



accelerating medicines

Fourth Quarter and Full Year
2021 Financial Results

March 1, 2022

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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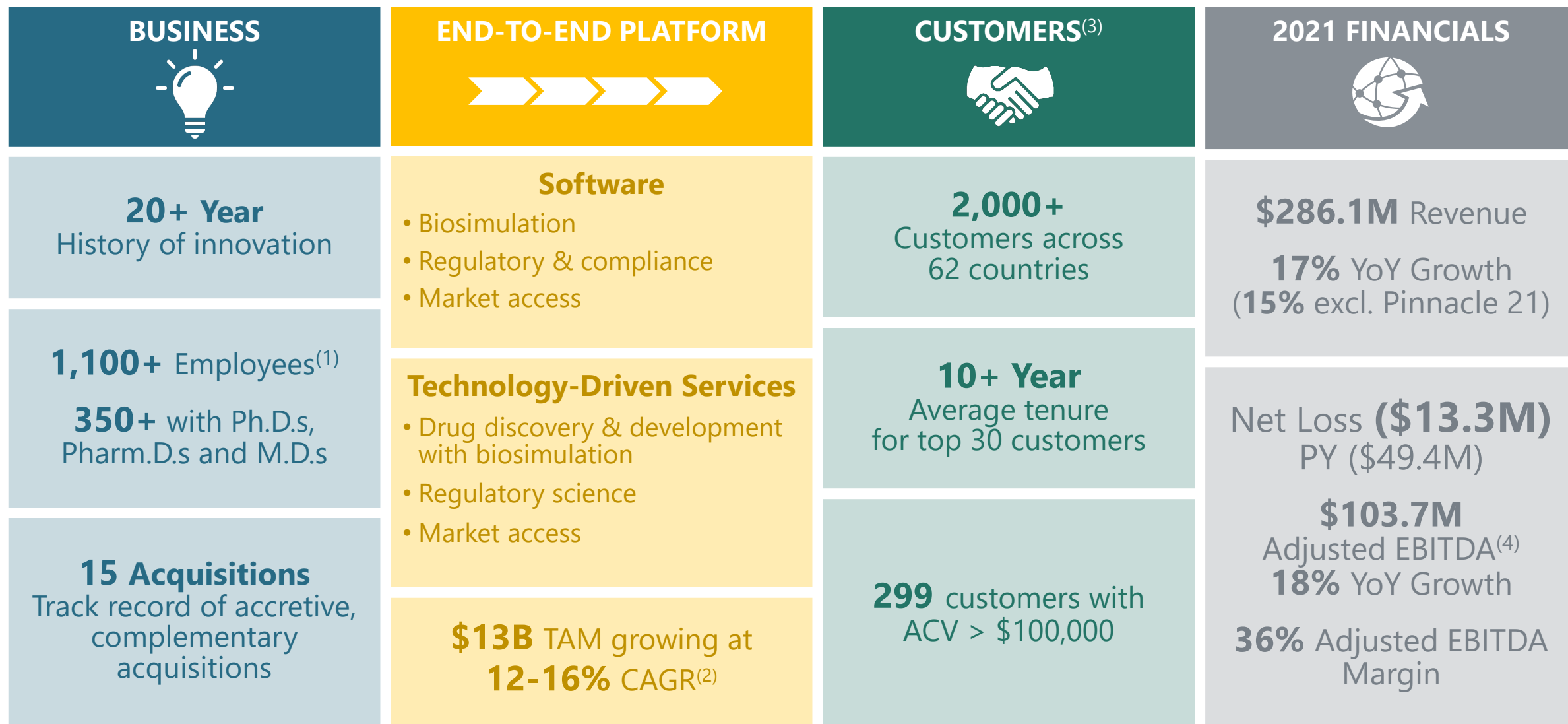
Non-GAAP Financial Information

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, and adjusted diluted EPS, 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. 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, 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 evaluating adjusted EBITDA, adjusted net income, and adjusted diluted EPS, 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 tables

Financial Highlights

Full Year 2021

Revenue
\$286.1M

Net Loss
(\$13.3M)

Adj. EBITDA
\$103.7M

Diluted EPS
(\$0.09)

Adjusted
Diluted EPS
\$0.17

YoY
Change

17%

PY (\$49.4M)

18%

PY (\$0.37)

PY \$0.15

See Appendix for reconciliation tables
Financials include fourth quarter contribution of Pinnacle 21

Financial Highlights

Fourth Quarter 2021

Revenue
\$75.3M

Net Loss
(\$9.7M)

Adj. EBITDA
\$28.2M

Diluted EPS
(\$0.06)

Adjusted
Diluted EPS
\$0.01

YoY
Change

17%

PY (\$54.4M)

27%

PY (\$0.40)

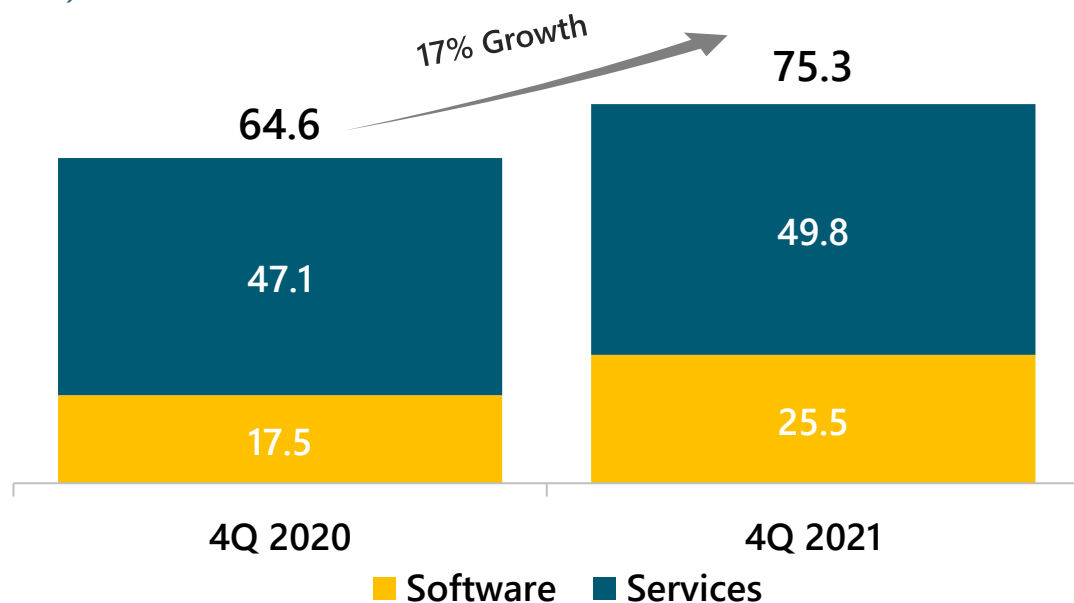
PY \$0.07

See Appendix for reconciliation tables
Financials include fourth quarter contribution of Pinnacle 21

4Q and FY 2021 Results - Revenue

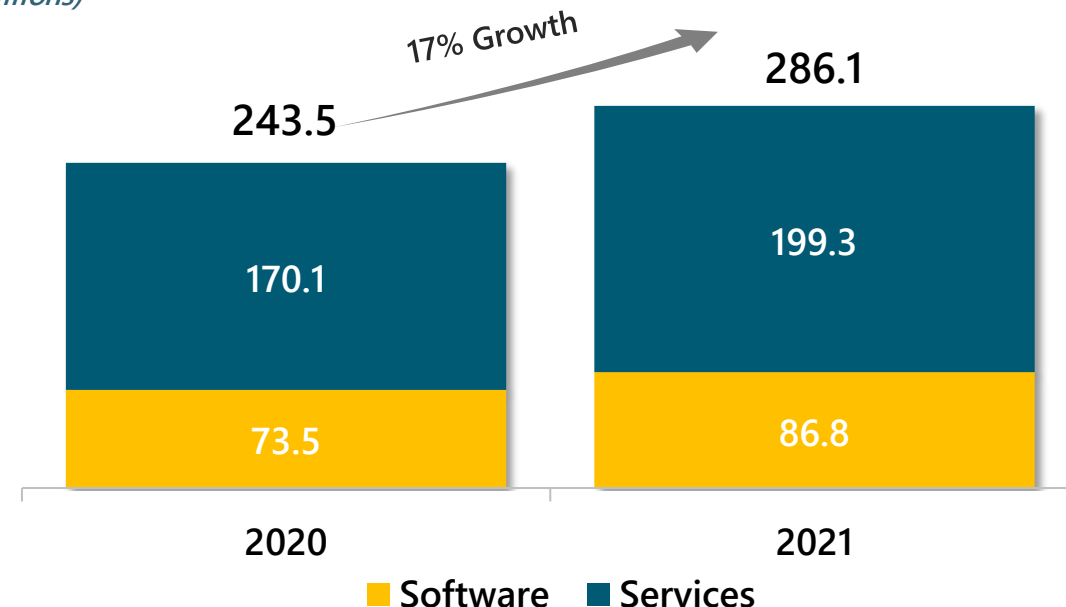
4Q GAAP Reported Revenue⁽¹⁾

(\$Millions)



FY GAAP Reported Revenue⁽¹⁾

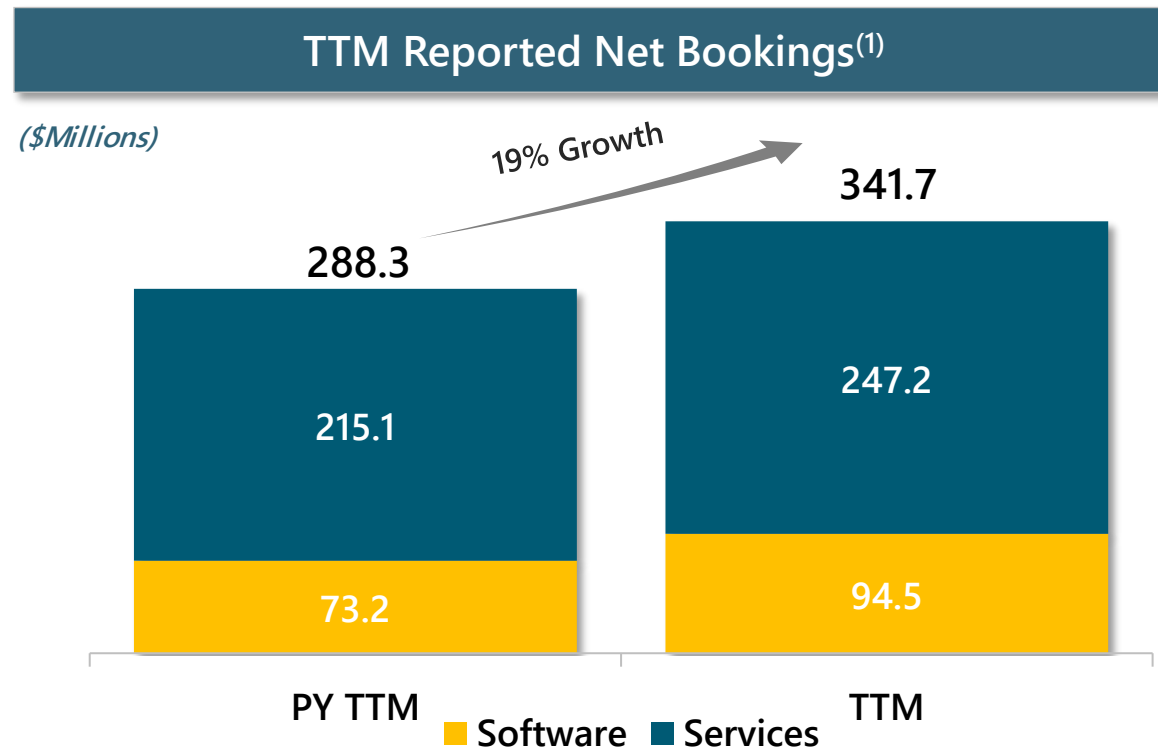
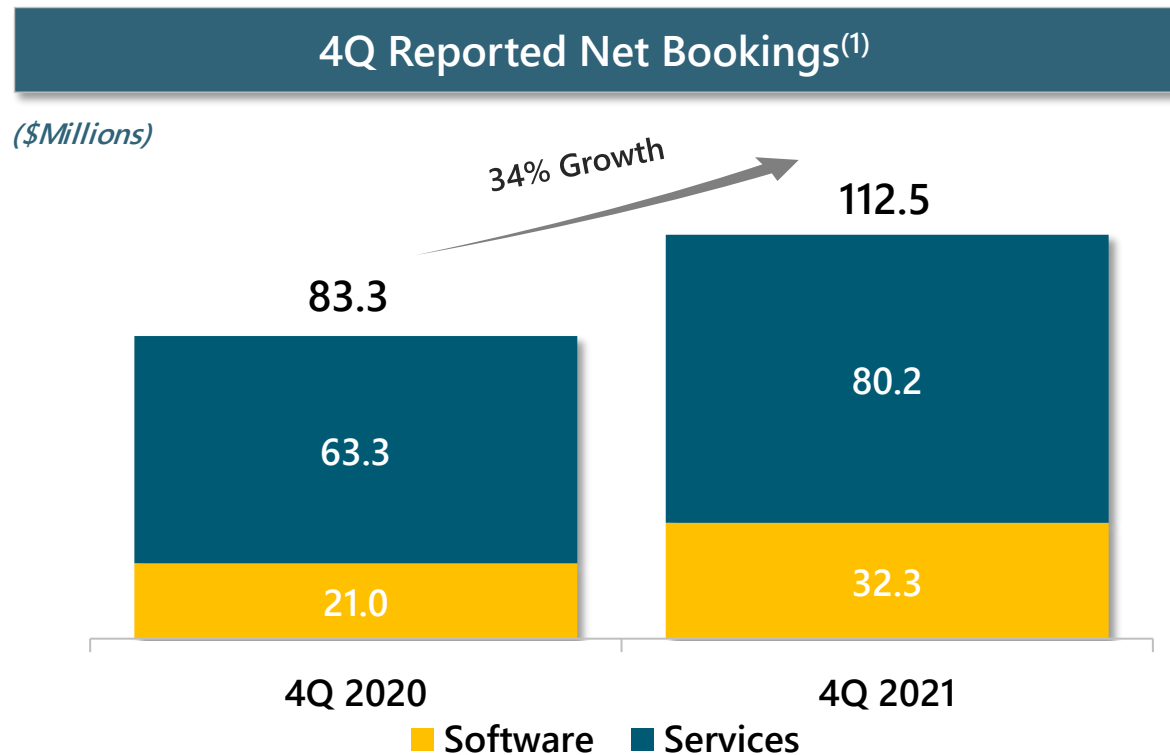
(\$Millions)



Strong revenue growth in 2021 was impacted by the Omicron variant in 4Q, delaying client related activity

(1) Includes Pinnacle 21 contribution in 4Q 2021

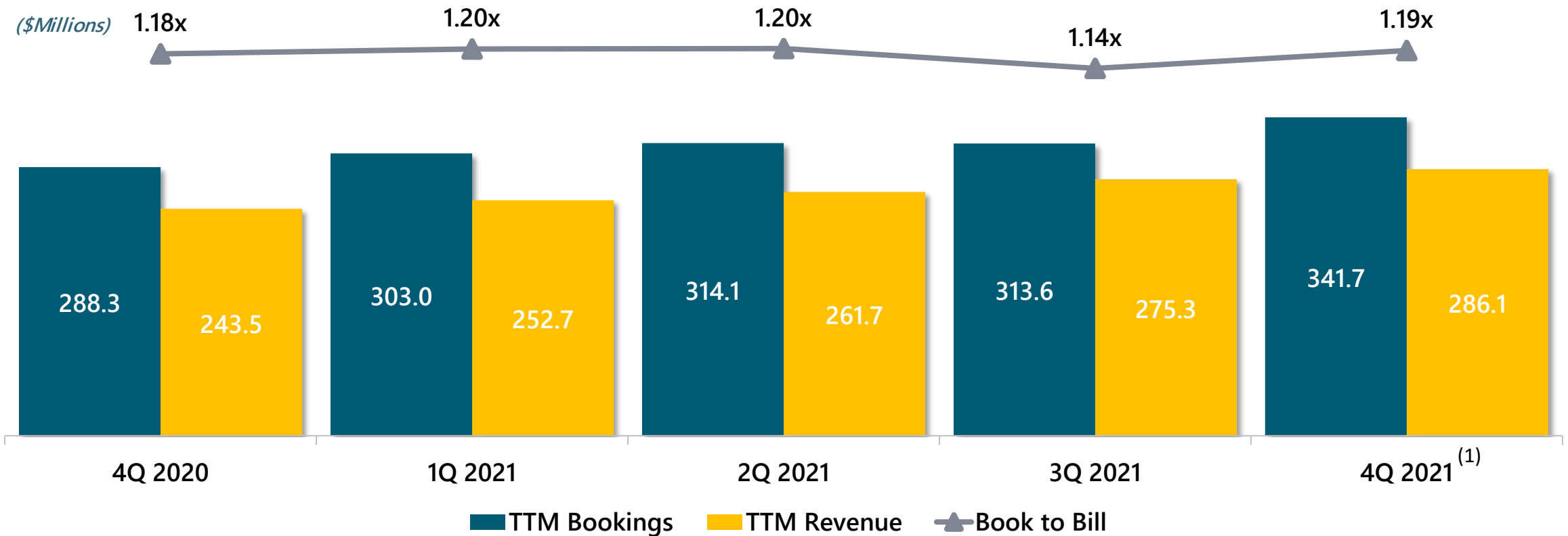
4Q and FY 2021 Results - Net Bookings



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

(1) Includes Pinnacle 21 contribution of \$8.5M in 4Q 2021

Historical TTM Book to Bill

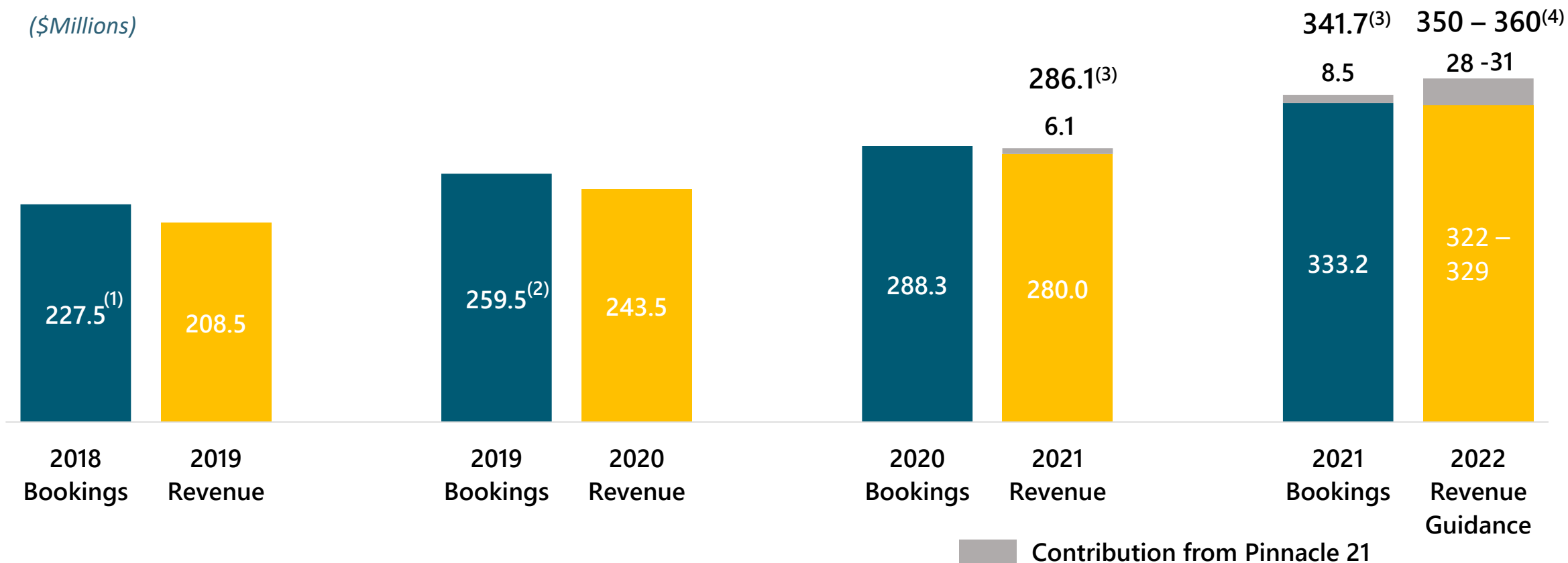


Stable book to bill provides forward visibility into revenue growth

(1) Includes Pinnacle 21 contribution in 4Q 2021

Annual Bookings to Forward Annual Revenue

(\$Millions)



Annual bookings provide visibility in forward annual revenue

(1) Includes ~\$12M multi-year booking

(2) Includes ~\$22M multi-year booking

(3) 2021 revenue and bookings include Pinnacle 21 contribution in only the fourth quarter

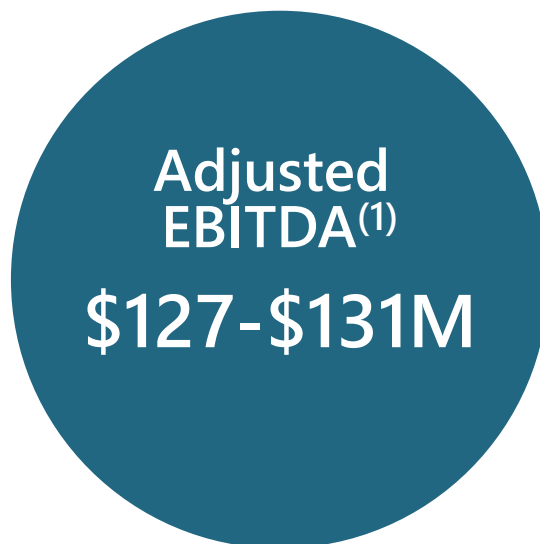
(4) Certara 2022 total revenue guidance

2022 Outlook

Certara Updates 2022 Guidance



22-26%
YoY growth



36%
EBITDA Margin



Key Assumptions 2022 Guidance

- Revenue growth excluding Pinnacle 21 expected to be **15-18%**
- Fully diluted shares expected to be in the range of **156-159M**
- GAAP tax rate expected to be in the range of **40-45%**
- Cash tax rate expected to be **20-25%**⁽³⁾

This financial guidance was provided as of March 1, 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.

(2) The Company is planning to revise the calculation of adjusted eps to exclude amortization expense related to M&A.

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Appendix

Reconciliation of Net Income (Loss) to Adjusted EBITDA

<i>(in thousands)</i>	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Net loss	\$ (9,699)	\$ (54,447)	\$ (13,266)	\$ (49,397)
Interest expense ^(a)	3,288	5,486	16,837	25,296
Interest income ^(a)	(16)	(8)	(271)	(44)
(Benefit from) provision for income taxes ^(a)	9,542	(5,480)	9,891	(784)
Depreciation and amortization expense ^(a)	448	607	2,135	2,443
Intangible asset amortization ^(a)	12,544	10,506	42,980	40,310
Currency (gain) loss ^(a)	14	905	(175)	715
Equity-based compensation expense ^(b)	8,637	62,221	29,483	64,507
Acquisition-related expense ^(c)	1,528	291	11,241	1,456
Integration expense ^(d)	31	21	31	78
Transaction related expenses ^(e)	978	1,421	2,754	1,908
Severance expense ^(f)	60	196	60	557
Reorganization expense ^(g)	—	335	—	525
Loss on disposal of fixed assets ^(h)	47	10	351	19
Executive recruiting expense ⁽ⁱ⁾	320	100	733	288
First-year Sarbanes-Oxley and ASC lease 842 implementation costs ^(j)	460	—	929	—
Adjusted EBITDA	<u>\$ 28,182</u>	<u>\$ 22,164</u>	<u>\$ 103,713</u>	<u>\$ 87,877</u>

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

<i>(in thousands)</i>	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Net loss ^(a)	\$ (9,699)	\$ (54,447)	\$ (13,266)	\$ (49,397)
Currency gain (loss) ^(a)	14	905	(175)	715
Equity-based compensation expense ^(b)	8,637	62,221	29,483	64,507
Acquisition-related expenses ^(c)	1,528	291	11,241	1,456
Integration expense ^(d)	31	21	31	78
Transaction related expenses ^(e)	978	1,421	2,754	1,908
Severance expense ^(f)	60	196	60	557
Reorganization expense ^(g)	—	335	—	525
Loss on disposal of fixed assets ^(h)	47	10	351	19
Executive recruiting expense ⁽ⁱ⁾	320	100	733	288
First-year Sarbanes-Oxley and ASC lease 842 implementation costs ^(j)	460	—	929	—
Income tax expense impact of adjustments ^(k)	(965)	(781)	(6,347)	(1,381)
Adjusted net income	<u>\$ 1,411</u>	<u>\$ 10,272</u>	<u>\$ 25,794</u>	<u>\$ 19,275</u>

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

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Diluted earnings per share	\$ (0.06)	\$ (0.40)	\$ (0.09)	\$ (0.37)
Currency (gain) loss ^(a)	—	0.01	—	0.01
Equity-based compensation expense ^(b)	0.05	0.46	0.19	0.48
Acquisition-related expense ^(c)	0.01	—	0.07	0.01
Integration expense ^(d)	—	—	—	—
Transaction related expenses ^(e)	0.01	0.01	0.02	0.01
Severance expense ^(f)	—	—	—	0.01
Reorganization expense ^(g)	—	—	—	0.01
Loss on disposal of fixed assets ^(h)	—	—	—	—
Executive recruiting expense ⁽ⁱ⁾	—	—	0.01	—
First-year Sarbanes-Oxley and ASC lease 842 implementation costs ^(j)	0.01	—	0.01	—
Income tax expense impact of adjustments ^(k)	(0.01)	(0.01)	(0.04)	(0.01)
Adjusted Diluted Earnings Per Shares	\$ 0.01	\$ 0.07	\$ 0.17	\$ 0.15
Basic weighted average common shares outstanding	155,624,454	135,747,243	149,842,668	133,247,212
Effect of potentially dilutive shares outstanding ^(l)	3,857,176	912,544	4,401,021	229,383
Adjusted diluted weighted average common shares outstanding	159,481,630	136,659,787	154,243,689	133,476,595

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