CERTARA

Third Quarter 2023 Financial Results

November 8, 2023

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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 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

1,200+ Employees

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

17 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

$13B TAM growing at **9-17%** CAGR[2]

CUSTOMERS[3]

2,300+
Customers across 70 countries

10+ Year
Average tenure for top 30 customers

370 customers with ACV > $100,000

57 customers with ACV > $1M

3Q23 FINANCIALS

$**85.6M** Revenue

1% GAAP YoY Growth
0% CC YoY Growth[4]

Net Income **($49.0M)** [5]
PY $3.9M

$28.8M
Reported Adjusted EBITDA[6]
PY $32.7M

34% Adjusted EBITDA Margin[6]

(1) As of 12/31/2022
(2) Market research reports from Grand View and SpendEdge; as of 2023
(3) Customer data as of 12/31/2022
(4) See Appendix for reconciliation of GAAP revenue to constant currency (non-GAAP revenue)
(5) Net Income includes a $47.0 million goodwill impairment expense in the third quarter of 2023 related to the Regulatory business
(6) See Appendix for reconciliation of net income (loss) to adjusted EBITDA

Financial Highlights

Third Quarter 2023

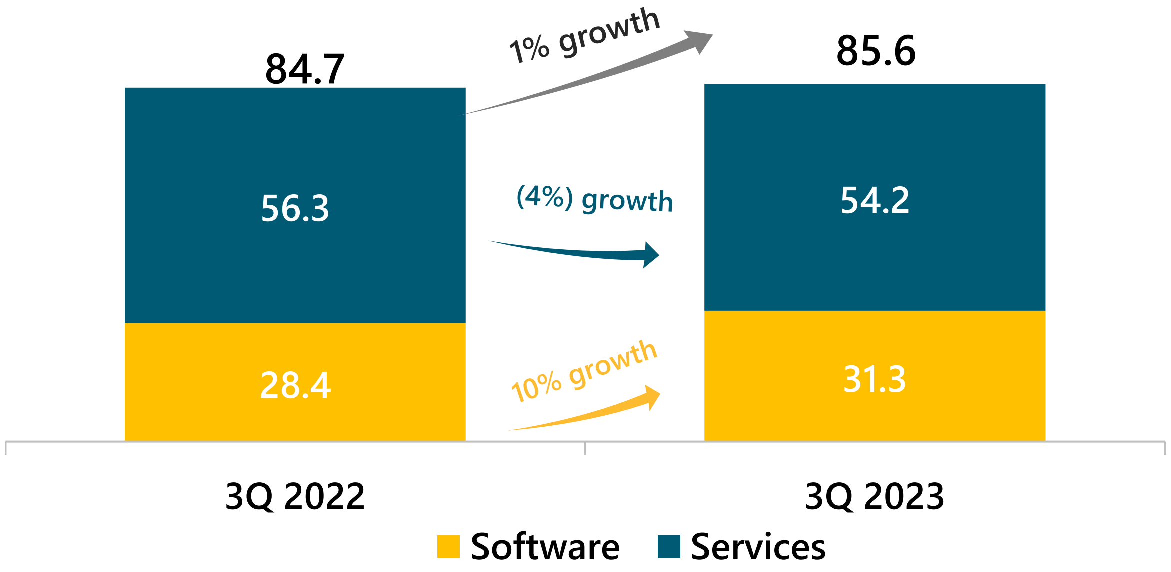
Revenue	Net Income(2)	Adj. EBITDA(3)	Diluted EPS	Adjusted Diluted EPS(4)
$85.6M	($49.0M)	$28.8M	($0.31)	$0.11
1% GAAP YoY change 0% CC YoY change(1)	PY $3.9M	PY $32.7M	PY $0.02	PY $0.10

(1) See Appendix for reconciliation of GAAP revenue to constant currency (non-GAAP revenue)
(2) Net Income includes a $47.0 million goodwill impairment expense in the third quarter of 2023 related to the Regulatory business
(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 2023 Results - Revenue

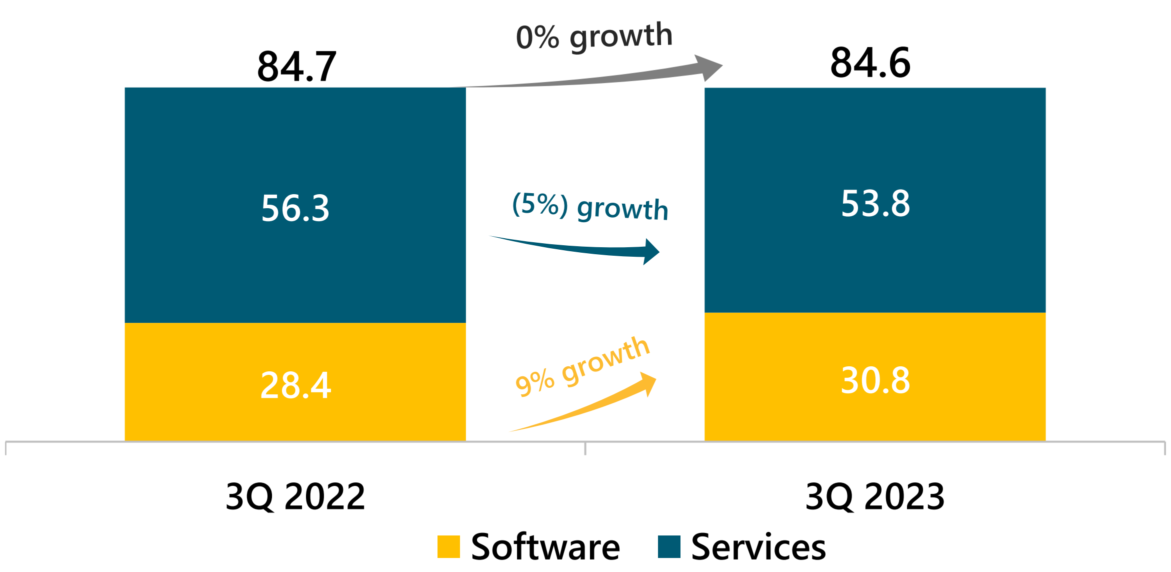
GAAP Reported Revenue

($Millions)



Constant Currency Revenue(1)

($Millions)



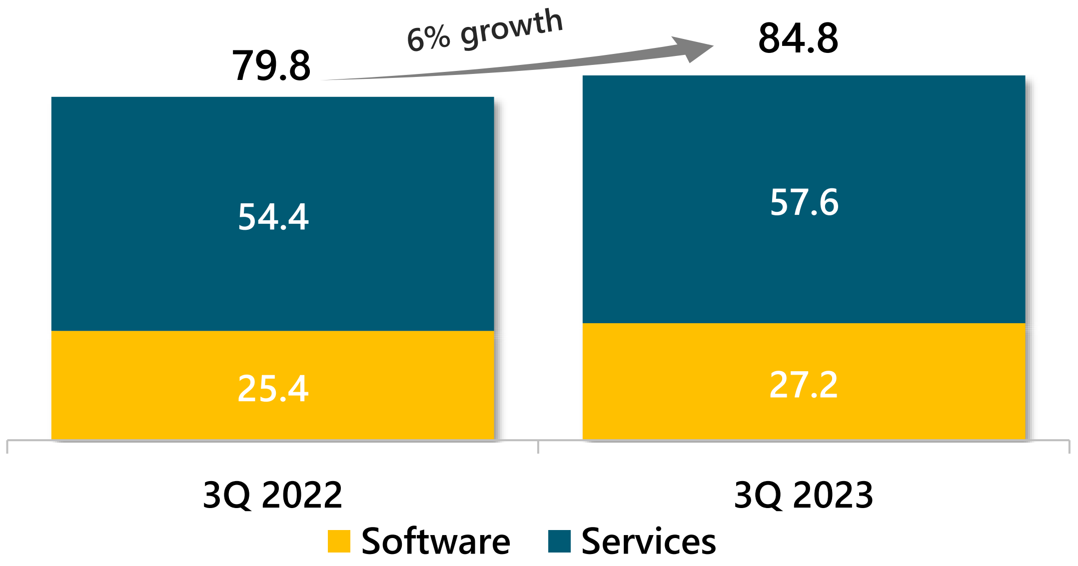
Certara reported 1% revenue growth

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

3Q and TTM Results - Net Bookings

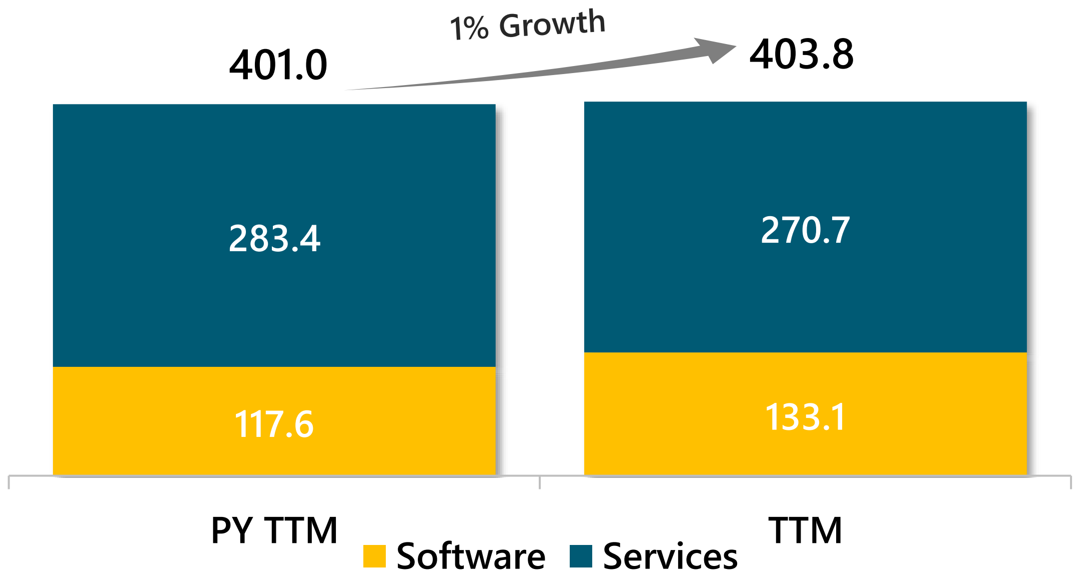
3Q Reported Net Bookings

($Millions)



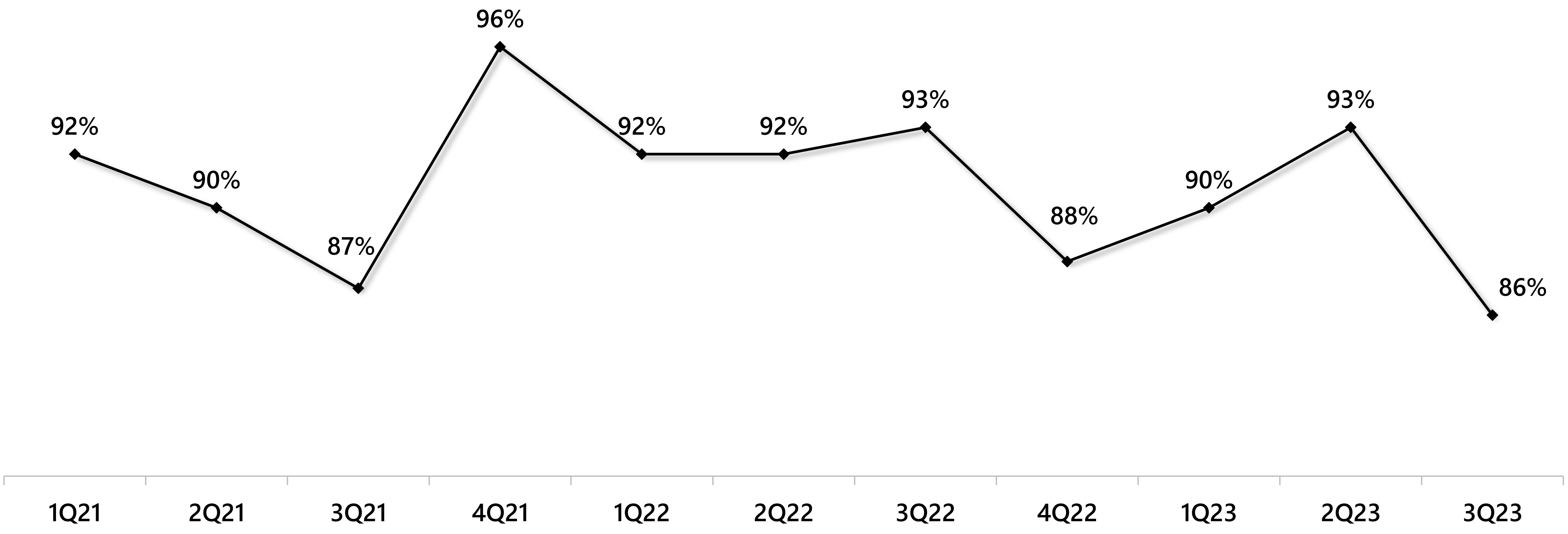
TTM Reported Net Bookings

($Millions)



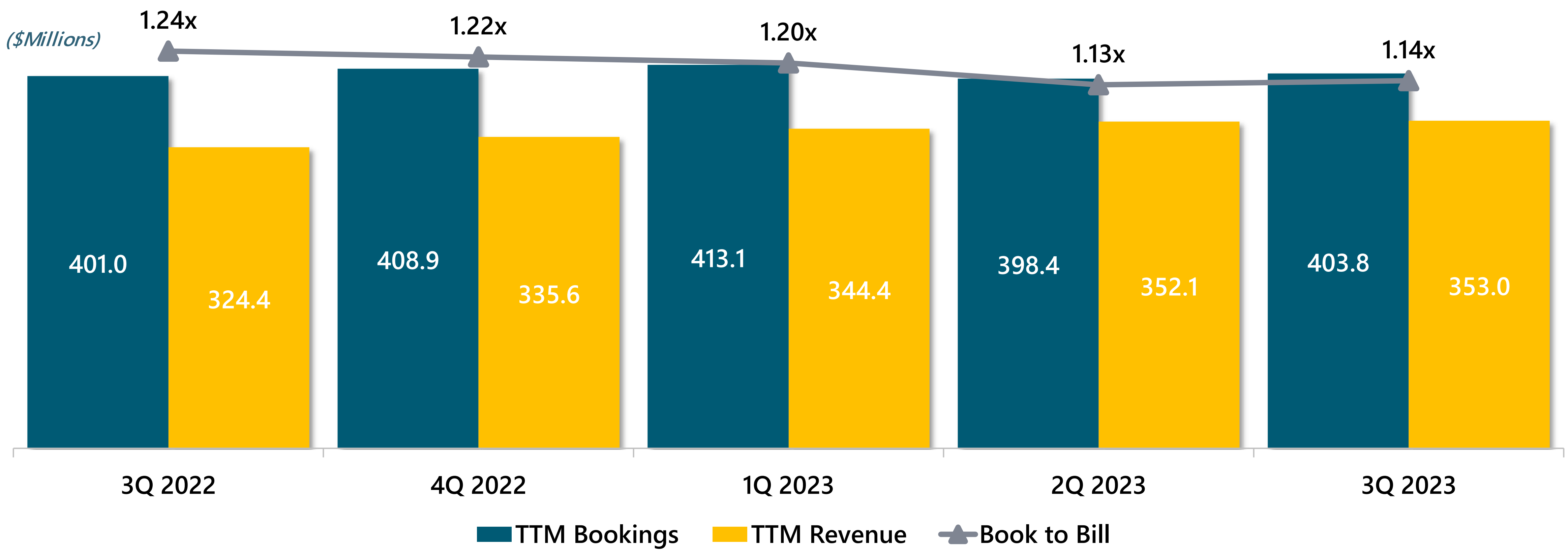
Trailing twelve months bookings are highly correlated with revenue and drive strong visibility

Software Historical Aggregate Renewal Rate (ARR)



Certara has delivered a consistently high ARR over time

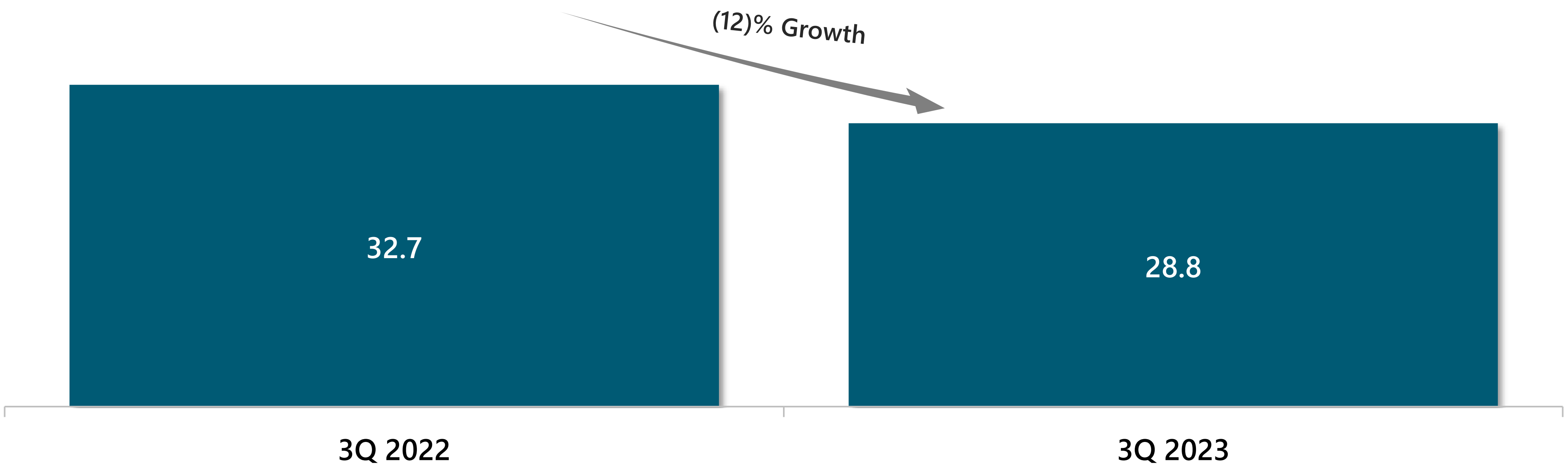
Historical TTM Book to Bill



Book to bill provides forward visibility into revenue growth

3Q 2023 Results – Adjusted EBITDA

Adjusted EBITDA[1]



39%	Adjusted EBITDA Margin[1]	34%

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

3Q23 Business Updates

Key Takeaways from Third Quarter Performance:

Early Signs of Market Stabilization

- Stabilization in activity across the portfolio, highlighted by recovery from 2Q lows in regulatory & biosimulation services bookings
- 3Q bookings from small biopharma customers were strong, growing +HSD y/y and >20% sequentially

Innovative Software Development

- Introduction of CoAuthor AI/ML enhanced regulatory software with potential to drive substantial writing and documentation efficiency over time
- Addition of SDTM formatting automation, data management features to Pinnacle21 offering solidify end-to-end offering for clinical trial data management

Reaping the Benefits of Strategic Changes

- Commercial reorganization driving cross-selling opportunities across the portfolio, streamlining new customer acquisition
- Combined services organization improving trends in bookings, spreading adoption of biosimulation services

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3Q23 Bookings Trends – Pharma/Biotech Customers

Tier[(1)]	Software Bookings	Services Bookings
I	Average deal size had strong growth, offset by lower deal count related to timing	Growth in-line with historical company averages, driven by increase in average deal size
II	Strongest area of growth in software bookings, driven by further adoption of biosimulation	Decline in deal size and deal count was within normal scope of volatility given customer concentration
III	Growth in-line with historical company averages, driven by increase in average deal size	Growth in-line with historical company averages, driven by increase in average deal size

Services bookings growth recovered to historical averages despite volatility among Tier 2 customers, Software bookings impacted by renewal timing

(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.

2023 Outlook

Reiterated full-year 2023 guidance:

Revenue
$345-$360M

Adjusted EBITDA[1]
$120-$128M

Adjusted Diluted EPS[1]
$0.44-$0.48

Key Assumptions 2023 Guidance

- Reported revenue growth of **3-7%**
- **35-36%** EBITDA Margin
- Fully diluted shares expected to be in the range of **159-162M**
- Tax rate expected to be **25-30%**

This financial guidance is provided as of November 8, 2023, 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,	
	2023	2022	2023	2022
	(in thousands)			
Net income (loss)(a)	$ (48,965)	$ 3,936	$ (42,901)	$ 5,557
Interest expense(a)	5,903	5,221	17,046	12,328
Interest income(a)	(2,864)	(322)	(6,428)	(347)
(Benefit from) Provision for income taxes(a)	(4,644)	4,557	142	9,473
Depreciation and amortization expense(a)	367	417	1,139	1,321
Intangible asset amortization(a)	13,813	12,846	40,099	38,007
Currency (gain) loss(a)	(2,179)	(2,376)	(165)	(5,639)
Equity-based compensation expense(b)	8,645	6,804	20,798	23,818
Change in fair value of contingent consideration(d)	8,757	—	11,316	—
Goodwill impairment expense(e)	46,984	—	46,984	—
Acquisition-related expenses(f)	1,392	253	3,276	1,331
Integration expense(g)	33	—	190	—
Transaction-related expenses(h)	—	596	—	724
Severance expenses(i)	—	722	—	722
Reorganization expense(j)	1,602	—	1,602	—
Loss on disposal of fixed assets(k)	—	49	29	56
Executive recruiting expense(l)	—	—	396	—
First-year Sarbanes-Oxley implementation costs(m)	—	—	—	961
Adjusted EBITDA	$ 28,844	$ 32,703	$ 93,523	$ 88,312

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

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2023	2022	2023	2022
	(in thousands)			
Net income (loss) (a)	$ (48,965)	$ 3,936	$ (42,901)	$ 5,557
Currency (gain) loss(a)	(2,179)	(2,376)	(165)	(5,639)
Equity-based compensation expense(b)	8,645	6,804	20,798	23,818
Amortization of acquisition-related intangible assets(c)	11,377	10,921	33,892	32,900
Change in fair value of contingent consideration(d)	8,757	—	11,316	—
Goodwill impairment expense(e)	46,984	—	46,984	—
Acquisition-related expenses(f)	1,392	253	3,276	1,331
Integration expense(g)	33	—	190	—
Transaction-related expenses(h)	—	596	—	724
Severance expenses(i)	—	722	—	722
Reorganization expense(j)	1,602	—	1,602	—
Loss on disposal of fixed assets(k)	—	49	29	56
Executive recruiting expense(l)	—	—	396	—
First-year Sarbanes-Oxley implementation costs(m)	—	—	—	961
Income tax expense impact of adjustments(n)	(10,572)	(4,257)	(20,669)	(12,236)
Adjusted net income	$ 17,074	$ 16,648	$ 54,748	$ 48,194

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

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2023	2022	2023	2022
	(In thousands except share and per share data)			
Diluted earnings per share(a)	$ (0.31)	$ 0.02	$ (0.27)	$ 0.03
Currency (gain) loss(a)	(0.01)	(0.01)	—	(0.04)
Equity-based compensation expense(b)	0.06	0.05	0.13	0.16
Amortization of acquisition-related intangible assets(c)	0.07	0.07	0.21	0.21
Change in fair value of contingent consideration(d)	0.05	—	0.07	—
Goodwill impairment expense(e)	0.30	—	0.30	—
Acquisition-related expenses(f)	0.01	—	0.02	0.01
Integration expense(g)	—	—	—	—
Transaction-related expenses(h)	—	—	—	—
Severance expenses(i)	—	—	—	—
Reorganization expense(j)	0.01		0.01	
Loss on disposal of fixed assets(k)	—	—	—	—
Executive recruiting expense(l)	—	—	—	—
First-year Sarbanes-Oxley implementation costs(m)	—	—	—	0.01
Income tax expense impact of adjustments(n)	(0.07)	(0.03)	(0.13)	(0.08)
Adjusted Diluted Earnings Per Share	$ 0.11	$ 0.10	$ 0.34	$ 0.30
Basic weighted average common shares outstanding	159,165,206	157,140,166	158,769,638	156,523,022
Effect of potentially dilutive shares outstanding (o)	742,488	2,447,479	1,078,382	2,869,512
Adjusted diluted weighted average common shares	159,907,694	159,587,645	159,848,020	159,392,534

Reconciliation of Revenues to the Revenues Adjusted for Constant Currency

	THREE MONTHS ENDED SEPTEMBER 30,			CHANGE			
	2023	2023	2022	$	%	$	%
	Actual (GAAP)	CC (non-GAAP)	Actual (GAAP)	Actual (GAAP)	Actual (GAAP)	CC Impact (non-GAAP)	(non-GAAP)
	(in thousands except percentage)						
Revenue							
Software	$ 31,331	$ 30,818	$ 28,392	$ 2,939	10%	$ (513)	9%
Services	54,245	53,756	56,308	(2,063)	-4%	(489)	-5%
Total Revenue	$ 85,576	$ 84,574	$ 84,700	$ 876	1%	$ (1,002)	—%

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.

(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 first-year Sarbanes-Oxley costs for accounting and consulting fees related to the Company's preparation to comply with Section 404 of the Sarbanes-Oxley Act, as well as implementation cost of adopting ASC 842.

(n) Represents the income tax effect of the non-GAAP adjustments calculated using the applicable statutory rate by jurisdiction.

(o) Represents potentially dilutive shares that were included from our GAAP diluted weighted average common shares outstanding.

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