



Second Quarter 2024 Financial Results

August 6, 2024



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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⁽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

2Q 2024 FINANCIALS



\$93.3M Revenue
3% GAAP YoY Growth
3% CC YoY Growth⁽⁴⁾

Net Income (**\$12.6M**)
PY \$4.7M

\$26.3M
Reported Adjusted
EBITDA⁽⁵⁾
PY \$32.4M

28% Adjusted EBITDA
Margin⁽⁵⁾

(1) As of 12/31/2023

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

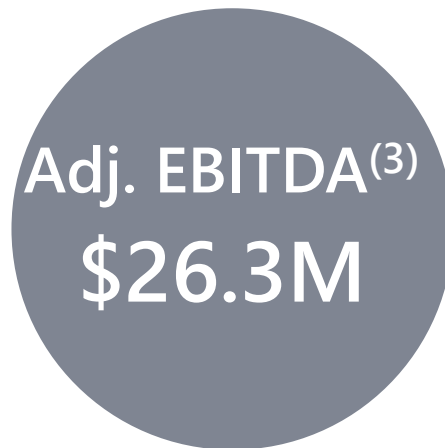
(3) Customer data as of 12/31/2023

(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

Second Quarter 2024



3% GAAP YoY change
3% CC YoY change⁽¹⁾

PY \$4.7M⁽²⁾

(19%)^{YoY} change

PY \$0.03

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

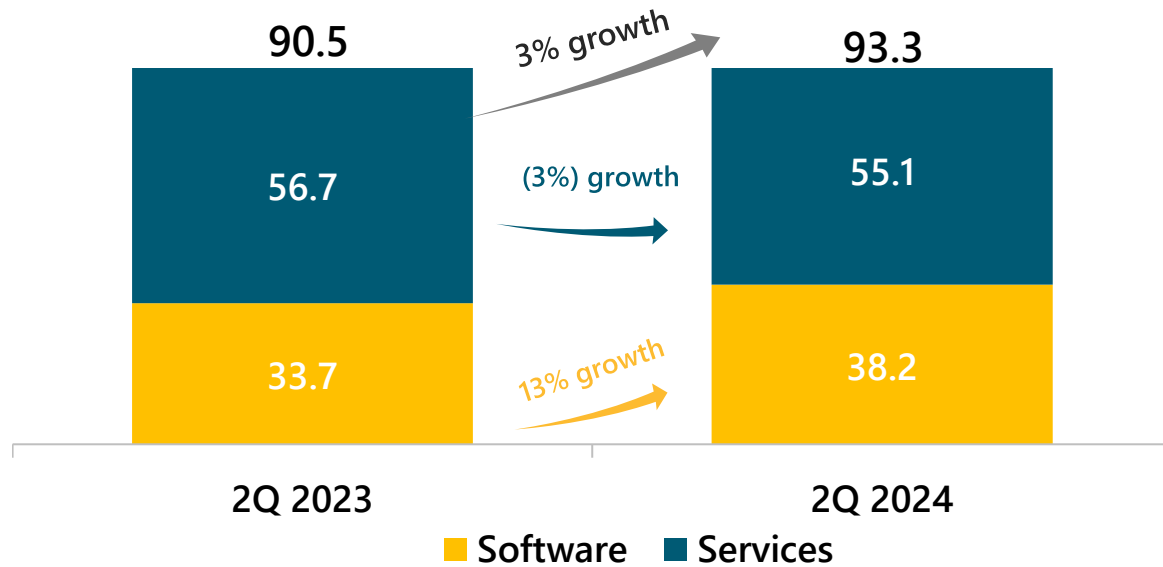
(3) See Appendix for reconciliation of net income (loss) to adjusted EBITDA

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

2Q 2024 Results - Revenue

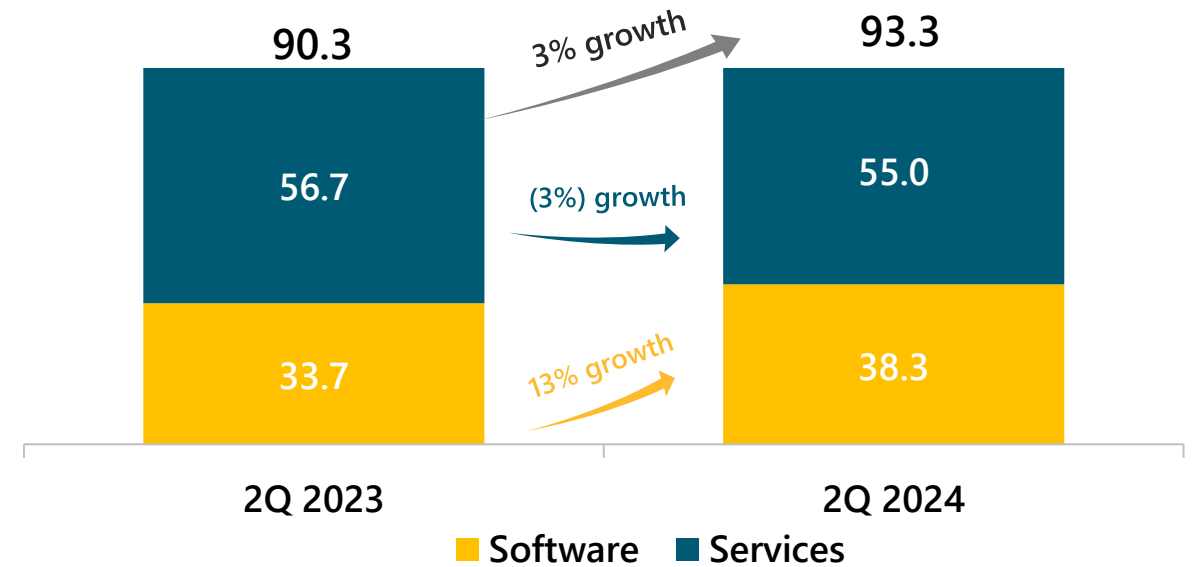
GAAP Reported Revenue

(\$Millions)



Constant Currency Revenue⁽¹⁾

(\$Millions)



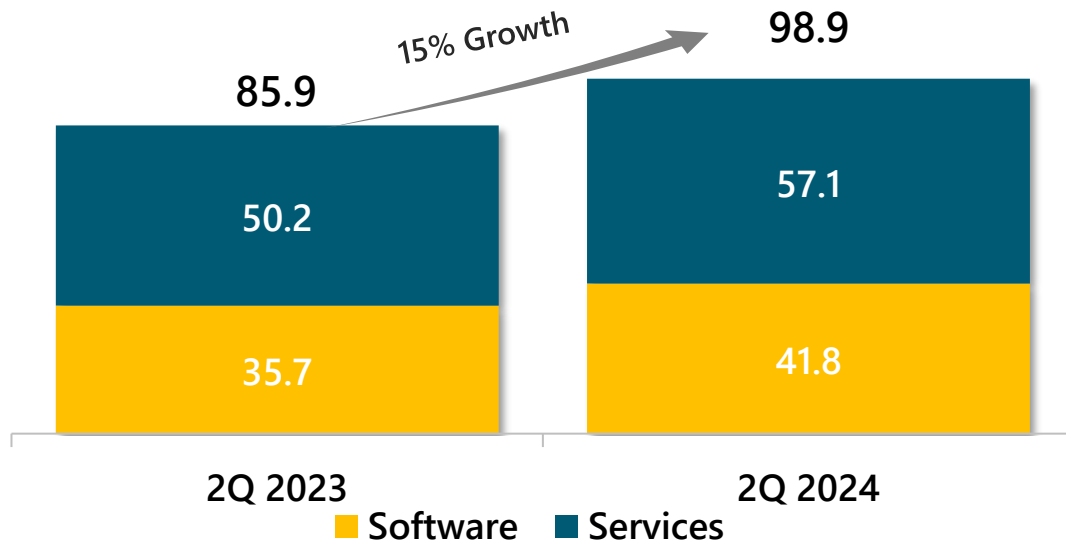
Certara reported 3% constant currency⁽¹⁾ revenue growth

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

2Q and TTM Results - Net Bookings

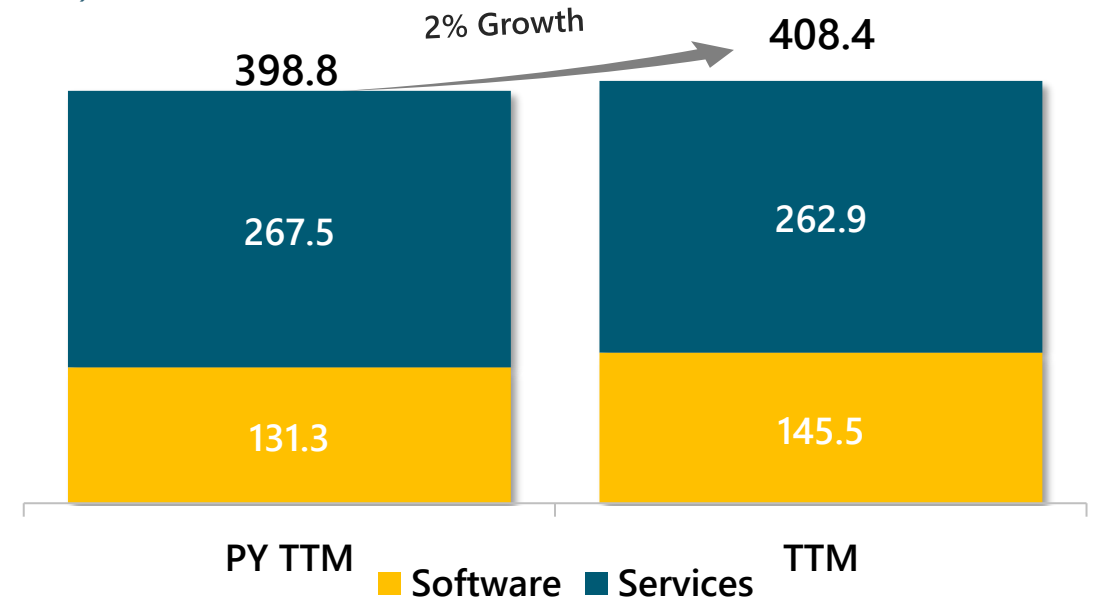
2Q Reported Net Bookings

(\$Millions)



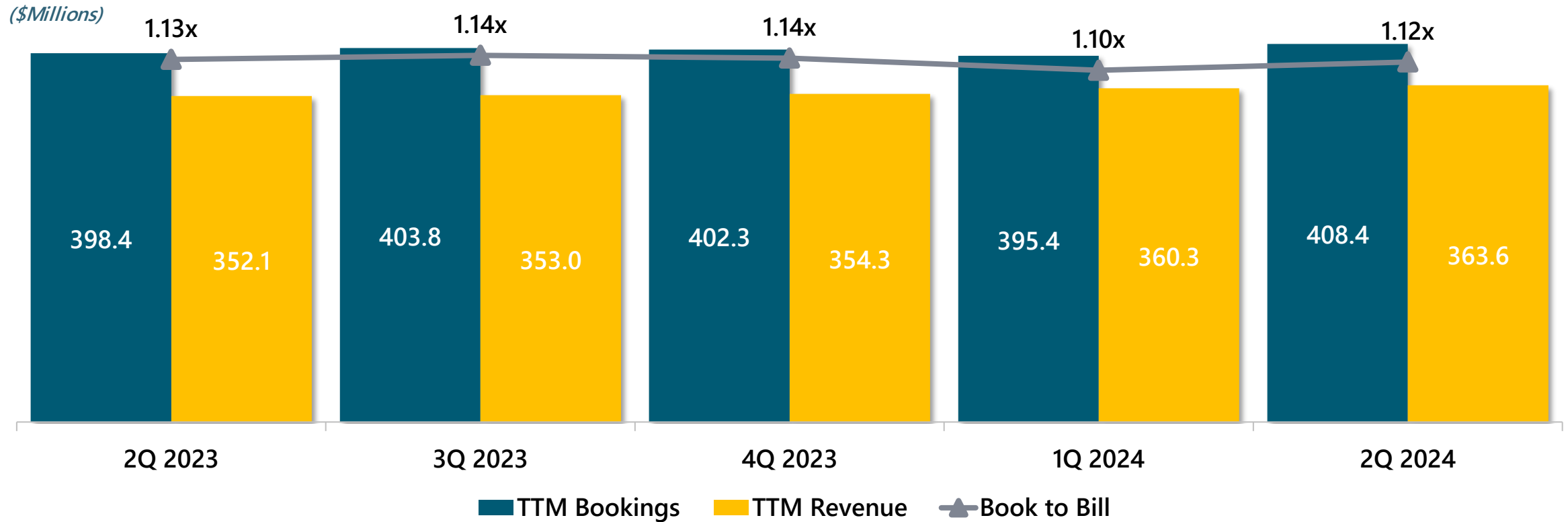
TTM Reported Net Bookings

(\$Millions)



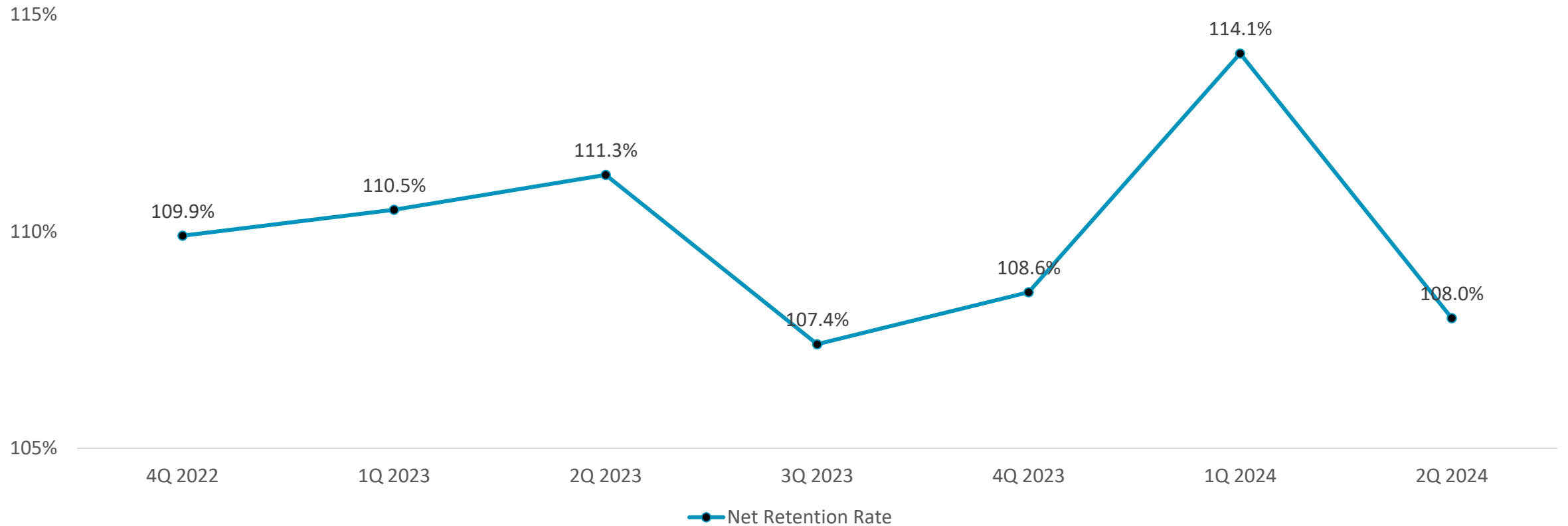
Trailing twelve months bookings are highly correlated with revenue and drive strong visibility

Historical TTM Book to Bill



Book to bill provides forward visibility into revenue growth

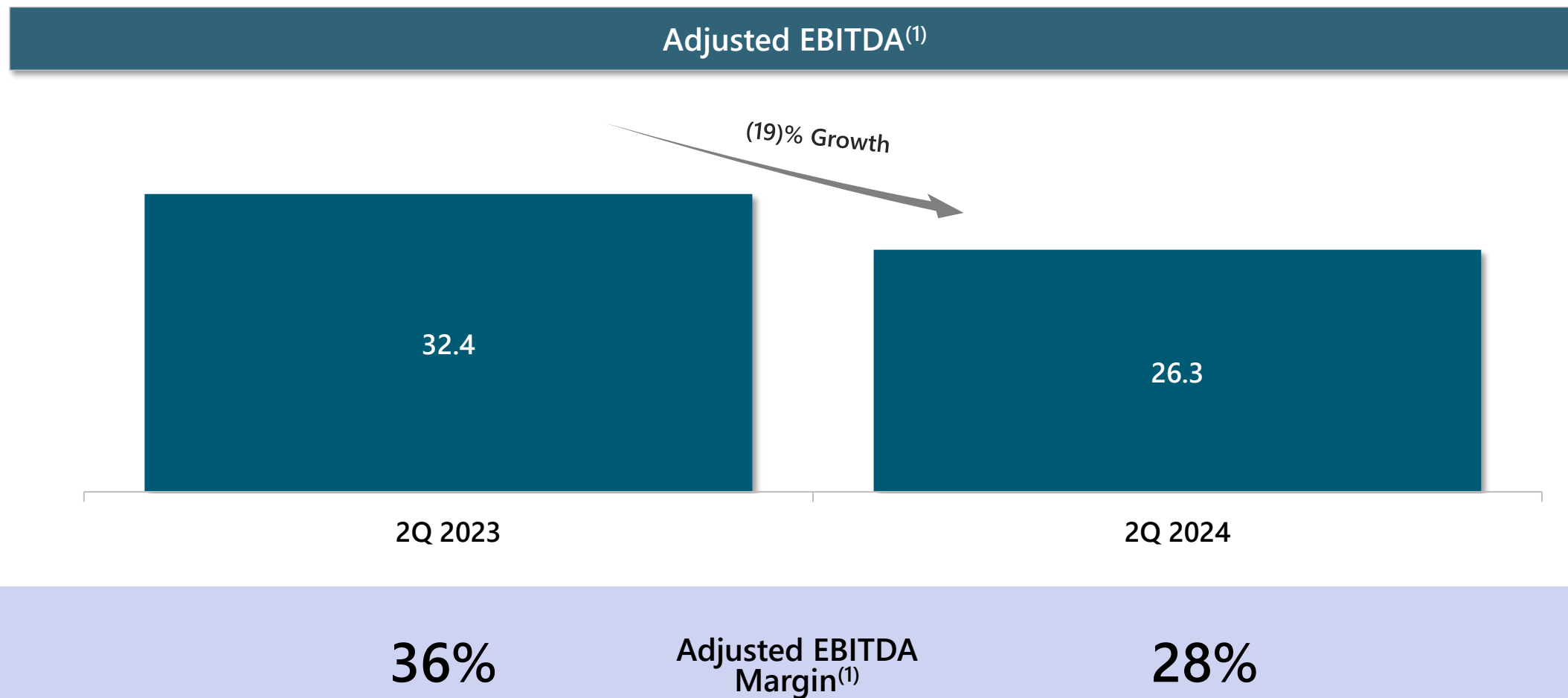
Historical Software Net Retention Rate (NRR)⁽¹⁾



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.

2Q 2024 Results – Adjusted EBITDA



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

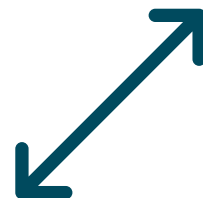
2Q24 Business Updates

Key Takeaways from Second Quarter Performance:



Mixed Environment Reflected in 2Q Results

- Strong software performance driven by commercial execution, solid NRR and strength in core software.
- Services performance impacted by T1 spending hesitancy & portfolio evaluation, as well as internal reallocation of resources.



Expanding the Breadth of our Software Platform

- Announced the signing of an acquisition agreement with Chemaxon⁽¹⁾, expanding Certara's Biosimulation portfolio in the discovery market.
- Annual Simcyp update adds additional functionality for drug-drug interaction, biopharmaceuticals, regulatory compliance.
- CoAuthor launch driving interest in Certara's AI Capabilities, unlocking additional efficiencies internally.



Strategic Reallocation of Resources

- Optimizing investment cadence and organizational structure to ensure appropriate investment in growth areas of the business.
- Continued focus on the software and AI opportunity, with slowed investment in sales and marketing.

(1) The acquisition is expected to close in Q4, subject to customary closing conditions.

2Q24 Bookings YoY Trends – Pharma/Biotech Customers

Tier⁽¹⁾

Software Bookings | +17% y/y

Services Bookings | +14% y/y

I



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



Declined due to prolonged customer spending hesitancy and evaluation of pipeline priorities

II



Declined y/y due to timing of renewals, YTD growth in line with historical performance



Increased y/y due to modest improvement in customer spending cadence

III



Strongest area of growth in software bookings, driven by further adoption of biosimulation



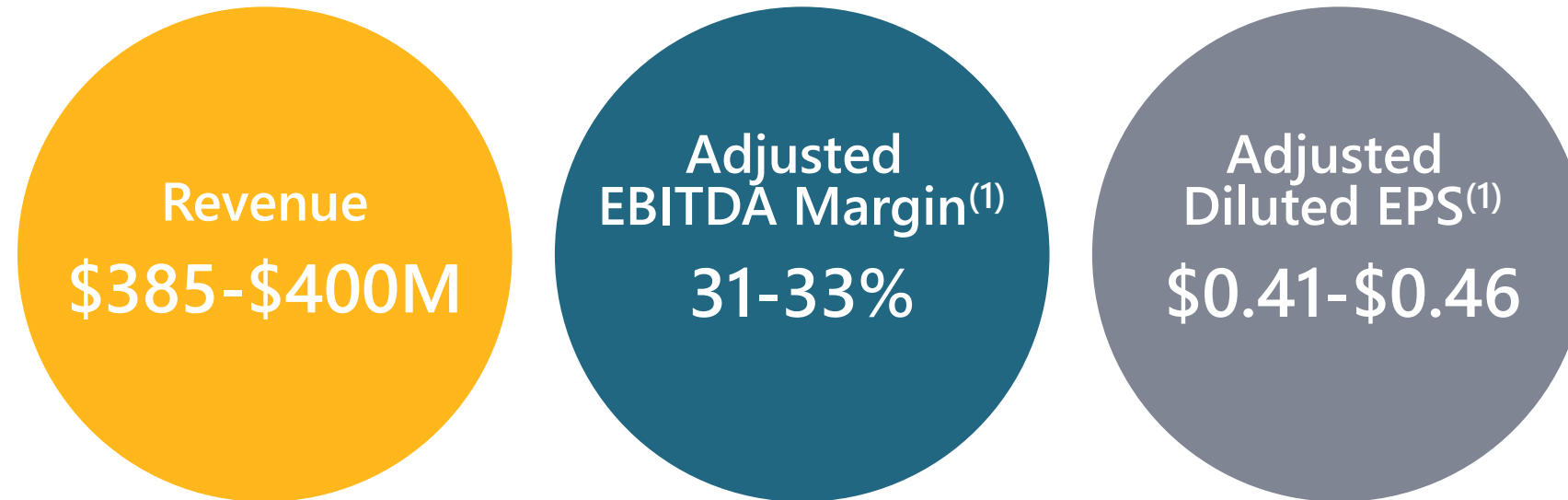
Increased y/y in the second quarter and YTD driven by encouraging customer spending trends

Software bookings driven by expansion of biosimulation to new customers
Services bookings improvement in Tier 3 offset by customer spending hesitancy in Tier 1

(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

Reiterated 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 August 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 JUNE 30		SIX MONTHS ENDED JUNE 30,	
	2024	2023	2024	2023
	(in thousands)			
Net income (loss)(a)	\$(12,574)	\$4,706	\$(17,257)	\$6,064
Interest expense(a)	5,578	5,668	11,329	11,143
Interest income(a)	(2,486)	(2,210)	(5,060)	(3,564)
(Benefit from) Provision for income taxes(a)	305	3,675	(446)	4,786
Depreciation and amortization expense(a)	451	361	883	772
Intangible asset amortization(a)	16,146	13,173	32,142	26,286
Currency (gain) loss(a)	104	1,120	980	2,014
Equity-based compensation expense(b)	9,783	3,610	18,856	12,153
Change in fair value of contingent	2,783	1,298	5,661	2,559
Acquisition-related expenses(e)	1,073	692	2,787	1,884
Integration expense(f)	—	55	—	157
Transaction - related expenses (g)	2,753	—	2,753	—
Severance expense(h)	183	—	183	—
Reorganization expense(i)	2,163	—	2,214	—
Loss on disposal of fixed assets(j)	13	25	13	29
Executive recruiting expense(k)	43	200	423	396
Adjusted EBITDA	<u>\$26,318</u>	<u>\$32,373</u>	<u>\$55,461</u>	<u>\$64,679</u>

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

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30,		JUNE 30,	
	2024	2023	2024	2023
	(in thousands)			
Net income (loss) (a)	\$(12,574)	\$4,706	\$(17,257)	\$6,064
Currency (gain) loss(a)	104	1,120	980	2,014
Equity-based compensation expense(b)	9,783	3,610	18,856	12,153
Amortization of acquisition-related intangible assets(c)	13,342	11,259	26,690	22,515
Change in fair value of contingent consideration(d)	2,783	1,298	5,661	2,559
Acquisition-related expenses(e)	1,073	692	2,787	1,884
Integration expense(f)	—	55	—	157
Transaction - related expenses (g)	2,753	—	2,753	—
Severance expense(h)	183	—	183	—
Reorganization expense(i)	2,163	—	2,214	—
Loss on disposal of fixed assets(j)	13	25	13	29
Executive recruiting expense(k)	43	200	423	396
Income tax expense impact of adjustments(l)	<u>(8,273)</u>	<u>(4,602)</u>	<u>(15,362)</u>	<u>(10,097)</u>
Adjusted net income	<u>\$11,393</u>	<u>\$18,363</u>	<u>\$27,941</u>	<u>\$37,674</u>

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

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2024	2023	2024	2023
Diluted earnings per share(a)	\$(0.08)	\$0.03	\$(0.11)	\$0.04
Currency (gain) loss(a)	—	0.01	0.01	0.01
Equity-based compensation expense(b)	0.06	0.02	0.12	0.08
Amortization of acquisition-related intangible assets(c)	0.08	0.07	0.17	0.14
Change in fair value of contingent consideration(d)	0.02	0.01	0.03	0.02
Acquisition-related expenses(e)	0.01	0.01	0.02	0.01
Integration expense(f)	—	—	—	—
Transaction - related expenses (g)	0.02	—	0.02	—
Severance expense(h)	—	—	—	—
Reorganization expense(i)	0.01	—	0.01	—
Loss on disposal of fixed assets(j)	—	—	—	—
Executive recruiting expense(k)	—	—	—	—
Income tax expense impact of adjustments(l)	(0.05)	(0.03)	(0.10)	(0.06)
Adjusted Diluted Earnings Per Share	<u>\$0.07</u>	<u>\$0.12</u>	<u>\$0.17</u>	<u>\$0.24</u>
Basic weighted average common shares outstanding	160,505,223	158,955,822	160,014,746	158,568,575
Effect of potentially dilutive shares outstanding (m)	<u>961,455</u>	<u>951,150</u>	<u>925,274</u>	<u>1,249,113</u>
Adjusted diluted weighted average common shares outstanding	161,466,678	159,906,972	160,940,020	159,817,688

Reconciliation of Revenues to the Revenues Adjusted for Constant Currency

THREE MONTHS ENDED JUNE 30,

				Change			
	<u>2024</u>	<u>2024</u>	<u>2023</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
	Actual	CC	Actual	Actual	Actual	CC Impact	Adjust for
	(GAAP)	(non-GAAP)	(GAAP)	(GAAP)	(GAAP)	(non-GAAP)	CC
							(non-GAAP)
	(in thousands except percentage)						
Revenue							
Software	\$38,207	\$38,267	\$33,723	\$4,484	13%	\$60	13%
Services	55,106	55,019	56,727	(1,621)	(3)%	\$(87)	(3)%
Total Revenue	\$93,313	\$93,286	\$90,450	\$2,863	3%	\$(27)	3%

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 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.
- (h) Represents charges for severance provided to former executives.
- (i) Represents expense related to reorganization, including legal entity reorganization and lease abandonment cost associated with the evaluation of our office space footprint
- (j) Represents the gain/loss related to disposal of fixed assets.
- (k) Represents recruiting and relocation expenses related to hiring senior executives.
- (l) Represents the income tax effect of the non-GAAP adjustments calculated using the applicable statutory rate by jurisdiction.
- (m) Represents potentially dilutive shares that were included from our GAAP diluted weighted average common shares outstanding.



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Accelerating Medicines, Together