



Fourth Quarter & Full Year 2022 Financial Results

March 1, 2023



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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. The presentation of these 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



20+ Year
History of innovation

1,200+ Employees
380+ with Ph.D.s,
Pharm.D.s and M.D.s⁽¹⁾

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

FY22 FINANCIALS



\$335.6M Revenue
17% GAAP YoY Growth
20% CC YoY Growth⁽⁴⁾
12% CC excl. Pinnacle 21

Net Income **\$14.7M**
PY (\$13.3)⁽⁵⁾

\$120.2M
Reported Adjusted
EBITDA⁽⁶⁾
16% YoY Growth

36% Adjusted EBITDA
Margin⁽⁶⁾

(1) As of 12/31/2022

(2) Market research reports from Grand View and SpendEdge

(3) Customer data as of 12/31/2022

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

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

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

Financial Highlights

Full Year 2022⁽¹⁾



17% GAAP YoY change
20% CC YoY change⁽²⁾

PY (\$13.3)⁽³⁾

16% YoY change

PY (\$0.09)

PY \$0.34

(1) 2022 financials include contribution of Pinnacle 21

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

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

Financial Highlights

Fourth Quarter 2022

Revenue
\$86.6M

Net Income
\$9.2M

Adj. EBITDA⁽¹⁾
\$31.9M

Diluted EPS
\$0.06

Adjusted
Diluted EPS⁽¹⁾
\$0.16

15% GAAP YoY change
18% CC YoY change⁽¹⁾

PY \$(9.7M)⁽²⁾

13% YoY
change

PY (\$0.06)

PY \$0.06

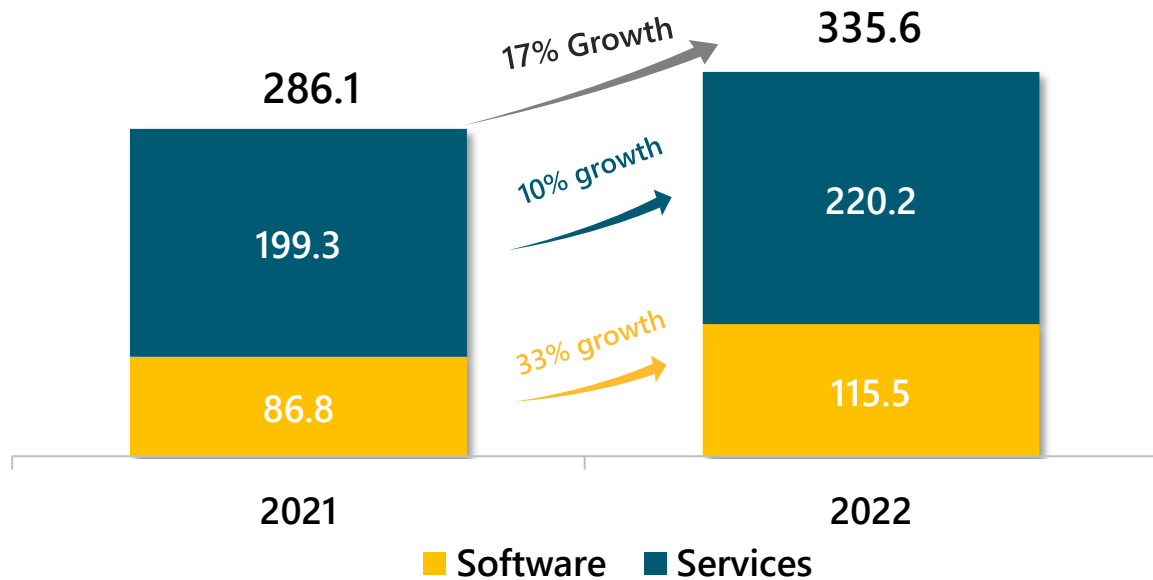
(1) See Appendix for reconciliation of GAAP revenue to constant currency (non-GAAP revenue)

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

Full Year 2022 Results - Revenue

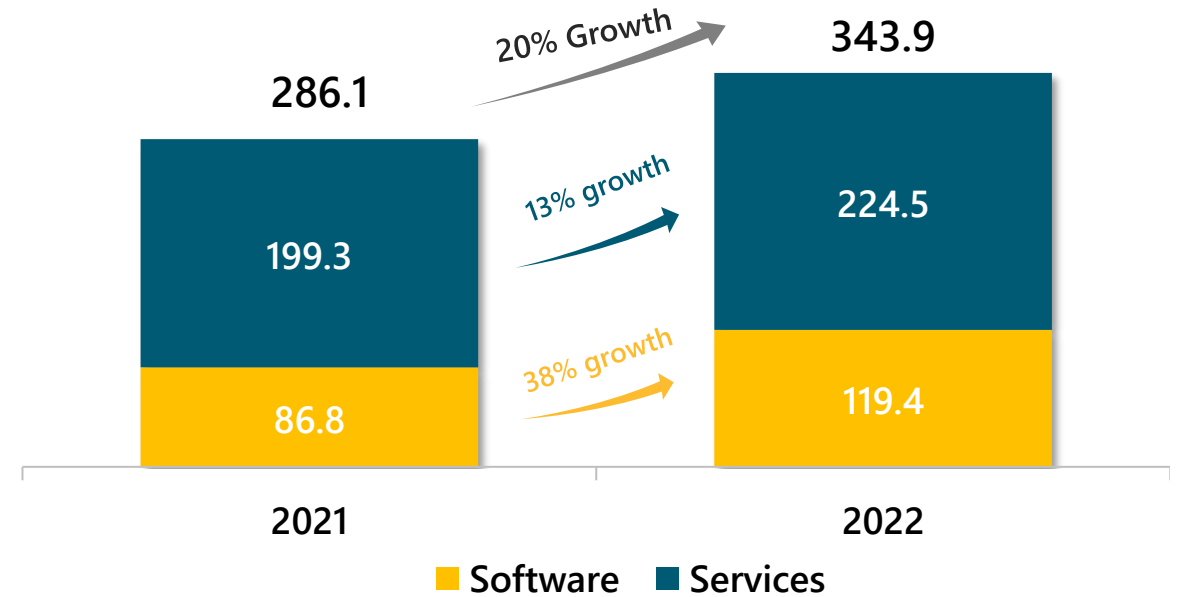
GAAP Reported Revenue⁽¹⁾

(\$Millions)



Constant Currency Revenue⁽¹⁾⁽²⁾

(\$Millions)



Certara reported 20% constant currency⁽²⁾ revenue growth
Excluding Pinnacle 21, Certara reported 12% constant currency⁽²⁾ revenue growth

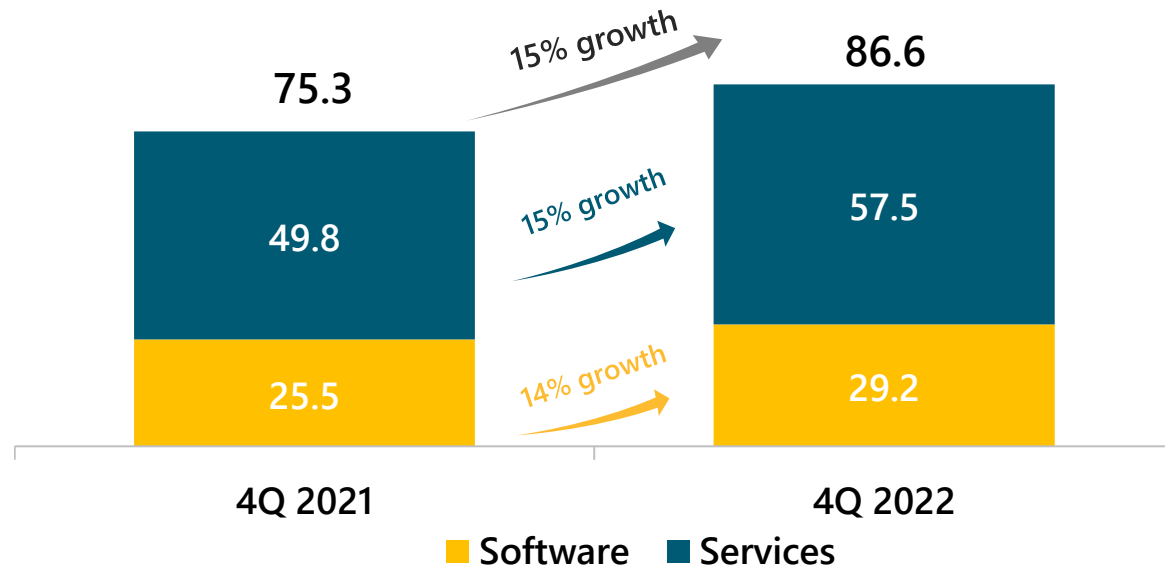
(1) Includes Pinnacle 21 contribution

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

4Q 2022 Results - Revenue

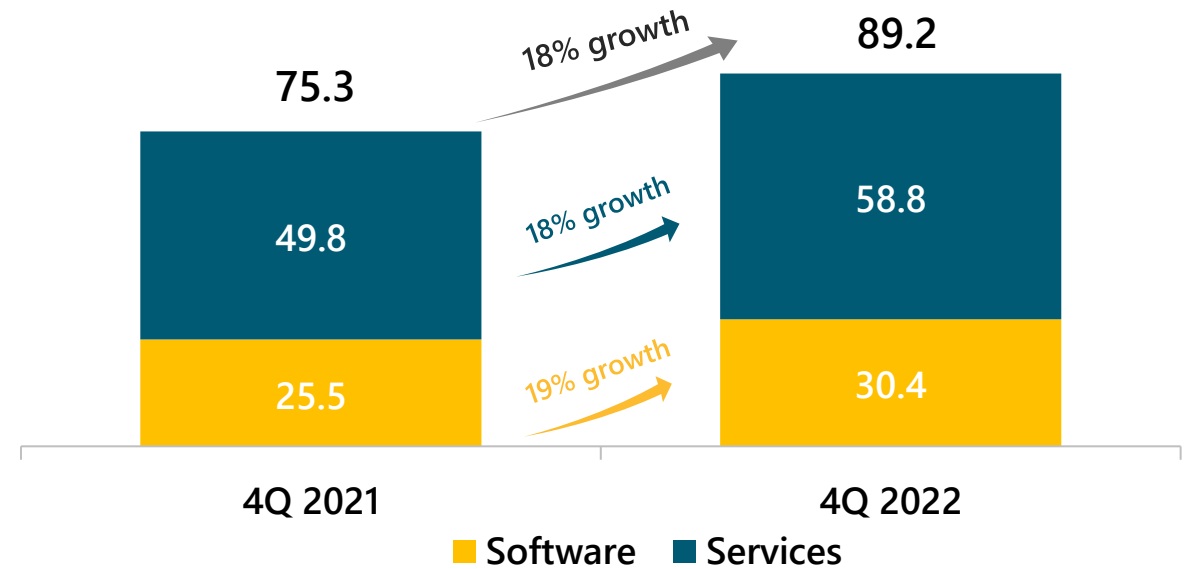
GAAP Reported Revenue

(\$Millions)



Constant Currency Revenue⁽¹⁾

(\$Millions)



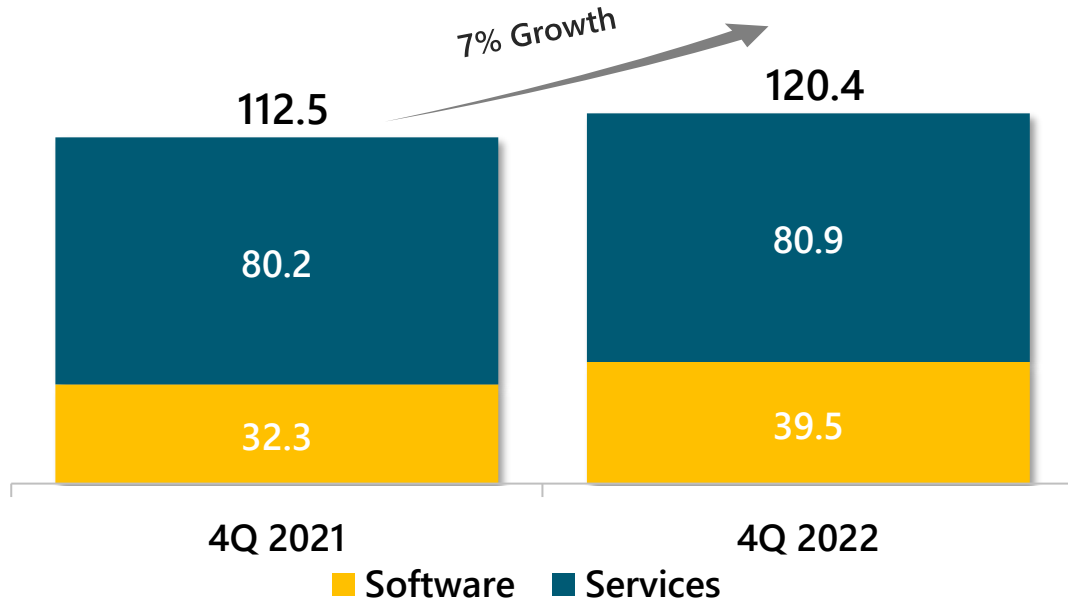
Certara reported 18% constant currency⁽²⁾ revenue growth

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

4Q and TTM 2022 Results - Net Bookings

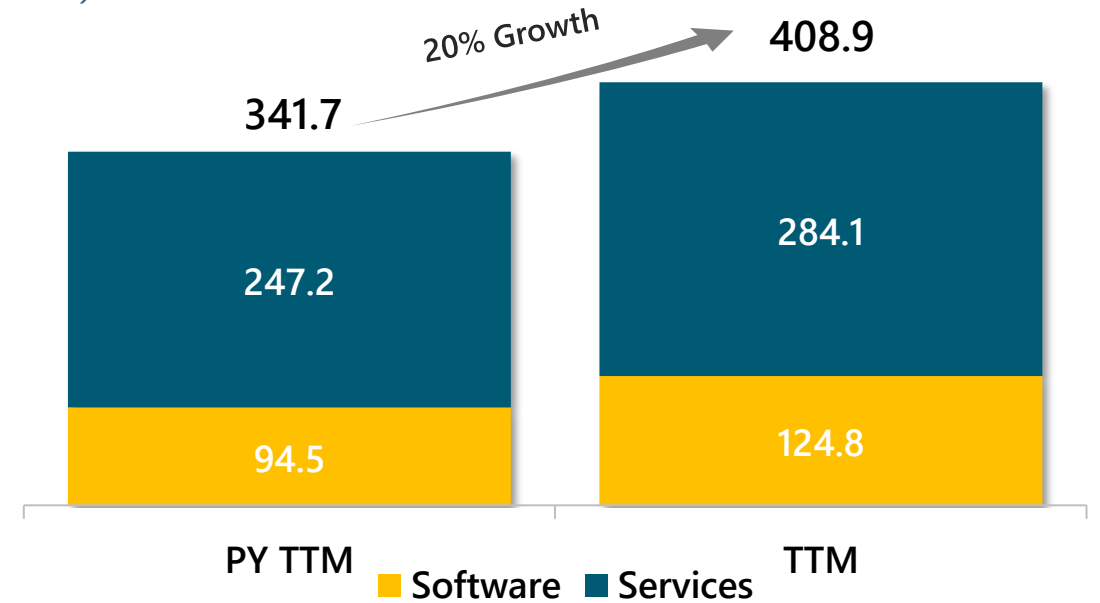
4Q Reported Net Bookings

(\$Millions)



TTM (Full Year) Reported Net Bookings⁽¹⁾

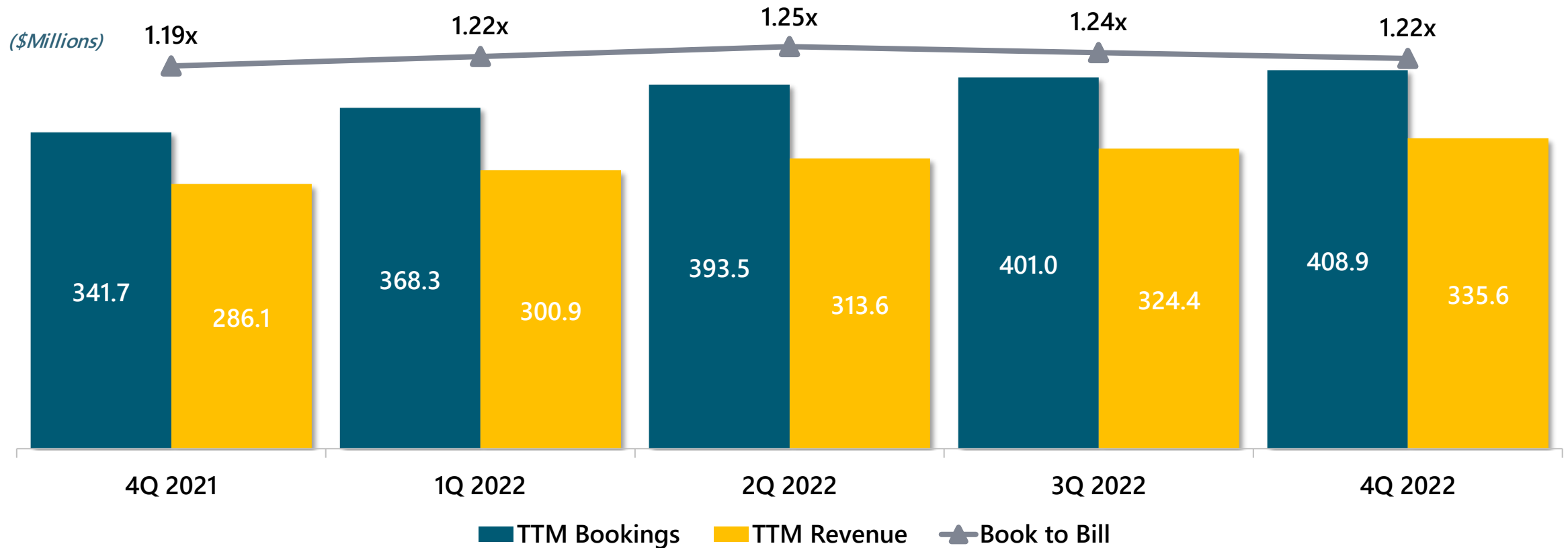
(\$Millions)



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

(1) Includes Pinnacle 21 contribution

Historical TTM Book to Bill

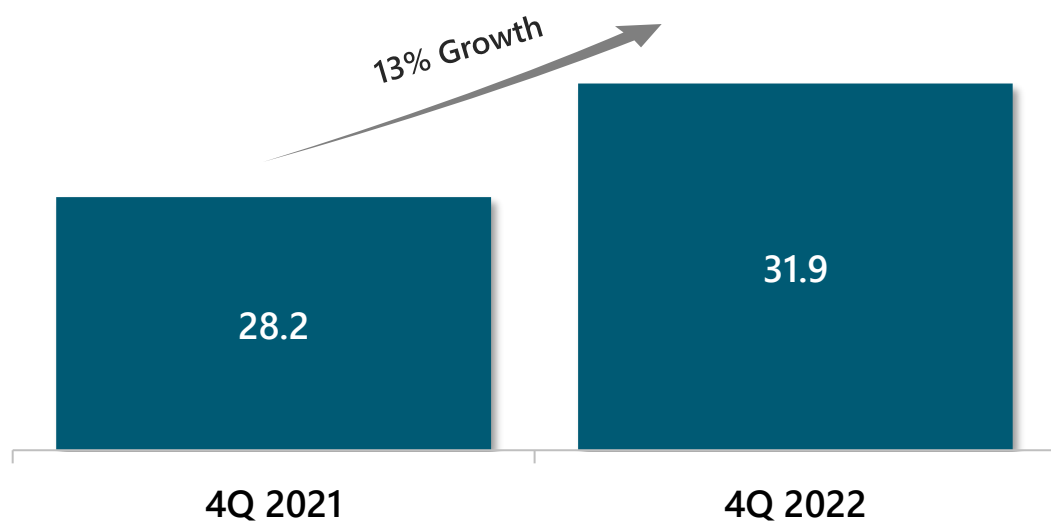


Stable book to bill provides forward visibility into revenue growth

4Q and Full Year 2022 Results – Adjusted EBITDA

4Q Adjusted EBITDA⁽¹⁾

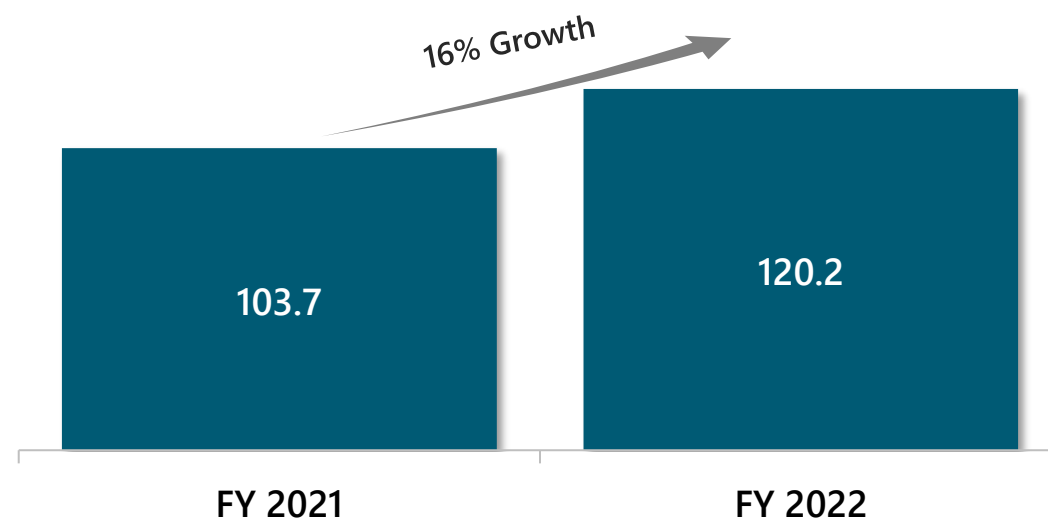
(\$Millions)



37% Adjusted EBITDA Margin⁽¹⁾ 37%

FY Adjusted EBITDA⁽¹⁾

(\$Millions)

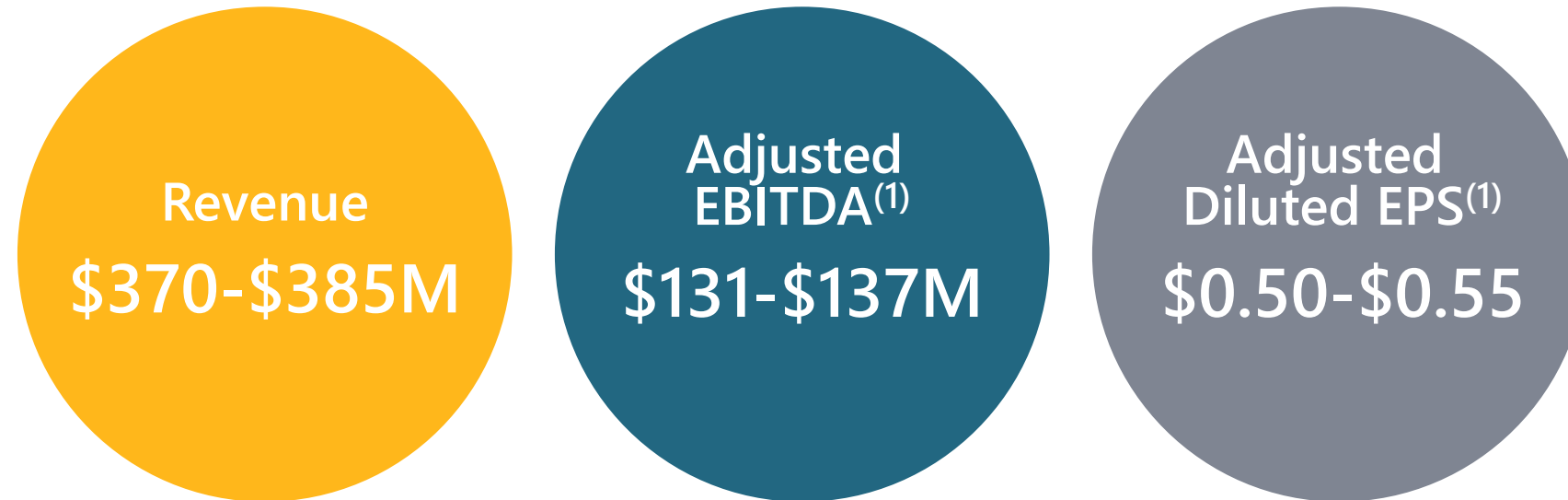


36% Adjusted EBITDA Margin⁽¹⁾ 36%

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

2023 Outlook

Initiated FY 2023 guidance



Key Assumptions 2023 Guidance

- Reported revenue growth of **10-15%**
- 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 March 1, 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 DECEMBER 31		TWELVE MONTHS ENDED DECEMBER 31	
	2022	2021	2022	2021
	(in thousands)			
Net income (loss)	\$ 9,174	\$ (9,699)	\$ 14,731	\$ (13,266)
Interest expense ^(a)	5,445	3,288	17,773	16,837
Interest income ^(a)	(947)	(16)	(1,294)	(271)
(Benefit from) provision for income taxes ^(a)	(5,449)	9,542	4,024	9,891
Depreciation and amortization expense ^(a)	410	448	1,731	2,135
Intangible asset amortization ^(a)	12,732	12,544	50,739	42,980
Currency (gain) loss ^(a)	2,473	14	(3,166)	(175)
Equity-based compensation expense ^(b)	6,527	8,637	30,345	29,483
Acquisition-related expense ^(d)	902	1,528	2,233	11,241
Integration expense ^(c)	—	31	—	31
Transaction related expenses ^(f)	412	978	1,136	2,754
Severance expense ^(g)	(69)	60	653	60
Loss on disposal of fixed assets ^(h)	113	47	169	351
Executive recruiting expense ⁽ⁱ⁾	139	320	139	733
First-year Sarbanes-Oxley and ASC 842 implementation costs ⁽ⁱ⁾	—	460	961	929
Adjusted EBITDA	\$ 31,862	\$ 28,182	\$ 120,174	\$ 103,713

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

	THREE MONTHS ENDED DECEMBER 31		TWELVE MONTHS ENDED DECEMBER 31	
	2022	2021	2022	2021
	(in thousands)			
Net income (loss)	\$ 9,174	\$ (9,699)	\$ 14,731	\$ (13,266)
Currency (gain) loss ^(a)	2,473	14	(3,166)	(175)
Equity-based compensation expense ^(b)	6,527	8,637	30,345	29,483
Amortization of acquisition-related intangible assets ^(c)	10,922	10,941	43,822	36,413
Acquisition-related expense ^(d)	902	1,528	2,233	11,241
Integration expense ^(e)	—	31	—	31
Transaction related expenses ^(f)	412	978	1,136	2,754
Severance expense ^(g)	(69)	60	653	60
Loss on disposal of fixed assets ^(h)	113	47	169	351
Executive recruiting expense ⁽ⁱ⁾	139	320	139	733
First-year Sarbanes-Oxley and ASC 842 implementation costs ^(j)	—	460	961	929
Income tax expense impact of adjustments ^(k)	(5,397)	(3,549)	(17,633)	(15,344)
Adjusted net income	<u>\$ 25,196</u>	<u>\$ 9,768</u>	<u>\$ 73,390</u>	<u>\$ 53,210</u>

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

	THREE MONTHS ENDED DECEMBER 31		TWELVE MONTHS ENDED DECEMBER 31	
	2022	2021	2022	2021
	(in thousands except share and per share data)			
Diluted earnings per share ^(a)	\$ 0.06	\$ (0.06)	\$ 0.09	\$ (0.09)
Currency (gain) loss ^(a)	0.02	—	(0.02)	—
Equity-based compensation expense ^(b)	0.04	0.05	0.19	0.19
Amortization of acquisition-related intangible assets ^(c)	0.06	0.07	0.28	0.24
Acquisition-related expense ^(d)	0.01	0.01	0.01	0.07
Integration expense ^(e)	—	—	—	—
Transaction related expenses ^(f)	—	0.01	0.01	0.02
Severance expense ^(g)	—	—	—	—
Loss on disposal of fixed assets ^(h)	—	—	—	—
Executive recruiting expense ⁽ⁱ⁾	—	—	—	—
First-year Sarbanes-Oxley and ASC 842 implementation costs ^(j)	—	—	0.01	0.01
Income tax expense impact of adjustments ^(k)	(0.03)	(0.02)	(0.11)	(0.10)
Adjusted Diluted Earnings Per Shares	\$ 0.16	\$ 0.06	\$ 0.46	\$ 0.34
Basic weighted average common shares outstanding	157,927,161	155,624,454	156,876,942	149,842,668
Effect of potentially dilutive shares outstanding ^(l)	1,314,056	3,857,176	2,477,452	4,401,021
Adjusted diluted weighted average common shares outstanding	159,241,217	159,481,630	159,354,394	154,243,689

Reconciliation of Revenues to the Revenues Adjusted for Constant Currency

	THREE MONTHS ENDED DECEMBER 31,			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	\$ 29,156	\$ 30,385	\$ 25,541	\$ 3,615	14%	\$ 1,229	19%
Services	57,477	58,805	49,805	7,672	15%	1,328	18%
Total Revenue	\$ 86,633	\$ 89,190	\$ 75,346	\$ 11,287	15%	\$ 2,557	18%

	TWELVE MONTHS ENDED DECEMBER 31,			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	\$ 115,466	\$ 119,391	\$ 86,825	\$ 28,641	33%	\$ 3,925	38%
Services	220,178	224,492	199,279	20,899	10%	4,314	13%
Total Revenue	\$ 335,644	\$ 343,883	\$ 286,104	\$ 49,540	17%	\$ 8,239	20%

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 integration costs related to post - acquisition integration activities.
- (f) Represents costs associated with our public offerings that are not capitalized.
- (g) Represents charges for severance provided to former executives and non-executives.
- (h) Represents expense related to reorganization, including legal entity reorganization.
- (i) Represents the gain/loss related to disposal of fixed assets.
- (j) Represents recruiting and relocation expenses related to hiring senior executives.
- (k) 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 implementing cost of ASC 842.
- (l) Represents the income tax effect of the non-GAAP adjustments calculated using the applicable statutory rate by jurisdiction
- (m) 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.



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