



First Quarter 2024 Financial Results

May 7, 2024



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Non-GAAP Financial Information

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 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⁽¹⁾



20+ Year
History of innovation

~1,400 Employees

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

20 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

1Q 2024 FINANCIALS



\$96.7M Revenue
7% GAAP YoY Growth
6% CC YoY Growth⁽⁴⁾

Net Income (**\$4.7M**)
PY \$1.4M

\$29.1M
Reported Adjusted
EBITDA⁽⁵⁾
PY \$32.3M

30% Adjusted EBITDA
Margin⁽⁵⁾

(1) As of 12/31/2023

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

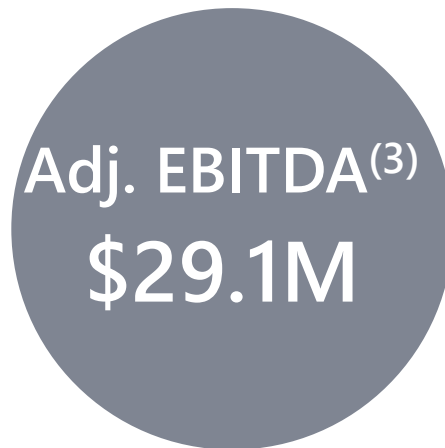
(3) Customer data as of 12/31/2023

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

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

Financial Highlights

First Quarter 2024



7% GAAP YoY change
6% CC YoY change⁽¹⁾

PY \$1.4M⁽²⁾

(10%)^{YoY} change

PY \$0.01

PY \$0.12

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

(2) YoY growth cannot be represented by a percentage, due to negative current year Net Income

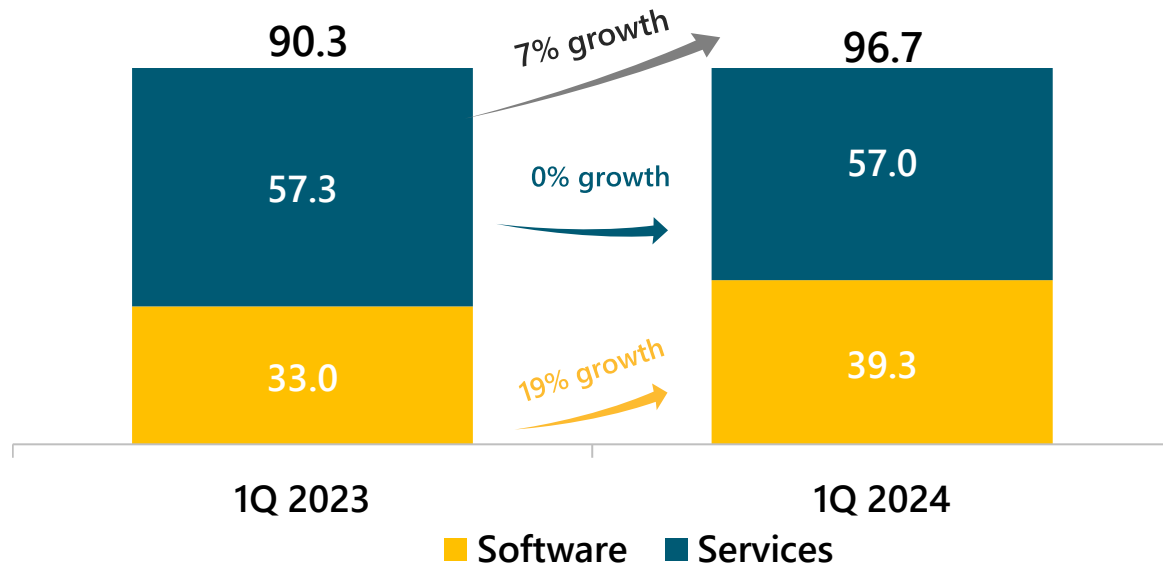
(3) See Appendix for reconciliation of net income (loss) to adjusted EBITDA

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

1Q 2024 Results - Revenue

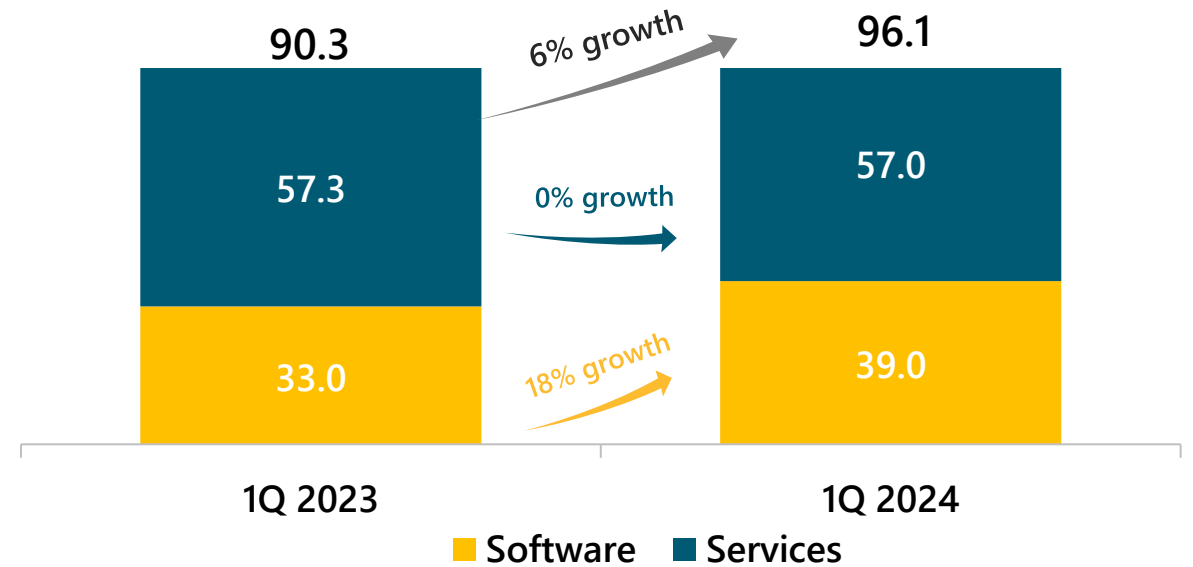
GAAP Reported Revenue

(\$Millions)



Constant Currency Revenue⁽¹⁾

(\$Millions)



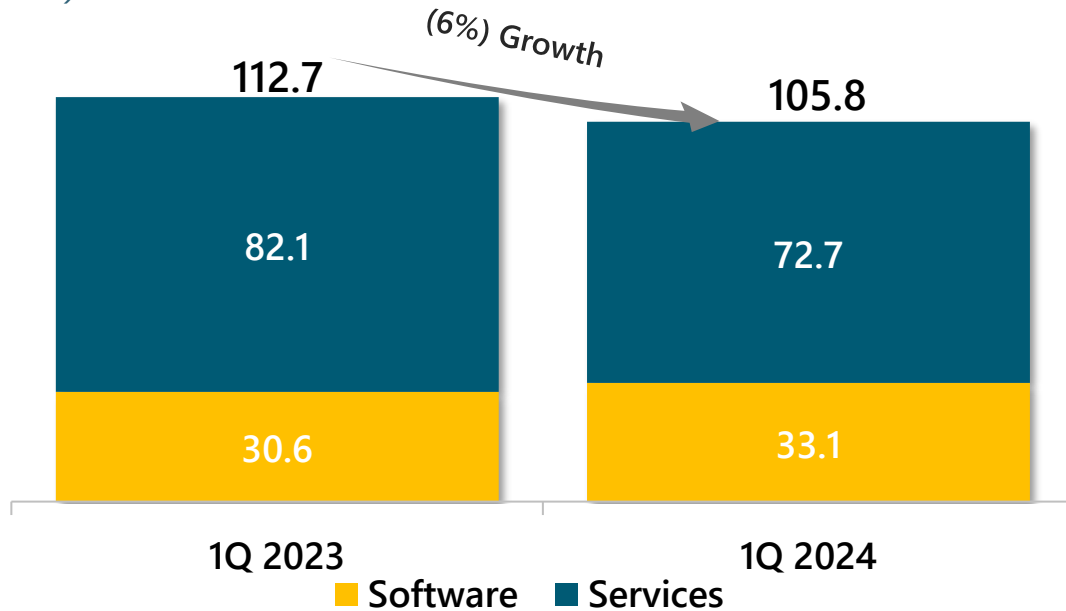
Certara reported 6% constant currency⁽¹⁾ revenue growth

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

1Q and TTM 2023 Results - Net Bookings

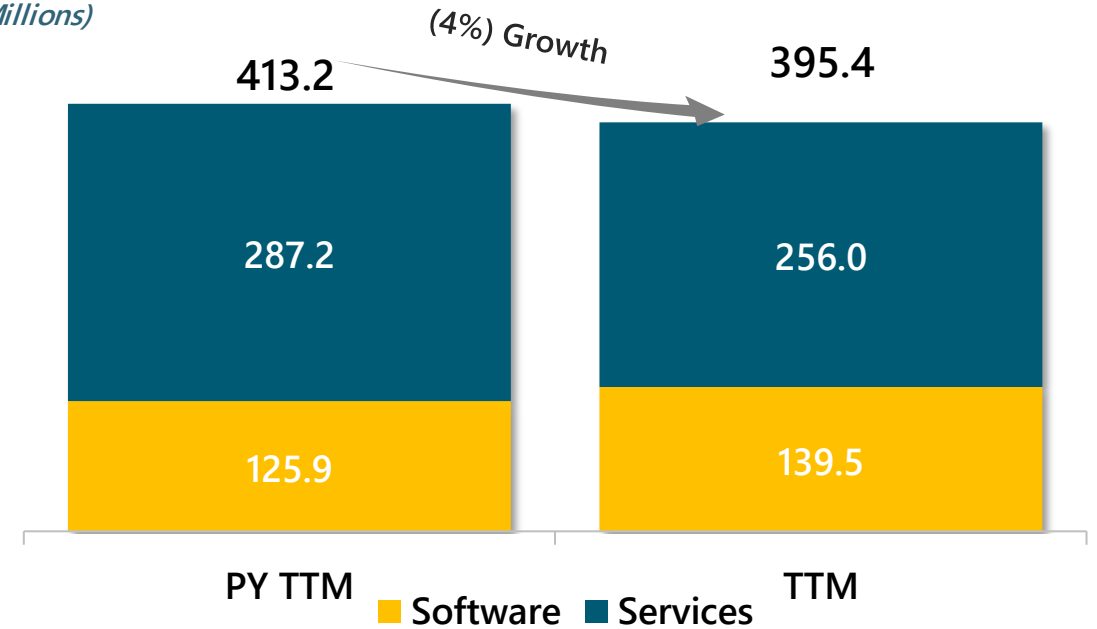
1Q Reported Net Bookings

(\$Millions)



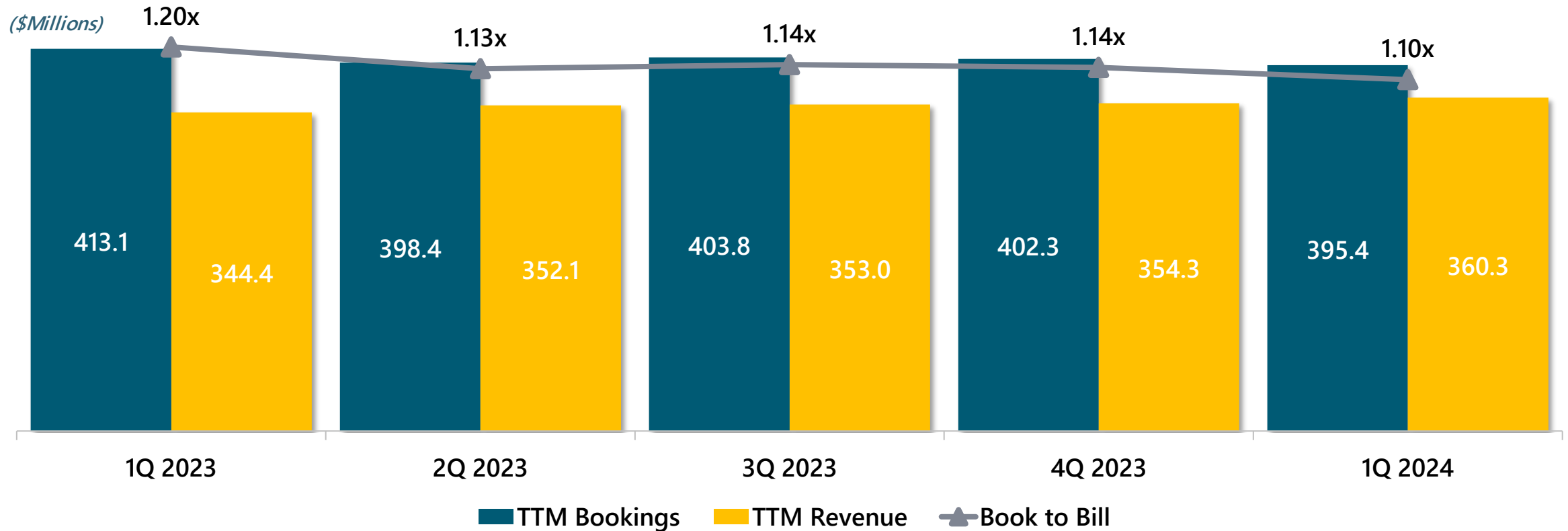
TTM Reported Net Bookings

(\$Millions)



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

Historical TTM Book to Bill



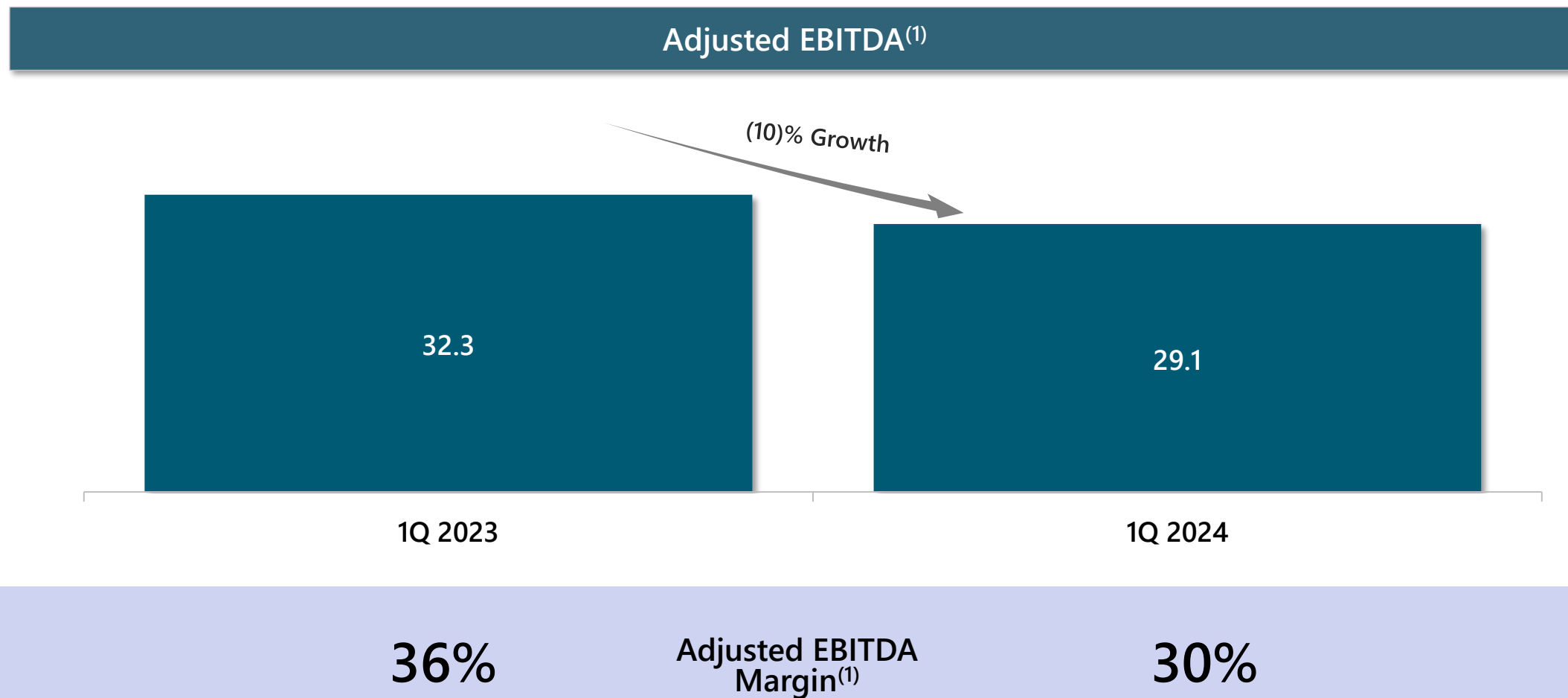
Book to bill provides forward visibility into revenue growth

Historical Software Net Retention Rate (NRR)



NRR provides insight into growth and retention among existing software customers

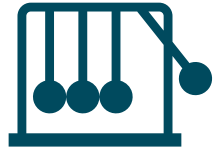
1Q 2024 Results – Adjusted EBITDA



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

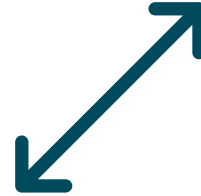
1Q24 Business Updates

Key Takeaways from First Quarter Performance:



Business Momentum Continues into 2024

- Strong software performance driven by commercial execution, new & updated products continue to generate interest
- Salesforce alignment & commercial execution focused on developing stronger relationships in the current stable environment



Expanding the Breadth of our Software Platform







- Introduction of the Certara Cloud provides users with a unifying access point, enables enhanced collaboration
- CoAuthor generating external interest from the regulatory writing community, starting to unlock efficiencies internally



Growth Investments Progressing on Plan

- Added to R&D, S&M headcount in 1Q to drive software innovation, cross-selling opportunities across software & services
- Accelerating R&D to new develop additional biosimulation models and further incorporate AI/ML into software

1Q24 Bookings YoY Trends – Pharma/Biotech Customers

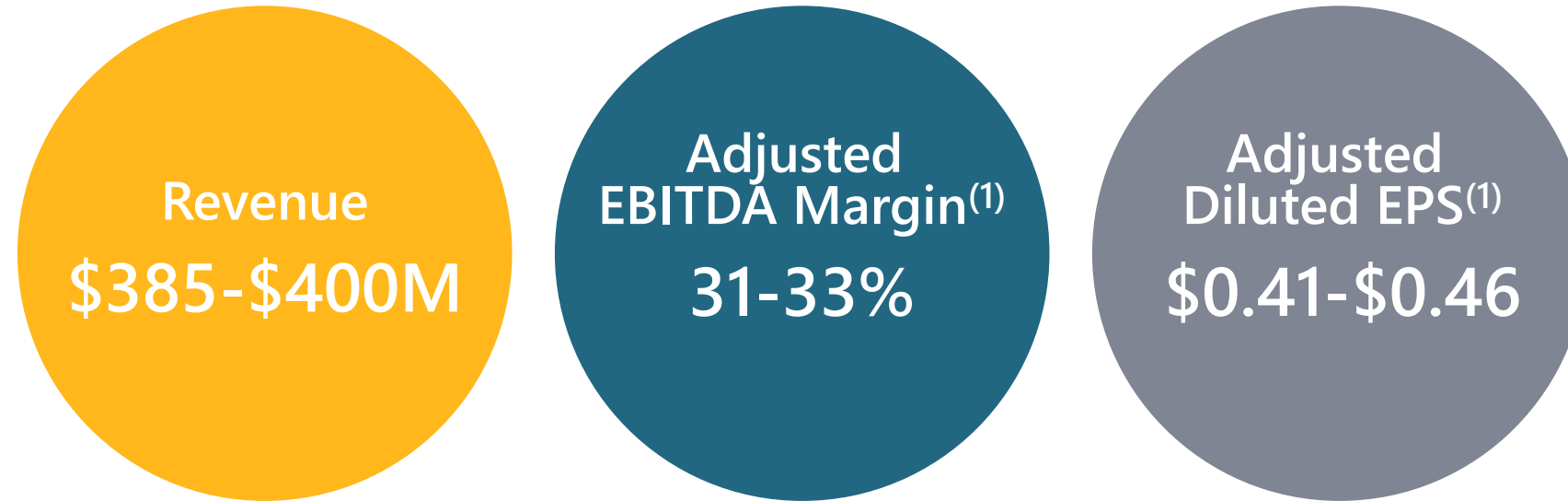
Tier ⁽¹⁾	Software Bookings	Services Bookings
I	 Declined compared to historical company averages, mainly due to timing of renewals	 Declined as expected due to difficult PY comparison, timing of certain deals
II	 Strongest area of growth in software bookings, driven by further adoption of biosimulation	 Declined as expected due to difficult PY comparison, timing of certain deals
III	 Growth in-line with historical company averages, driven by expansion to new customers	 Declined as expected due to cautious customer spending

Software bookings driven by expansion of biosimulation to new customers
Services bookings impacted by timing, cautious customer spending

(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

Initiated FY 2024 guidance



Key Assumptions 2024 Guidance

- Reported revenue growth of **9-13%**
- Full year adjusted EBITDA **expected to grow YoY**
- 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 May 7, 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	
	MARCH 31,	
	2024	2023
	(in thousands)	
Net income (loss)(a)	\$ (4,683)	\$ 1,358
Interest expense(a)	5,751	5,475
Interest income(a)	(2,574)	(1,354)
(Benefit from) Provision for income taxes(a)	(751)	1,111
Depreciation and amortization expense(a)	432	411
Intangible asset amortization(a)	15,996	13,113
Currency (gain) loss(a)	876	894
Equity-based compensation expense(b)	9,073	8,543
Change in fair value of contingent consideration(d)	2,878	1,261
Acquisition-related expenses(e)	1,714	1,192
Integration expense(f)	—	102
Reorganization expense(g)	51	—
Loss on disposal of fixed assets(h)	—	4
Executive recruiting expense(i)	380	196
Adjusted EBITDA	<u>\$ 29,143</u>	<u>\$ 32,306</u>

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

	THREE MONTHS ENDED MARCH 31,	
	2024	2023
	(in thousands)	
Net income (loss) (a)	\$ (4,683)	\$ 1,358
Currency (gain) loss(a)	876	894
Equity-based compensation expense(b)	9,073	8,543
Amortization of acquisition-related intangible assets(c)	13,348	11,256
Change in fair value of contingent consideration(d)	2,878	1,261
Acquisition-related expenses(e)	1,714	1,192
Integration expense(f)	—	102
Reorganization expense(g)	51	—
Loss on disposal of fixed assets(h)	—	4
Executive recruiting expense(i)	380	196
Income tax expense impact of adjustments(j)	(7,089)	(5,495)
Adjusted net income	<u>\$ 16,548</u>	<u>\$ 19,311</u>

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

	THREE MONTHS ENDED	
	MARCH 31,	
	2024	2023
	(In thousands except share and per share data)	
Diluted earnings per share(a)	\$ (0.03)	\$ 0.01
Currency (gain) loss(a)	0.01	0.01
Equity-based compensation expense(b)	0.05	0.04
Amortization of acquisition-related intangible assets(c)	0.08	0.07
Change in fair value of contingent consideration(d)	0.02	0.01
Acquisition-related expenses(e)	0.01	0.01
Integration expense(f)	—	—
Reorganization expense(g)	—	—
Loss on disposal of fixed assets(h)	—	—
Executive recruiting expense(i)	—	—
Income tax expense impact of adjustments(j)	(0.04)	(0.03)
Adjusted Diluted Earnings Per Share	\$ 0.10	\$ 0.12
Basic weighted average common shares outstanding	159,524,270	158,177,025
Effect of potentially dilutive shares outstanding (k)	889,094	1,550,387
Adjusted diluted weighted average common shares outstanding	160,413,364	159,727,412

Reconciliation of Revenues to the Revenues Adjusted for Constant Currency

	THREE MONTHS ENDED MARCH 31,			Change			
	2024	2024	2023	\$	%	\$	%
	Actual (GAAP)	CC (non-GAAP)	Actual (GAAP)	Actual (GAAP)	Actual (GAAP)	CC Impact (non-GAAP)	(non-GAAP)
(in thousands except percentage)							
Revenue							
Software	\$ 39,307	\$ 39,015	\$ 33,004	\$ 6,303	19%	\$ (292)	18%
Services	57,347	57,038	57,297	50	—%	(309)	—%
Total Revenue	\$ 96,654	\$ 96,053	\$ 90,301	\$ 6,353	7%	\$ (601)	6%

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 costs associated with mergers and acquisitions and any retention bonuses pursuant to the acquisitions.
- (f.) Represents integration costs related to post - acquisition integration activities.
- (g.) Represents expense related to reorganization, including legal entity reorganization and lease abandonment cost associated with the evaluation of our office space footprint
- (h.) Represents the gain/loss related to disposal of fixed assets.
- (i.) Represents recruiting and relocation expenses related to hiring senior executives.
- (j.) Represents the income tax effect of the non-GAAP adjustments calculated using the applicable statutory rate by jurisdiction.
- (k.) Represents potentially dilutive shares that were included from our GAAP diluted weighted average common shares outstanding.



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