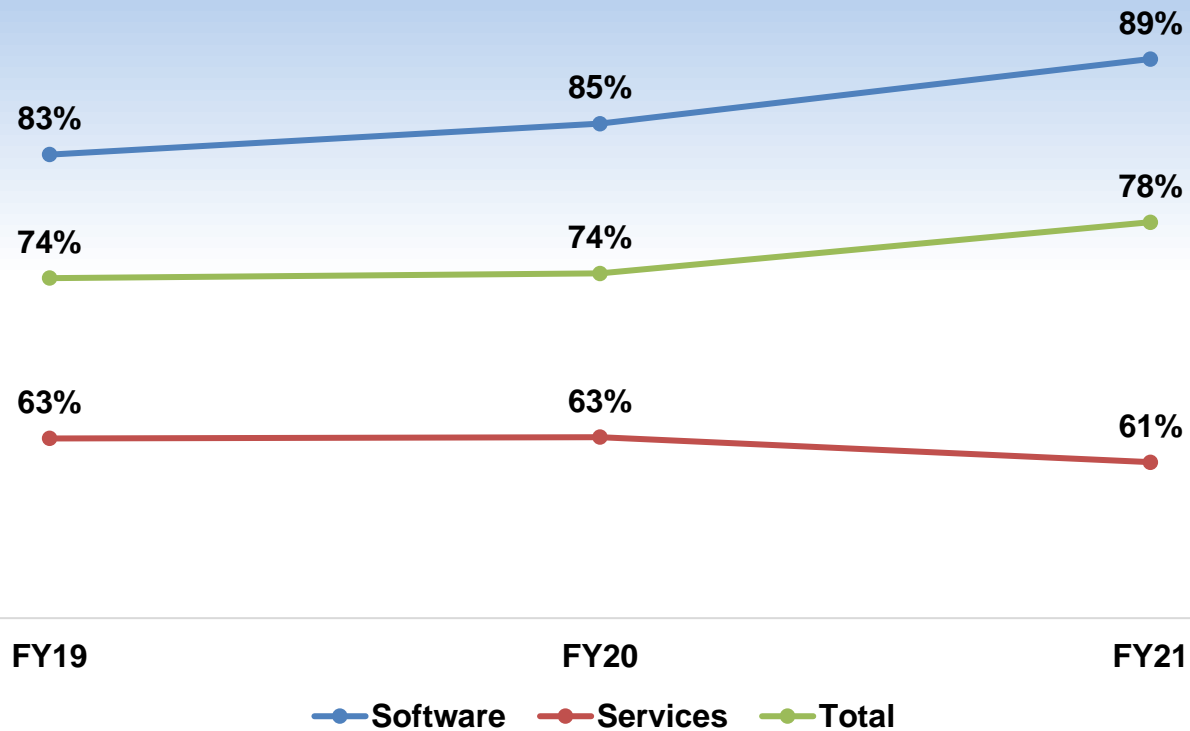
	FY21	% of Rev	FY20	% of Rev
Revenues	\$ 13.1	100%	\$ 10.4	100%
Revenue Growth	27%		22%	
Gross profit	10.2	78%	7.7	74%
SG&A	5.4	42%	4.1	40%
R&D	1.3	10%	0.7	7%
Total operating exp	6.7	51%	4.9	47%
Income from operations	3.5	27%	2.8	27%
Other income (expense)	(0.1)	(0)%	0.0	0%
Income before income taxes	3.4	26%	2.8	27%
Income taxes	(0.2)	2%	(0.7)	7%
Effective tax rate	6%		24%	
Net income	\$ 3.2	24%	\$ 2.2	21%
Diluted earnings per share (in dollars)	\$ 0.15		\$ 0.12	
EBITDA	\$ 4.3	33%	\$ 3.5	34%

Income Statement Summary – YTD

(in millions)

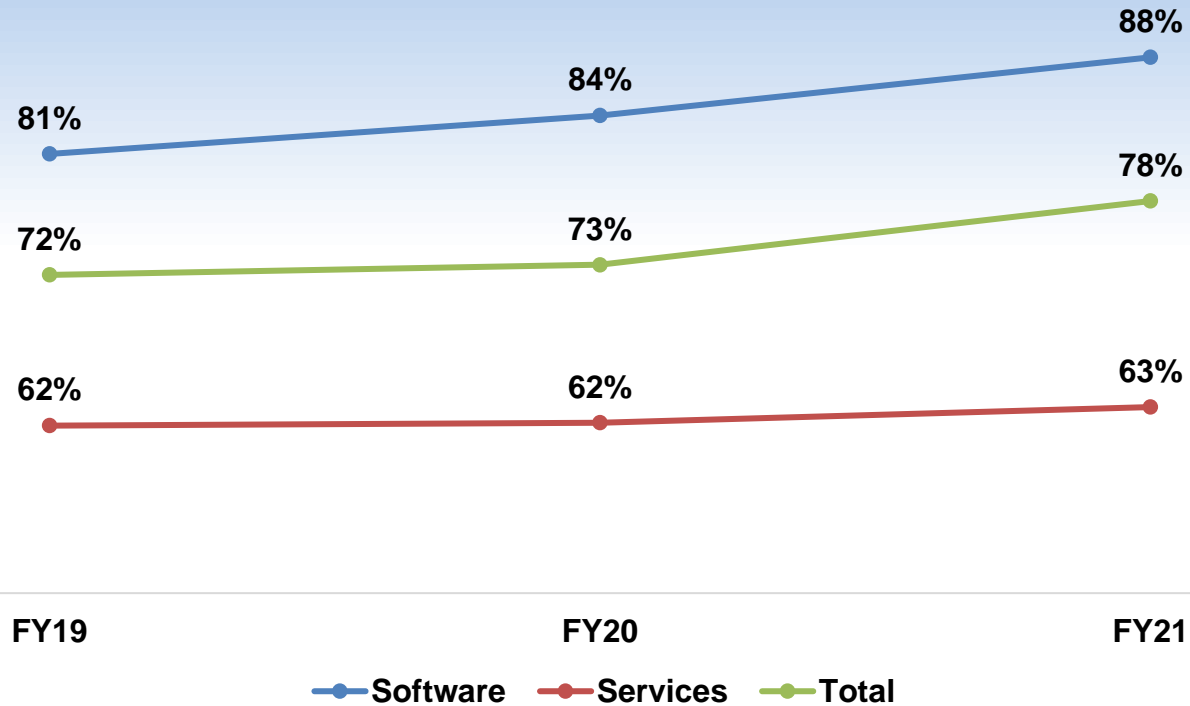
	FY21	% of Rev	FY20	% of Rev
Revenues	\$ 23.8	100%	\$ 19.8	100%
Revenue Growth	21%		23%	
Gross profit	18.5	78%	14.4	73%
SG&A	9.9	41%	7.6	39%
R&D	2.1	9%	1.3	6%
Total operating exp	12.0	50%	8.9	45%
Income from operations	6.5	27%	5.5	28%
Other income (expense)	(0.1)	(0)%	0.0	0%
Income before income taxes	6.4	27%	5.6	28%
Income taxes	0.7	3%	1.4	7%
Effective tax rate	11%		24%	
Net income	\$ 5.7	24%	\$ 4.2	21%
Diluted earnings per share (in dollars)	\$ 0.27		\$ 0.23	
EBITDA	\$ 8.1	34%	\$ 6.9	35%

Gross Margin Trend – Q2



* Pro forma non-GAAP numbers

Gross Margin Trend - YTD



* Pro forma non-GAAP numbers

Balance Sheet Summary

(in millions, except where indicated)

	Feb. 28, 2021	Aug. 31, 2020
Cash and short-term investments	\$ 117.8	\$ 116.0
Total current assets	135.6	129.1
Total assets	175.8	168.4
Current liabilities	6.5	5.5
Long-term liabilities	7.8	6.9
Total liabilities	14.3	12.4
Shareholders' equity	161.5	156.0
Total liabilities and shareholders' equity	175.8	168.4

Conclusion

- Q2 revenue growth strong and in line with FY21 outlook
- Richer mix of software revenues is enhancing our profitability metrics
- Reinforcing our biosimulation leadership with successful conference sponsorship and good market momentum with the close of new business, renewal and growth of existing relationships, key collaborations and grants
- Continued progress in our M&A efforts

Selected Financial Information

Nasdaq	SLP
Cash and short-term investments	\$118M
Borrowed Debt Outstanding	\$0
Market Capitalization (a/o 4/05/21)	\$ 1.3B
Fully Diluted Shares Outstanding 2Q21	20.8M
Average Daily Trading Volume (current 30 day - a/o 4/05/21)	~210,000

Thank you!

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