



Accelerating Medicines

4Q 2020 and FY 2020 Financial Results

March 4, 2021

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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



20+ Year
History of innovation

~900 Employees
~300 with PhDs,
PharmDs and MDs

13 Acquisitions⁽³⁾
Track record of accretive
and complementary
transactions

End-to-End Platform



Software

- Biosimulation
- Regulatory Submissions
- Value Communication

Tech-Enabled Services

- Drug Discovery & Development with Biosimulation
- Regulatory Science
- Market Access

\$11.6B+ TAM growing at
12-15% CAGR¹

Customers



1,650+
Customers across
61 countries

10+ Year
Average tenure
for top 30 customers

261 customers with ACV
> \$100,000
53 customers with ACV
> \$1M

2020 Financials



\$243.5mm
2020 Revenue
17% YoY Growth

90% Software Aggregate Renewal Rate
105% Software Net Retention Rate
116% Services Net Revenue Repeat Rate

\$87.9mm
2020 Adjusted EBITDA⁽²⁾
36% Adjusted EBITDA Margin

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

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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

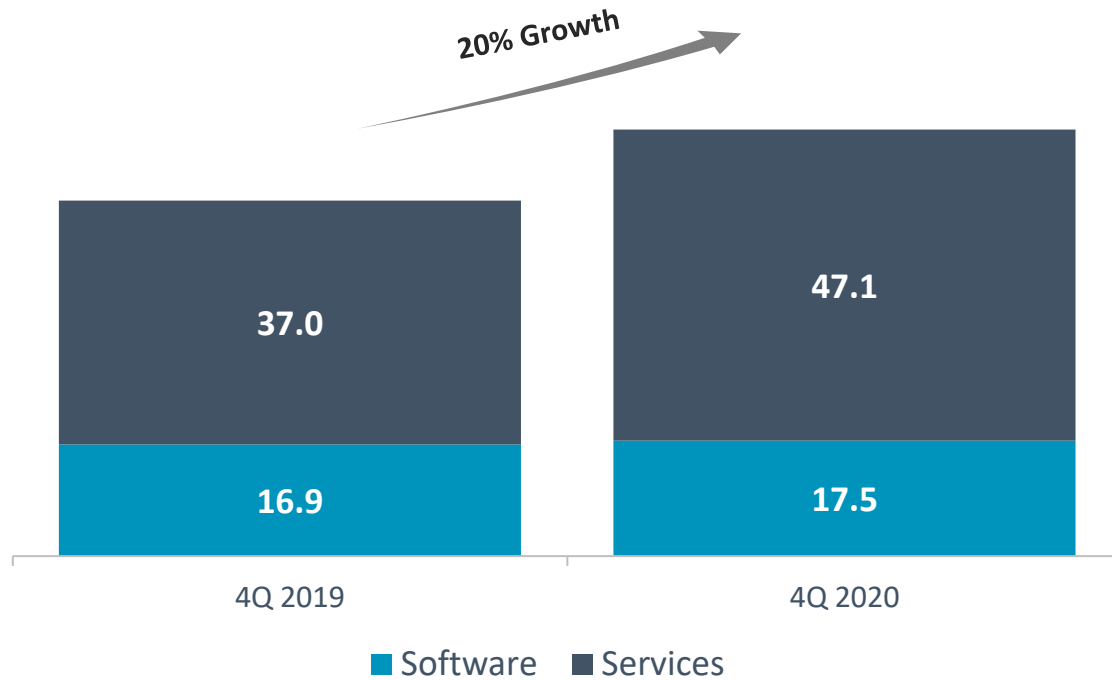
	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
<i>(in millions, except per share data)</i>				
Revenue	\$64.6	\$53.9	\$243.5	\$208.5
Net Loss	(\$54.4)	(\$6.0)	(\$49.4)	(\$8.9)
Diluted Earnings Per Share	(0.40)	(0.05)	(0.37)	(0.07)
Adjusted EBITDA⁽¹⁾	\$22.2	\$16.3	\$87.9	\$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

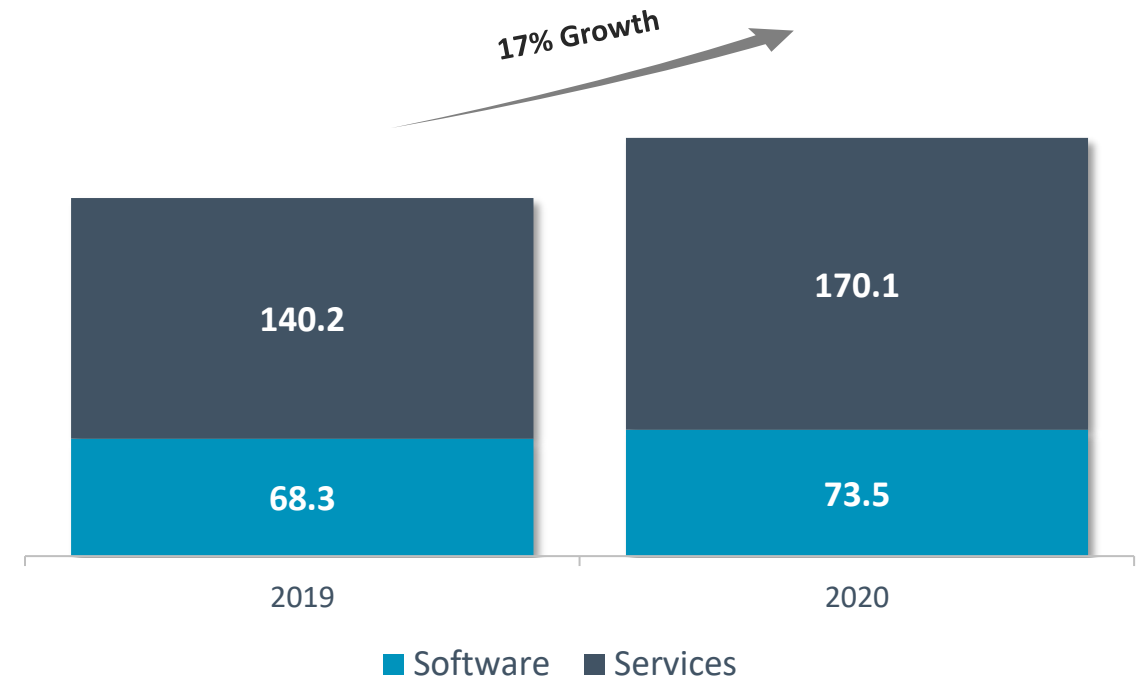
Fourth Quarter GAAP Reported Revenue

(\$Millions)



Full Year GAAP Reported Revenue

(\$Millions)

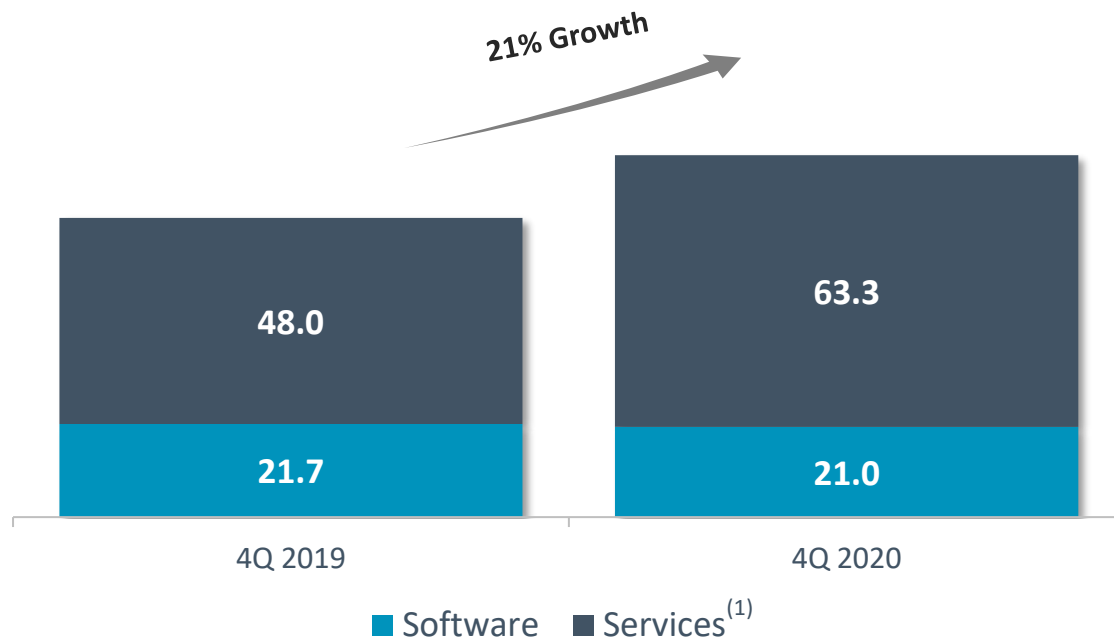


The Certara team remained focused on execution in 2020, delivering strong revenue growth

4Q and FY Results - Net Bookings

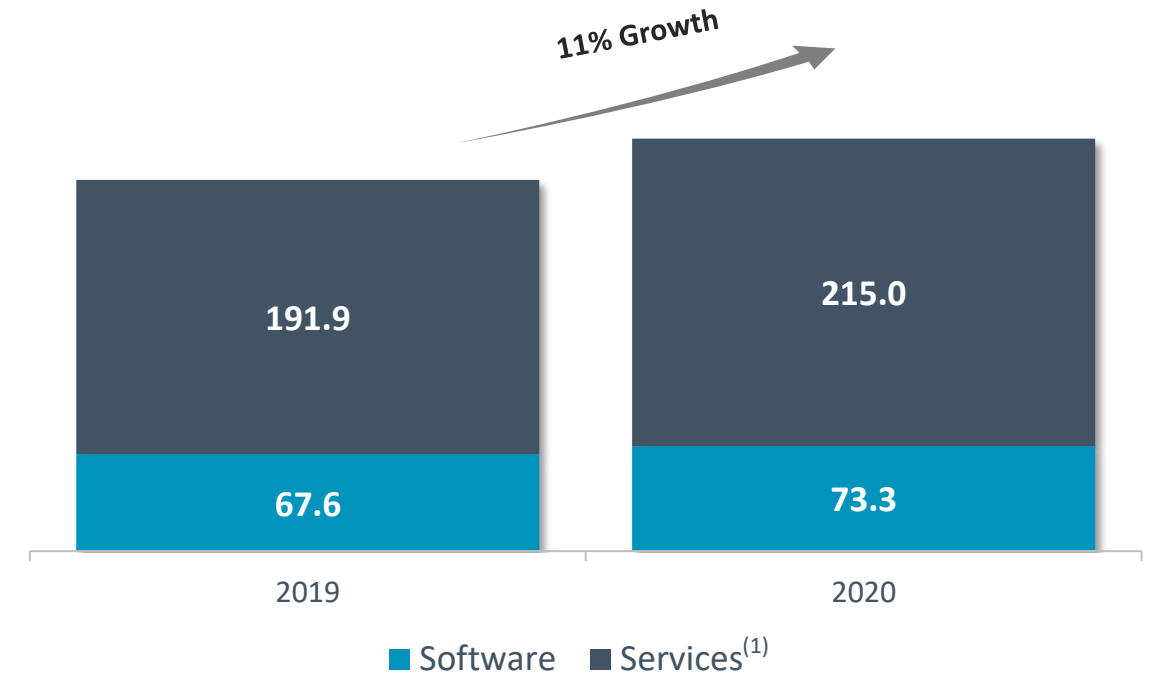
Fourth Quarter Reported Net Bookings

(\$Millions)



Full Year Reported Net Bookings

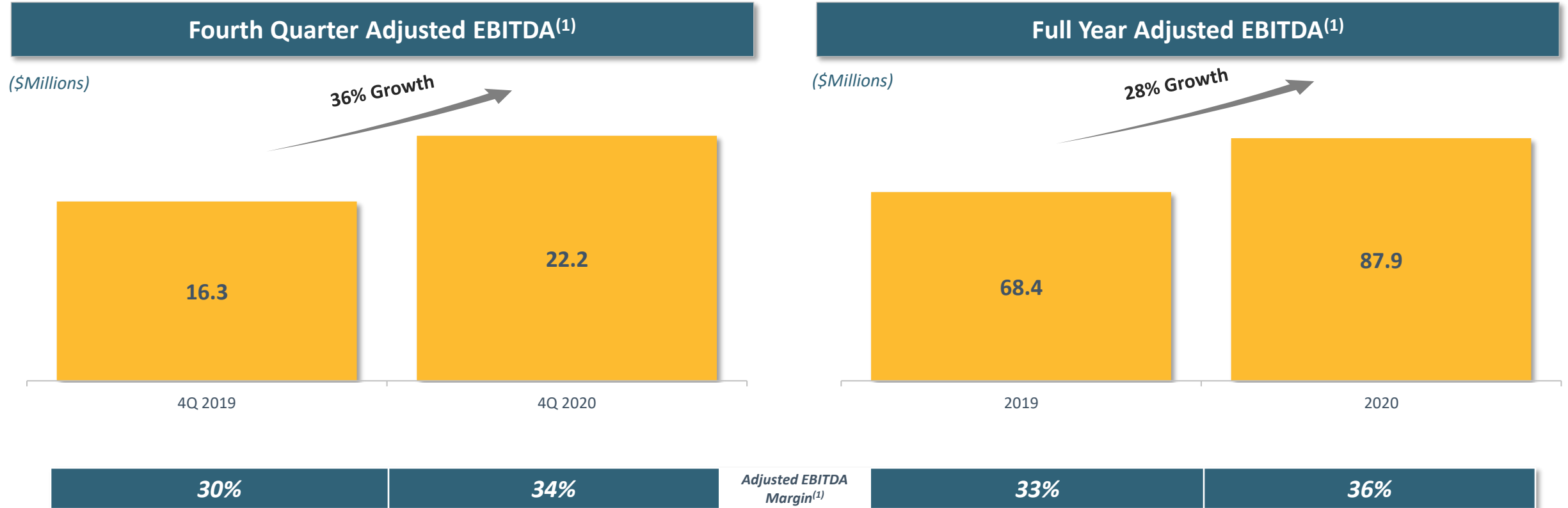
(\$Millions)



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

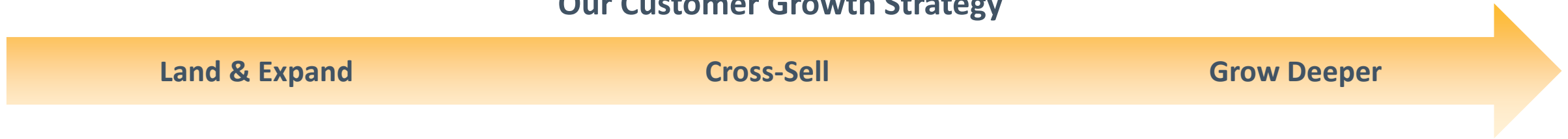


Certara's level of profitability improved on a year-over-year basis

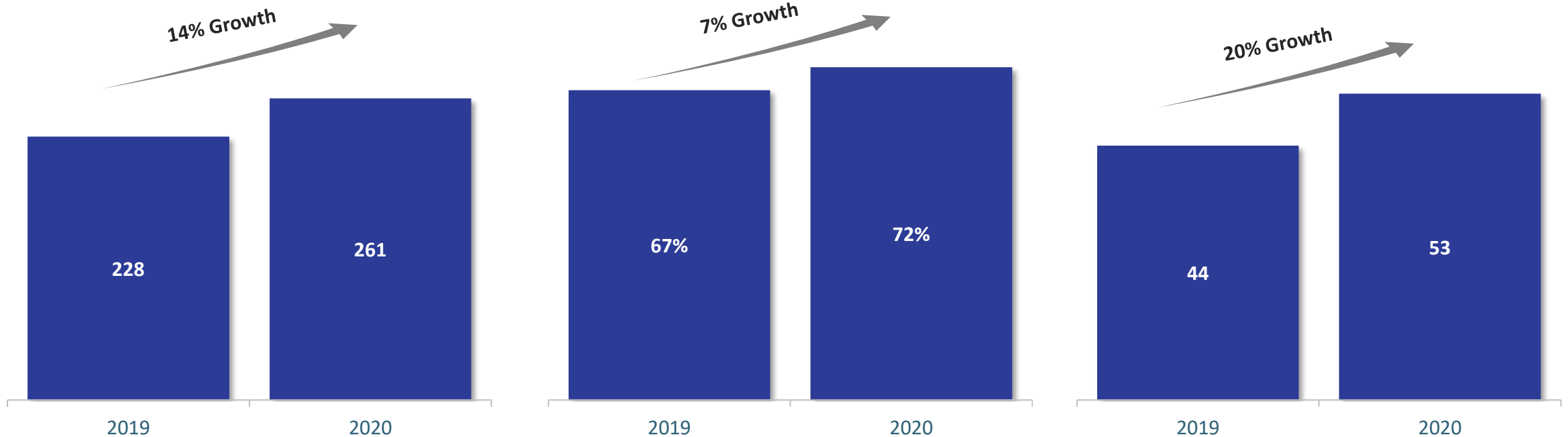
(1) See Appendix for a reconciliation net income (loss) to adjusted EBITDA

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

- 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.



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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,	
	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):				
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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.