



accelerating medicines

Third Quarter 2022
Financial Results

November 7, 2022

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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.

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This presentation includes forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, that reflect the Company’s current views with respect to, among other things, the Company’s operations and financial performance. Forward-looking statements include information concerning possible or assumed future results of operations, including descriptions of our business plan and strategies. These statements often includes words such as “anticipate,” “expect,” “suggest,” “plan,” “believe,” “intend,” “project,” “forecast,” “estimates,” “targets,” “projections,” “should,” “could,” “would,” “may,” “might,” “will,” and other similar expressions. We base these forward-looking statements or projections on our current expectations, plans and assumptions, which we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances at the time. The forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account the information currently available to us. These statements are only predictions based upon our current expectations and projections about future events. Actual results may differ materially from those described in the forward-looking statements and are subject to a variety of assumptions, uncertainties, risks and factors that are beyond our control, including the Company’s ability to compete within its market; any deceleration in, or resistance to, the acceptance of model-informed biopharmaceutical discovery; changes or delays in relevant government regulation; increasing competition, regulation and other cost pressures within the pharmaceutical and biotechnology industries; economic conditions, including inflation, recession and currency exchange fluctuation; trends in research and development (R&D) spending; delays or cancellations in projects due to supply chain interruptions or disruptions or delays to pipeline development and clinical trials experienced by our customers due to COVID-19 or other external factors, and the other factors detailed under the captions “Risk Factors” and “Special Note Regarding Forward-Looking Statements” and elsewhere in our Securities and Exchange Commission filings, and reports, including the Annual Report on Form 10-K filed with the SEC on March 1, 2022. New risks emerge from time to time and it is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Any forward-looking statement made by us in this presentation speaks only as of the date of this presentation and is expressly qualified in its entirety by the cautionary statements included in this presentation. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable laws. You should not place undue reliance on our forward-looking statements.

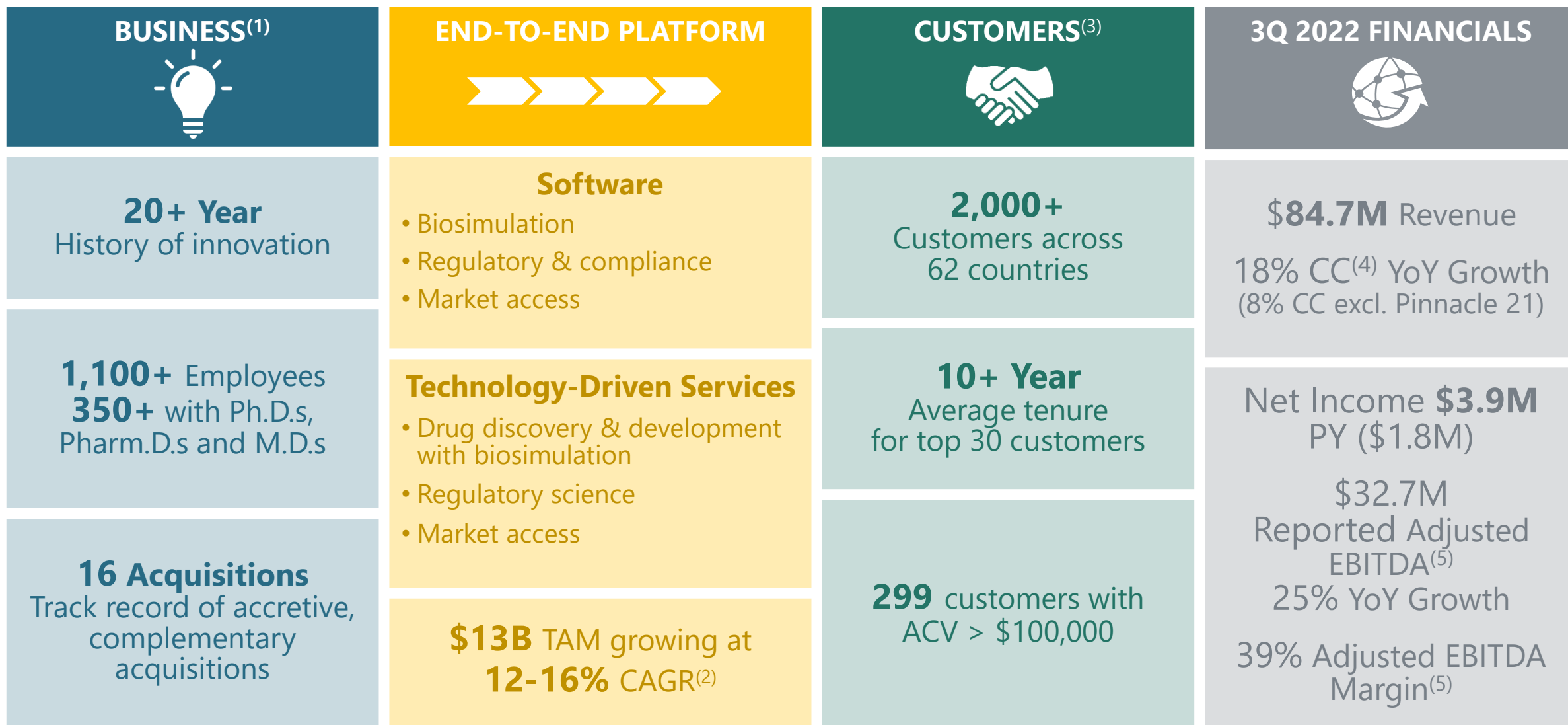
Non-GAAP Financial Information

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) and GAAP EPS 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. The presentation of this measure has limitations as an analytical tool 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 USD 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



(1) As of 12/31/2021

(2) Market research reports from Grand View and SpendEdge

(3) Customer data as of 12/31/2021

(4) See Appendix for reconciliation to constant currency

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

Financial Highlights

Third Quarter 2022⁽¹⁾

Revenue
\$84.7M

Net Income
\$3.9M

Adj. EBITDA⁽²⁾
\$32.7M

Diluted EPS
\$0.02

Adjusted
Diluted EPS⁽²⁾
\$0.10

18% ^{CC⁽²⁾} YoY
change

PY (\$1.8)

25% YoY
change

PY (\$0.01)

PY \$0.11

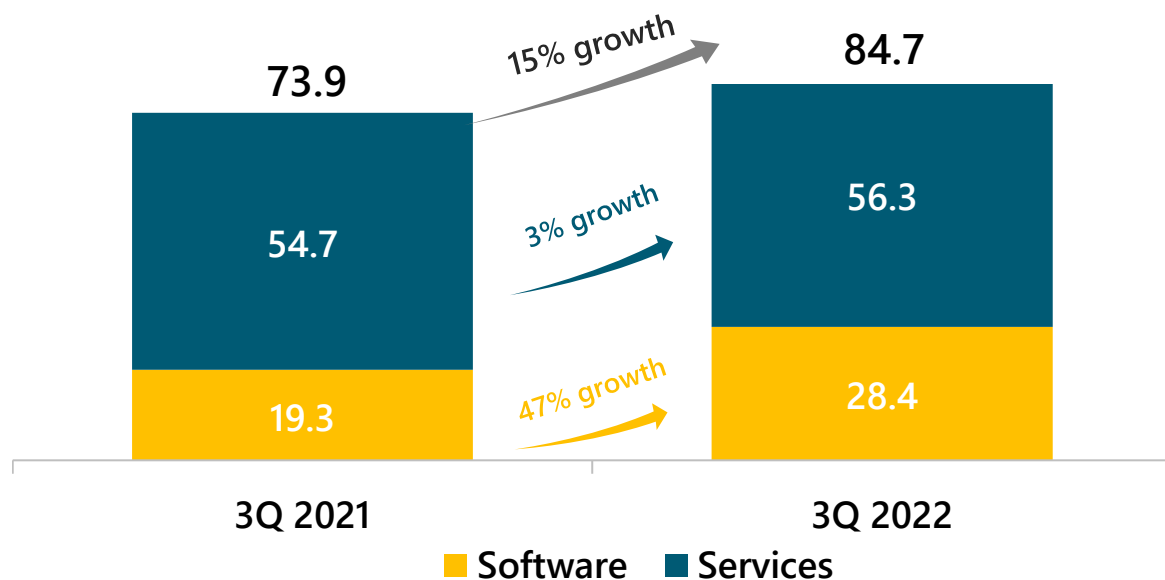
(1) 2022 financials include contribution of Pinnacle 21

(2) See Appendix for reconciliation tables

3Q 2022 Results - Revenue

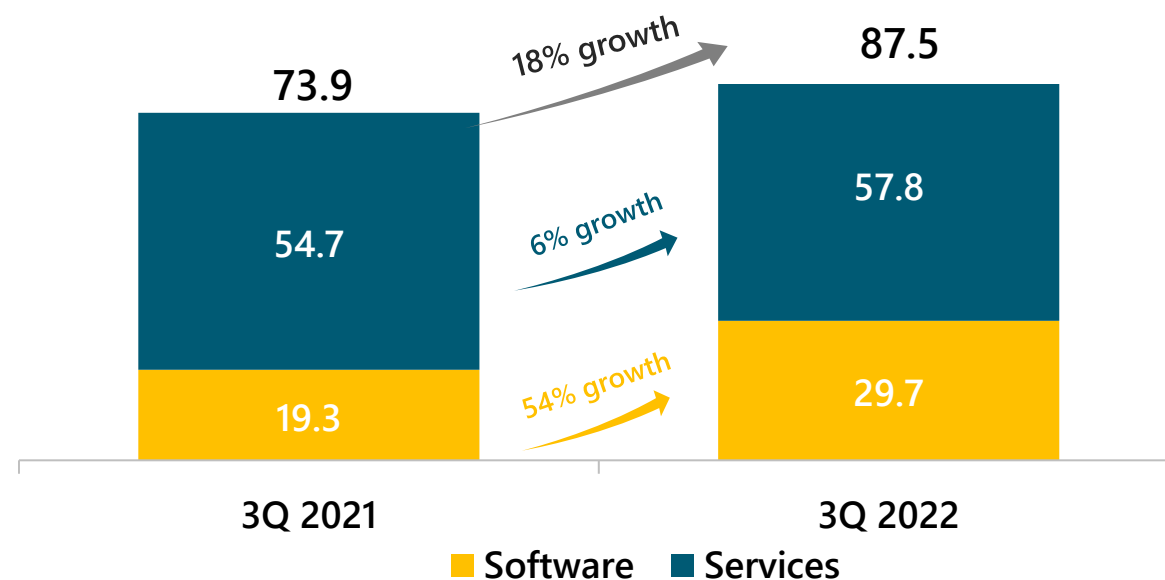
GAAP Reported Revenue⁽¹⁾

(\$Millions)



Constant Currency Revenue⁽¹⁾⁽²⁾

(\$Millions)

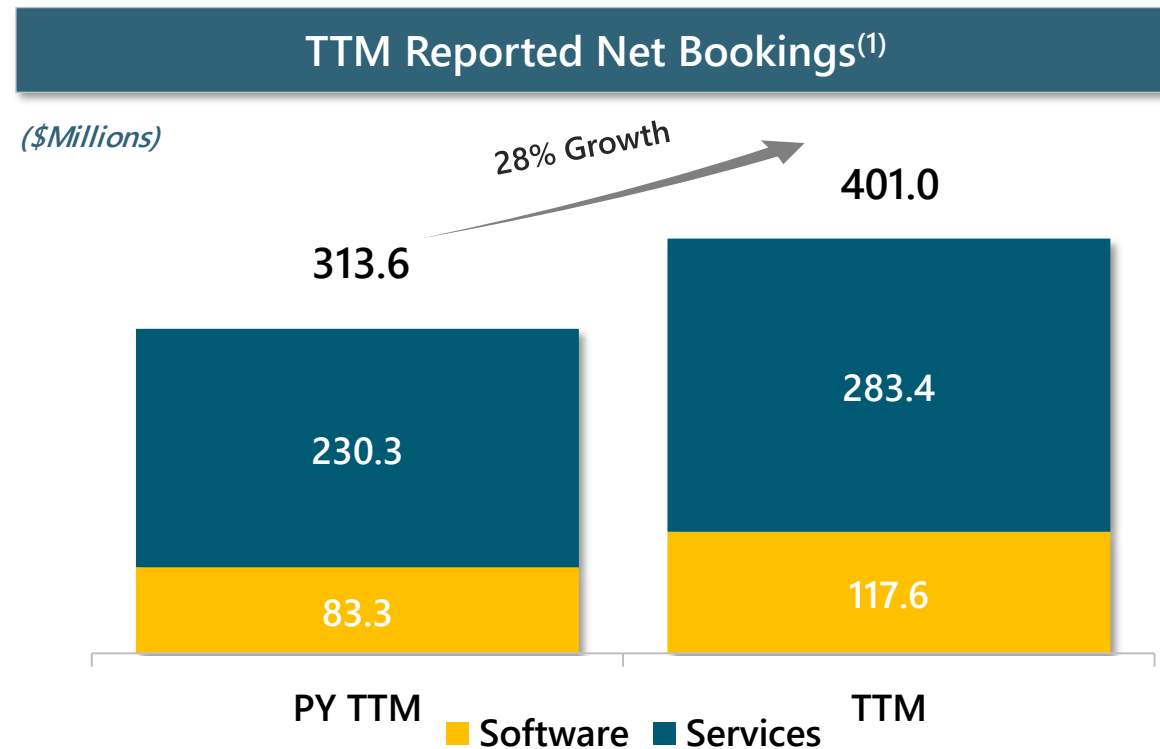
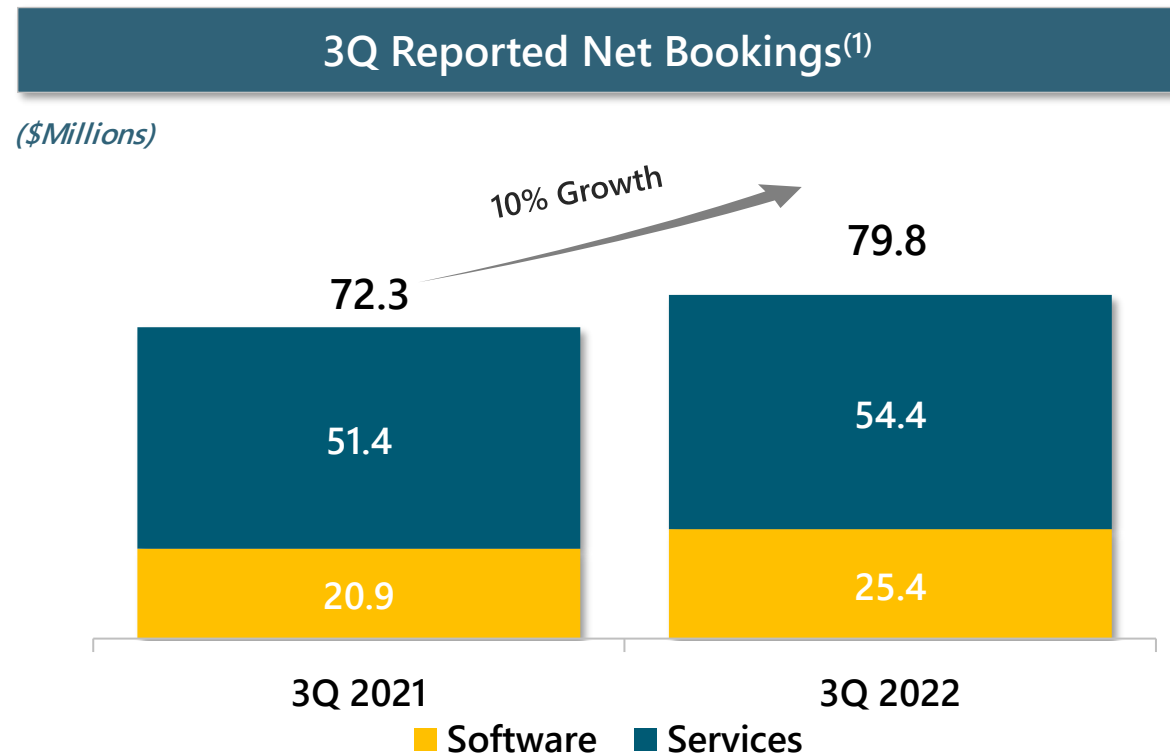


Certara reported 18% constant currency⁽²⁾ revenue growth
Excluding Pinnacle 21, Certara reported 8% constant currency⁽²⁾ revenue growth

(1) Includes Pinnacle 21 contribution

(2) See Appendix for reconciliation to Constant Currency

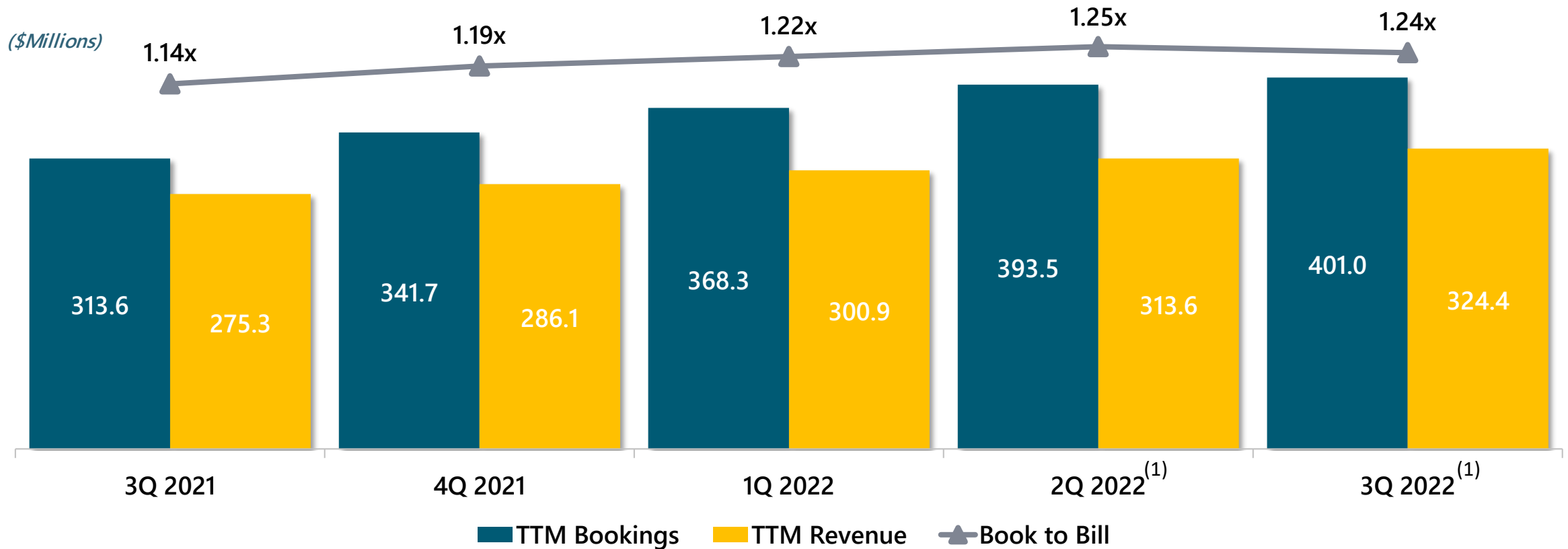
3Q and TTM 2022 Results - Net Bookings



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

(1) Includes Pinnacle 21 contribution

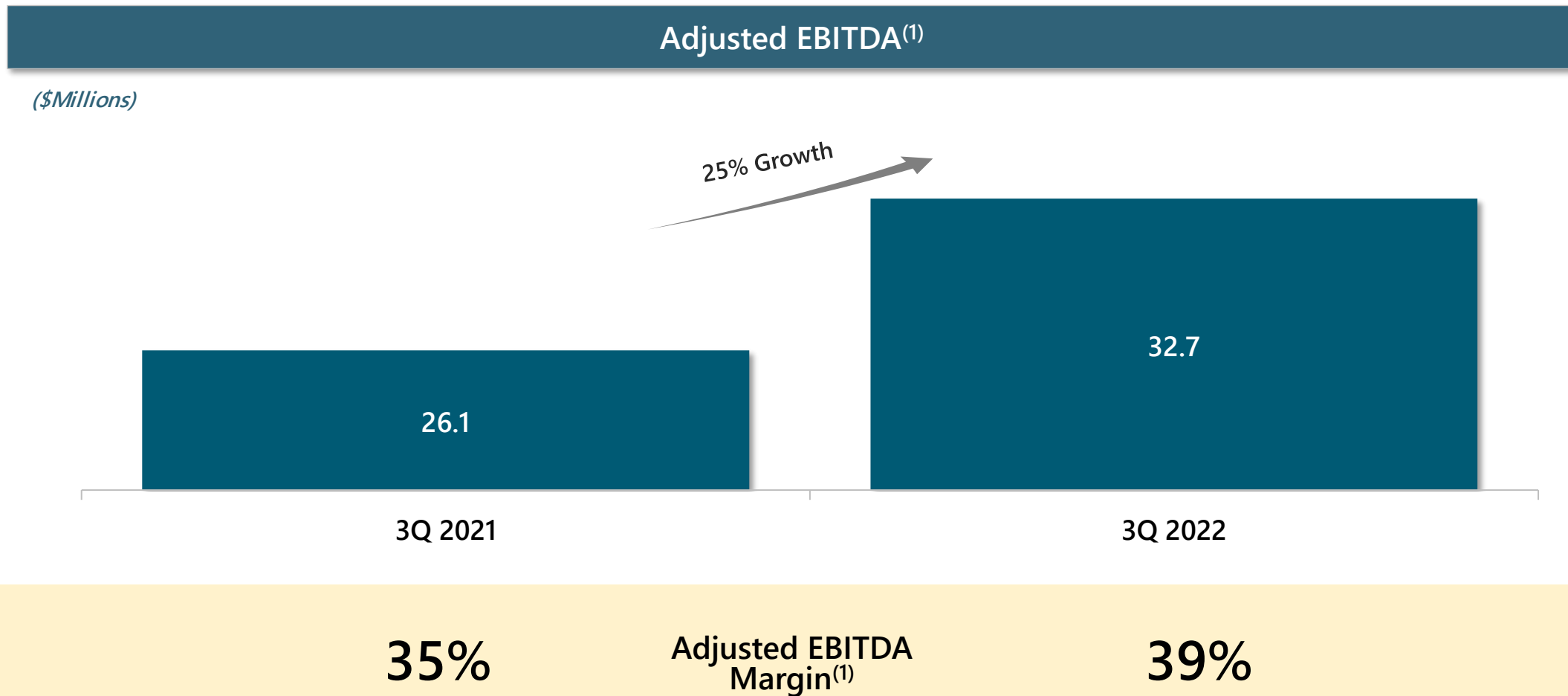
Historical TTM Book to Bill



Stable book to bill provides forward visibility into revenue growth

(1) Includes Pinnacle 21 contribution

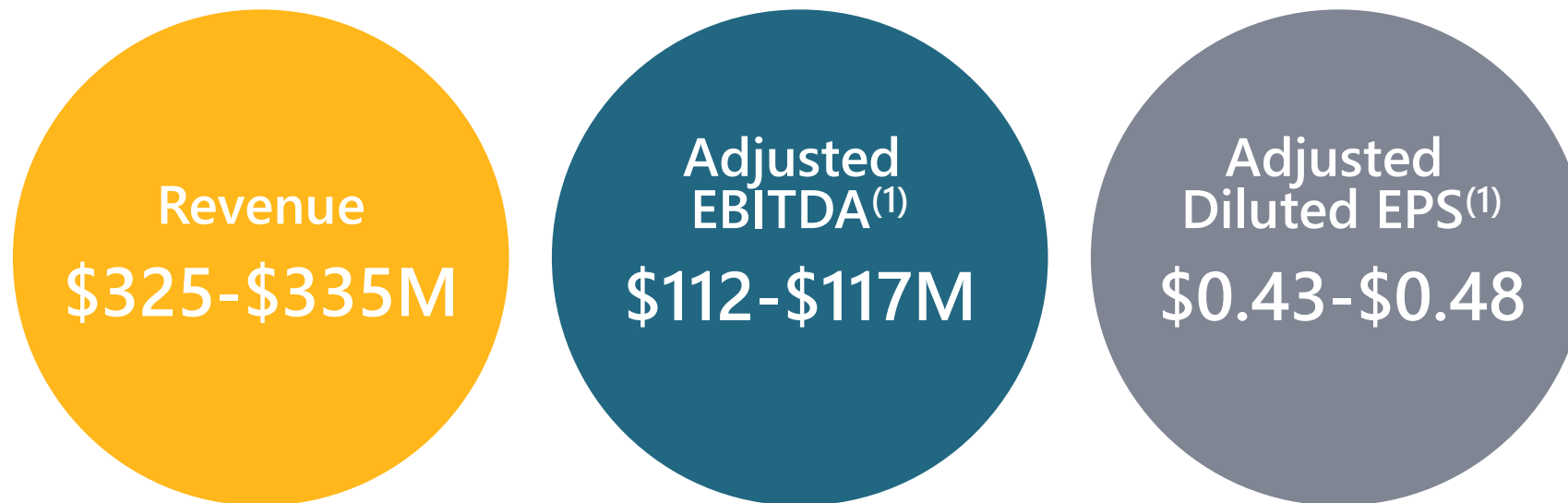
3Q 2022 Results – Adjusted EBITDA



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

2022 Outlook

Reiterated FY 2022 guidance



This financial guidance is provided as of November 7, 2022, 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.

Key Assumptions 2022 Guidance

- Reported revenue growth of **14-17%**, and **6-9%** excluding Pinnacle 21, **10-13% CC** excluding Pinnacle 21
- Fully diluted shares expected to be in the range of **159-161M**
- GAAP tax rate expected to be in the range of **40-45%**
- Cash tax rate expected to be **20-25%**
- Foreign Currency Exchange Rate unchanged from September 30, 2022 through rest of year

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Appendix

Reconciliation of Net Income (Loss) to Adjusted EBITDA

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2022	2021	2022	2021
	(in thousands)			
Net income (loss) ^(a)	\$ 3,936	\$ (1,762)	\$ 5,557	\$ (3,567)
Interest expense ^(a)	5,221	3,289	12,328	13,549
Interest income ^(a)	(322)	(84)	(347)	(255)
(Benefit from) provision for income taxes ^(a)	4,557	(1,631)	9,473	349
Depreciation and amortization expense ^(a)	417	533	1,321	1,687
Intangible asset amortization ^(a)	12,846	10,209	38,007	30,436
Currency (gain) loss ^(a)	(2,376)	(545)	(5,639)	(189)
Equity-based compensation expense ^(b)	6,804	8,165	23,818	20,846
Acquisition-related expenses ^(d)	253	7,561	1,331	9,713
Transaction-related expenses ^(e)	596	154	724	1,776
Severance expense ^(f)	722	—	722	—
Loss on disposal of fixed assets ^(g)	49	22	56	304
Executive recruiting expense ^(h)	—	86	—	413
First-year Sarbanes-Oxley implementation costs ⁽ⁱ⁾	—	129	961	469
Adjusted EBITDA	\$ 32,703	\$ 26,126	\$ 88,312	\$ 75,531

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

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	2022	2021	2022	2021
	(in thousands)			
Net income (loss) ^(a)	\$ 3,936	\$ (1,762)	\$ 5,557	\$ (3,567)
Currency (gain) loss ^(a)	(2,376)	(545)	(5,639)	(189)
Equity-based compensation expense ^(b)	6,804	8,165	23,818	20,846
Amortization of acquisition-related intangible assets ^(c)	10,921	8,569	32,900	25,473
Acquisition-related expenses ^(d)	253	7,561	1,331	9,713
Transaction-related expenses ^(e)	596	154	724	1,776
Severance expense ^(f)	722	—	722	—
Loss on disposal of fixed assets ^(g)	49	22	56	304
Executive recruiting expense ^(h)	—	86	—	413
First-year Sarbanes-Oxley implementation costs ⁽ⁱ⁾	—	129	961	469
Income tax expense impact of adjustments ^(j)	(4,257)	(5,188)	(12,236)	(11,810)
Adjusted Net Income	<u>\$ 16,648</u>	<u>\$ 17,191</u>	<u>\$ 48,194</u>	<u>\$ 43,428</u>

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

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2022	2021	2022	2021
	(in thousands except share and per share data)			
Diluted earnings per share ^(a)	\$ 0.02	\$ (0.01)	\$ 0.03	\$ (0.02)
Currency gain ^(a)	(0.01)	—	(0.04)	—
Equity-based compensation expense ^(b)	0.05	0.05	0.16	0.13
Amortization of acquisition-related intangible assets ^(c)	0.07	0.05	0.21	0.17
Acquisition-related expenses ^(d)	—	0.05	0.01	0.06
Transaction-related expenses ^(e)	—	—	—	0.02
Severance expense ^(f)	—	—	—	—
Loss on disposal of fixed assets ^(g)	—	—	—	—
Executive recruiting expense ^(h)	—	—	—	—
First-year Sarbanes-Oxley implementation costs ⁽ⁱ⁾	—	—	0.01	—
Income tax expense impact of adjustments ⁽ⁱ⁾	(0.03)	(0.03)	(0.08)	(0.08)
Adjusted Diluted Earnings Per Share	\$ 0.10	\$ 0.11	\$ 0.30	\$ 0.28
Diluted weighted average common shares outstanding	157,140,166	149,016,609	156,523,022	147,894,227
Effect of potentially dilutive shares outstanding ^(k)	2,447,479	4,303,765	2,869,512	4,584,295
Diluted weighted average common shares outstanding	<u>159,587,645</u>	<u>153,320,374</u>	<u>159,392,534</u>	<u>152,478,522</u>

Reconciliation of Revenues to the Revenues Adjusted for Constant Currency

	THREE MONTHS ENDED SEPTEMBER 30,			CHANGE			
	2022	2022	2021	\$	%	\$	%
	Actual (GAAP)	CC (non-GAAP)	Actual (GAAP)	Actual (GAAP)	Actual (GAAP)	CC Impact (non-GAAP)	Adjust for CC (non-GAAP)
(in thousands)							
Revenue							
Software	\$ 28,392	\$ 29,694	\$ 19,268	\$ 9,124	47%	\$ 1,302	54%
Services	56,308	57,832	54,676	1,632	3%	1,524	6%
Total Revenue	\$ 84,700	\$ 87,526	\$ 73,944	\$ 10,756	15%	\$ 2,826	18%

	NINE MONTHS ENDED SEPTEMBER 30,			CHANGE			
	2022	2022	2021	\$	%	\$	%
	Actual (GAAP)	CC (non-GAAP)	Actual (GAAP)	Actual (GAAP)	Actual (GAAP)	CC Impact (non-GAAP)	Adjust for CC (non-GAAP)
(in thousands)							
Revenue							
Software	\$ 86,309	\$ 89,005	\$ 61,284	\$ 25,025	41%	\$ 2,696	45%
Services	162,702	165,687	149,474	13,228	9%	2,985	11%
Total Revenue	\$ 249,011	\$ 254,692	\$ 210,758	\$ 38,253	18%	\$ 5,681	21%

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 costs associated with mergers and acquisitions and any retention bonuses pursuant to the acquisitions.
- (e) Represents costs associated with our public offerings that are not capitalized.
- (f) Represents charges for severance provided to former executives and non-executives.
- (g) Represents the gain/loss related to disposal of fixed assets.
- (h) Represents recruiting and relocation expenses related to hiring senior executives.
- (i) 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 in 2021, as well as implementing cost of ASC 842.
- (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.