Fourth Quarter & Full Year 2023 Financial Results

February 29, 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.

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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

FY 2023 FINANCIALS

$**354.3M** Revenue

6% GAAP YoY Growth
6% CC YoY Growth[4]

Net Income **($55.4M)**[5]
PY $14.7M

$123.1M
Reported Adjusted EBITDA[6]
PY $120.2M

35% Adjusted EBITDA Margin[6]

(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) Net Income includes a $47.0 million goodwill impairment expense in the third quarter of 2023 related to the Regulatory business; Includes $12.8 million increase in fair value related to remeasurement of contingent considerations primarily related to Vyasa Analytics due to performance of the business
(6) See Appendix for reconciliation of net income (loss) to adjusted EBITDA

Financial Highlights

Full Year 2023

Revenue	Net Income[2]	Adj. EBITDA[4]	Diluted EPS	Adjusted Diluted EPS[5]
$354.3M	($55.4M)	$123.1M	($0.35)	$0.43
6% GAAP YoY change 6% CC YoY change[1]	PY $14.7M[3]	2% YoY change	PY $0.09	PY $0.46

(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 and Includes a $12.8 million increase in fair value related to remeasurement of contingent considerations primarily related to Vyasa Analytics due to performance of the business
(3) YoY growth cannot be represented by a percentage, due to negative current year Net Income
(4) See Appendix for reconciliation of net income (loss) to adjusted EBITDA
(5) See Appendix for reconciliation of Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share

Financial Highlights

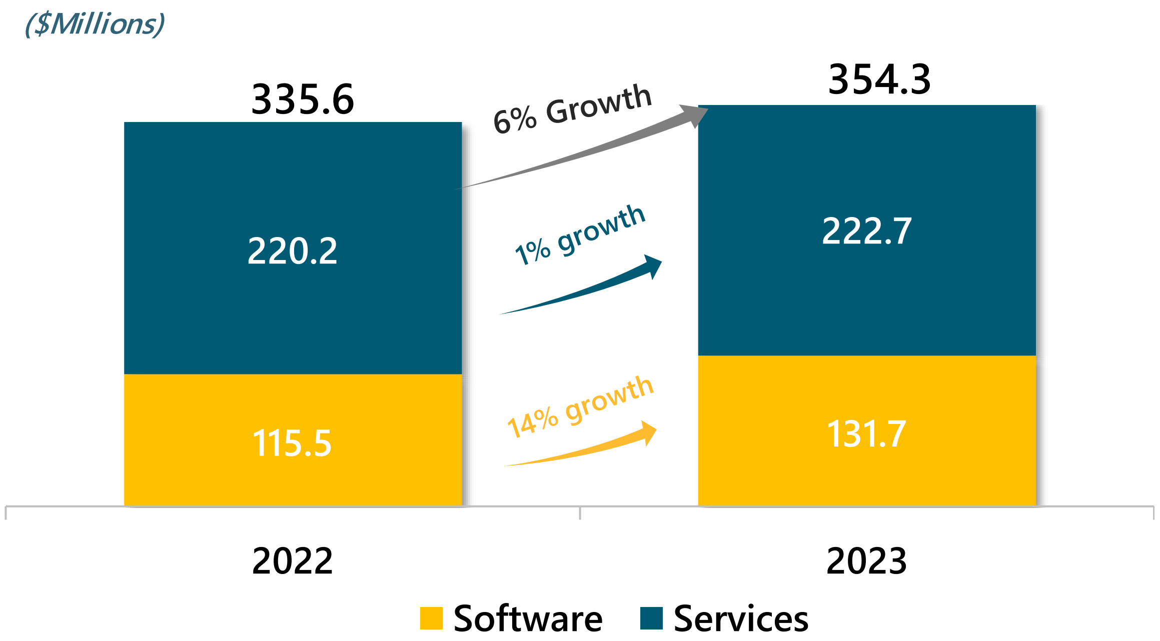
Fourth Quarter 2023

Revenue	Net Income(2)	Adj. EBITDA(4)	Diluted EPS	Adjusted Diluted EPS(5)
$88.0M	($12.5M)	$29.6M	($0.08)	$0.09
2% GAAP YoY change 1% CC YoY change(1)	PY $9.2M(3)	(7%) YoY change	PY $0.06	PY $0.16

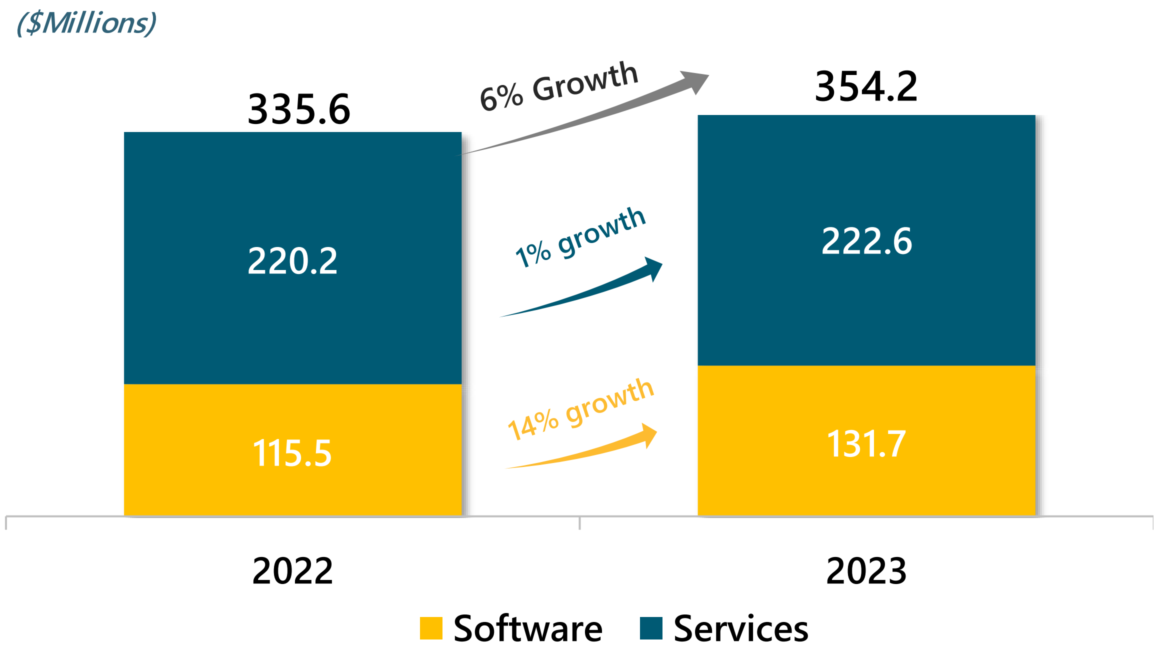
(1) See Appendix for reconciliation of GAAP revenue to constant currency (non-GAAP revenue)
(2) Net Income Includes a $12.8 million increase in fair value related to remeasurement of contingent considerations primarily related to Vyasa Analytics due to performance of the business
(3) YoY growth cannot be represented by a percentage, due to negative current year Net Income
(4) See Appendix for reconciliation of net income (loss) to adjusted EBITDA
(5) See Appendix for reconciliation of Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share

Full Year 2023 Results - Revenue

GAAP Reported Revenue



Constant Currency Revenue[1]



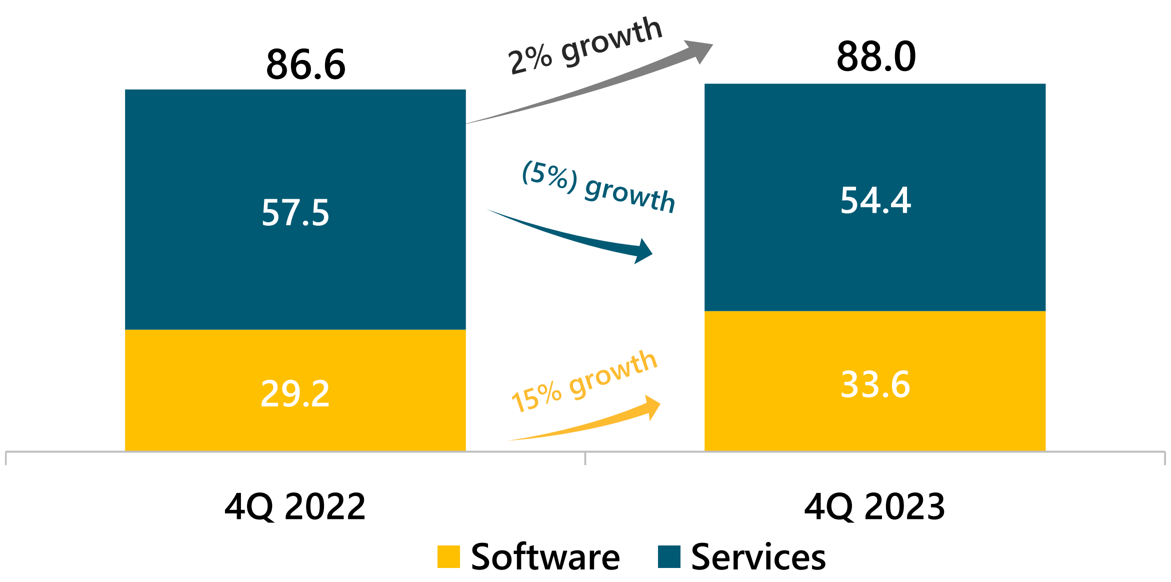
Certara reported 6% constant currency[1] revenue growth

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

4Q 2023 Results - Revenue

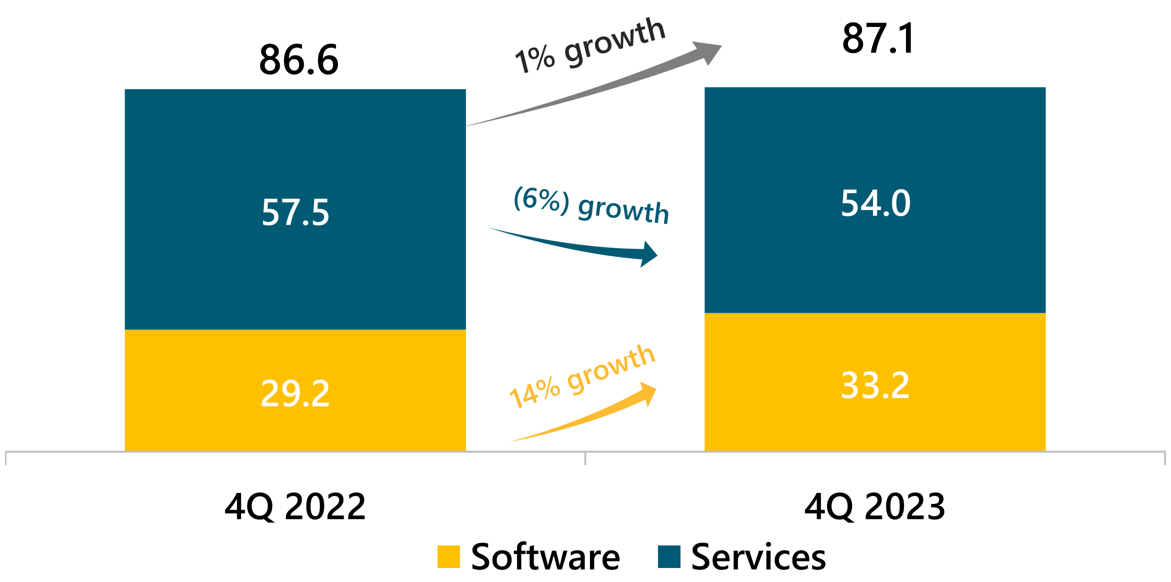
GAAP Reported Revenue

($Millions)



Constant Currency Revenue(1)

($Millions)

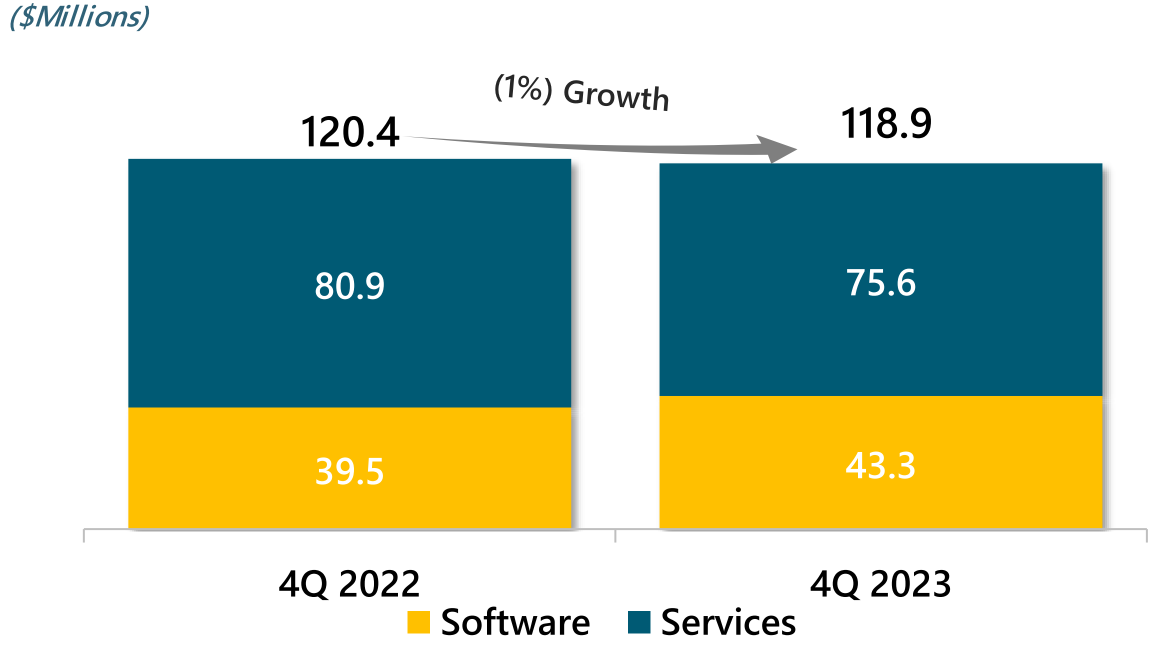


Certara reported 1% constant currency(1) revenue growth

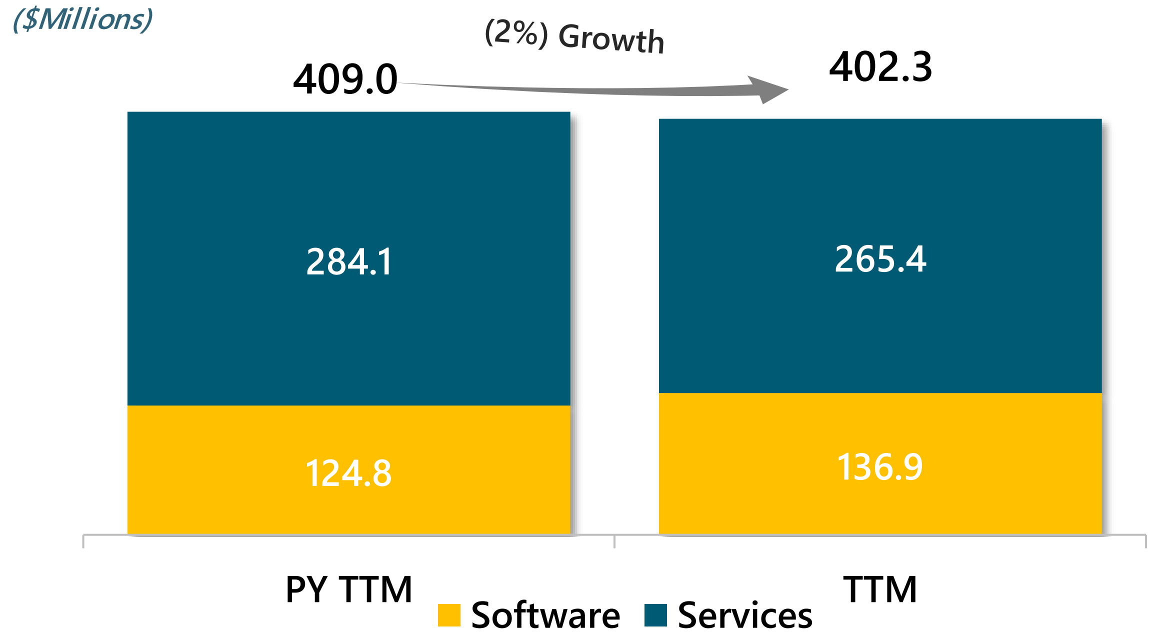
(1) See Appendix for reconciliation of GAAP revenue to constant currency (non-GAAP revenue)

4Q and TTM 2023 Results - Net Bookings

4Q Reported Net Bookings



TTM (Full Year) Reported Net Bookings



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

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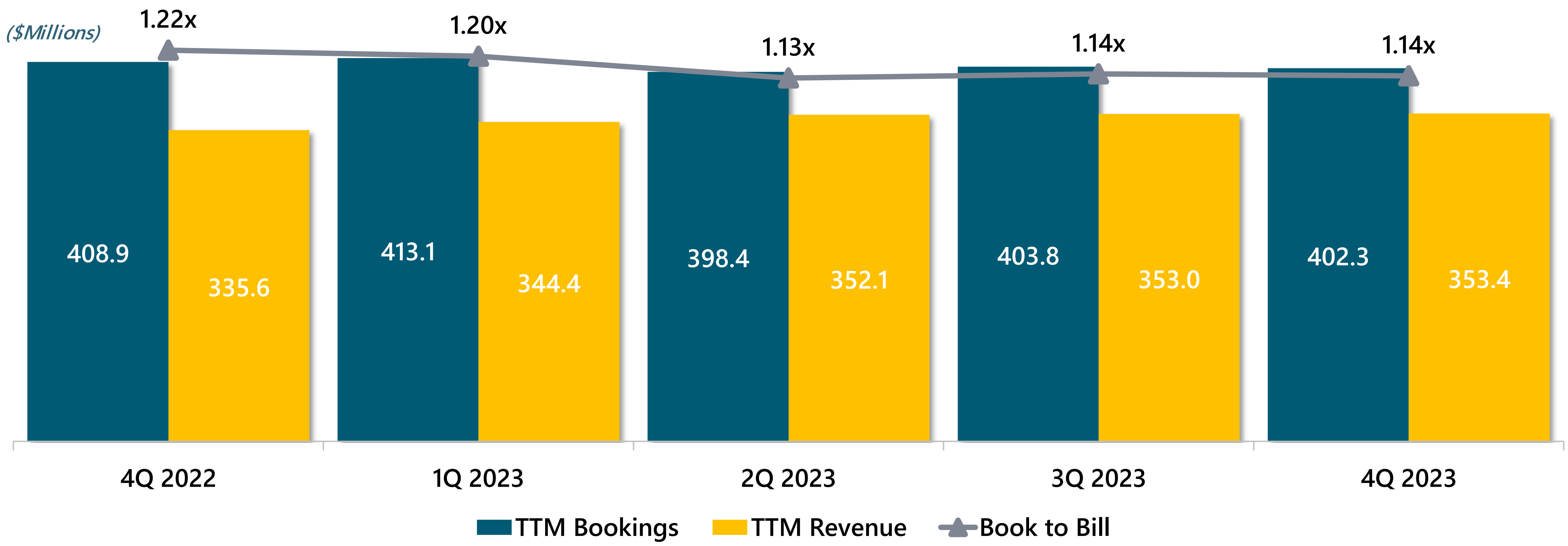
Historical TTM Book to Bill

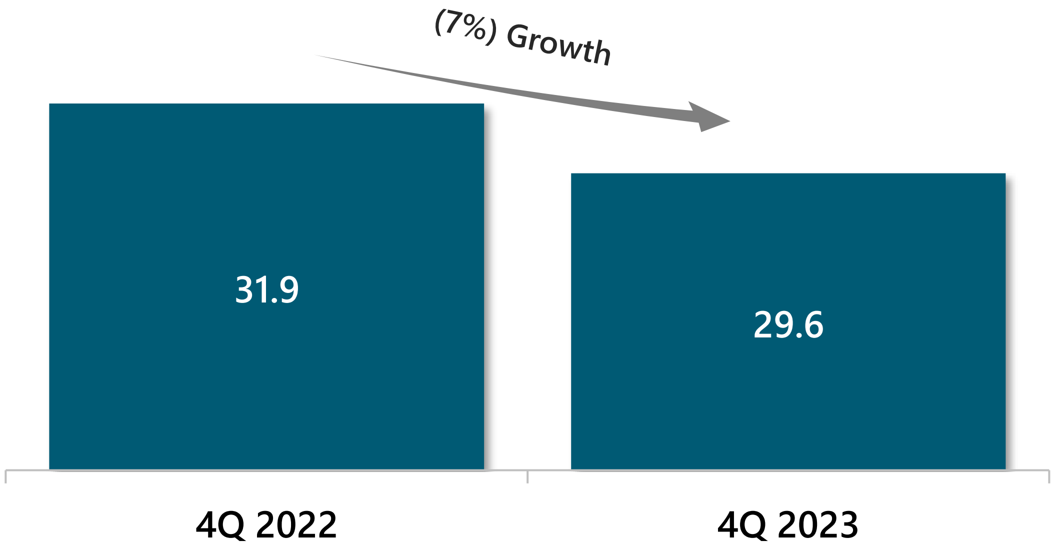


Book to bill provides forward visibility into revenue growth

4Q and Full Year 2023 Results – Adjusted EBITDA

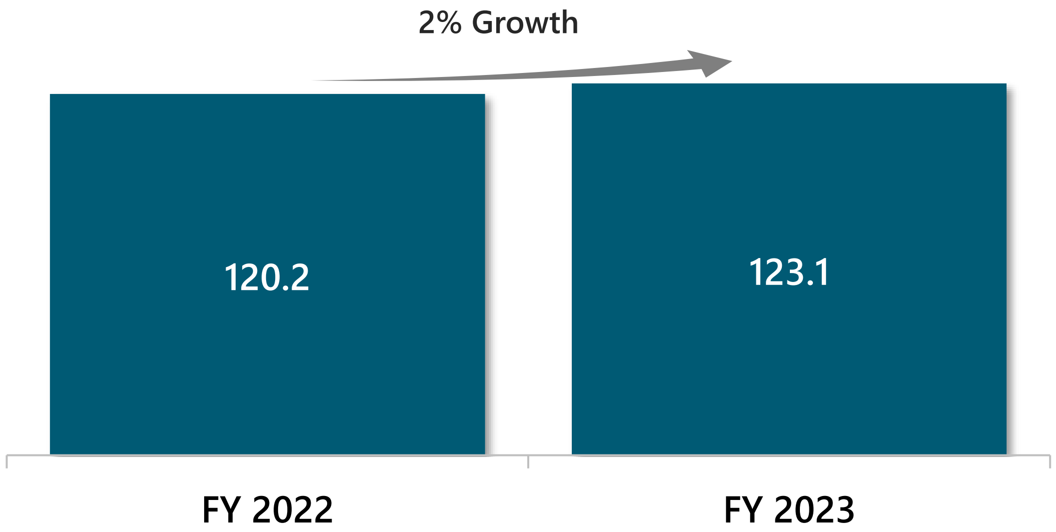
4Q Adjusted EBITDA(1)

($Millions)



FY Adjusted EBITDA(1)

($Millions)



4Q 2022		4Q 2023	FY 2022		FY 2023
37%	Adjusted EBITDA Margin(1)	34%	36%	Adjusted EBITDA Margin(1)	35%

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

4Q23 Business Updates

Key Takeaways from Fourth Quarter:

Improved Execution Across Commercial Organization

- Bookings strength in both software and services, driven by improved execution and go-to-market strategy
- New commercial infrastructure creates additional cross-selling opportunities, boosting win rates across business

Bolt-On Acquisitions Expand Offering

- Acquisition of Applied Biomath gives Certara the largest QSP services group in the drug development industry
- Formedix combines with Pinnacle21 to create end-to-end solution for clinical trial data management

Investing in Key Growth Initiatives in 2024

- Investing in salesforce to improve go-to-market strategy, expansion of the customer base and key account management
- Accelerating R&D to new develop additional biosimulation models and further incorporate AI/ML into software

4Q23 Bookings YoY Trends – Pharma/Biotech Customers

Tier (1)	Software Bookings	Services Bookings
I	Growth below historical company averages, mainly due to timing of renewals	Declined year over year due to large bookings in Q4’22, but improved sequentially
II	Strongest area of growth in software bookings, driven by further adoption of biosimulation	Growth driven by expansion to new customers, increase in average deal size
III	Growth in-line with historical company averages, driven by expansion to new customers	Declined as expected due to cautious customer spending, large bookings in Q4’22

Software bookings driven by expansion of biosimulation to new customers
Services bookings driven by improving commercial execution

(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.

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2024 Outlook

Initiated FY 2024 guidance

Revenue
$385-$400M

Adjusted EBITDA Margin(1)
31-33%

Adjusted Diluted EPS(1)
$0.41-$0.46

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 February 29, 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 December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
	(in thousands)			
Net income (loss)(a)	$ (12,456)	$ 9,174	$ (55,357)	$ 14,731
Interest expense(a)	5,870	5,445	22,916	17,773
Interest income(a)	(2,889)	(947)	(9,317)	(1,294)
(Benefit from) Provision for income taxes(a)	72	(5,449)	214	4,024
Depreciation and amortization expense(a)	413	410	1,552	1,731
Intangible asset amortization(a)	14,420	12,732	54,519	50,739
Currency (gain) loss(a)	803	2,473	638	(3,166)
Equity-based compensation expense(b)	7,502	6,527	28,300	30,345
Change in fair value of contingent consideration(d)	12,802	—	24,118	—
Goodwill impairment expense(e)	—	—	46,984	—
Acquisition-related expenses(f)	2,788	902	6,064	2,233
Integration expense(g)	(69)	—	121	—
Transaction-related expenses(h)	—	412	—	1,136
Severance expenses(i)	—	(69)	—	653
Reorganization expense(j)	58	—	1,660	—
Loss on disposal of fixed assets(k)	36	113	65	169
Executive recruiting expense(l)	235	139	631	139
First-year Sarbanes-Oxley implementation costs(m)	—	—	—	961
Adjusted EBITDA	$ 29,585	$ 31,862	$ 123,108	$ 120,174

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
	(in thousands)			
Net income (loss) (a)	$ (12,456)	$ 9,174	$ (55,357)	$ 14,731
Currency (gain) loss(a)	803	2,473	638	(3,166)
Equity-based compensation expense(b)	7,502	6,527	28,300	30,345
Amortization of acquisition-related intangible assets(c)	11,946	10,922	45,838	43,822
Change in fair value of contingent consideration(d)	12,802	—	24,118	—
Goodwill impairment expense(e)	—	—	46,984	—
Acquisition-related expenses(f)	2,788	902	6,064	2,233
Integration expense(g)	(69)	—	121	—
Transaction-related expenses(h)	—	412	—	1,136
Severance expenses(i)	—	(69)	—	653
Reorganization expense(j)	58	—	1,660	—
Loss on disposal of fixed assets(k)	36	113	65	169
Executive recruiting expense(l)	235	139	631	139
First-year Sarbanes-Oxley implementation costs(m)	—	—	—	961
Income tax expense impact of adjustments(n)	(9,372)	(5,397)	(30,041)	(17,633)
Adjusted net income	$ 14,273	$ 25,196	$ 69,021	$ 73,390

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
	(In thousands except share and per share data)			
Diluted earnings per share(a)	$ (0.08)	$ 0.06	$ (0.35)	$ 0.09
Currency (gain) loss(a)	0.01	0.02	—	(0.02)
Equity-based compensation expense(b)	0.05	0.04	0.18	0.19
Amortization of acquisition-related intangible assets(c)	0.07	0.06	0.29	0.28
Change in fair value of contingent consideration(d)	0.08	—	0.15	—
Goodwill impairment expense(e)	—	—	0.30	—
Acquisition-related expenses(f)	0.02	0.01	0.04	0.01
Integration expense(g)	—	—	—	—
Transaction-related expenses(h)	—	—	—	0.01
Severance expenses(i)	—	—	—	—
Reorganization expense(j)	—		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)	(0.06)	(0.03)	(0.19)	(0.11)
Adjusted Diluted Earnings Per Share	$ 0.09	$ 0.16	$ 0.43	$ 0.46
Basic weighted average common shares outstanding	159,430,660	157,927,161	158,936,251	156,876,942
Effect of potentially dilutive shares outstanding (o)	544,784	1,314,056	943,886	2,477,452
Adjusted diluted weighted average common shares	159,975,444	159,241,217	159,880,137	159,354,394

Reconciliation of Revenues to the Revenues Adjusted for Constant Currency

	Three Months Ended December 31,			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	$ 33,619	$ 33,161	$ 29,156	$ 4,463	15%	$ (458)	14%
Services	54,391	53,975	57,477	(3,086)	-5%	(416)	-6%
Total Revenue	$ 88,010	$ 87,136	$ 86,633	$ 1,377	2%	$ (874)	1%

	Twelve Months Ended December 31,			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	$ 131,677	$ 131,674	$ 115,466	$ 16,211	14%	$ (3)	14%
Services	222,660	222,574	220,178	2,482	1%	(86)	1%
Total Revenue	$ 354,337	$ 354,248	$ 335,644	$ 18,693	6%	$ (89)	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 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 dilutive shares or potentially dilutive shares that were excluded from the Company's GAAP diluted weighted average common shares outstanding because the Company had a reported net loss and therefore including these shares would have been anti-dilutive.

Accelerating Medicines, Together