



S+ *SimulationsPlus*

SCIENCE + SOFTWARE = SUCCESS

Earnings Call – Q3 FY21

July 12, 2021

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 general economics of the pharmaceutical industry, 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.

3rd Quarter Highlights

➤ Strong Software Performance

- Greater than historical growth rates - contributed to improved margins/profitability
- Delivery of new technology
- Business development investment driving cross-selling

➤ Challenging Service Performance

- Bookings were good; backlog grew
- Mixture of project delays, holds and drug development program cancellations
- Reflective of Covid impacted bookings late last year (lower backlog level) and churn in terms of client projects – faster cancelation decisions on drug development programs

➤ Profitability Improved

- Favorable revenue mix
- YTD F21 > Full-year FY20

Q3 Software Highlights

GastroPlus®

- Several new licenses to biologics development companies
- New DDI functionality
- Cross-selling success

5
New \$100k+
customers

+114%
DDI Module
YOY Growth

23
Upsells

ADMET Predictor®

- Released new ADMET Predictor modules
- New HTPK functionality

+58%
HTPK Simulation Module
YOY Growth

MonolixSuite™

- Growth included some early renewals
- Better than expected performance YTD
- Completed training of new China distributor

+64%
Monolix® YOY
Growth

Q3 Services Highlights

PKPD

- 9 projects impacted by delays, holds or drug development cancellations in 2H of Q3
- Covid delays from prior quarters and events in Middle East drove delays/holds
- Timing for re-engagement uncertain
- Late quarter/low backlog timing made reallocation of resources difficult

QSP/QST

- Large projects drove revenue in FY20
- Liver model - consulting slowdown
 - Projects mostly driven in response to FDA requirements
 - Added one new member to liver model consortium in Q3
- Covid related slowdown in clinical trials results
- Large Project opportunities in pipeline

PBPK

- Good performance

Other

- Regulatory services operating at capacity

+5%

Backlog
YOY
Growth

(4)%

Projects
YOY
Growth

5

New PKPD
Clients

Updated FY21 Outlook

Growth Targets:

5 to 10%

Total Revenue Growth

20 to 25%

Software Revenue Growth

(7-12)%

Service Revenue Growth

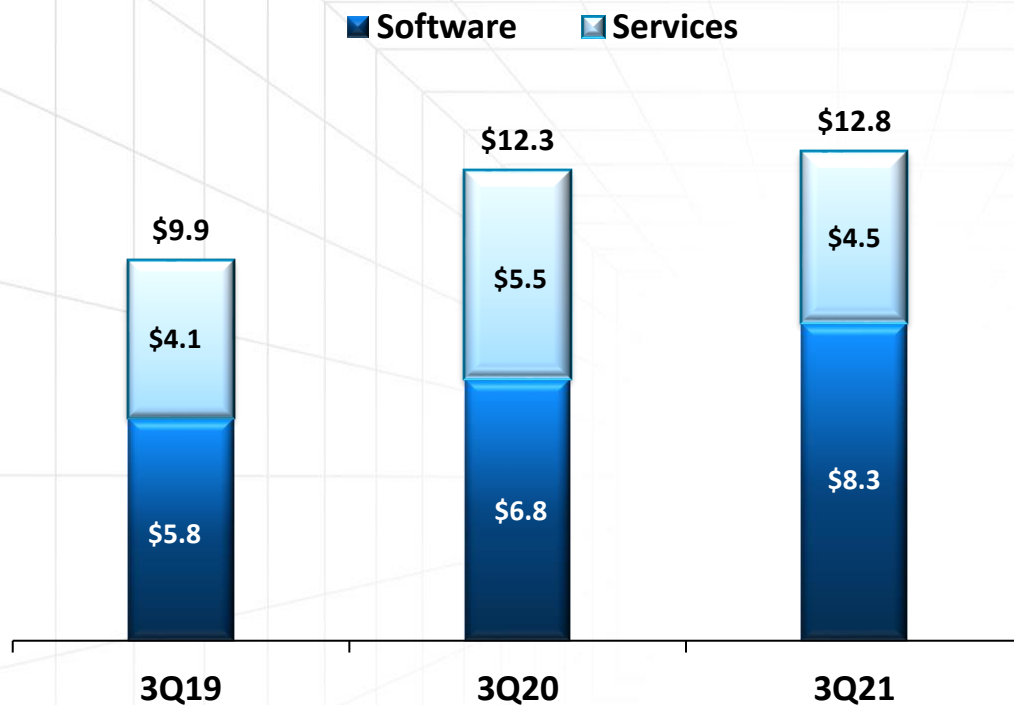
Q4 Commentary:

- Anticipate continued software performance in historically seasonally lower software revenue quarter
- Monolix likely flat due to early renewals
- Service project delays, holds and drug development program cancellations will impact quarter

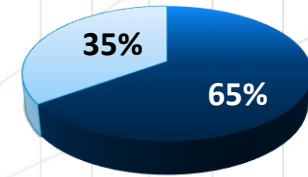
Financial Results

Q3 Revenue

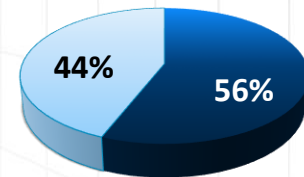
(in millions)



3Q21 Mix



3Q20 Mix



■ Software ■ Services

+4%

Total Revenue

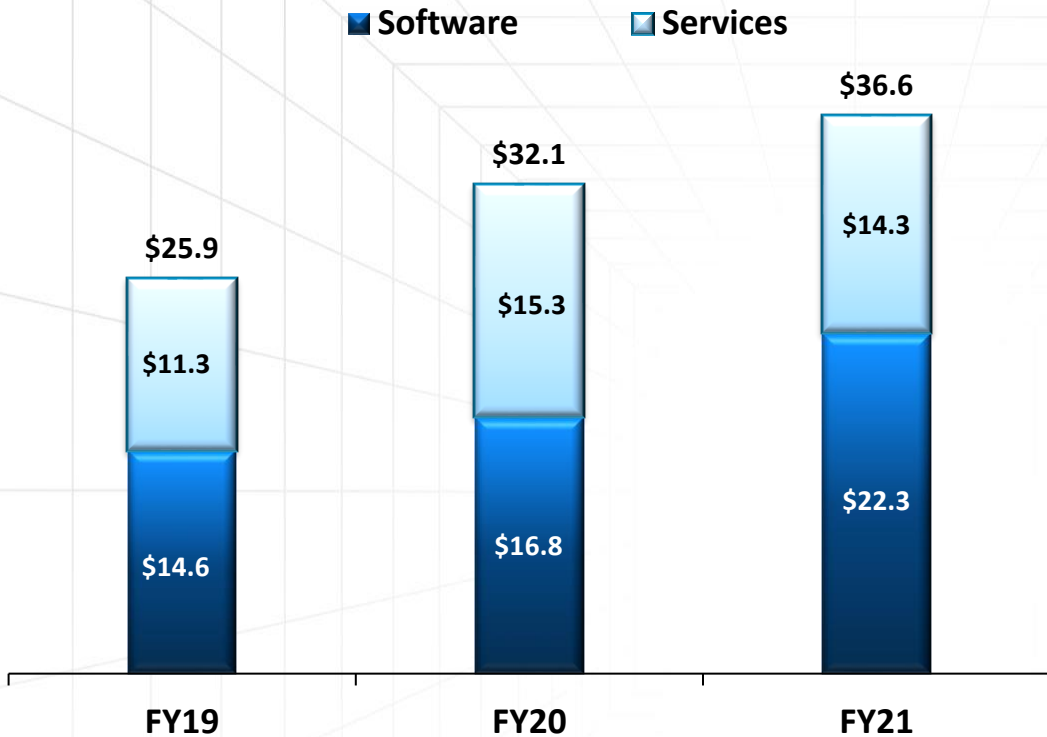
+21%

Software Revenue

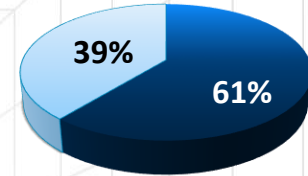
(18)%

Services Revenue

YTD Revenue (in millions)

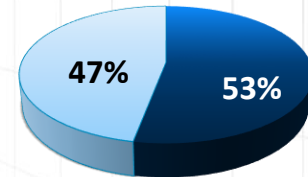


YTD FY21 Mix



■ Software ■ Services

YTD FY20 Mix



■ Software ■ Services

+14%

Total Revenue

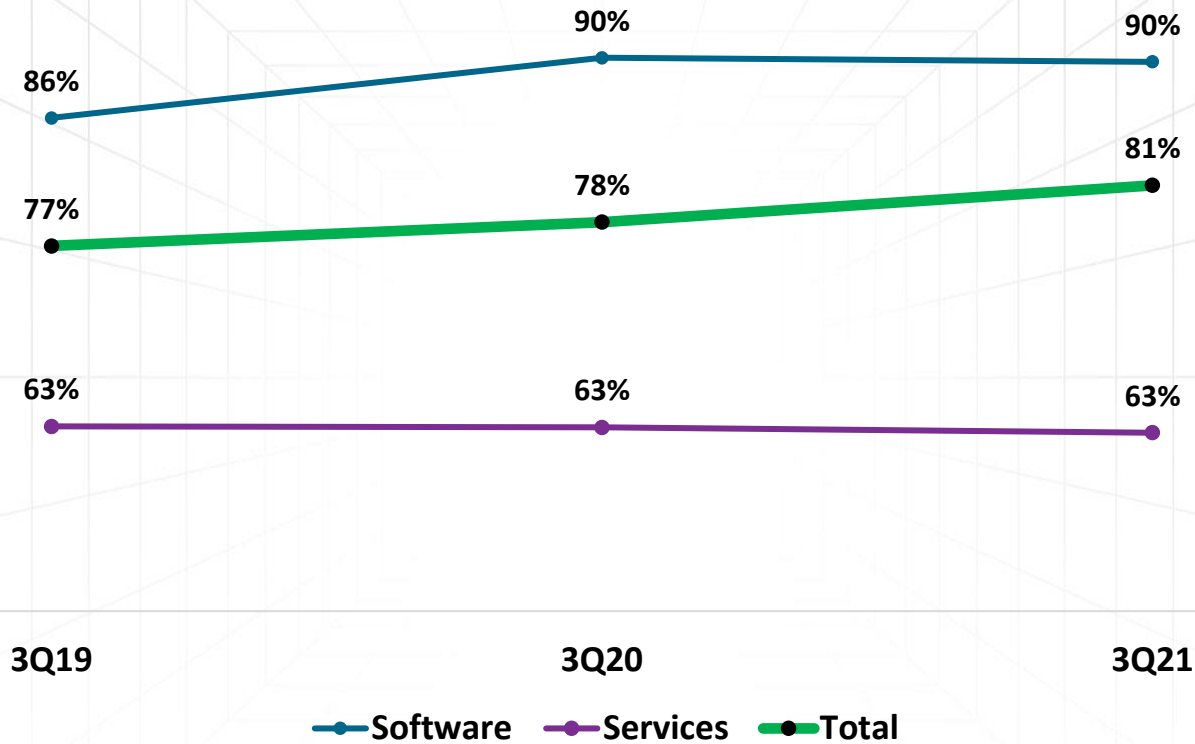
+32%

Software Revenue

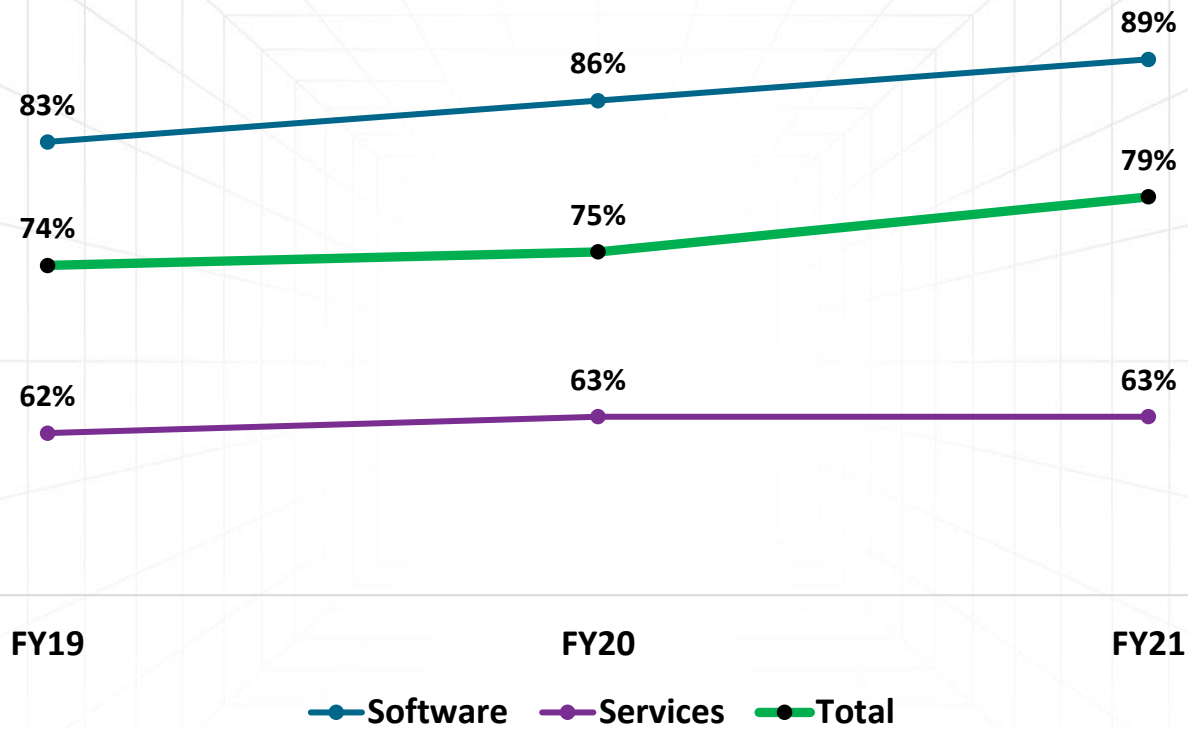
(6)%

Services Revenue

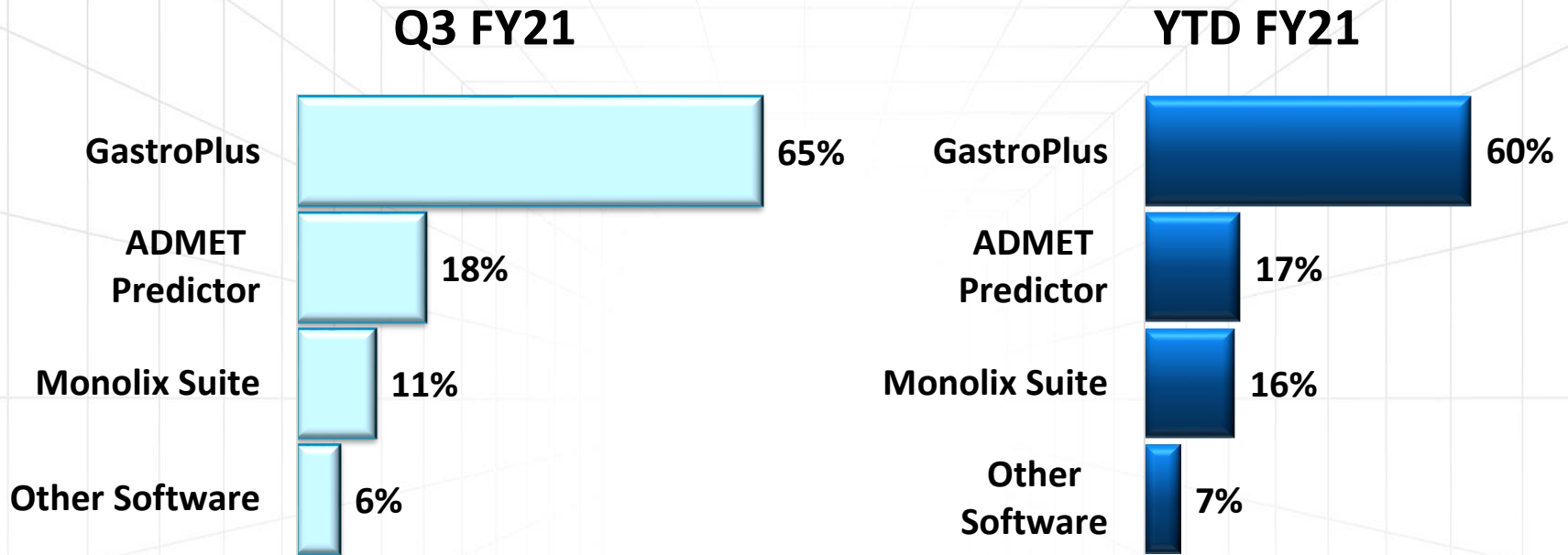
Gross Margin Trend – Q3



Gross Margin Trend – YTD



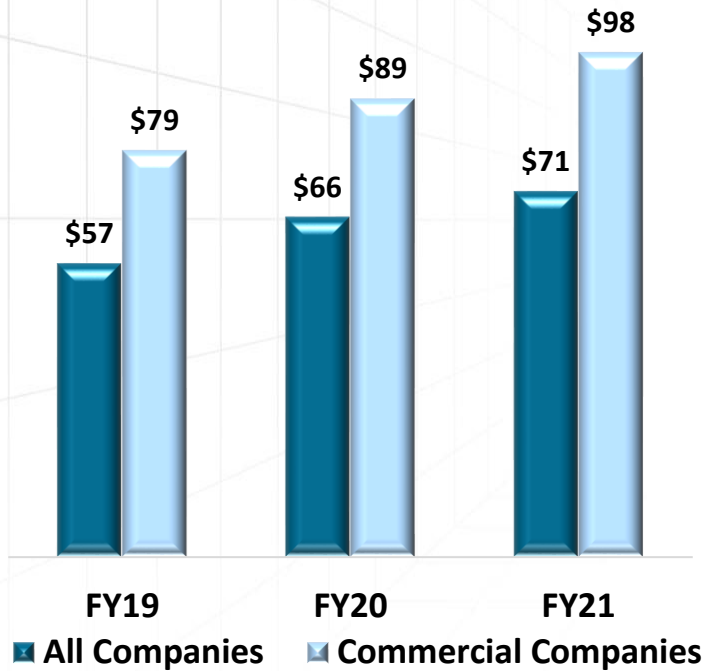
Software Revenue by Product



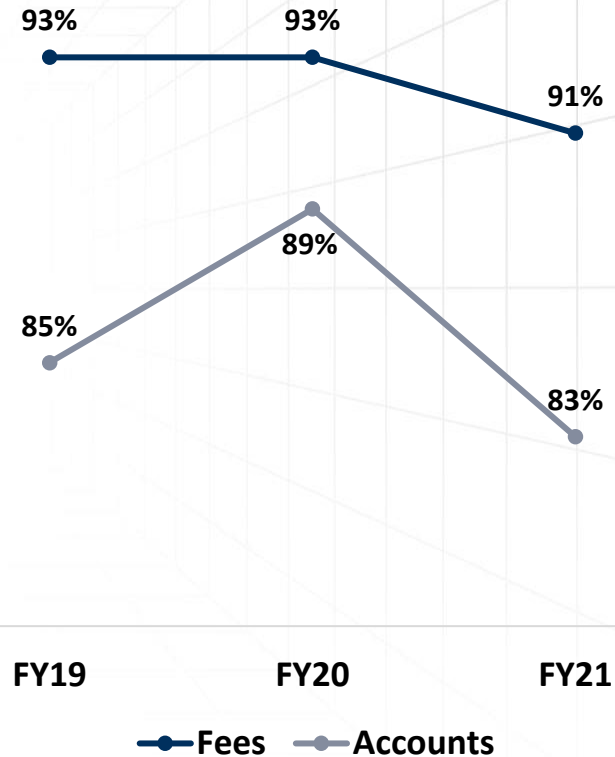
Software Product as % of Software Revenue

Software Performance Metrics – Q3

Avg. Revenue per Customer (in thousands)

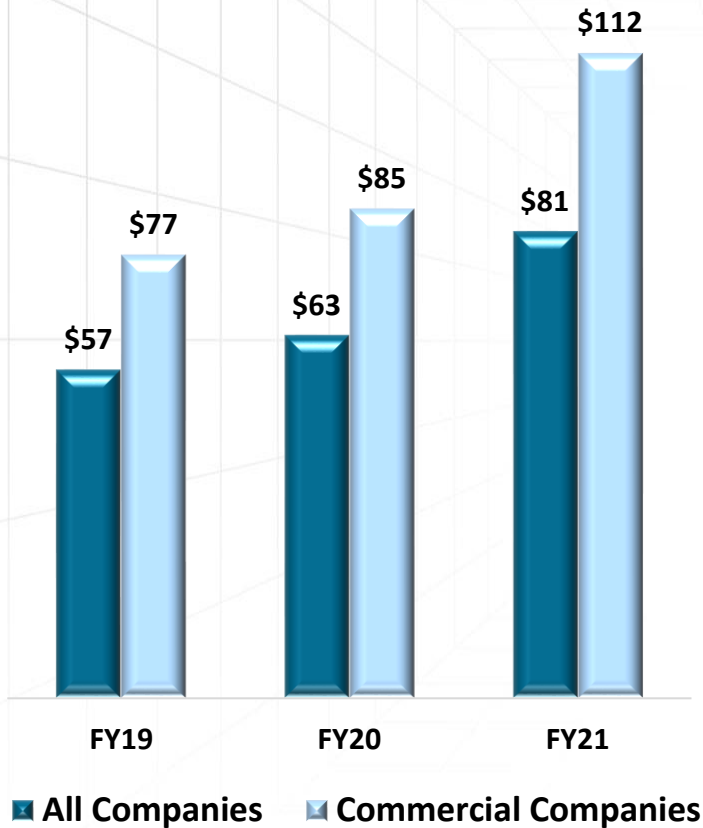


Renewal Rates

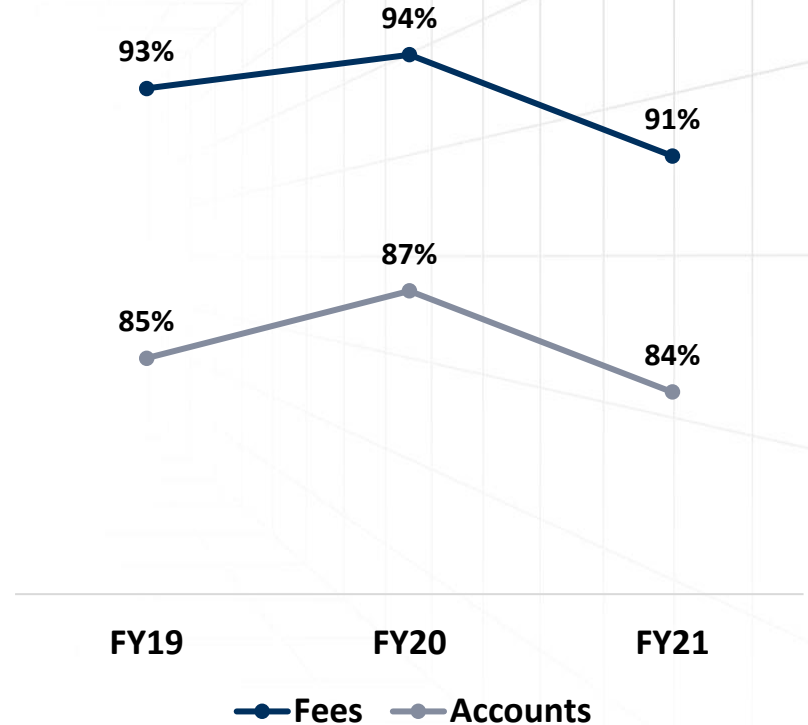


Software Performance Metrics – YTD

Avg. Revenue per Customer (in thousands)

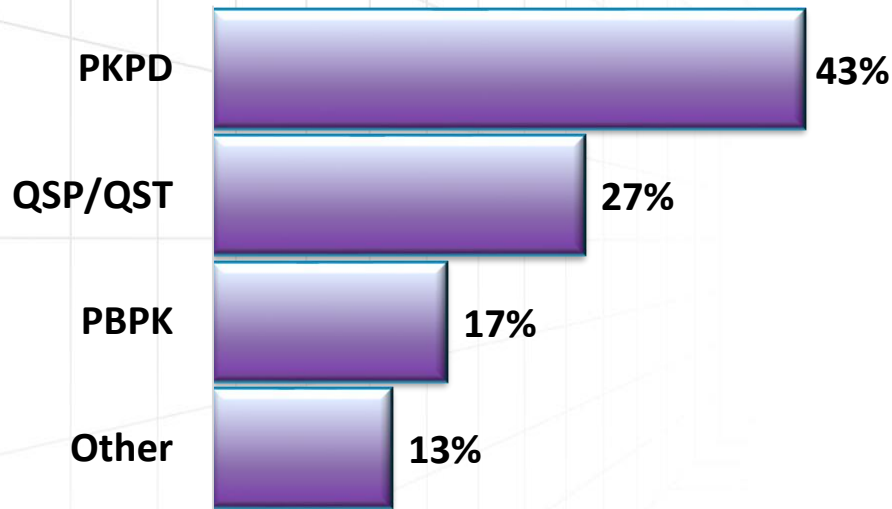


Renewal Rates

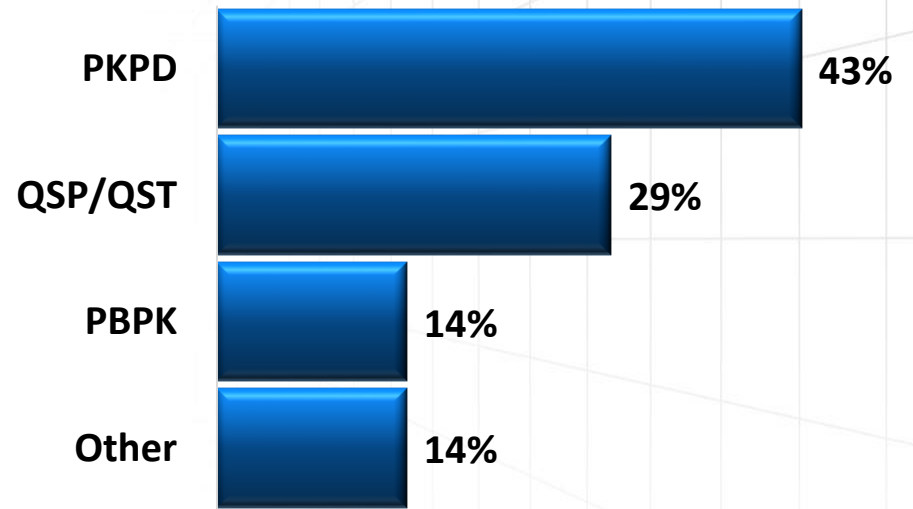


Services Revenue by Type

Q3 FY21



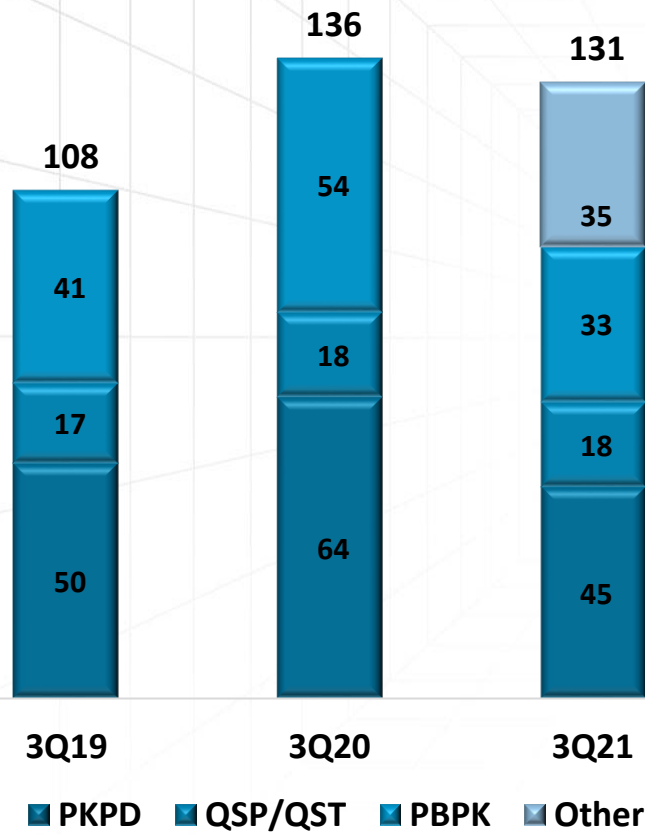
YTD FY21



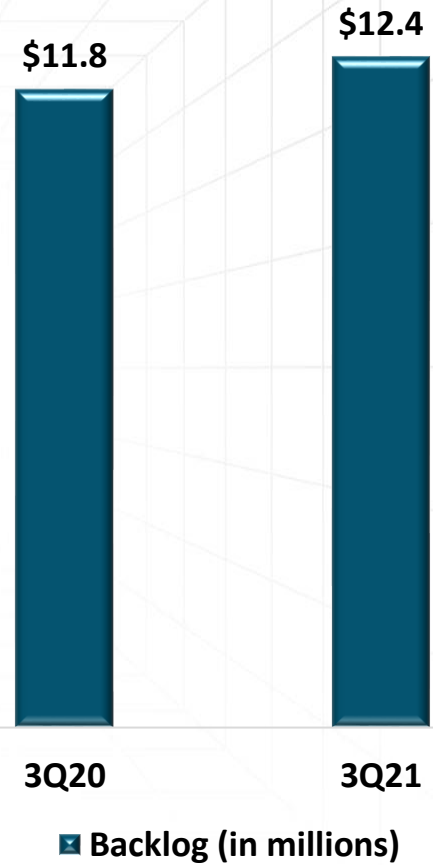
Services Types as % of Service Revenue

Services Performance Metrics

Total Projects During Qtr.



Backlog



Income Statement Summary – Q3

(in millions)

	FY21	% of Rev	FY20	% of Rev
Revenues	\$ 12.8	100%	\$ 12.3	100%
Revenue Growth	4%		24%	
Gross profit	10.3	81%	\$ 9.6	78%
SG&A	\$ 5.1	40%	\$ 5.0	41%
R&D	0.7	5%	0.8	6%
Total operating exp	5.8	45%	5.8	47%
Income from operations	4.5	36%	3.9	31%
Other income (expense)	(0.1)	(0)%	(0.1)	(1)%
Income before income taxes	4.5	35%	3.8	31%
Income taxes	0.7	6%	0.8	7%
Effective tax rate	16%		22%	
Net income	3.8	30%	2.9	24%
Diluted earnings per share (in dollars)	\$ 0.18		\$ 0.16	
EBITDA	\$ 5.3	42%	\$ 4.6	37%

Income Statement Summary – YTD

(in millions)

	FY21	% of Rev	FY20	% of Rev
Revenues	\$ 36.6	100%	\$ 32.0	100%
Revenue Growth	14%		24%	
Gross profit	28.8	79%	24.1	75%
SG&A	\$ 15.0	41%	12.6	39%
R&D	2.8	8%	2.0	6%
Total operating exp	17.7	48%	14.7	46%
Income from operations	11.1	30%	9.4	29%
Other income (expense)	(0.2)	(0)%	(0.1)	(0)%
Income before income taxes	10.9	30%	9.3	29%
Income taxes	1.4	4%	2.3	7%
Effective tax rate	13%		24%	
Net income	\$ 9.5	26%	\$ 7.1	22%
Diluted earnings per share (in dollars)	\$ 0.46		\$ 0.39	
EBITDA	\$ 13.4	37%	\$ 11.5	36%

Balance Sheet Summary

(in millions, except where indicated)

	May 31, 2021	Aug. 31, 2020
Cash and short-term investments	\$119.8	\$116.0
Total current assets	138.7	129.1
Total assets	179.1	168.4
Current liabilities	7.3	5.5
Long-term liabilities	6.3	6.9
Total liabilities	13.7	12.4
Shareholders' equity	165.4	156.0
Total liabilities and shareholders' equity	179.1	168.4

Conclusion

Mid to long-term outlook remains unchanged

- Higher software growth rates and richer mix of software revenue are enhancing profitability metrics
- Near-term service project delays, holds or drug development program cancellations will reduce FY21 growth
- Reinforcing our biosimulation leadership
 - Good market momentum with the close of new business, renewal and growth of existing relationships, key collaborations and grants
 - Successful conference sponsorship