



Third Quarter 2024 Financial Results

November 6, 2024



Disclaimer

Numerical figures in the presentation have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in various tables may not be arithmetic aggregations of the figures that precede them. In addition, unless otherwise indicated, references to the “Company,” “Certara,” “we,” “us,” and “our” refer to Certara, Inc. and its consolidated subsidiaries.

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This presentation contains “non-GAAP measures” that are financial measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with U.S. generally accepted accounting principles (“GAAP”). Specifically, we may make use of the non-GAAP financial measures adjusted EBITDA, adjusted EBITDA margin, [adjusted net income (loss), adjusted diluted earnings per share (“EPS), and constant currency (“CC”) revenue, which are not recognized terms under GAAP and should not be considered as alternatives to net income (loss), GAAP EPS, or GAAP revenue as measures of financial performance or cash provided by operating activities as a measure of liquidity, or any other performance measure derived in accordance with GAAP. These non-GAAP measures have limitations as analytical tools and should not be considered in isolation, or as a substitute for our results as reported under GAAP. Because not all companies use identical calculations, the presentations of these measures may not be comparable to other similarly titled measures of other companies and can differ significantly from company to company.

Adjusted EBITDA represents net income (loss) excluding interest expense, provision (benefit) for income taxes, depreciation and amortization expense, intangible asset amortization, equity-based compensation expense, acquisition and integration expense and other items not indicative of our ongoing operating performance. Adjusted EBITDA margin represents adjusted EBITDA divided by revenue. [Adjusted net income] and adjusted diluted EPS exclude the effect of the same items noted above with respect to adjusted EBITDA from GAAP net income (loss) and GAAP EPS, respectively, as well as adjust the provision for income taxes for such charges. CC revenue excludes the effects of foreign currency exchange rate fluctuations by assuming constant foreign currency exchange rates used for translation. Current periods revenue reported in currencies other than U.S. dollars are converted into U.S. dollars at the average exchange rates in effect for the comparable prior periods. You should refer to the appendix at the end of this document for a reconciliation of these non-GAAP measures in specific periods to their most directly comparable financial measures calculated and presented in accordance with GAAP for those periods.

Management uses various financial metrics, including total revenues, income from operations, net income, CC revenue and certain non-GAAP measures, including those discussed above, to measure and assess the performance of the Company’s business, to evaluate the effectiveness of its business strategies, to make budgeting decisions, to make certain compensation decisions, and to compare the Company’s performance against that of other peer companies using similar measures. In addition, management believes these metrics provide useful measures for period-to-period comparisons of the Company’s business, as they remove the effect of certain non-cash expenses and other items not indicative of its ongoing operating performance. Management believes that these metrics are helpful to investors, analysts, and other interested parties because they can assist in providing a more consistent and comparable overview of our operations across our historical periods. In addition, these measures are frequently used by analysts, investors, and other interested parties to evaluate and assess performance. In addition, our business has operations outside the United States that are conducted in local currencies. As a result, the comparability of the financial results reported in U.S. dollars is affected by changes in foreign currency exchange rates. We use CC revenue to evaluate the underlying performance of the business, and we believe it is helpful for investors to present operating results on a comparable basis period over period to evaluate its underlying performance. In evaluating adjusted EBITDA, [adjusted net income (loss)] adjusted diluted EPS, and CC revenue, you should be aware that in the future the Company may incur expenses similar to those eliminated in this presentation and this presentation should not be construed as an inference that future results will be unaffected by unusual items.

Certara at a Glance

BUSINESS



20+ Year
History of innovation

~1,400 Employees⁽¹⁾

430+ with Ph.D.s,
Pharm.D.s and M.D.s

21 Acquisitions
Track record of accretive,
complementary
acquisitions

END-TO-END PLATFORM



Software

- Biosimulation
- Regulatory & compliance
- Market access

Technology-Driven Services

- Drug discovery & development with biosimulation
- Regulatory science
- Market access

\$14B TAM growing at
8-17% CAGR⁽²⁾

CUSTOMERS⁽³⁾



~2,400
Customers across
66 countries

10+ Year
Average tenure
for top 30 customers

389 customers with
ACV > \$100,000

63 customers with
ACV > \$1M

3Q 2024 FINANCIALS



\$94.8M Revenue
11% GAAP YoY Growth
10% CC YoY Growth⁽⁴⁾

Net Income (**\$1.4M**)
PY (\$47.4M)⁽⁵⁾

\$33.1M
Reported Adjusted
EBITDA⁽⁶⁾
PY \$28.8M

35% Adjusted EBITDA
Margin⁽⁶⁾

(1) Employee data as of 12/31/2023

(2) Market research reports from Grand View and SpendEdge; as of 2024

(3) Customer data as of 12/31/2023

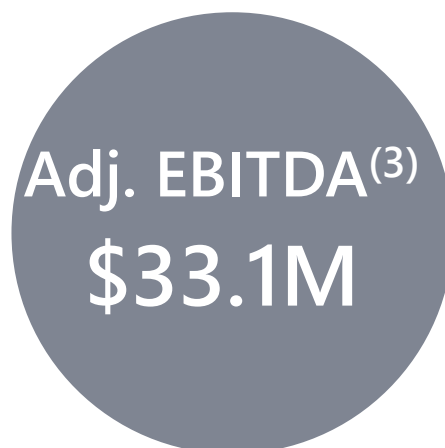
(4) See Appendix for reconciliation of GAAP revenue to constant currency (non-GAAP revenue)

(5) PY Net Income includes \$47.0M Goodwill Impairment Expense

(6) See Appendix for reconciliation of net income (loss) to adjusted EBITDA

Financial Highlights

Third Quarter 2024



11% GAAP YoY change
10% CC YoY change⁽¹⁾

PY (\$47.4M)⁽²⁾

15% YoY change

PY (\$0.31)

PY \$0.11

(1) See Appendix for reconciliation of GAAP revenue to constant currency (non-GAAP revenue)

(2) PY Net Income includes \$47.0M Goodwill Impairment Expense

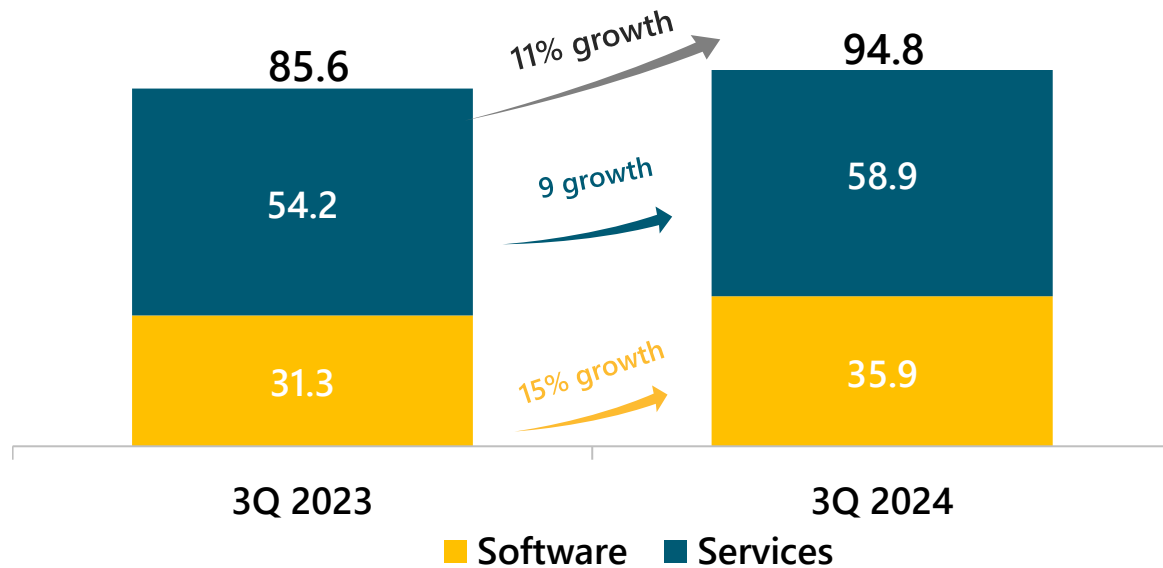
(3) See Appendix for reconciliation of net income (loss) to adjusted EBITDA

(4) See Appendix for reconciliation of Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share

3Q 2024 Results - Revenue

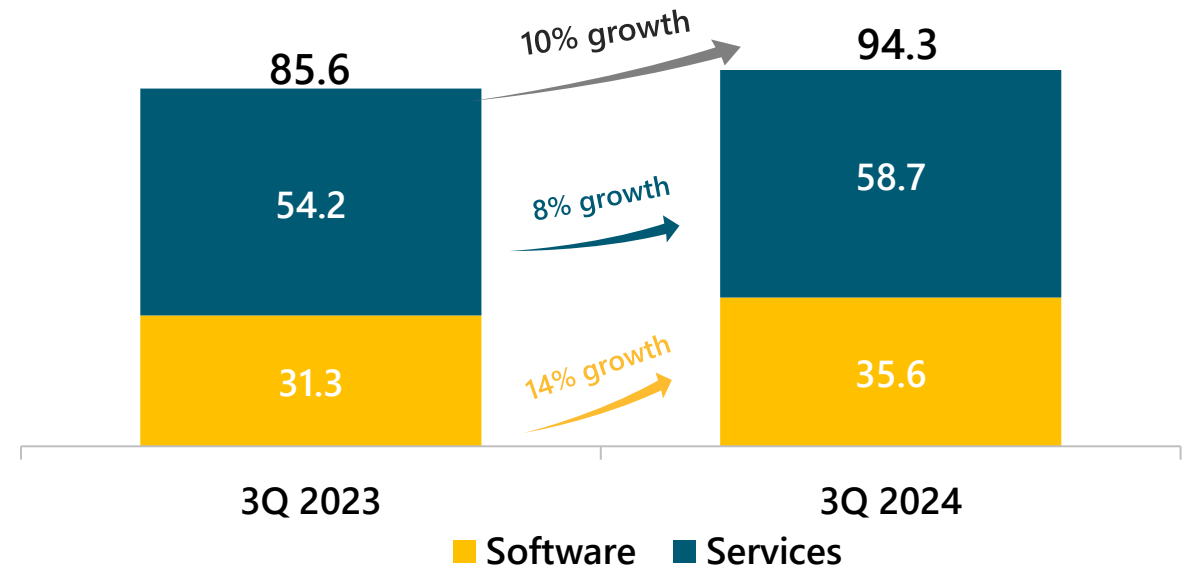
GAAP Reported Revenue

(\$Millions)



Constant Currency Revenue⁽¹⁾

(\$Millions)



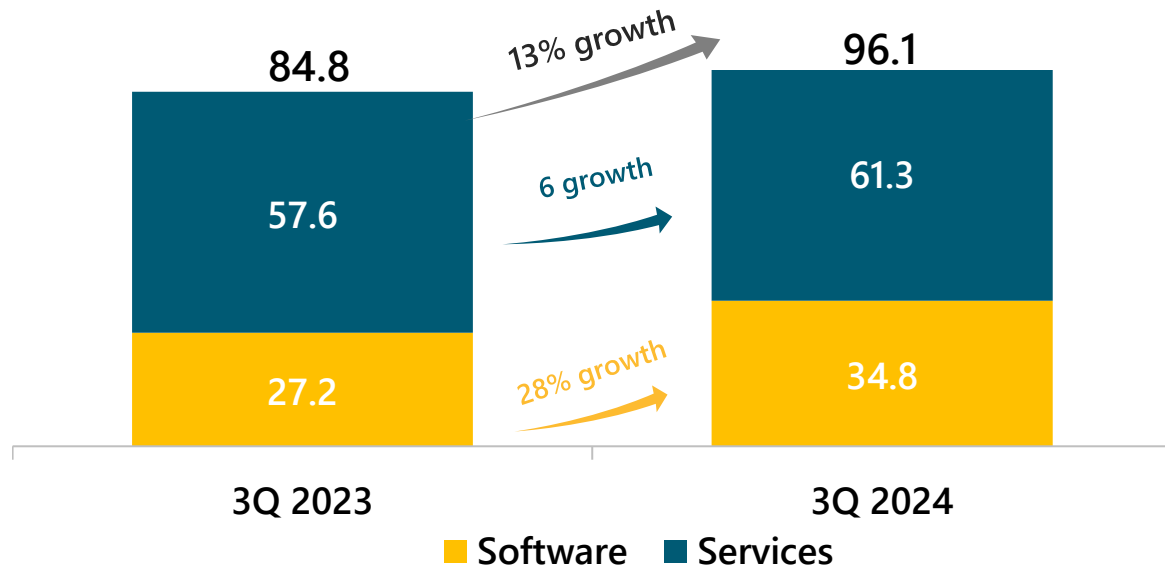
Certara reported 10% constant currency⁽¹⁾ revenue growth

(1) See Appendix for reconciliation of GAAP revenue to constant currency (non-GAAP revenue)

3Q and TTM Results - Net Bookings

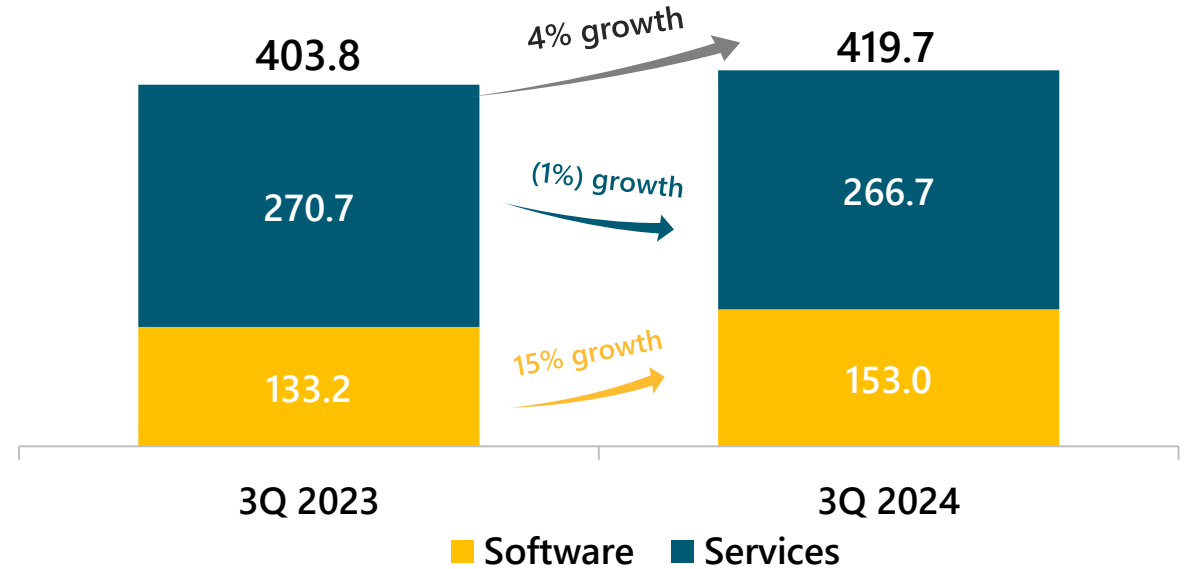
3Q Reported Net Bookings

(\$Millions)



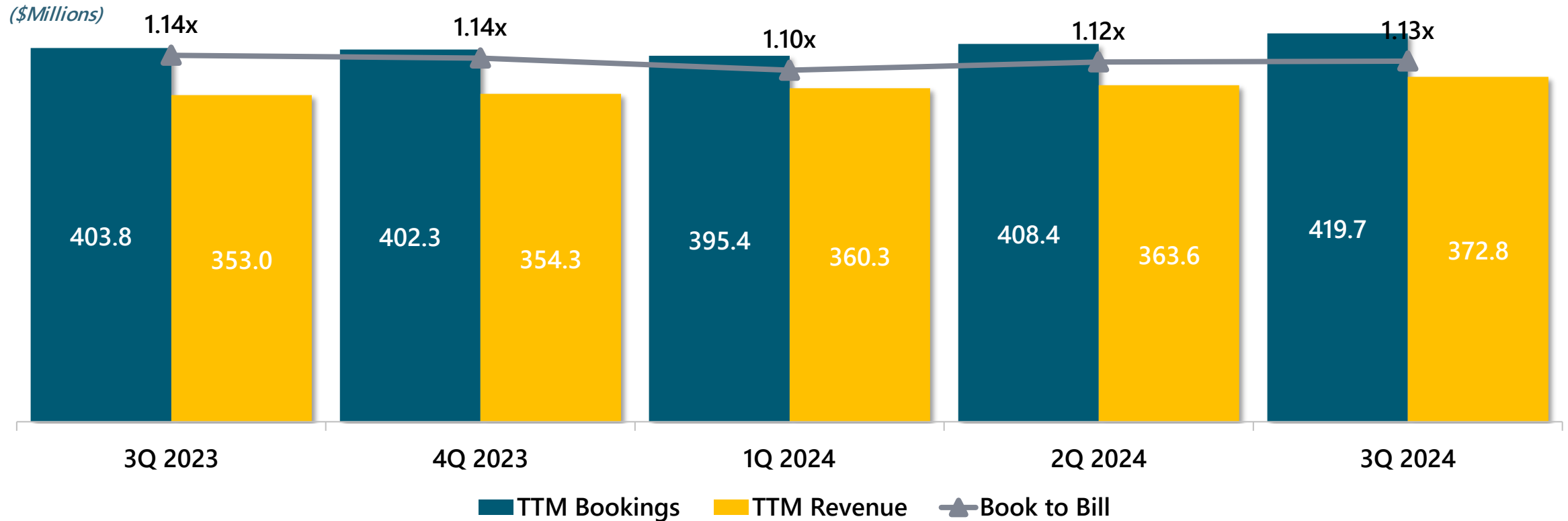
TTM Reported Net Bookings

(\$Millions)



Trailing twelve months bookings are highly correlated with revenue and drive strong visibility

Historical TTM Book to Bill



Book to bill provides forward visibility into revenue growth

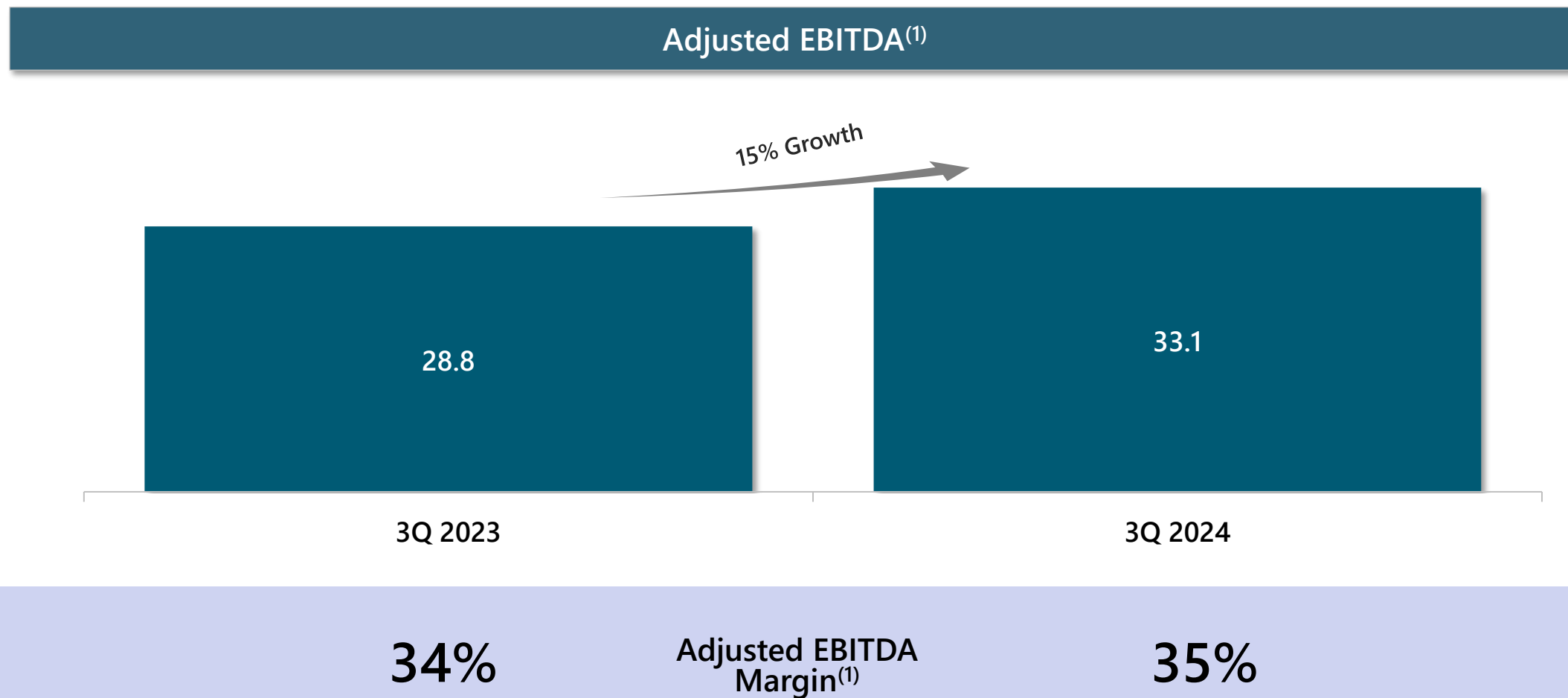
Historical Software Net Retention Rate (NRR)⁽¹⁾



NRR⁽¹⁾ provides insight into growth and retention among existing software customers

(1) Our net retention rates measure the percentage of recurring revenue that is retained from existing software customers over a specific time period, inclusive of price increases and expansion, excluding revenue from acquisitions occurred within the past 12 months.

3Q 2024 Results – Adjusted EBITDA



(1) See Appendix for a reconciliation net income (loss) to adjusted EBITDA

3Q24 Business Updates

Key Takeaways from Third Quarter Performance:



Strong Performance in Biosimulation

- Solid biosimulation Software performance drives 15% y/y revenue growth, 28% y/y bookings growth.
- Biosimulation services activity accelerated across all customer tiers, offsetting weak regulatory performance to drive y/y bookings growth.



Software Business Evolution

- Launched version 8.5 of Phoenix, introducing integration with the Certara cloud, modeling and reporting enhancements.
- Evolving commercial processes to drive cross-selling across the four pillars of the software business – Simcyp, Phoenix, P21 & D360 + Chemaxon.



Chemaxon Acquisition Expands Certara's Offering

- Closed the acquisition of Chemaxon on October 2nd, which expands Certara's offering to discovery & molecule selection.
- Priorities include integrating PKPD analysis into discovery offering (D360) to strengthen customer relationships from the lab through the clinic.

3Q24 Bookings YoY Trends – Pharma/Biotech Customers

Tier⁽¹⁾

Software Bookings | +28% y/y

Services Bookings | +6% y/y

I



Strong growth y/y driven by expansion among existing customers, biosimulation adoption



Declined due to weakness in regulatory services, offset by strength in biosimulation

II



Growth ahead of historical averages, driven by further adoption of biosimulation



Strongest area of services bookings growth, driven by improvement in both regulatory & biosimulation

III



Strong y/y growth in software bookings, driven by further adoption of biosimulation



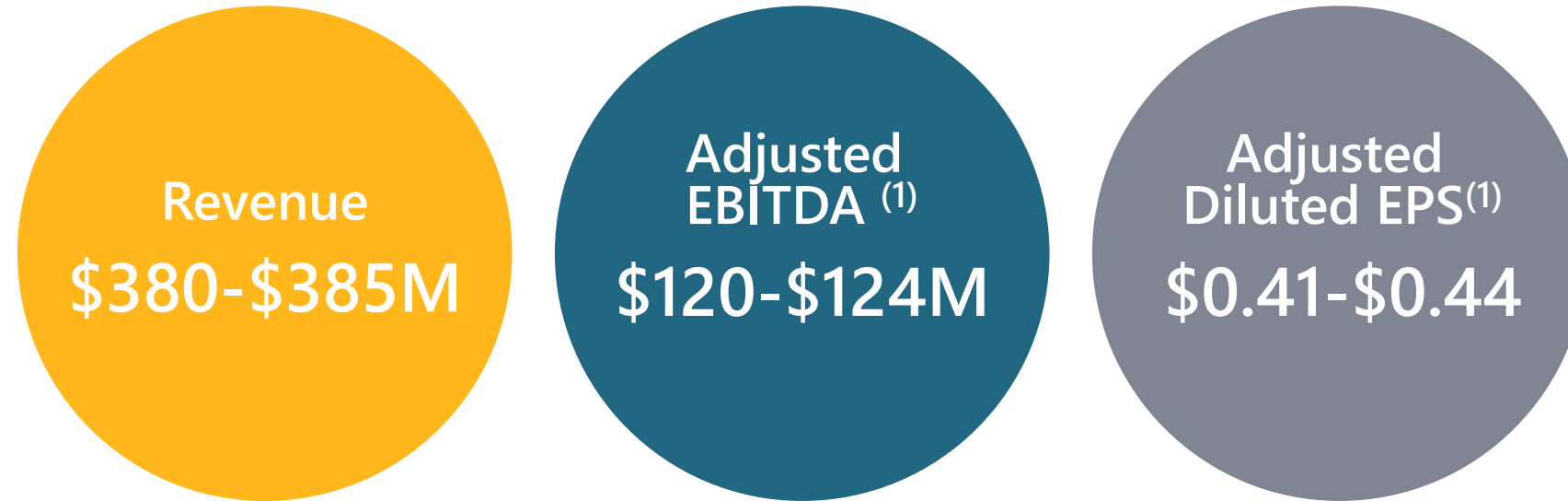
Slight growth driven by strength in biosimulation, offset by weakness in regulatory

Software bookings driven by expansion of biosimulation to new customers and new users
Weakness in regulatory services offset by strong biosimulation bookings

(1) Certara's Pharma Customer tiering is defined as follows: Tier 1 represents Biopharma customers with more than \$5B USD in Revenue, Tier 2 represents companies with revenue between \$100M and \$4.99B USD in revenue, Tier 3 represents customers with revenues less than 100M, including non-revenue generating companies.

2024 Outlook

Updated FY 2024 guidance



Key Assumptions 2024 Guidance

- Reported revenue growth of **6-7% ex-Chemaxon**
- Fully diluted shares expected to be in the range of **160-162**
- Tax rate expected to be **25-30%**

This financial guidance is provided as of November 6, 2024, and its inclusion in this presentation should not be construed as continued affirmation of such guidance beyond that date.

(1) We have not reconciled the adjusted EBITDA and adjusted diluted EPS forward-looking guidance above to the most directly comparable GAAP measures because this cannot be done without unreasonable effort due to the variability and low visibility with respect to costs related to acquisitions, financings, and employee stock compensation programs, which are potential adjustments to future earnings. We expect the variability of these items to have a potentially unpredictable, and a potentially significant, impact on our future GAAP financial results.



Appendix

Reconciliation of Net Income (Loss) to Adjusted EBITDA

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2024	2023	2024	2023
	(in thousands)			
Net income (loss)(a)	\$(1,371)	\$(48,965)	\$(18,628)	\$(42,901)
Interest expense(a)	5,187	5,903	16,516	17,046
Interest income(a)	(2,609)	(2,864)	(7,669)	(6,428)
(Benefit from) Provision for income taxes(a)	(290)	(4,644)	(736)	142
Depreciation and amortization expense(a)	439	367	1,322	1,139
Intangible asset amortization(a)	16,353	13,813	48,495	40,099
Currency (gain) loss(a)	1,546	(2,179)	2,526	(165)
Equity-based compensation expense(b)	8,187	8,645	27,043	20,798
Change in fair value of contingent consideration(d)	2,431	8,757	8,092	11,316
Goodwill impairment expense(e)	—	46,984	—	46,984
Acquisition-related expenses(f)	1,364	1,392	4,151	3,276
Integration expense(g)	—	33	—	190
Transaction - related expenses (h)	(128)	—	2,625	—
Severance expense(i)	—	—	183	—
Reorganization expense(j)	1,730	1,602	3,944	1,602
Loss on disposal of fixed assets(k)	—	—	13	29
Executive recruiting expense(l)	222	—	645	396
Adjusted EBITDA	<u>\$33,061</u>	<u>\$28,844</u>	<u>\$88,522</u>	<u>\$93,523</u>

Reconciliation of Net Income (Loss) to Adjusted Net Income (Loss)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2024	2023	2024	2023
	(in thousands)			
Net income (loss) (a)	\$(1,371)	\$(48,965)	\$(18,628)	\$(42,901)
Currency (gain) loss(a)	1,546	(2,179)	2,526	(165)
Equity-based compensation expense(b)	8,187	8,645	27,043	20,798
Amortization of acquisition-related intangible assets(c)	13,351	11,377	40,041	33,892
Change in fair value of contingent consideration(d)	2,431	8,757	8,092	11,316
Goodwill impairment expense(e)	—	46,984	—	46,984
Acquisition-related expenses(f)	1,364	1,392	4,151	3,276
Integration expense(g)	—	33	—	190
Transaction - related expenses (h)	(128)	—	2,625	—
Severance expense(i)	—	—	183	—
Reorganization expense(j)	1,730	1,602	3,944	1,602
Loss on disposal of fixed assets(k)	—	—	13	29
Executive recruiting expense(l)	222	—	645	396
Income tax expense impact of adjustments(m)	(7,079)	(10,572)	(22,442)	(20,669)
Adjusted net income	\$20,253	\$17,074	\$48,193	\$54,748

Reconciliation of Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2024	2023	2024	2023
Diluted earnings per share(a)	\$(0.01)	\$(0.31)	\$(0.12)	\$(0.27)
Currency (gain) loss(a)	0.01	(0.01)	0.02	—
Equity-based compensation expense(b)	0.05	0.06	0.17	0.13
Amortization of acquisition-related intangible assets(c)	0.08	0.07	0.25	0.21
Change in fair value of contingent consideration(d)	0.02	0.05	0.05	0.07
Goodwill impairment expense(e)	—	0.30	—	0.30
Acquisition-related expenses(f)	0.01	0.01	0.03	0.02
Integration expense(g)	—	—	—	—
Transaction - related expenses (h)	—	—	0.02	—
Severance expense(i)	—	—	—	—
Reorganization expense(j)	0.01	0.01	0.02	0.01
Loss on disposal of fixed assets(k)	—	—	—	—
Executive recruiting expense(l)	—	—	—	—
Income tax expense impact of adjustments(m)	(0.04)	(0.07)	(0.14)	(0.13)
Adjusted diluted earnings per share	\$0.13	\$0.11	\$0.30	\$0.34
Basic weighted average common shares outstanding	160,642,052	159,165,206	160,225,375	158,769,638
Effect of potentially dilutive shares outstanding (n)	323,745	742,488	723,301	1,078,382
Adjusted diluted weighted average common shares outstanding	160,965,797	159,907,694	160,948,676	159,848,020

Reconciliation of Revenues to the Revenues Adjusted for Constant Currency

	THREE MONTHS ENDED SEPTEMBER 30,			Change			
	2024	2024	2023	\$	%	\$	%
	Actual (GAAP)	CC (non-GAAP)	Actual (GAAP)	Actual (GAAP)	Actual (GAAP)	CC Impact (non-GAAP)	Adjust for CC (non-GAAP)
(in thousands except percentage)							
Revenue							
Software	\$ 35,912	\$ 35,632	\$ 31,331	\$ 4,581	15 %	\$ (280)	14 %
Services	58,908	58,654	54,245	4,663	9 %	(254)	8 %
Total Revenue	\$ 94,820	\$ 94,286	\$ 85,576	\$ 9,244	11%	\$ (534)	10%

Notes to Reconciliations

- (a) Represents amounts as determined under GAAP.
- (b) Represents expense related to equity-based compensation. Equity-based compensation has been, and will continue to be for the foreseeable future, a recurring expense in our business and an important part of our compensation strategy.
- (c) Represents amortization costs associated with acquired intangible assets in connection with business acquisitions.
- (d) Represents expense associated with remeasuring fair value of contingent consideration of business acquisition.
- (e) Represents expense associated with goodwill impairment charge.
- (f) Represents costs associated with mergers and acquisitions and any retention bonuses pursuant to the acquisitions.
- (g) Represents integration costs related to post - acquisition integration activities.
- (h) Represents costs associated with our public offerings that are not capitalized, as well as debt issuance costs that are not deferred or treated as a contra-liability directly deducted from the carrying value of the associated debt liability.
- (i) Represents charges for severance provided to former executives.
- (j) Represents expense related to reorganization, including legal entity reorganization and lease abandonment cost associated with the evaluation of our office space footprint
- (k) Represents the gain/loss related to disposal of fixed assets.
- (l) Represents recruiting and relocation expenses related to hiring senior executives.
- (m) Represents the income tax effect of the non-GAAP adjustments calculated using the applicable statutory rate by jurisdiction.
- (n) Represents potentially dilutive shares that were included from our GAAP diluted weighted average common shares outstanding.



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