



Accelerating Medicines

4Q 2020 and FY 2020 Financial Results

March 4, 2021

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.

Trademarks and Service Marks

The Certara design logo, “Certara,” and our other registered or common law trademarks, service marks or trade names appearing in this presentation are our property. Solely for convenience, our trademarks, tradenames, and service marks referred to in this presentation appear without the ®, TM, and SM symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks, tradenames, and service marks. This presentation contains additional trademarks, tradenames, and service marks of other companies that are the property of their respective owners. We do not intend our use or display of other companies’ trademarks, trade names or service marks to imply relationships with, or endorsement or sponsorship of us by, these other companies.

Forward-Looking Statements

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 acceptance of model-informed biopharmaceutical discovery and development by regulators, actions by our competitors, changes in the regulatory or business environment of our customers, and the 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 Prospectus filed with the SEC on December 14, 2020. 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, 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.

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: A Global Leader in Biosimulation

Business	End-to-End Platform	Customers	2020 Financials
			
<p>20+ Year History of innovation</p>	<p>Software</p> <ul style="list-style-type: none"> • Biosimulation • Regulatory Submissions • Value Communication 	<p>1,650+ Customers across 61 countries</p>	<p>\$243.5mm 2020 Revenue 17% YoY Growth</p>
<p>~900 Employees ~300 with PhDs, PharmDs and MDs</p>	<p>Tech-Enabled Services</p> <ul style="list-style-type: none"> • Drug Discovery & Development with Biosimulation • Regulatory Science • Market Access 	<p>10+ Year Average tenure for top 30 customers</p>	<p>90% Software Aggregate Renewal Rate 105% Software Net Retention Rate 116% Services Net Revenue Repeat Rate</p>
<p>13 Acquisitions⁽³⁾ Track record of accretive and complementary transactions</p>	<p>\$11.6B+ TAM growing at 12-15% CAGR¹</p>	<p>261 customers with ACV > \$100,000 53 customers with ACV > \$1M</p>	<p>\$87.9mm 2020 Adjusted EBITDA⁽²⁾ 36% Adjusted EBITDA Margin</p>

Data as of 12/31/2020 unless otherwise noted

(1) Market research reports from GrandView and SpendEdge

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

(3) Includes Author! as of March 2021

© Copyright 2020 Certara, L.P. All rights reserved.

4Q & FY 2020 Highlights

- Revenue was \$64.6mm in 4Q 2020, and \$243.5mm in 2020
 - Year-over-year growth of 20% and 17%
- Reported net loss was (\$54.4)mm in 4Q20, and (\$49.4)mm in 2020
 - Year-over-year increase in net loss of 805% and 453%
- Adjusted EBITDA⁽¹⁾ was \$22.2mm in 4Q 2020, and \$87.9mm in 2020
 - Year-over-year growth of 36% and 28%
- Certara completed an initial public offering of 29.1mm shares, raising \$316.3mm in net proceeds to the Company

Key Financials

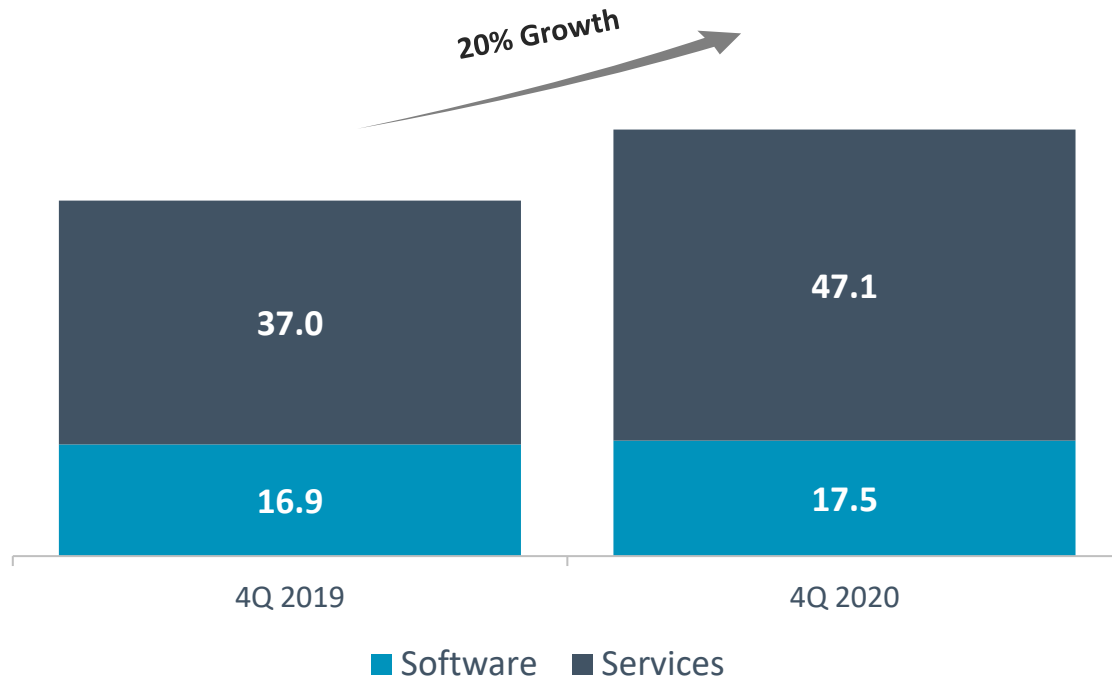
	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
<i>(in millions, except per share data)</i>				
Revenue	\$64.6	\$53.9	\$243.5	\$208.5
Net Loss	(\$54.4)	(\$6.0)	(\$49.4)	(\$8.9)
Diluted Earnings Per Share	(0.40)	(0.05)	(0.37)	(0.07)
Adjusted EBITDA⁽¹⁾	\$22.2	\$16.3	\$87.9	\$68.4
Adjusted Net Income (Loss)⁽¹⁾	\$11.8	(\$3.7)	\$22.0	\$0.8
Adjusted Diluted Earnings Per Share⁽¹⁾	\$0.09	(\$0.03)	\$0.17	\$0.01
Cash and Cash Equivalents			\$271.4	\$29.3

(1) See Appendix for a reconciliation net income (loss) to adjusted EBITDA and reconciliation of net income (loss) to adjusted net income and diluted income per share to adjusted EPS

4Q and FY Results - Revenue

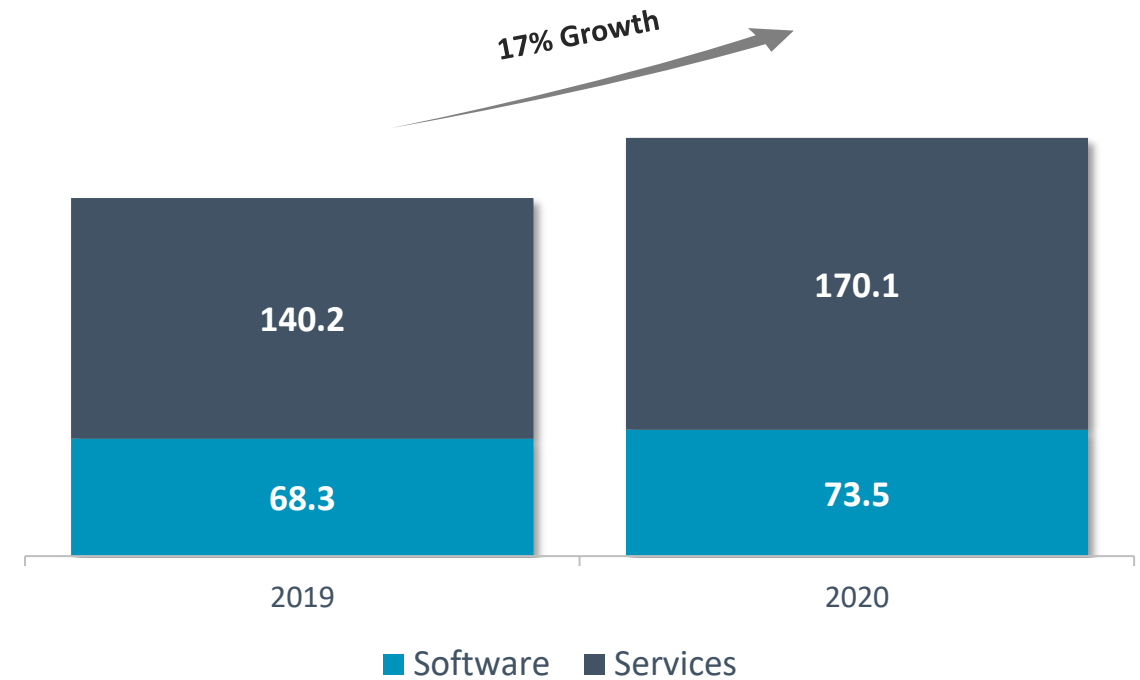
Fourth Quarter GAAP Reported Revenue

(\$Millions)



Full Year GAAP Reported Revenue

(\$Millions)

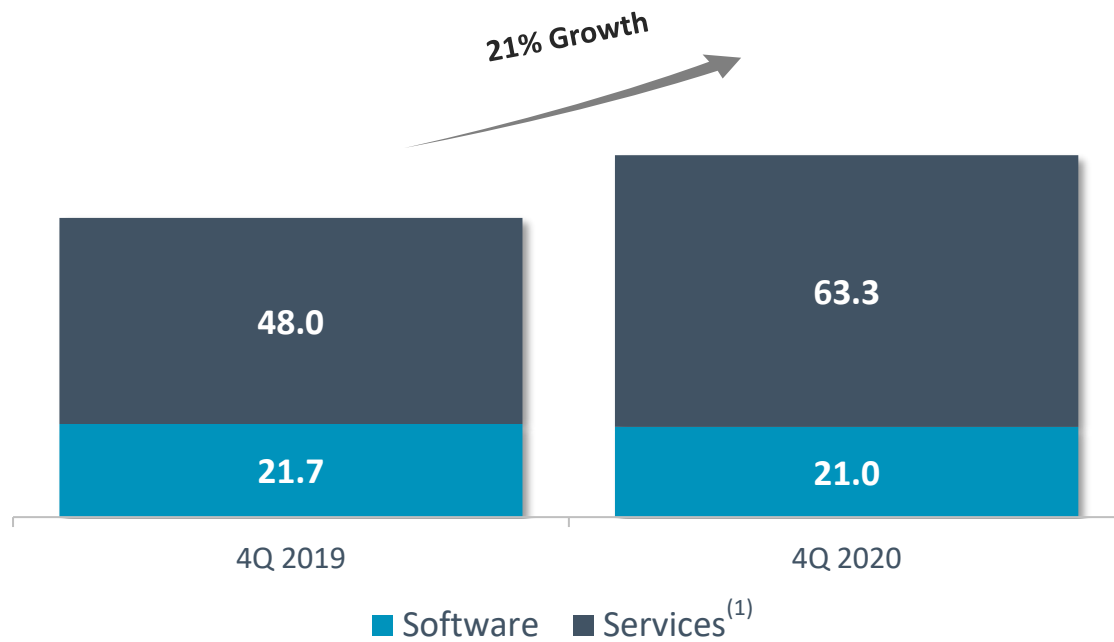


The Certara team remained focused on execution in 2020, delivering strong revenue growth

4Q and FY Results - Net Bookings

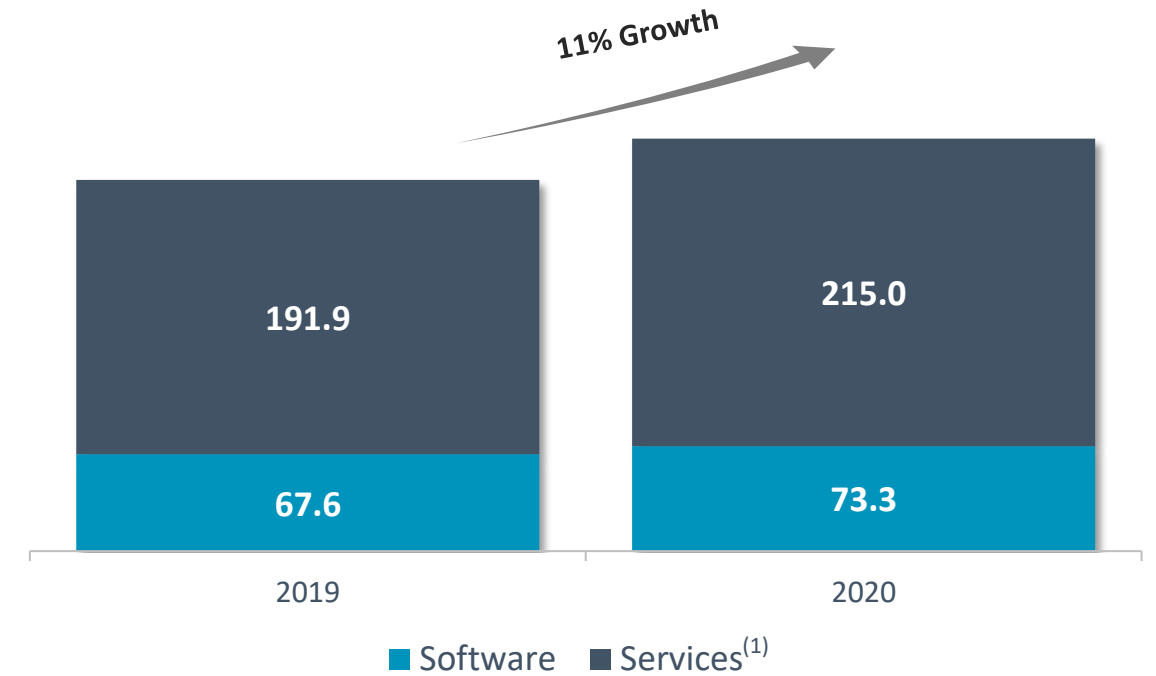
Fourth Quarter Reported Net Bookings

(\$Millions)



Full Year Reported Net Bookings

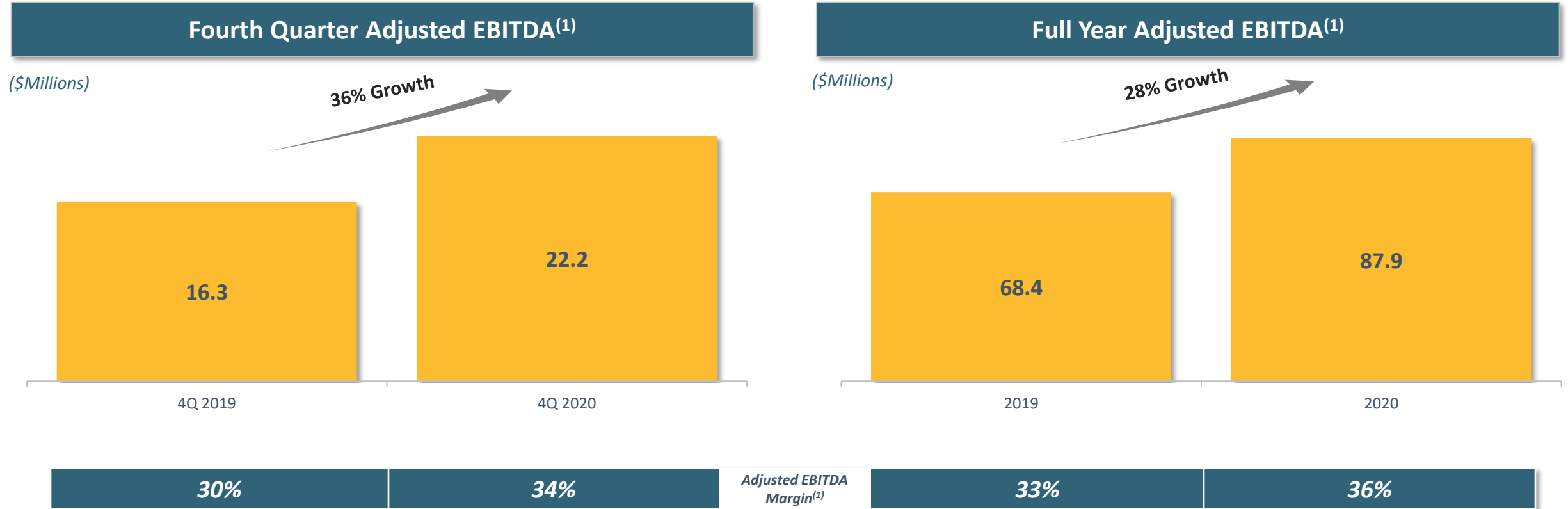
(\$Millions)



Bookings are highly correlated with revenue and drive strong visibility

(1) Includes software and software implementation and deployment services related to service segment bookings.

4Q and FY Results – Adjusted EBITDA

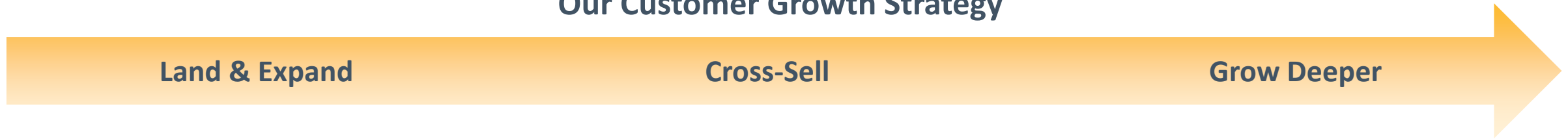


Certara's level of profitability improved on a year-over-year basis

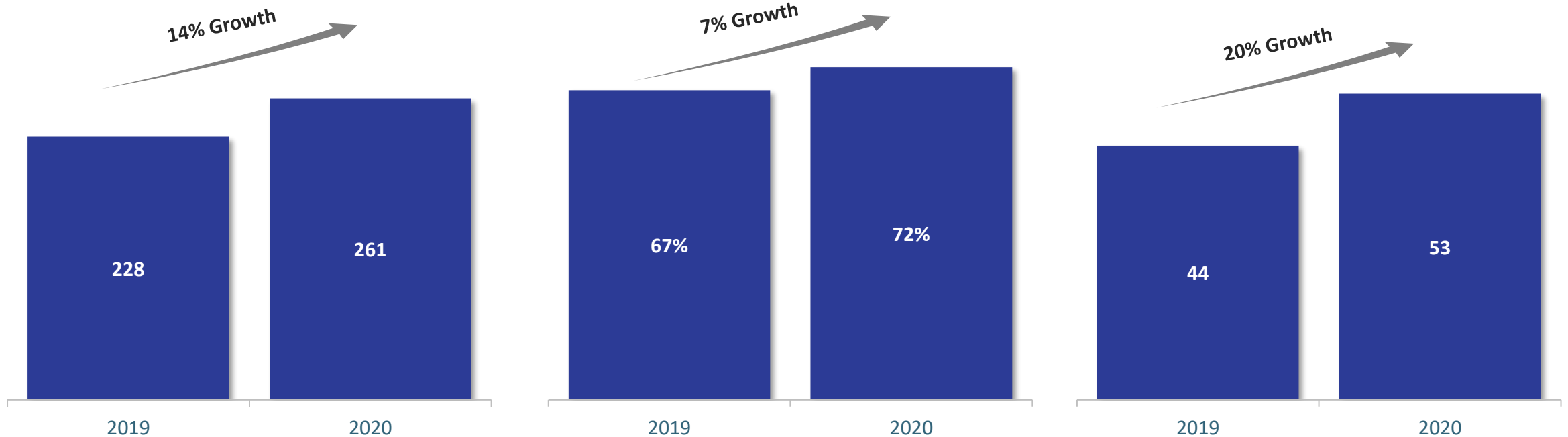
(1) See Appendix for a reconciliation net income (loss) to adjusted EBITDA

Annual Expansion of Customer Partnerships

Our Customer Growth Strategy



Customers with ACV > \$100,000 % of Top 300 Customers Purchasing 2+ Solutions Customers with ACV > \$1M



FY 2020 – New Product or Product Updates

Certara announced 6 new products or product updates during 2020

- **Developed QSP platform for COVID-19 vaccine** – tests vaccine candidates across multiple patient populations
- **Launched version 3.0 of Immunogenicity (IG) QSP Simulator** – integrates diverse inputs, including bioinformatics and in-vitro assays, enabling compound prioritization and informing go/no go decisions
- **Launched version 2.0 of Immuno-oncology (IO) QSP Simulator** – addresses solid tumors and includes blood cancers
- **Launched the COVID-19 Clinical Outcomes Database** - provides up-to-date information on the results of COVID-19 clinical trials and observational studies, worldwide
- **Launched version 8.3 of its Phoenix platform** - delivers new features to drive efficiencies and quality and save valuable time
- **Launched version 19 of its Simcyp Population-based Simulator** - introduces new features to support safer and more efficient clinical studies

FY 2021 Financial Guidance

This financial guidance was provided as of March 4, 2021, and its inclusion in this presentation should not be construed as continued affirmation of such guidance beyond that date.

- Certara expects full year 2021 revenue to be in the range of \$272mm to \$285mm
- Certara expects full year 2021 Adjusted EBITDA⁽¹⁾ to be in the range of \$98mm to \$102mm
- Full year 2021 Adjusted Diluted Earnings Per Share⁽¹⁾ is expected to be in the range of \$0.20 to \$0.24

	Full Year 2021 (Range)
<i>(In millions, except earnings per share data)</i>	
Revenue	\$272 - \$285
Adjusted EBITDA⁽¹⁾	\$98 - \$102
Adjusted Diluted Earnings Per Share⁽¹⁾	\$0.20 - \$0.24

Certara expects continued mid-teens growth in revenue and adjusted EBITDA

(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.



CERTARA[®]

Accelerating Medicines

Appendix

Reconciliation of Net Income (Loss) to Adjusted EBITDA

<i>(in thousands)</i>	THREE MONTHS ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	2020	2019	2020	2019
Net loss attributable to common stockholders of Certara, Inc.	(\$54,447)	(\$6,015)	(\$49,397)	(\$8,926)
Reconciliation to Adjusted EBITDA:				
Interest expense(a)	5,486	6,993	25,296	28,004
Interest income(a)	(8)	(3)	(44)	(9)
(Benefit from) provision for income taxes(a)	(5,480)	2,476	(784)	(225)
Depreciation and amortization expense(a)	607	456	2,443	2,596
Intangible asset amortization(a)	10,506	10,459	40,310	38,964
Currency gain (a)	905	353	715	431
Equity-based compensation expense(b)	62,221	550	64,507	1,691
Acquisition-related expense(c)	291	477	1,456	2,471
Integration expense(d)	21	45	78	546
Transaction related expenses(e)	1,421	-	1,908	-
Severance expense(f)	196	125	557	2,057
Reorganization expense(g)	335	50	525	222
Gain (loss) on disposal of fixed assets(h)	10	103	19	113
Executive recruiting expense(i)	100	186	288	476
Adjusted EBITDA	\$22,164	\$16,255	\$87,877	\$68,411

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

<i>(in thousands, except per share data)</i>	THREE MONTHS ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	2020	2019	2020	2019
Net loss attributable to common stockholders of Certara, Inc.	(\$54,447)	(\$6,015)	(\$49,397)	(\$8,926)
Reconciliation to Adjusted Net Income (Loss):				
Currency gain (a)	905	353	715	431
Equity-based compensation expense(b)	62,221	550	64,507	1,691
Acquisition-related expense(c)	291	477	1,456	2,471
Integration expense(d)	21	45	78	546
Transaction related expenses(e)	1,421	-	1,908	-
Severance expense(f)	196	125	557	2,057
Reorganization expense(g)	335	50	525	222
Gain (loss) on disposal of fixed assets(h)	10	103	19	113
Executive recruiting expense(i)	100	186	288	476
Income Tax expense impact of adjustments(j)	781	406	1,381	1,758
Adjusted Net Income (Loss)	\$11,834	(\$3,720)	\$22,037	\$839

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

	THREE MONTHS ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	2020	2019	2020	2019
Diluted earnings per share	(\$0.40)	(\$0.05)	(\$0.37)	(\$0.07)
Currency gain (a)	0.01	-	0.01	-
Equity-based compensation expense(b)	0.46	0.01	0.48	0.01
Acquisition-related expense(c)	-	0.01	0.01	0.02
Integration expense(d)	-	-	-	0.01
Transaction related expenses(e)	0.01	-	0.01	-
Severance expense(f)	-	-	0.01	0.02
Reorganization expense(g)	-	-	0.01	-
Gain (loss) on disposal of fixed assets(h)	-	-	-	-
Executive recruiting expense(i)	-	-	-	0.01
Income tax expense impact of adjustments(j)	0.01	-	0.01	0.01
Effect of using adjusted diluted shares (k)	-	-	-	-
Adjusted Diluted Earnings Per Share	\$0.09	(\$0.03)	\$0.17	\$0.01
Diluted weighted average common shares outstanding	135,747,243	132,407,786	133,247,212	132,407,786
Effect of potentially dilutive shares outstanding (l)	912,544	-	229,383	-
Adjusted diluted weighted average common shares outstanding	136,659,787	132,407,786	133,476,595	132,407,786

Notes to Adjusted EBITDA Reconciliation

- (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 initial 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 a CEO and other senior executives.
- (j) Represents the income tax effect of the non-GAAP adjustments calculated using the applicable statutory rate by jurisdiction.
- (k) Represents the effect of using the Adjusted diluted weighted average common shares outstanding.
- (l) Represents potentially dilutive shares that were excluded from the Company's GAAP diluted weighted average shares outstanding because the Company had a reported net loss and therefore including these shares would have been anti-dilutive.