UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____________ to _____________

Commission File Number: 001-39799

Certara, Inc.

(Exact name of registrant as specified in its charter)

Delaware	82-2180925
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

100 Overlook Center
Suite 101
Princeton, New Jersey 08540
(Address of Principal Executive Offices)
(609) 716-7900

(Registrant's telephone number)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading symbol	Name of Exchange on which registered
Common stock, par value $0.01 per share	**CERT**	**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐		
Non-accelerated filer	☐	Smaller reporting company	☐	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 01, 2024, the registrant had 160,841,451 shares of common stock, par value $0.01 per share, outstanding.

Certara, Inc.

Unless otherwise indicated, references to the "Company," "Certara," "we," "us," and "our" refer to Certara, Inc. and its consolidated subsidiaries.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Quarterly Report") contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are subject to the "safe harbor" created by those sections. All statements (other than statements of historical facts) in this Quarterly Report regarding the prospects of the industry and our prospects, plans, financial position and business strategy may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "should," "expect," "might," "intend," "will," "estimate," "anticipate," "plan," "believe," "predict," "potential," "continue," "suggest," "project" or "target" or the negatives of these terms or variations of them or similar terminology. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot provide any assurance that these expectations will prove to be correct. Such statements reflect the current views of our management with respect to our operations, results of operations and future financial performance. The following factors are among those that may cause actual results to differ materially from the forward-looking statements:

- any deceleration in, or resistance to, the acceptance of model-informed biopharmaceutical discovery and development;
- our ability to compete within our market;
- changes or delays in government regulation relating to the biopharmaceutical industry;
- trends in research and development ("R&D") spending, the use of third parties by biopharmaceutical companies and a shift toward more R&D occurring at smaller biotechnology companies;
- consolidation within the biopharmaceutical industry;
- pricing pressures due to increased customer utilization of our products;
- our ability to successfully enter new markets, increase our customer base and expand our relationships with existing customers;
- our ability to retain key personnel or recruit additional qualified personnel;
- risks related to the mischaracterization of our independent contractors;
- any delays or defects in our release of new or enhanced software or other biosimulation tools;
- issues relating to the use of artificial intelligence and machine learning in our products and services;
- failure of our existing customers to renew their software licenses or any delays or terminations of contracts or reductions in scope of work by our existing customers;
- risks related to our contracts with government customers, including the ability of third parties to challenge our receipt of such contracts;
- risks related to our contracts with government customers, including the ability of third parties to challenge our receipt of such contracts;
- our ability to sustain recent growth rates;
- increasing competition, regulation and other cost pressures within the pharmaceutical and biotechnology industries;

- any future acquisitions and our ability to successfully integrate such acquisitions;
- the accuracy of our addressable market estimates;
- our ability to successfully operate a global business;
- our ability to comply with applicable anti-corruption, trade compliance and economic sanctions laws and regulations;
- risks related to litigation against us;
- the adequacy of our insurance coverage and our ability to obtain adequate insurance coverage in the future;
- our ability to perform our services in accordance with contractual requirements, regulatory standards and ethical considerations;
- the loss of more than one of our major customers;
- our future capital needs;
- the ability or inability of our bookings to accurately predict our future revenue and our ability to realize the anticipated revenue reflected in our bookings;
- the occurrence of natural disasters, pandemics, epidemic diseases, and public health crises, which may result in delays or cancellations of customer contracts or decreased utilization by our employees;
- any disruption in the operations of the third-party providers who host our software solutions or any limitations on their capacity or interference with our use;
- our ability to reliably meet our data storage and management requirements, or the experience of any failures or interruptions in the delivery of our services over the internet;
- our ability to comply with the terms of any licenses governing our use of third-party open source software utilized in our software solutions;
- any unauthorized access to or use of customer or other proprietary or confidential data or other breach of our cybersecurity measures;
- our ability to comply with applicable privacy and cybersecurity laws;
- our ability to adequately enforce or defend our ownership and use of our intellectual property and other proprietary rights;
- any allegations that we are infringing, misappropriating or otherwise violating a third party's intellectual property rights;
- our ability to meet the obligations under our current or future indebtedness as they become due and have sufficient capital to operate our business and react to changes in the economy or industry;
- any limitations on our ability to pursue our business strategies due to restrictions under our current or future indebtedness or inability to comply with any restrictions under such indebtedness;
- any impairment of goodwill or other intangible assets;
- our ability to use our net operating loss ("NOLs") and R&D tax credit carryforwards to offset future taxable income;
- the accuracy of our estimates and judgments relating to our critical accounting policies and any changes in financial reporting standards or interpretations;
- any inability to design, implement, and maintain effective internal controls when required by law, or inability to timely remediate internal controls that are deemed ineffective; and

- the other factors described elsewhere in this Quarterly Report, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 ("2023 Annual Report"), and in the other documents and reports we file with the Securities and Exchange Commission (the "SEC").

You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements in this Quarterly Report 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. There are important factors, including those described in the section titled "Risk Factors" and elsewhere in this Quarterly Report and in our 2023 Annual Report and subsequent SEC filings , which could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment. 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 in this Quarterly Report. Such risk factors may be updated from time to time in our periodic filings with the SEC. Our periodic filings are accessible on the SEC's website at www.sec.gov.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or occur. The forward-looking statements made in this Quarterly Report relate only to events as of the date on which the statements are made. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this Quarterly Report to conform these statements to actual results or to changes in our expectations.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements..

Channels for Disclosure of Information

Investors and others should note that we may announce material information to the public through filings with the SEC, our Investors Relations website (https://ir.certara.com), press releases, public conference calls and public webcasts. We use these channels to communicate with the public about the Company, our products, our services and other matters. We encourage our investors, the media and others to review the information disclosed through these channels as such information could be deemed to be material information. The information on such channels, including on our website, is not incorporated by reference in this Quarterly Report and shall not be deemed to be incorporated by reference into any other filing under the Securities Act or the Exchange Act, except as expressly set forth by specific reference in such a filing. This list of disclosure channels may be updated from time to time.

CERTARA, INC. AND SUBSIDIARIES

FORM 10-Q

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

CERTARA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(IN THOUSANDS, EXCEPT PER SHARE AND SHARE DATA)		MARCH 31, 2024		DECEMBER 31, 2023
Assets				
Current assets:				
Cash and cash equivalents	$	224,776	$	234,951
Accounts receivable, net of allowance for credit losses of $1,341 and $1,312, respectively		80,949		84,857
Prepaid expenses and other current assets		22,732		20,393
Total current assets		328,457		340,201
Other assets:				
Property and equipment, net		2,846		2,670
Operating lease right-of-use assets		14,292		9,604
Goodwill		715,620		716,333
Intangible assets, net of accumulated amortization of $289,090 and $273,522, respectively		473,687		487,043
Deferred income taxes		4,236		4,236
Other long-term assets		3,240		3,053
Total assets	$	1,542,378	$	1,563,140
Liabilities and stockholders' equity				
Current liabilities:				
Accounts payable	$	3,733	$	5,171
Accrued expenses		32,744		56,779
Current portion of deferred revenue		56,801		60,678
Current portion of long-term debt		3,020		3,020
Other current liabilities		4,331		4,375
Total current liabilities		100,629		130,023
Long-term liabilities:				
Deferred revenue, net of current portion		1,437		1,070
Deferred income taxes		46,307		50,826
Operating lease liabilities, net of current portion		11,631		6,955
Long-term debt, net of current portion and debt discount		287,772		288,217
Other long-term liabilities		40,244		39,209
Total liabilities		488,020		516,300
Commitments and contingencies				
Stockholders' equity				
Preferred shares, $0.01 par value, 50,000,000 shares authorized, no shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively		—		—
Common shares, $0.01 par value, 600,000,000 shares authorized, 160,687,886 and 160,284,901 shares issued as of March 31, 2024 and December 31, 2023, respectively; 160,191,094 and 159,848,286 shares outstanding as of March 31, 2024 and December 31, 2023, respectively		1,607		1,603
Additional paid-in capital		1,191,237		1,178,461
Accumulated deficit		(120,913)		(116,230)
Accumulated other comprehensive loss		(7,036)		(7,593)
Treasury stock at cost, 496,792 and 436,615 shares at March 31, 2024 and December 31, 2023, respectively		(10,537)		(9,401)
Total stockholders' equity		1,054,358		1,046,840
Total liabilities and stockholders' equity	$	1,542,378	$	1,563,140

The accompanying notes are an integral part of the condensed consolidated financial statements.

CERTARA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
(IN THOUSANDS, EXCEPT PER SHARE AND SHARE DATA)	2024	2023
Revenues	$ 96,654	$ 90,301
Cost of revenues	39,255	34,856
Operating expenses:		
Sales and marketing	10,687	8,002
Research and development	11,995	9,287
General and administrative	22,979	19,772
Intangible asset amortization	12,593	10,535
Depreciation and amortization expense	432	411
Total operating expenses	58,686	48,007
Income (loss) from operations	(1,287)	7,438
Other income (expenses):		
Interest expense	(5,751)	(5,475)
Net other income	1,604	506
Total other expenses	(4,147)	(4,969)
Income (loss) before income taxes	(5,434)	2,469
Provision (benefit) for income taxes	(751)	1,111
Net income (loss)	(4,683)	1,358
Other comprehensive income (loss):		
Foreign currency translation adjustment, net of tax of $60, $(182), respectively	(7)	2,601
Change in fair value from interest rate swap, net of tax of $186, $(588), respectively	564	(1,691)
Total other comprehensive income	557	910
Comprehensive income (loss)	$ (4,126)	$ 2,268
Net income (loss) per share attributable to common stockholders:		
Basic	$ (0.03)	$ 0.01
Diluted	$ (0.03)	$ 0.01
Weighted average common shares outstanding:		
Basic	159,524,270	158,177,025
Diluted	159,524,270	159,727,412

The accompanying notes are an integral part of the condensed consolidated financial statements.

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CERTARA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS’ EQUITY
(UNAUDITED)

(IN THOUSANDS, EXCEPT SHARE DATA)	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS	TREASURY STOCK		TOTAL STOCKHOLDERS' EQUITY
	SHARES	AMOUNT				SHARES	AMOUNT	
Balance as of December 31, 2022	159,676,150	1,596	1,150,168	(60,873)	(8,230)	(150,207)	(3,000)	1,079,661
Equity-based compensation expense, net of forfeiture	—	—	8,543	—	—	—	—	8,543
Common shares issued for share-based compensation awards and shares withheld for tax	608,179	6	(4)	—	—	(228,159)	(5,419)	(5,417)
Restricted stock forfeiture*	(66,220)	(1)	1	—	—	—	—	—
Change in fair value from interest rate swap, net of tax	—	—	—	—	(1,691)	—	—	(1,691)
Net income	—	—	—	1,358	—	—	—	1,358
Foreign currency translation adjustment, net of tax	—	—	—	—	2,601	—	—	2,601
Balance as of March 31, 2023	160,218,109	1,601	1,158,708	(59,515)	(7,320)	(378,366)	(8,419)	1,085,055
Balance as of December 31, 2023	160,284,901	1,603	1,178,461	(116,230)	(7,593)	(436,615)	(9,401)	1,046,840
Equity-based compensation expense, net of forfeiture	—	—	9,073	—	—	—	—	9,073
Common stock withheld for tax liabilities	—	—	—	—	—	(60,177)	(1,136)	(1,136)
Common shares issued for employee share-based compensation	188,293	2	(2)	—	—	—	—	—
Common shares issued for contingent consideration	214,692	2	3,705	—	—	—	—	3,707
Change in fair value from interest rate swap, net of tax	—	—	—	—	564	—	—	564
Net loss	—	—	—	(4,683)	—	—		(4,683)
Foreign currency translation adjustment, net of tax	—	—	—	—	(7)	—	—	(7)
Balance as of March 31, 2024	160,687,886	1,607	1,191,237	(120,913)	(7,036)	(496,792)	(10,537)	1,054,358

The accompanying notes are an integral part of the condensed consolidated financial statements.

CERTARA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
(IN THOUSANDS)	**2024**	**2023**
Cash flows from operating activities:		
Net income (loss)	$ (4,683)	$ 1,358
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	432	411
Amortization of intangible assets	15,996	13,113
Amortization of debt issuance costs	380	383
(Recovery of) provision for credit losses	59	(168)
Loss on retirement of assets	—	4
Equity-based compensation expense	9,073	8,543
Change in fair value of contingent considerations	2,878	1,261
Lease abandonment expense	29	—
Deferred income taxes	(4,829)	(1,524)
Changes in assets and liabilities:		
Accounts receivable	3,635	647
Prepaid expenses and other assets	(578)	559
Accounts payable, accrued expenses, and other liabilities	(14,825)	(13,596)
Deferred revenues	(3,271)	(1,034)
Net cash provided by operating activities	4,296	9,957
Cash flows from investing activities:		
Capital expenditures	(619)	(317)
Capitalized software development costs	(2,959)	(2,360)
Investment in intangible assets	—	(54)
Net cash used in investing activities	(3,578)	(2,731)
Cash flows from financing activities:		
Payments on long-term debt and finance lease obligations	(755)	(780)
Payments for business acquisition related contingent consideration	(8,649)	—
Payment of taxes on shares withheld for employee taxes	(943)	(70)
Net cash used in financing activities	(10,347)	(850)
Effect of foreign exchange rate changes on cash and cash equivalents, and restricted cash	(546)	1,174
Net (decrease) increase in cash and cash equivalents, and restricted cash	(10,175)	7,550
Cash and cash equivalents, and restricted cash, at beginning of period	234,951	239,688
Cash and cash equivalents, and restricted cash, at end of period	$ 224,776	$ 247,238
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 5,395	$ 5,196
Cash paid for taxes	$ 3,640	$ 517
Supplemental schedule of noncash investing and financing activities		
Issuance of common stock for business acquisition related contingent consideration	$ 3,707	$ —

The accompanying notes are an integral part of the condensed consolidated financial statements.

CERTARA, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

(UNAUDITED)

1. Description of Business

Certara, Inc. and its wholly-owned subsidiaries (together, the "Company") deliver software products and technology-driven services to customers to efficiently carry out and realize the full benefits of biosimulation in drug discovery, preclinical and clinical research, regulatory submissions and market access. The Company is a global leader in biosimulation, and the Company's biosimulation software and technology-driven services help optimize, streamline, or even waive certain clinical trials to accelerate programs, reduce costs, and increase the probability of success. The Company's regulatory science and market access software and services are underpinned by technologies such as regulatory submissions software, natural language processing, and Bayesian analytics. When combined, these solutions allow the Company to offer customers end-to-end support across the entire product life cycle.

The Company has operations in the United States, Australia, Brazil, Canada, China, Egypt, France, Germany, India, Italy, Japan, Korea, Luxembourg, Netherlands, Philippines, Poland, Portugal, Spain, Switzerland, and the United Kingdom.

2. Summary of Significant Accounting Policies

There have been no changes other than what is discussed herein to the Company's significant accounting policies as compared to the significant accounting policies described in Note 2 to the Company's audited consolidated financial statements included in our 2023 Annual Report. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes as of and for the year ended December 31, 2023.

(a) Basis of Presentation and Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include, among other estimates, assumptions used in the allocation of the transaction price to separate performance obligations, estimates towards the measure of progress of completion on fixed-price service contracts, the determination of fair values and useful lives of long-lived assets as well as intangible assets, goodwill, allowance for credit losses for accounts receivable, recoverability of deferred tax assets, recognition of deferred revenue, valuation of interest rate swaps, determination of fair value of equity-based awards, measurement of fair value of contingent consideration, and assumptions used in testing for impairment of long-lived assets. Actual results could differ from those estimates, and such differences may be material to the condensed consolidated financial statements.

(b) Unaudited Interim Financial Statements

The accompanying condensed consolidated balance sheet as of March 31, 2024, the condensed consolidated statements of operations and comprehensive income (loss) for the three months ended March 31, 2024 and 2023, the condensed consolidated statements of stockholders' equity for the three months ended March 31, 2024 and 2023, the condensed consolidated statements of cash flows for the three months ended March 31, 2024 and 2023, and the related interim disclosures are unaudited.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. GAAP. These unaudited condensed consolidated financial statements include all adjustments necessary to fairly state the financial position and the results of the Company's operations and cash flows for interim periods in accordance with U.S. GAAP. Certain amounts reported in prior periods have been reclassified to conform with the current presentation. Interim period results are not necessarily indicative of results of operations or cash flows for a full year or any subsequent interim period. The accompanying condensed consolidated financial statements should be read in conjunction with the Company's 2023 audited consolidated financial statements and notes thereto. The information as of December 31, 2023 in the Company's condensed consolidated balance sheet included herein is derived from the Company's audited consolidated financial statements included in the Company's 2023 Annual Report.

(c) Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." The ASU requires an enhanced disclosure of significant segment expenses on an annual and interim basis. This ASU will be effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. Upon adoption, the guidance should be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the impact of this ASU on the disclosures in our consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". The ASU requires disclosure of specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold and further disaggregation of income taxes paid for individually significant jurisdictions. The ASU will be effective for public business entities for annual periods beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of this ASU on the disclosures in our consolidated financial statements.

(d) Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

(e) Fair Value Measurements

The Company follows FASB Accounting Standards Codification ("ASC") 820-10, "Fair Value Measurements" ("ASC 820-10"), which defines fair value, establishes a framework for measuring fair value in U.S. GAAP, and requires certain disclosures about fair value measurements.

ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the most advantageous market for the asset or liability in an orderly transaction. Fair value measurement is based on a hierarchy of observable or unobservable inputs. The standard describes three levels of inputs that may be used to measure fair value.

Level 1 — Inputs to the valuation methodology are quoted prices available in active markets for identical securities as of the reporting date;

Level 2 — Inputs to the valuation methodology are other significant observable inputs, including quoted prices for similar securities, interest rates, credit risk etc. as of the reporting date, and the fair value can be determined through the use of models or other valuation methodologies; and

Level 3 — Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity of the securities and the reporting entity makes estimates and assumptions relating to the pricing of the securities including assumptions regarding risk.

If the inputs used to measure fair value fall at different levels of the fair value hierarchy, the hierarchy is based on the lowest level of input that is significant to the fair value measurement. For the acquisitions noted in Note 5, the fair value measurement methods used to estimate the fair value of the assets acquired and liabilities assumed at the acquisition dates utilized a number of significant unobservable inputs of Level 3 assumptions. These assumptions included, among other things, projections of future operating results, implied fair value of assets using an income approach by preparing a discounted cash flow analysis, and other subjective assumptions.

Interest rate swaps are valued in the market using discounted cash flows techniques. These techniques incorporate Level 1 and Level 2 inputs. The market inputs are utilized in the discounted cash flows' calculation considering the instrument's term, notional amount, discount rate and credit risk. Significant inputs to the derivative instrument valuation model for interest rate swaps are observable in active markets and are classified as Level 2 in the hierarchy.

Contingent liabilities related to acquisitions are measured at fair value using Level 3 unobservable inputs. The Company's estimates of fair value are based upon assumptions believed to be reasonable but which are uncertain and involve significant judgments by management. Any changes in the fair value of these contingent liabilities are included in the earnings in the condensed consolidated statements of operations and comprehensive income (loss).

The Company utilizes Monte Carlo or a series of Black-Scholes-Merton options models to estimate the fair value of the contingent consideration liabilities of business acquisitions. Significant inputs used in the fair value measurement of contingent consideration include: expected eligible revenue for the acquired businesses over the relevant measurement periods, the risk-profile of the expected eligible revenue for the acquired businesses, the uncertainty regarding the expected eligible revenue for the acquired businesses, the risk-free rate of return, the expected timing at which settlement of the contingent liabilities may occur, and the credit-adjusted discount rate associated with the risk of the Company's future liability payments.

The following table sets forth the assets and liabilities that were measured at fair value on a recurring and non-recurring basis by their levels in the fair value hierarchy at March 31, 2024:

	LEVEL 1	LEVEL2	LEVEL 3	TOTAL
	(In thousands)			
Assets				
Money market funds	$ 149,397	$ —	$ —	$ 149,397
Interest rate swap assets	—	6,374	—	6,374
Total assets	$ 149,397	$ 6,374	$ —	$ 155,771
Liabilities				
Contingent liabilities	$ —	$ —	$ 44,982	$ 44,982
Total liabilities	$ —	$ —	$ 44,982	$ 44,982

The following table sets forth the assets and liabilities that were measured at fair value on a recurring and non-recurring basis by their levels in the fair value hierarchy at December 31, 2023:

	LEVEL 1	LEVEL2	LEVEL 3	TOTAL
	(In thousands)			
Assets				
Money market funds	$ 147,478	$ —	$ —	$ 147,478
Interest rate swap assets	—	5,624	—	5,624
Total assets	$ 147,478	$ 5,624	$ —	$ 153,102
Liabilities				
Contingent liabilities	$ —	$ —	$ 54,457	$ 54,457
Total liabilities	$ —	$ —	$ 54,457	$ 54,457

For the period ended March 31, 2024, there were no transfers between the levels within the fair value hierarchy. The Company's Level 3 liabilities are acquisition related contingent consideration liabilities.

The following table summarizes the Level 3 activity of the changes in the contingent consideration liability.

	MARCH 31, 2024
	(In thousands)
Beginning balance at December 31, 2023	$ 54,457
Additions	—
Payments	(12,356)
Fair value remeasurement	2,881
Ending balance at March 31, 2024	$ 44,982

For more information regarding fair value measurements and the fair value hierarchy, see Note 2. "Summary of Significant Accounting Policies" in the notes to the consolidated financial statements in the Company's 2023 Annual Report.

(f) Cash and Cash Equivalents

Cash equivalents include highly liquid investments with maturities of three months or less from the date purchased. The cash and cash equivalents was $224,776 and $234,951 at March 31, 2024 and December 31, 2023, respectively.

(g) Accounts Receivable

Accounts receivable includes current outstanding invoices billed to customers. Invoices are typically issued with net 30 days to net 90 days terms upon delivery of the product or upon achievement of billable events for service-based contracts. Unbilled receivables relate to the Company's rights to consideration for performance obligations satisfied but not billed at the reporting date on contracts. Unbilled receivables are billed and transferred to customer accounts receivable when the rights become unconditional. The carrying amount of accounts receivable is reduced by a valuation allowance.

The Company estimates the expected credit losses for accounts receivables using historical loss data adjusted for current economic conditions, including reasonable and supportable forecasts to estimate the relative size of credit losses to be expected. The Company generally writes off a receivable or records a specific allowance for credit losses if the Company determines that the receivable is not collectible. Allowances for credit losses of $1,341 and $1,312 were provided in the accompanying condensed consolidated financial statements as of March 31, 2024 and December 31, 2023, respectively.

Accounts receivable consists of the following:

	MARCH 31, 2024	DECEMBER 31, 2023
	(In thousands)	
Trade receivables	$ 71,268	$ 75,410
Unbilled receivables	10,767	10,405
Other receivables	255	354
Allowances for credit losses	(1,341)	(1,312)
Accounts receivable, net	$ 80,949	$ 84,857

The following table presents the information regarding the allowance of accounts receivable:

	MARCH 31, 2024	DECEMBER 31, 2023
	(In thousands)	
Beginning balance	$ 1,312	$ 1,250
Provision for credit losses	59	684
Charge-offs, net of recoveries	(30)	(622)
Ending balance	$ 1,341	$ 1,312

(h) Derivative Instruments

In the normal course of business, the Company is subject to risk from adverse fluctuations in interest rates. The Company has chosen to manage this risk through the use of derivative financial instruments that consist of interest rate swap contracts. Counterparties to these contracts are major financial institutions. The Company is exposed to credit loss in the event of nonperformance by these counterparties. The Company does not use derivative instruments for trading or speculative purposes. The objective in managing exposure to market risk is to limit the impact on cash flows. To qualify for hedge accounting, the interest rate swaps must effectively reduce the risk exposure that they are designed to hedge. In addition, at the inception of a qualifying cash flow hedging relationship, the underlying transaction or transactions must be, and be expected to remain, probable of occurring in accordance with the related assertions.

FASB ASC 815, "Derivatives and Hedging," requires the Company to recognize all derivatives on the balance sheet at fair value. The Company may enter into derivative contracts such as interest rate swap contracts that effectively convert portions of the Company's floating rate debt to a fixed rate, which serves to mitigate interest rate risk. The Company's objectives in using interest rate swaps are to add stability to interest expense and to manage its exposure to interest rate movements. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The Company entered into an interest rate swap agreement in May 2022 that pays a fixed interest rate and receives a variable interest rate to modify the interest rate characteristics of term loan debt from variable to fixed in order to reduce the impact of changes in future cash flows due to market interest rate changes. The swap agreement has a notional amount of $230,000, a fixed rate of 2.8% and a termination date of August 31, 2025. During the quarter ended September 30, 2023, the Company and the counter party amended the floating rate of the swap agreement from term LIBOR to term SOFR due to LIBOR cessation. At March 31, 2024 and December 31, 2023, the interest swap had a fair value of $6,374 and $5,624, respectively; The gross fair value recognized in accumulated other comprehensive income was $6,374 and $5,624, respectively, at March 31, 2024 and December 31, 2023.

The Company uses derivatives to manage certain interest exposures and designated all the derivatives as cash flow hedges. The Company records derivatives at fair value on its condensed consolidated balance sheets. Changes in the fair value of derivatives designated as cash flow hedges are recorded as a component of accumulated other comprehensive income (loss). Those amounts are reclassified into interest expense in the same period during which the hedged transactions impact earnings. The amount of derivative gains reclassified from accumulated other comprehensive income on derivative instruments recognized in the Company's condensed consolidated statements of operations and comprehensive income (loss) was $1,525 and $986 for the three months ended March 31, 2024 and 2023, respectively.

The notional amounts, fair values, and classification of derivative instruments in the condensed consolidated balance sheets as of March 31, 2024 and December 31, 2023 were as follows:

Interest rate swap derivative designated as cash flow hedging instrument:	**MARCH 31, 2024**	**DECEMBER 31, 2023**
	(In thousands)	
Notional amounts	$ 230,000	$ 230,000
Prepaid expenses and other current assets	$ 5,033	$ 4,473
Other long-term assets	$ 1,341	$ 1,151

The net amount of deferred gains related to derivative instruments designated as cash flow hedges that is expected to be reclassified from accumulated other comprehensive gains into earnings over the next twelve months is $5,041.

(i) Revenue Recognition

In accordance with ASC Topic 606, "Revenue from Contracts with Customers", the Company determines revenue recognition through the following steps:

i. Identification of the contract, or contracts, with a customer

ii. Identification of the performance obligations in the contract

iii. Determination of the transaction price

iv. Allocation of the transaction price to the performance obligations in the contract

v. Recognition of revenue when, or as, the Company satisfies a performance obligation

The Company's revenue consists of fees for perpetual and term licenses for its software products, post-contract customer support (referred to as maintenance), software as a service ("SaaS"), and professional services including training and other revenue. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for promised goods or services.

The following describes the nature of the Company's primary types of revenues and the revenue recognition policies as they pertain to the types of transactions the Company enters into with its customers.

Software Licenses Revenues

Software license revenue consists primarily of sales of software licenses downloaded and installed by our customers on their own hardware. The license period is generally one year or less and includes an insignificant amount of customer support to assist the customer with the software. Software license performance obligations are generally recognized upfront at the point in time when the software license has been delivered.

Software as a Service (SaaS) Revenues

SaaS revenues consist of subscription fees for access to, and related support for, the Company's cloud-based solutions. The Company typically invoices subscription fees in advance in annual installments. The invoice is initially deferred and revenue is recognized ratably over the life of the contract. The Company's software contracts do not typically include variable consideration or options for future purchases that would not be similar to the original goods.

Software Service Revenues

Maintenance services agreements on perpetual software consist of fees for providing software updates and for providing technical support for software products for a specified term. Revenue allocated to maintenance services is recognized ratably over the contract term beginning on the delivery date of each offering. Maintenance contracts generally have a term of one year. While the transfer of control of the software training and implementation performance obligations are over time, the services are typically started and completed within a few days. Due to the quick nature of the performance obligation from start to finish and the insignificant amounts, the Company recognizes any software training or implementation revenue at the completion of the service. Any unrecognized portion of amounts paid in advance for licenses and services is recorded as deferred revenue.

Consulting Service Revenues

The Company's primary professional services offering includes consulting services, which may be either strategic consulting services, reporting and analysis services, regulatory writing services, or any combination of the three. The Company's professional services contracts are either time-and-materials or fixed fee. Service revenues are generally recognized over time as the services are performed. Generally, these services are delivered to customers electronically. Revenue from time-and-material contracts is recognized on an output basis as labor hours are delivered and/or direct expenses are incurred. Revenues for fixed-price services are generally recognized over time by applying input methods to estimate progress to completion. Accordingly, the number of resources being paid for and the varying lengths of time they are being paid for determine the measure of progress.

Arrangements with Multiple Performance Obligations

For contracts with multiple performance obligations, such as a software license plus software training, implementation, and/or maintenance/support, or in contracts where there are multiple software licenses, the Company determines if the products or services are distinct and allocates the consideration to each distinct performance obligation on a relative standalone selling price basis. The delivery of a particular type of software and each of the user licenses would be one performance obligation. Additionally, any training, implementation, or support and maintenance promises sold as part of the software license agreement would be considered separate performance obligations, as those promises are distinct and separately identifiable from the software licenses. The payment terms in these arrangements are less than one year such that there is no significant financing component.

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (deferred revenue, contract liabilities) on the condensed consolidated balance sheets. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., quarterly or monthly) or upon achievement of contractual milestones.

Contract assets relate to the Company's rights to consideration for performance obligations satisfied but not billed at the reporting date on contracts (i.e., unbilled revenue, a component of accounts receivable in the condensed consolidated balance sheets). Contract assets are billed and transferred to customer accounts receivable when the rights become unconditional. The Company typically invoices customers for term licenses, subscriptions, maintenance and support fees in advance with payment due before the start of the subscription term, ranging from one to three years. The Company records the amounts collected in advance of the satisfaction of performance obligations, usually over time, as a contract liability or deferred revenue. Invoiced amounts for non-cancelable services starting in future periods are included in contract assets and deferred revenue. The portion of deferred revenue that will be recognized within 12 months is recorded as current deferred revenue, and the remaining portion is recorded as deferred revenue in the condensed consolidated balance sheets.

Contract balances at March 31, 2024 and December 31, 2023 were as follows:

	MARCH 31, 2024	DECEMBER 31, 2023
	(In thousands)	
Contract assets	$ 10,767	$ 10,405
Contract liabilities	58,238	61,748

During the three months ended March 31, 2024, the Company recognized revenue of $29,351 related to contract liabilities at December 31, 2023.

The unsatisfied performance obligations as of March 31, 2024 were approximately $115,418. We expect to recognize approximately $102,229 or 88.6% of this revenue over the next 12 months and the remainder thereafter.

Deferred Contract Acquisition Costs

Under ASC Topic 606, sales commissions paid to the sales force and the related employer payroll taxes, collectively deferred contract acquisition costs, are considered incremental and recoverable costs of obtaining a contract with a customer.

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if the Company expects the benefit of those costs to be longer than one year. The Company has determined that certain sales incentive programs meet the requirements to be capitalized. The costs capitalized are primarily sales commissions for our sales force personnel. Capitalized costs to obtain a contract are amortized on a straight-line basis over the expected period of benefit. Amortization of capitalized costs is included in sales and marketing expenses in our condensed consolidated statements of operations and comprehensive income (loss).

Capitalized contract acquisition costs were $597 and $655 as of March 31, 2024 and December 31, 2023, respectively, and were included in prepaid expenses and other current assets in the condensed consolidated balance sheets.

Grant Revenue

The Company receives grant funding for certain specific projects from time to time. These grants specify the funds provided are to be used exclusively to satisfy the deliverables outlined in the grant agreements. In these agreements, both involved parties receive and sacrifice approximately commensurate value so these are accounted for as exchange transactions and revenue is recognized according to ASC Topic 606. Grant funding is generally provided near contract inception, so a contract liability is initially recorded and revenue is recognized as the performance obligations are satisfied over time.

Sources and Timing of Revenue

The Company's performance obligations are satisfied either over time or at a point in time. The following table presents the Company's revenue by timing of revenue recognition to understand the risks of timing of transfer of control and cash flows:

	THREE MONTHS ENDED MARCH 31,	
	2024	2023
Software licenses transferred at a point in time	$ 15,380	$ 14,498
Software licenses transferred over time	23,927	18,507
Service revenues earned over time	57,347	57,296
Total	$ 96,654	$ 90,301

(j) Earnings per Share

Basic earnings per common share is computed by dividing the net earnings by the weighted-average number of shares outstanding during the reporting period, without consideration for potentially dilutive securities. Diluted shares are calculated under the treasury stock method. Diluted earnings per share is calculated by dividing the net earnings attributable to stockholders by the weighted-average number of shares and dilutive securities outstanding during the period.

3. Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk have consisted principally of cash and cash equivalent investments and trade receivables. The Company invests available cash in bank deposits, investment-grade securities, and short-term interest-producing investments, including government obligations and other money market instruments. At March 31, 2024 and December 31, 2023, the investments were bank deposits, overnight sweep accounts, and money market funds. The Company has adopted credit policies and standards to evaluate the risk associated with sales that require collateral, such as letters of credit or bank guarantees, whenever deemed necessary. Management believes that any risk of loss is significantly reduced due to the nature of the customers and distributors with which the Company does business..

As of March 31, 2024 and December 31, 2023, no single customer accounted for more than 10% of the Company's accounts receivable. No single customer accounted for more than 10% of the Company's revenues during the three months ended March 31, 2024 and 2023.

4. Business Combinations

Acquisitions have been accounted for by using the acquisition method of accounting pursuant to FASB ASC 805, "Business Combinations." Amounts allocated to the purchased assets and liabilities assumed are based upon the total purchase price and the estimated fair values of such assets and liabilities on the effective date of the purchase as determined by an independent third party. The results of operations for the acquisitions have been included in the Company's results of operations prospectively from the date of acquisition.

Since 2013, and as of March 31, 2024, the Company has completed 20 acquisitions, of which 13 have included software or technology. Details of acquisitions that have closed since the beginning of fiscal year 2023 are provided below.

Drug Interaction Solutions, University of Washington ("DIDB")

On June 20, 2023, the Company entered into an asset purchase agreement with the University of Washington and completed the acquisition of DIDB, including the Drug Interaction Database and related products, from The University of Washington for a total consideration of $8,340. The business combination was not significant to the Company's consolidated financial statements.

The total estimated consideration includes a portion of contingent consideration that is payable over the next two years in cash, not to exceed $2,000. Future payments of contingent consideration are based on eligible revenue for the period from July 1, 2023 through June 30, 2025. The fair value of the contingent consideration was estimated to be $790 as of the acquisition date. At March 31, 2024, the contingent consideration was remeasured to $136, resulting in a fair value adjustment of $4 and recorded in general and administrative expenses ("G&A") on the accompanying condensed consolidated statement of operations and comprehensive income (loss).

Based on the Company's purchase price allocation, approximately $330, $5,600, $360, and $2,289 of the purchase price were assigned to trademarks, database content/technology, customer relationships and goodwill, respectively. The Company expects goodwill to be fully deductible for U.S. federal income tax purposes due to the fact the acquisition was treated as an asset acquisition under the relevant sections of the Internal Revenue Code ("IRC").

Formedix Limited ("Formedix")

On October 10, 2023, the Company completed the acquisition of Formedix, a provider of clinical metadata repository and clinical trial automation software, for total estimated consideration of $41,389. The business combination was not material to the Company's consolidated financial statements.

The total estimated consideration includes a portion of contingent consideration that is payable over the next two years in cash, not to exceed $9,000. The fair value of the contingent consideration related to revenue threshold was estimated to be $4,380 as of the acquisition date. Future payments of contingent consideration are based on achieving certain eligible revenue targets for each of the twelve-month periods ended December 31, 2023 and 2024, respectively. Additionally, the Company agreed to further contingent consideration based on the resolution of certain tax contingencies. In total, the fair value of the contingent consideration was estimated to be $5,161 as of the acquisition date. At March 31, 2024, the contingent consideration related to eligible revenue was remeasured to $3,189, resulting in a negative fair value remeasurement and adjustment of $507 and recorded in G&A on the accompanying condensed consolidated statement of operations and comprehensive income (loss).

Based on the Company's purchase price allocation, approximately $11,700, $3,100, and $25,062 of the purchase price were assigned to developed technology, customer relationships and goodwill, respectively. The Company does not expect goodwill to be deductible due to the fact the Company treated the acquisition as a stock acquisition under the relevant sections of the IRC.

Applied BioMath, LLC ("ABM")

On December 12, 2023, the Company completed the acquisition of ABM, an industry-leader in providing model-informed drug discovery and development support to help accelerate and de-risk therapeutic research and development, for total estimated consideration of $36,594. The business combination was not material to the Company's consolidated financial statements.

Based on the Company's preliminary purchase price allocation, approximately $4,600, $800, $13,700 and $15,872 of the purchase price were assigned to developed technology, non-compete agreements, customer relationships and goodwill, respectively. The Company expects goodwill to be fully deductible for U.S. federal income tax purposes due to the fact the Company treated the acquisition as an asset acquisition under the relevant sections of the IRC.

The total estimated consideration includes a portion of contingent consideration that is payable over the next two years in cash, not to exceed $17,550. Future payments of contingent consideration are based on achieving certain eligible revenue targets for each of the twelve-month periods ended December 31, 2023 and 2024, respectively. The fair value of the contingent consideration was estimated to be $5,357 as of the acquisition date. At March 31, 2024, the contingent consideration was remeasured to $4,442, resulting in a negative fair value adjustment of $938 and recorded in G&A on the accompanying condensed consolidated statement of operations and comprehensive income (loss).

The contingent considerations for all acquisitions were classified as liability and included in accrued expense and other long-term liabilities on the Company's condensed consolidated balance sheet. The contingent consideration related to eligible revenues that are remeasured on a recurring basis at fair value for each reporting period. Any changes in the fair value of these contingent liabilities are included in the earnings in the condensed consolidated statements of operations and comprehensive income (loss).

The current purchase price allocations for the acquisitions of Formedix and ABM are preliminary. The primary areas of the preliminary purchase price allocations that are not yet finalized that relate to the fair value of certain tangible assets and liabilities assumed, and residual goodwill. The Company continues to gather information supporting the acquired assets and liabilities, including but not limited to the estimation of the fair value of the identifiable intangible assets, measurement of deferred revenue and corresponding impact on goodwill, during the measurement period. Any adjustments to the preliminary purchase price allocation identified during the measurement period, which will not exceed one year from the acquisition date, will be accounted for prospectively.

The results of operations of the acquired businesses and the fair value of the acquired assets and liabilities assumed are included in the Company's consolidated financial statements with effect from the date of the acquisitions.

5. Prepaid Expenses and Other Current Assets and Other Long-Term Assets

Prepaid expense and other current assets at March 31, 2024 and December 31, 2023 consist of the following:

	MARCH 31, 2024	DECEMBER 31, 2023
	(In thousands)	
Prepaid expenses	$ 8,077	$ 6,363
Income tax receivable	2,396	3,395
Research and development tax credit receivable	5,804	5,004
Current portion of interest rate swap asset	5,033	4,473
Other current assets	1,422	1,158
Prepaid expenses and other current assets	$ 22,732	$ 20,393

Other long-term assets at March 31, 2024 and December 31, 2023 consisted of the following:

	MARCH 31, 2024	DECEMBER 31, 2023
	(In thousands)	
Long-term deposits	$ 1,517	$ 1,451
Interest rate swap asset - long-term	1,341	1,151
Deferred financing cost	382	451
Total other long-term assets	$ 3,240	$ 3,053

6. Long-Term Debt and Revolving Line of Credit

The Company has been a party to a Credit Agreement since August 2017 that provides for a senior secured term loan and commitments under a revolving credit facility. The Company and the lenders most recently modified the Credit Agreement on June 17, 2021, which provides for, among other things, (i) the extension of the termination date applicable to the revolving credit commitments to August 2025, (ii) the extension of the maturity date applicable to the term loans under the Credit Agreement to August 2026, and (iii) an increase of approximately $80,000 in commitments available under the revolving line of credit (resulting in an aggregate amount of commitments of $100,000). The term loan under this Amendment has substantially the same terms as the existing term loans and revolving credit commitments. The Credit Agreement is collateralized by substantially all U.S. assets and stock pledges for the non-U.S. subsidiaries and contain various financial and nonfinancial covenants.

Borrowings under the Credit Agreement are subject to a variable interest rate at LIBOR plus a margin. The applicable margins were based on achieving certain levels of compliance with financial covenants. In response to the discontinuation of LIBOR, the Company executed a LIBOR transition amendment on June 26, 2023, formalizing the replacement of LIBOR with the Secured Overnight Funding Rate (“SOFR”). As part of this modification, a Credit Spread Adjustment (“CSA”) was introduced to align SOFR with LIBOR in terms of the overall interest rate earned by lenders under the Credit Agreement. The CSA varied depending on the selected interest period.

As of March 31, 2024 and December 31, 2023, available borrowings under the revolving lines of credit were $100,000.

The effective interest rate was 9.24% and 8.03% for the three months ended March 31, 2024 and 2023 for the term loan debt. As discussed previously, the Company entered into interest rate swap agreements to mitigate the interest risk.

Interest incurred on the Credit Agreement with respect to the term loan amounted to $6,798 and $5,974 for the three months ended March 31, 2024 and 2023, respectively. Accrued interest payable on the Credit Agreement with respect to the term loan amounted to $2,382 and $2,400 at March 31, 2024 and December 31, 2023, respectively, and is included in accrued expenses. Interest incurred on the Credit Agreement with respect to the revolving line of credit was $63 for both the three months ended March 31, 2024 and 2023, respectively. There was $2 accrued interest payable on the revolving line of credit each at March 31, 2024 and December 31, 2023, respectively.

Long-term debt consists of the following:

	MARCH 31, 2024	DECEMBER 31, 2023
	(In thousands)	
Term loans	$ 293,695	$ 294,450
Revolving line of credit	—	—
Less: debt issuance costs	(2,903)	(3,213)
Total	290,792	291,237
Current portion of long-term debt	(3,020)	(3,020)
Long-term debt, net of current portion and debt issuance costs	$ 287,772	$ 288,217

The principal amount of long-term debt outstanding as of March 31, 2024 matures in the following years:

	Remainder of 2024	2025	2026	TOTAL
		(In thousands)		
Maturities	$ 2,265	$ 3,020	$ 288,410	$ 293,695

The Credit Agreement requires the Company to make an annual mandatory prepayment as it relates to the Company's Excess Cash Flow calculation. For the year ended December 31, 2023, the Company was not required to make a mandatory prepayment on the term loan. The Company is required to make a quarterly principal payment of $755 on the term loan.

The fair values of the Company's variable interest term loan and revolving line of credit are not significantly different than their carrying value because the interest rates on these instruments are subject to change with market interest rates.

7. Leases

The Company leases certain office facilities and equipment under non-cancelable operating leases with remaining terms from less than one to ten years.

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Operating lease ROU assets are included in other assets. With respect to operating lease liabilities, current operating lease liabilities are included in current liabilities and non-current operating lease liabilities are included in long-term liabilities in the condensed consolidated balance sheets. At March 31, 2024, the weighted average remaining lease terms were 6.09 years for operating leases and the weighted average discount rate was 5.47% for operating leases. For additional information on the Company's leases, see Note 14 to the condensed consolidated financial statements included in the Company’s 2023 Annual Report.

The following table summarizes the lease-related assets and liabilities recorded in the condensed consolidated balance sheets at March 31, 2024 and December 31, 2023:

Lease Position	Balance Sheet Classification	MARCH 31, 2024	DECEMBER 31, 2023
		(In thousands)	
Assets			
Operating lease assets	Operating lease right-of-use assets	$ 14,292	$ 9,604
Total lease assets		$ 14,292	$ 9,604
Liabilities			
Current			
Operating	Other current liabilities	$ 4,331	$ 4,375
Noncurrent			
Operating	Operating lease liabilities, net of current portion	11,631	6,955
Total lease liabilities		$ 15,962	$ 11,330

The following table summarizes by year the maturities of our minimum lease payments as of March 31, 2024:

	OPERATING LEASES
	(In thousands)
Remainder of 2024	$ 3,460
2025	3,839
2026	2,528
2027	1,777
2028	979
Thereafter	6,107
Total future lease payments	18,690
Less: imputed interest	(2,728)
Total	$ 15,962

8. Accrued Expenses and Other Liabilities

Accrued expenses consist of the following:

	MARCH 31, 2024	DECEMBER 31, 2023
	(In thousands)	
Accrued compensation	$ 16,390	$ 28,624
Legal and professional accruals	3,060	3,913
Interest payable	2,317	2,351
Income taxes payable	1,321	1,010
Short-term contingent consideration liabilities	6,787	18,410
Other	2,869	2,471
Total accrued expenses	$ 32,744	$ 56,779

Other long-term liabilities consist of the following:

	MARCH 31, 2024	DECEMBER 31, 2022
	(In thousands)	
Uncertain tax position liability	$ 1,267	$ 2,381
Contingent consideration	38,977	36,828
Total other long-term liabilities	$ 40,244	$ 39,209

9. Equity-Based Compensation

The Company's equity-based compensation programs are intended to attract, retain and provide incentives for employees, officers and directors. The Company has the following stock-based compensation plans and programs.

Restricted Stock

The majority of the Company's restricted stock awarded to its employees was originally issued on December 10, 2020 in exchange for the Class B Profits Interest Unit (the "Class B Units") of EQT, which was the former parent of the Company.

Share-based compensation for the restricted stock exchanged for the time-based Class B Units is recognized on a straight-line basis over the requisite service period of the award, which is generally five years. Share-based compensation for the restricted stock exchanged for the performance-based Class B Units is recognized using the accelerated attribution approach.

In 2021, the Company granted 87,127 replacement shares of restricted stock in connection with the Pinnacle 21 acquisition under which equity-based awards are outstanding. The fair value of the restricted stock awarded was initially based on the fair value of our common stock on the date of grant, then adjusted for time restrictions due to unregistered shares and lack of marketability. The non-vested restricted stock at March 31, 2024 issued in 2021 has a three-year vesting period.

	SHARES	WEIGHTED-AVERAGE GRANT DATE FAIR VALUE
Non-vested restricted stock as of December 31, 2023	538,661	$ 23.18
Granted*	16,842	17.35
Vested*	(63,041)	21.49
Forfeited	—	—
Cancelled*	(16,842)	23.00
Non-vested restricted stock as of March 31, 2024	475,620	$ 23.20

* The Company did not legally authorize or issue any restricted stock during the three month period ended March 31, 2024. During the first quarter of 2024, the Company modified an award for a recipient, resulting in 16,842 shares assumed to be granted, vested, and cancelled.

Equity-based compensation expenses related to the restricted stock exchanged for performance-based Class B Units were $250 and $655 for the three months ended March 31, 2024 and 2023, respectively. At March 31, 2024, the total unrecognized equity-based compensation expense related to outstanding restricted stock recognized using the accelerated attribution approach was $637, which is expected to be recognized over a weighted-average period of 12.5 months.

Equity-based compensation expenses related to the restricted stock exchanged for time-based Class B Units were $377 and $498 for the three months ended March 31, 2024 and 2023, respectively. At March 31, 2024, the total unrecognized equity-based compensation expense related to outstanding restricted stock recognized using the straight-line attribution approach was $888, which is expected to be recognized over a weighted-average period of 14.8 months.

Equity-based employee compensation expense related to the time-based restricted stock for the Pinnacle acquisition was $106 and $292 for the three months ended March 31, 2024 and 2023, respectively. At March 31, 2024, the total unrecognized equity-based compensation expenses related to outstanding restricted stock recognized using the straight-line attribution approach was $212, which is expected to be recognized over a weighted-average period of 6 months.

2020 Incentive Plan

In order to align the Company’s equity compensation program with public company practices, the Company’s Board of Directors adopted and stockholders approved the 2020 Incentive Plan. The 2020 Incentive Plan allows for grants of non-qualified stock options, incentive stock options, restricted stock, restricted stock units (“RSUs”), and performance stock units (“PSUs”) to employees, directors, officers, and consultants or advisors of the Company. The 2020 Incentive Plan allows for 20,000,000 shares (the “plan share reserve”) of common stock to be issued. No more than the number of shares of common stock equal to the plan share reserve may be issued in the aggregate pursuant to the exercise of incentive stock options. The maximum number of shares of common stock granted during a single fiscal year to any non-employee director, taken together with any cash fees paid to such non-employee director during the fiscal year, may not exceed $1,000,000 in total value, except for certain awards made to a non-executive chair of our Board of Directors.

Restricted Stock Units ("RSU")

RSUs represent the right to receive shares of the Company’s common stock at a specified date in the future. The fair value of the RSUs is based on the fair value of the underlying shares on the date of grant.

A summary of the Company's RSU activity is as follows:

	UNITS	WEIGHTED-AVERAGE GRANT DATE FAIR VALUE
Non-vested RSUs as of December 31, 2023	2,588,403	$ 23.77
Granted*	247,434	17.55
Vested**	(42,810)	17.71
Forfeited	(23,968)	23.83
Cancelled*	(38,729)	$ 23.95
Non-vested RSUs as of March 31, 2024	2,730,330	$ 23.30

* The majority of shares granted during the first quarter of 2024 were issued under the 2020 Incentive Plan. During the first quarter of 2024, the Company modified awards for a recipient, resulting in 38,729 shares assumed to be granted, vested, and cancelled for accounting purpose.

** The number of the RSUs vested included 1,492 shares that were withheld on behalf of employees to satisfy the statutory tax withholding requirements.

Equity-based compensation expenses related to the RSUs were $7,705 and $4,798 for three months ended March 31, 2024 and 2023, respectively. At March 31, 2024, the total unrecognized equity-based compensation expense related to outstanding RSUs was $35,779, which is expected to be recognized over a weighted-average period of 21.5 months.

Performance Stock Units ("PSU")

PSUs are issued under the 2020 Incentive Plan and represent the right to receive shares of the Company's common stock at a specified date in the future based on the satisfaction of various service conditions and the achievement of certain performance thresholds including year over year revenue growth, unlevered free cash flow growth, annual revenue, and annual EBITDA. The PSUs granted in 2023 and 2024 also contains market conditions.

Share-based compensation for the PSUs is only recognized to the extent a threshold is probable of being achieved and is recognized using the accelerated attribution approach. The Company will continue to assess the probability of each condition being achieved at each reporting period to determine whether and when to recognize compensation cost.

A summary of the Company's PSU activity for the period ended March 31, 2024 is as follows:

	UNITS	WEIGHTED-AVERAGE GRANT DATE FAIR VALUE
Non-vested PSUs as of December 31, 2023	849,467	$ 24.84
Granted*	315,814	19.08
Vested	—	—
Forfeited	—	—
Cancelled*	(394,050)	27.09
Non-vested PSUs as of March 31, 2024	771,231	$ 21.33

* During the first quarter of 2024, the Company modified an award for a recipient, resulting in 6,651 shares assumed to be granted and cancelled for accounting purpose.

Equity-based compensation expenses related to the PSUs were $636 and $2,287 for the three months ended at March 31, 2024 and 2023, respectively. At March 31, 2024, the total unrecognized equity-based compensation expense related to outstanding PSUs was $4,981, which is expected to be recognized over a weighted-average period of 18.6 months.

The following table summarizes the components of total equity-based compensation expense included in the condensed consolidated statements of operations and comprehensive income (loss) for each period presented:

	THREE MONTHS ENDED MARCH 31,	
	2024	2023
	(In thousands)	
Cost of revenues	$ 3,239	$ 2,042
Sales and marketing	617	381
Research and development	1,649	1,650
General and administrative	3,568	4,470
Total	$ 9,073	$ 8,543

10. Commitments and Contingencies

Contingent consideration

In connection with the Vyasa Analytics LLC, DIDB, Formedix, and ABM acquisitions, the Company is required to pay additional consideration if the acquired businesses achieve certain eligible revenue thresholds for certain periods. The maximum contingent considerations related to revenue thread for Vyasa, DIDB, Formedix, and ABM to be earned are $60,000, $2,000, $9,000, and $17,550, respectively. Additionally, the Company agreed to further contingent consideration based on the resolution of certain tax contingencies related with Formedix acquisition. During the quarter ended March 31, 2024, the Company made a combined payment of $12,356 on the contingent consideration, consisting of $8,649 in cash and $3,707 in Company's stock. The total contingent liabilities were $45,764 and $55,238 at March 31, 2024 and December 31, 2023, respectively. The contingent liabilities are included in accrued expenses and other long-term liabilities in the Company's condensed consolidated balance sheet.

Legal proceedings

The Company does not have any pending or threatened litigation which, individually or in the aggregate, would have a material adverse effect on its condensed consolidated financial statements as of March 31, 2024.

Assurance-type warranty

The Company includes an assurance commitment warranting that the application software products will perform in accordance with written user documentation and the agreements negotiated with customers. Since the Company does not customize its application software, warranty costs have historically been insignificant and expensed as incurred.

For information related to commitments for future minimum lease payments, please see Note 7 – Leases.

11. Segment Data

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”), in deciding how to allocate resources and in assessing performance.

The Company has determined that its chief executive officer is its CODM. The Company manages its operations as a single segment for the purposes of assessing and making operating decisions. The Company’s CODM allocates resources and assesses performance based upon financial information at the consolidated level. Since the Company operates in one operating segment, all required financial segment information can be found in the condensed consolidated financial statements.

The following table summarizes revenue by geographic area for the three months ended March 31, 2024 and 2023:

	THREE MONTHS ENDED MARCH 31,	
	2024	2023
Revenue(1):		
Americas	$ 69,165	$ 67,023
EMEA	20,843	16,915
Asia Pacific	6,646	6,363
Total	$ 96,654	$ 90,301

(1) Revenue is attributable to the countries based on the location of the customer.

12. Income Taxes

The Company generally records its interim tax provision based upon a projection of the Company's estimated annual effective tax rate ("EAETR"). This EAETR is applied to the year-to-date consolidated pre-tax income to determine the interim provision for income taxes before discrete items. The effective tax rate ("ETR") each period is impacted by a number of factors, including the relative mix of domestic and international earnings, permanent differences, adjustments to the valuation allowances, and discrete items. The currently forecasted ETR may vary from the actual year-end due to the changes in these factors.

The Company's global ETR for the three and three months ended March 31, 2024 and 2023 were 14% and 45%, respectively, including discrete tax items. The current year decrease in the ETR was principally due to the combined effect of the overall decrease in pre-tax book income, the impact of non-deductible items, and the tax effect of certain discrete items.

13. Earnings per Share

Basic earnings per share is computed by dividing net income (loss) attributable to common stockholders by the weighted-average common shares outstanding for the period. Diluted earnings per share is computed by dividing the net income (loss) attributable to stockholders by the weighted-average number of shares and dilutive potential common shares during the period.

	THREE MONTHS ENDED MARCH 31,	
	2024	2023
Basic earnings per share		
Net income (loss) available to common shareholders	$ (4,683)	$ 1,358
Basic weighted-average common shares outstanding	159,524,270	158,177,025
Basic earnings per common share	$ (0.03)	$ 0.01
Diluted earnings per share		
Net income (loss) available to common shares	$ (4,683)	$ 1,358
Basic weighted-average common shares outstanding	159,524,270	158,177,025
Dilutive potential common shares	—	1,550,387
Diluted weighted-average common shares outstanding	159,524,270	159,727,412
Diluted earnings per common share	$ (0.03)	$ 0.01

- For the period ended March 31, 2024, the Company excluded the restricted stock and RSUs from the calculation of diluted earnings per share that could potentially dilute earnings per share in the future because of the anti-dilutive effect of the reported net loss.
- For the period ended March 31, 2023, the Company excluded certain potentially dilutive securities attributable to outstanding RSUs and restricted stocks from the computation of diluted earnings per share because the securities would have had an antidilutive effect.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion summarizes the significant factors affecting the operating results, financial condition, liquidity, and cash flows of our Company as of and for the periods presented below. The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report and our 2023 Annual Report. The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity, and capital resources, and all other non-historical statements in this discussion are forward-looking statements and are based on the beliefs of our management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those discussed in or implied by forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Quarterly Report, particularly in the sections “Special Note Regarding Forward-Looking Statements” and “Risk Factors” of this Quarterly Report.

We intend the discussion of our financial condition and results of operations that follows to provide information that will assist the reader in understanding our condensed consolidated financial statements, the changes in certain key items in those financial statements from period to period, and the primary factors that accounted for those changes, as well as how certain accounting principles, policies and estimates affect our condensed consolidated financial statements.

Executive Overview

We are a leading provider of biosimulation technology and solutions for using Model-Informed Drug Development ("MIDD") in the global biopharmaceutical industry. Biosimulation and MIDD can increase the probability of success in bringing a new drug to market and decrease the costs of drug development. In addition, MIDD strategies are increasingly utilized to help predict commercial success, a critical part of the drug development process as new products must be both approved by regulators and adopted by the market. Our goal is to enable the life science industry to use data, modeling, and analytics to make better decisions during drug development and commercialization to increase productivity rates and vastly reduce development costs.

Drug development is necessarily a highly regulated process involving the collection of vast amounts of laboratory, clinical and evidence data, and there are many failures at every step along the way which add to total cost. The pharmaceutical industry spends more than $260 billion annually on R&D. Generally, companies spend an average of $6.2 billion per US Food and Drug Administration ("FDA") approved drug. Our software and scientists incorporate modern advances in scientific understanding, drug development experience, data analysis, and AI resulting in significant opportunities to decrease the cost and increase the odds of new drug approval and commercial success.

Our proprietary biosimulation platforms are built on biology, chemistry, and pharmacology principles with proprietary mathematical algorithms that model how medicines and diseases behave in the body. For over two decades, our scientists have developed and validated our biosimulation technology using data from scientific literature, laboratory research, preclinical and clinical studies. To do this, we have developed solutions for the collection, standardization, validation, storage, and analysis of the preclinical and clinical data needed for MIDD. These data solutions are used internally and by global life sciences companies.

The scientific principles underlying our work with customers in biosimulation and MIDD must be transparent and fully explainable during the regulatory process, so we have become experts at incorporating data and results into regulatory documents. Our software and regulatory services streamline the creation of regulatory filings and speed regulatory data flow to maximize the chances of successful commercialization.

AI and machine learning technologies are being incorporated across our software and services portfolios providing opportunities to expand the number of data sources utilized, better predict outcomes, and streamline reporting. For example, we are using machine learning to automate and speed the process of biosimulation, and we have created an AI application to aid creating regulatory documents from scientific analyses and clinical data. We believe that AI predictive models will continue to enhance the accuracy and usefulness of biosimulation models and be utilized broadly across drug development.

We deliver software and technology-enabled services. Our strategy is to create and apply validated software applications that can be used broadly in the life science industry. We offer services, leveraging our technology, delivered by scientists with extensive drug development experience to aid our clients in applying biosimulation and MIDD to their specific projects.

Since 2014, customers who leverage our solutions have received more than 90% of all new drug approvals by FDA. We have worked with nearly 2,400 life sciences companies and academic institutions and have collaborated on more than 8,000 customer projects in the last decade across a wide variety of therapeutic areas ranging from cancer and hematology to diabetes and hundreds of rare diseases. Our software products are licensed by more than 57,000 users and are also used by 23 global drug regulatory agencies, including the U.S. FDA, Japan’s Pharmaceuticals and Medical Devices Agency (“PMDA”), and China Food and Drug Administration ("cFDA").

With continued innovation in and adoption of our biosimulation software, technology, and services, we believe more life science companies worldwide will leverage more of our end-to-end platform to reduce cost, accelerate speed to market, and ensure safety and efficacy of medicines for all patients.

Key Factors Affecting Our Performance

We believe that the growth of and future success of our business depends on many factors. While each of these factors presents significant opportunities for our business, they also pose important challenges that we must successfully address to sustain our growth and improve results of operations.

Customer Retention and Expansion

Our future operating results depend, in part, on our ability to successfully enter new markets, increase our customer base, and retain and expand our relationships with existing customers. We monitor two key performance indicators to evaluate retention and expansion: new bookings and net retention rates.

- Bookings: Our new bookings represent the estimated contract value of a signed contract or purchase order where there is sufficient or reasonable certainty about the customer’s ability and intent to fund and commence the software and/or services. Bookings vary from period to period depending on numerous factors, including the overall health of the biopharmaceutical industry, regulatory developments, industry consolidation, and sales performance. Bookings have varied and will continue to vary significantly from quarter to quarter and from year to year.

- Net Retention Rates: Our net retention rates measure the percentage of recurring revenue that is retained from existing software customers over a specific time period of time, inclusive of price increases and expansion.

The table below summarizes our quarterly bookings and net retention rate trends:

	2024	2023
	Q1	Q1
	(in millions except percentage)	
Bookings	$ 105.8	$ 112.7
Net Retention Rates	114.1 %	110.5 %

Investments in Growth

We have invested and intend to continue to invest in expanding the breadth and depth of our solutions, including through acquisitions and international expansion. We expect to continue to invest (i) in scientific talent to expand our ability to deliver solutions across the drug development spectrum; (ii) in sales and marketing to promote our solutions to new and existing customers and in existing and expanded geographies; (iii) in research and development to support existing solutions and innovate new technology; (iv) in other operational and administrative functions to support our expected growth; and (v) in complementary businesses. We expect that our headcount and our total operating expenses will continue to increase over time.

Our Operating Environment

The acceptance of model-informed biopharmaceutical discovery and development by regulatory authorities affects the demand for our products and services. Support for the use of biosimulation in discovery and development from regulatory bodies, such as the FDA and European Medicines Agency, has been critical to its rapid adoption by the biopharmaceutical industry. There has been a steady increase in the recognition by regulatory and academic institutions of the role that modeling and simulation can play in the biopharmaceutical development and approval process, as demonstrated by new regulations and guidance documents describing and encouraging the use of modeling and simulation in the biopharmaceutical discovery, development, testing, and approval process, which has directly led to an increase in the demand for our products and services. Changes in government or regulatory policy, or a reversal in the trend toward increasing the acceptance of and reliance upon in silico data in the drug approval process, could decrease the demand for our products and services or lead regulatory authorities to cease use of, or recommend against the use of, our products and services.

Governmental agencies throughout the world, but particularly in the United States where the majority of our customers are based, strictly regulate the biopharmaceutical development process. Our business involves helping biopharmaceutical companies strategically and tactically navigate the regulatory approval process. New or amended regulations are expected to result in higher regulatory standards and often additional revenues for companies that service these industries. However, some changes in regulations, such as a relaxation in regulatory requirements or the introduction of streamlined or expedited approval procedures, or an increase in regulatory requirements that we have difficulty satisfying or that make our regulatory strategy services less competitive, could eliminate or substantially reduce the demand for our regulatory services.

Competition

The market for our biosimulation products and related services for the biopharmaceutical industry is competitive and highly fragmented. In our view, the principal competitive factors in our market are the functionality and quality of models, the breadth of molecular types, therapeutic areas, and modalities supported, regulator acceptance of our solutions, ease of use and functionality of applications, depth of experience in drug development, brand awareness and reputation, total cost, and the ability to securely integrate with other enterprise applications and the overall drug development process in the customer.

Macroeconomic challenges

Uncertain macroeconomic conditions, including higher inflation, rising interest rates and instability in the financial system, geopolitical conflicts, and the residual effects of the COVID-19 pandemic, may pose challenges to our business. We believe that any impacts these conditions may have on our business would be transitory and that we are well-equipped to manage them going forward.

Non-GAAP Measures

Management uses various financial metrics, including total revenues, income from operations, net income, and certain metrics that are not required by, or presented in accordance with, GAAP, such as adjusted EBITDA, adjusted net income, and adjusted diluted earnings per share, to measure and assess the performance of our business, to evaluate the effectiveness of our business strategies, to make budgeting decisions, to make certain compensation decisions, and to compare our performance against that of other peer companies using similar measures. We believe that presentation of the GAAP and the non-GAAP metrics in this filing will aid investors in understanding our business.

Management measures operating performance based on adjusted EBITDA defined for a particular period as 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. Management also measures operating performance based on adjusted net income defined for a particular period as net income (loss) excluding, equity-based compensation expense, amortization of acquisition-related intangible assets, goodwill impairment expense, acquisition and integration expense, and other items not indicative of our ongoing operating performance. Further, management measures operating performance based on adjusted diluted earnings per share defined for a particular period as adjusted net income divided by the weighted-average diluted common shares outstanding.

We believe adjusted EBITDA, adjusted net income, and adjusted diluted earnings per share 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.

Adjusted EBITDA, adjusted net income, and adjusted diluted earnings per share are non-GAAP measures and are presented for supplemental purposes only and should not be considered as an alternative or substitute to financial information presented in accordance with GAAP. Adjusted EBITDA, adjusted net income and adjusted diluted earnings per share have certain limitations in that they do not include the impact of certain expenses that are reflected in our condensed consolidated statements of operations and comprehensive income (loss) that are necessary to run our business. Other companies, including other companies in our industry, may not use these measures and may calculate both differently than as presented, limiting the usefulness as a comparative measure.

The following table reconciles net income (loss) to adjusted EBITDA:

	THREE MONTHS ENDED MARCH 31,	
	2024	2023
	(in thousands)	
Net income (loss)(a)	$ (4,683)	$ 1,358
Interest expense(a)	5,751	5,475
Interest income(a)	(2,574)	(1,354)
(Benefit from) provision for income taxes(a)	(751)	1,111
Depreciation and amortization expense(a)	432	411
Intangible asset amortization(a)	15,996	13,113
Currency (gain) loss(a)	876	894
Equity-based compensation expense(b)	9,073	8,543
Change in fair value of contingent consideration(d)	2,878	1,261
Acquisition-related expenses(e)	1,714	1,192
Integration expense(f)	—	102
Reorganization expense(g)	51	—
Loss on disposal of fixed assets(h)	—	4
Executive recruiting expense(i)	380	196
Adjusted EBITDA	$ 29,143	$ 32,306

The following table reconciles net income (loss) to adjusted net income:

	THREE MONTHS ENDED MARCH 31,	
	2024	2023
	(in thousands)	
Net income (loss) (a)	$ (4,683)	$ 1,358
Currency (gain) loss(a)	876	894
Equity-based compensation expense(b)	9,073	8,543
Amortization of acquisition-related intangible assets(c)	13,348	11,256
Change in fair value of contingent consideration(d)	2,878	1,261
Acquisition-related expenses(e)	1,714	1,192
Integration expense(f)	—	102
Reorganization expense(g)	51	—
Loss on disposal of fixed assets(h)	—	4
Executive recruiting expense(i)	380	196
Income tax expense impact of adjustments(j)	(7,089)	(5,495)
Adjusted net income	$ 16,548	$ 19,311

The following table reconciles diluted earnings per share to adjusted diluted earnings per share:

	THREE MONTHS ENDED MARCH 31,	
	2024	2023
Diluted earnings per share(a)	$ (0.03)	$ 0.01
Currency (gain) loss(a)	0.01	0.01
Equity-based compensation expense(b)	0.05	0.04
Amortization of acquisition-related intangible assets(c)	0.08	0.07
Change in fair value of contingent consideration(d)	0.02	0.01
Acquisition-related expenses(e)	0.01	0.01
Integration expense(f)	—	—
Reorganization expense(g)	—	—
Loss on disposal of fixed assets(h)	—	—
Executive recruiting expense(i)	—	—
Income tax expense impact of adjustments(j)	(0.04)	(0.03)
Adjusted Diluted Earnings Per Share	$ 0.10	$ 0.12
Basic weighted average common shares outstanding	159,524,270	158,177,025
Effect of potentially dilutive shares outstanding (k)	889,094	1,550,387
Adjusted diluted weighted average common shares outstanding	160,413,364	159,727,412

(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 expense associated with remeasuring fair value of contingent consideration of business acquisition.

(e) Represents costs associated with mergers and acquisitions and any retention bonuses pursuant to the acquisitions.

(f) Represents integration costs related to post - acquisition integration activities.

(g) Represents expense related to reorganization, including legal entity reorganization and lease abandonment cost associated with the evaluation of our office space footprint.

(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 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.

Components of Results of Operations

Revenues

Our business generates revenue from the sales of software products and delivery of consulting services.

- ***Software***. Our software business generates revenues from software licenses, software subscriptions and software maintenance as follows:

  - *Software licenses*: We recognize revenue for software license fees up front, upon delivery of the software license.

  - *Software subscription*: Subscription revenue consists of subscription fees to provide our customers access to and related support for our cloud-based solutions. We recognize subscription fees ratably over the term of the subscription, usually one to three years. Any subscription revenue paid upfront that is not recognized in the current period is included in deferred revenue in our condensed consolidated balance sheet until earned.

  - *Software maintenance*: Software maintenance revenue includes fees for providing updates and technical support for software offerings. Software maintenance revenue is recognized ratably over the contract term, usually one year.

- ***Services***. Our services business generates revenues primarily from technology-driven services and professional services, which include software implementation services. Our service arrangements are time and materials, fixed fee, or prepaid. Revenues are recognized over the time services are performed for time and materials, and over time by estimating progress to completion for fixed fee and prepaid services.

Cost of Revenues

Cost of revenues consists primarily of employee related expenses, equity-based compensation, the costs of third-party subcontractors, travel costs, distributor fees, amortization of capitalized software and allocated overhead. We may add or expand computing infrastructure service providers, make additional investments in the availability and security of our solutions, or add resources to support our growth.

Operating Expenses

- ***Sales and Marketing***. Sales and marketing expense consists primarily of employee-related expenses, equity-based compensation, sales commissions, brand development, advertising, travel-related expenses and industry conferences and events. We plan to continue to invest in sales and marketing to increase penetration of our existing client base and expand to new clients.

- ***Research and Development***. Research and development expense (“R&D”) consist primarily of employee-related expenses, equity-based compensation, third-party consulting, allocated software costs and tax credits. We plan to continue to invest in our R&D efforts to enhance and scale our software product offerings by development of new features and increased functionality.

- ***General and Administrative***. General and administrative expense consists of personnel-related expenses associated with our executive, legal, finance, human resources, information technology, and other administrative functions, including salaries, benefits, bonuses, and equity-based compensation. General and administrative expense also includes professional fees for external legal, accounting and other consulting services, allocated overhead costs, and other general operating expenses.

- ***Intangible Asset Amortization***. Intangible asset amortization consists primarily of amortization expense related to intangible assets recorded in connection with acquisitions and amortization of capitalized software development costs.

- ***Depreciation and Amortization Expense***. Depreciation and amortization expense consists of depreciation of property and equipment and amortization of leasehold improvements.

Other Expenses

- ***Interest Expense***. Interest expense consists primarily of interest expense associated with our Credit Agreement, including amortization of debt issuance costs and discounts.

- ***Net Other Income (Expense)***. Net other income (expense) consists of miscellaneous non-operating expenses primarily comprised of interest income and foreign exchange transaction gains and losses.

- ***Provision for (Benefit from) Income Taxes***. Provision for (benefit from) income taxes consists of U.S. federal and state income taxes and income taxes in certain foreign jurisdictions in which we conduct business. We expect income tax expense to increase over time as the Company continues to grow more profitable.

Business Combinations

Since 2013 and as of March 31, 2024, we have completed 20 acquisitions, of which 13 have included software or technology. Details of acquisitions that have closed since the beginning of fiscal year 2023 are provided below. We continually seek and assess a range of highly focused opportunities in our immediately addressable market and in related adjacent markets, whether through acquisitions, licenses, or partnerships.

Drug Interaction Solutions, University of Washington ("DIDB")

On June 20, 2023, we entered into an asset purchase agreement with the University of Washington and completed the acquisition of DIDB, including the Drug Interaction Database and related products, from The University of Washington for a total estimated consideration of $8.3 million. The business combination was not significant to the Company's consolidated financial statements.

Based on our purchase price allocation, approximately $0.3 million, $5.6 million, $0.4 million, and $2.3 million of the purchase price was assigned to trade names, database content/technology, customer relationships and goodwill, respectively. The total estimated consideration included a portion of contingent consideration that is payable over the next two years in cash, not to exceed $2.0 million. The fair value of the contingent consideration was estimated to be $0.8 million as of the acquisition date. At March 31, 2024, the contingent consideration was remeasured to $0.1 million, resulting in a fair value adjustment of $4 thousand and recorded in G&A on the accompanying condensed consolidated statement of operations and comprehensive income (loss).

Formedix Limited ("Formedix")

On October 10, 2023, we completed the acquisition of Formedix for a total estimated consideration of $41.4 million. The business combination was not material to our condensed consolidated financial statements.

Based on our purchase price allocation, approximately $11.7 million, $3.1 million, and $25.1 million of the purchase price were assigned to developed technology, customer relationships and goodwill, respectively.

The total estimated consideration included a portion of contingent consideration that is payable over two years in cash, not to exceed $9.0 million. The fair value of the contingent consideration related to revenue threshold was estimated to be $4.4 million as of the acquisition date. Future payments of contingent consideration are based on achieving certain eligible revenue targets for each of the twelve-month periods ended December 31, 2023 and 2024, respectively. Additionally, another portion of the contingent consideration is based on the resolution of certain tax contingencies. In total, the fair value of the contingent consideration was estimated to be $5.2 million as of the acquisition date. At March 31, 2024 the contingent consideration related to revenues was remeasured to $3.2 million, resulting in a negative fair value remeasurement and adjustment of $0.5 million and recorded in G&A on the accompanying condensed consolidated statement of operations and comprehensive income (loss).

Applied BioMath, LLC ("ABM")

On December 12, 2023, we completed the acquisition of ABM, an industry-leader in providing model-informed drug discovery and development support to help accelerate and de-risk therapeutic research and development, for total estimated consideration of $36.6 million. The business combination was not material to our consolidated financial statements.

Based on our preliminary purchase price allocation, approximately $4.6 million, $0.8 million, $13.7 million and $15.9 million of the purchase price was assigned to developed technology, non-compete agreements, customer relationships and goodwill, respectively.

The total estimated consideration includes a portion of contingent consideration that is payable over two years in cash, not to exceed $17.6 million. Future payments of contingent consideration are based on achieving certain eligible revenue targets for each of the twelve-month periods ended December 31, 2023 and 2024, respectively. The fair value of the contingent consideration was estimated to be $5.4 million as of the acquisition date. At March 31, 2024, the contingent consideration was remeasured to $4.4 million, resulting in a negative fair value adjustment of $0.9 million and recorded in G&A on the accompanying condensed consolidated statement of operations and comprehensive income (loss).

The contingent considerations for all acquisitions were classified as a liability and included in accrued expense and other long-term liabilities on our condensed consolidated balance sheet. The contingent consideration related with revenue threshold are remeasured on a recurring basis at fair value for each reporting period. Any changes in the fair value of these contingent liabilities are included in the earnings in the condensed consolidated statements of operations and comprehensive income (loss).

The current purchase price allocations for acquisitions of Formedix and ABM are preliminary. The primary areas of the preliminary purchase price allocations that are not yet finalized that relate to the fair value of certain tangible assets and liabilities assumed and residual goodwill. We continue to gather information supporting the acquired assets and liabilities, including but not limited to the estimation of the fair value of the identifiable intangible assets, measurement of deferred revenue and corresponding impact on goodwill, during the measurement period. Any adjustments to the preliminary purchase price allocation identified during the measurement period, which will not exceed one year from the acquisition date, will be accounted for prospectively.

The results of operations of the acquired businesses and the fair value of the acquired assets and liabilities assumed are included in the Company’s consolidated financial statements with effect from the date of the acquisitions.

For more information about our acquisitions, see Note 5. “Business Combinations” in the notes to the condensed consolidated financial statements.

Results of Operations

We have included the results of operations of acquired companies in our condensed consolidated results of operations from the date of their respective acquisitions, which impacts the comparability of our results of operations when comparing results for the three months ended March 31, 2024 to the three months ended at March 31, 2023.

Three Months Ended March 31, 2024 Versus Three Months Ended March 31, 2023

The following table summarizes our unaudited statements of operations data for the three months ended at March 31, 2024 and 2023:

Revenues

	THREE MONTHS ENDED MARCH 31,		CHANGE	
	2024	2023	$	%
	(in thousands)			
Software	$ 39,307	$ 33,005	$ 6,302	19 %
Services	57,347	57,296	51	— %
Total revenues	$ 96,654	$ 90,301	$ 6,353	7 %

Total revenues increased $6.4 million, or 7%, to $96.7 million for the three months ended March 31, 2024 as compared to the same period in 2023. The overall increase in revenues was primarily due to growth in our software product offerings from strong demand within existing customers, client expansions, and new customers.

Software revenues increased $6.3 million, or 19%, to $39.3 million for the three months ended March 31, 2024 as compared to the same period in 2023, primarily driven by strong demand within existing customers and expanding relationships with customers.

Services revenues of $57.3 million were relatively flat for the three months ended March 31, 2024, as compared to the same period in 2023.

Cost of Revenues

	THREE MONTHS ENDED MARCH 31,		CHANGE	
	2024	2023	$	%
	(in thousands)			
Cost of revenues	$ 39,255	$ 34,856	$ 4,399	13 %

Cost of revenues increased by $4.4 million, or 13%, to $39.3 million for the three months ended March 31, 2024 as compared to the same period in 2023. The increase was primarily due to a $1.9 million increase in employee-related costs resulting from billable head count growth, a $1.2 million increase in stock-based compensation costs, a $0.8 million increase in intangible assets amortization, a $0.5 million increase in equipment and software expenses.

Sales and Marketing Expenses

	THREE MONTHS ENDED MARCH 31,		CHANGE	
	2024	2023	$	%
	(in thousands)			
Sales and marketing	$ 10,687	$ 8,002	$ 2,685	34 %
% of total revenues	11 %	9 %		

Sales and marketing expenses increased by $2.7 million, or 34%, to $10.7 million for the three months ended March 31, 2024 as compared to the same period in 2023. Sales and marketing expenses increased primarily due to a $1.7 million increase in employee-related costs primarily resulting from head count growth, a $0.2 million increase in stock-based compensation costs, a $0.2 million increase in travel expenses, a $0.2 million increase in marketing expenses, and a $0.2 million increase in professional and consulting expenses.

Research and Development Expenses

	THREE MONTHS ENDED MARCH 31,		CHANGE	
	2024	2023	$	%
	(in thousands)			
Research and development	$ 11,995	$ 9,287	$ 2,708	29 %
% of total revenues	12 %	10 %		

Research and development expenses increased by $2.7 million, or 29%, to $12.0 million for the three months ended March 31, 2024, as compared to the same period in 2023. The change in research and development expenses was primarily due to a $3.0 million increase in employee-related costs primarily resulting from head count growth, and a $0.2 million increase in the cost of licenses, partially offset by a $0.5 million increase in capitalized cost in R&D.

General and Administrative Expenses

	THREE MONTHS ENDED MARCH 31,		CHANGE	
	2024	2023	$	%
	(in thousands)			
General and administrative	$ 22,979	$ 19,772	$ 3,207	16 %
% of total revenues	24 %	22 %		

General and administrative expenses increased by $3.2 million, or 16%, to $23.0 million for the three months ended March 31, 2024 as compared to the same period in 2023. The increase in general and administrative expenses was primarily due to a $1.6 million increase related to change in the fair value of contingent consideration, a $1.1 million increase in employee-related costs primarily resulting from head count growth, a $0.5 million increase in merger and acquisition expenses, a $0.2 million increase in equipment and software expenses, a $0.2 million increase in executive recruiting expense, and a $0.2 million increase in credit allowance provision expense, partially offset by a $0.9 million decrease in stock-based compensation costs.

Intangible Asset Amortization

	THREE MONTHS ENDED MARCH 31,		CHANGE	
	2024	2023	$	%
	(in thousands)			
Intangible asset amortization	$ 12,593	$ 10,535	$ 2,058	20 %
% of total revenues	13 %	12 %		

Intangible asset amortization expense increased by $2.1 million, or 20%, to $12.6 million for the three months ended March 31, 2024, as compared to the same period in 2023. The increase in intangible asset amortization expense was primarily due to $1.3 million increase in amortization in acquired intangible assets and $0.8 million increase in amortization in capitalized software.

Depreciation and Amortization Expense

	THREE MONTHS ENDED MARCH 31,		CHANGE	
	2024	2023	$	%
	(in thousands)			
Depreciation and amortization	$ 432	$ 411	$ 21	5 %
% of total revenues	— %	— %		

Depreciation and amortization expense of $0.4 million was relatively flat for the three months ended March 31, 2024, as compared to the same period in 2023.

Interest Expense

	THREE MONTHS ENDED MARCH 31,		CHANGE	
	2024	2023	$	%
	(in thousands)			
Interest expense	$ 5,751	$ 5,475	$ 276	5 %
% of total revenues	6 %	6 %		

Interest expense increased by $0.3 million, or 5%, to $5.8 million for the three months ended March 31, 2024 as compared to the same period in 2023. The increase in interest expense was primarily due to an $0.8 million increase in our floating rate term loan debt, driven by the uptick in market interest rates. The increase in interest expense was partially offset by a $0.5 million increase in gain from our interest swap hedge activities.

Net Other (Income) Expense

	THREE MONTHS ENDED MARCH 31,		CHANGE	
	2024	2023	$	%
	(in thousands)			
Net other (income) expense	$ (1,604)	$ (506)	$ (1,098)	217 %
% of total revenues	(2)%	(1)%		

Net other income increased by $1.1 million, to $1.6 million for the three months ended March 31, 2024 as compared to the same period in 2023. The increase in net other income was primarily due to a $1.2 million increase interest income primarily from cash investments.

Provision (Benefit) for Income Taxes

	THREE MONTHS ENDED MARCH 31,		CHANGE	
	2024	2023	$	%
	(in thousands)			
Provision (benefit) for income taxes	$ (751)	$ 1,111	$ (1,862)	(168)%
Effective income tax rate	14 %	45 %		

Our income tax benefit was $0.8 million, resulting in an effective income tax rate of 14% for the three months ended March 31, 2024 as compared to an income tax expense of $1.1 million, or an effective income tax rate of 45%, for the same period in 2023. Our income tax expense for the three months ended March 31, 2024 and 2023 was primarily due to the tax effects of U.S. pre-tax income, the relative mix of domestic and international earnings, the impact of non-deductible items, adjustments to the valuation allowances, the effects of tax elections made for U.K. earnings, and discrete tax items.

Net Income (Loss)

	THREE MONTHS ENDED MARCH 31,		CHANGE	
	2024	2023	$	%
	(in thousands)			
Net income (loss)	$ (4,683)	$ 1,358	$ (6,041)	445 %

Net loss was $4.7 million representing a $6.0 million change in net income for the three months ended March 31, 2024 as compared to a net income of $1.4 million for the same period of 2023. The decrease in net income was primarily due to a $10.7 million increase in operating expense, a $4.4 million increase in cost of revenue, partially offset by a $6.4 million increase in revenue, a $1.9 million decrease in tax expense, and a $0.8 million increase in total other income.

Liquidity and Capital Resources

We have consistently generated positive cash flow from operations, providing $4.3 million and $10.0 million as a source of funds for the three months ended March 31, 2024 and 2023, respectively. Our additional liquidity comes from several sources: maintaining adequate balances of cash and cash equivalents, issuing common stock, and accessing credit facilities and revolving lines of credit. The following table provides a summary of the major sources of liquidity for the three and twelve months periods ended at March 31, 2024 and December 31, 2023 and as of March 31, 2024 and December 31, 2023.

	March 31, 2024	December 31, 2023
	(in thousands)	
Net cash from operating activities[(a)]	4,296	82,755
Cash and cash equivalents[(b)]	224,776	234,951
Term loan credit facilities	293,695	294,450
Gross revolving line of credit	100,000	100,000

(a) Net cash from operating activities for three months ended at March 31, 2024 and twelve months ended at December 31, 2023.

(b) Cash balance as of March 31, 2024 and December 31, 2023 included $46.2 million and $47.3 million cash and cash equivalents, respectively, held outside of the United States.

Our material cash requirements from known contractual obligations are principal and interest payments of long-term debt. We also have future cash obligations of $18.7 million for lease contracts, which have remaining terms of one to six years.

The principal amount of long-term debt outstanding as of March 31, 2024 matures in the following years:

	Remainder of 2024	2025	2026	TOTAL
	(in thousands)			
Maturities	$ 2,265	$ 3,020	$ 288,410	$ 293,695

We assess our liquidity in terms of our ability to generate adequate amounts of cash to meet current and future needs. We believe our existing sources of liquidity will be sufficient to meet our working capital, capital expenditures, and contractual obligations for the foreseeable future. Our expected primary uses on a short-term and long-term basis are for repayment of debt, interest payments, working capital, capital expenditures, geographic or service offering expansion, acquisitions, investments, and other general corporate purposes. We believe we will meet short and longer-term expected future cash requirements and obligations through a combination of cash flows from operating activities, available cash balances, and potential future equity or debt transactions.

Our future capital requirements, however, will depend on many factors, including funding for potential acquisitions, investments, and other growth and strategic opportunities, which could increase our cash requirements. While we believe we have, and will be able to generate, sufficient liquidity to fund our operations for the foreseeable future, our sources of liquidity could be affected by factors described under “Risk Factors” in our 2023 Annual Report.

Cash Flows

The following table presents a summary of our cash flows for the periods shown:

	THREE MONTHS ENDED MARCH 31,	
	2024	2023
	(in thousands)	
Net cash provided by operating activities	$ 4,296	$ 9,957
Net cash used in investing activities	(3,578)	(2,731)
Net cash used in financing activities	(10,347)	(850)
Effect of foreign exchange rate changes on cash and cash equivalents, and restricted cash	(546)	1,174
Net increase (decrease) in cash and cash equivalents, and restricted cash	$ (10,175)	$ 7,550
Cash paid for interest	$ 5,395	$ 5,196
Cash paid for income taxes	$ 3,640	$ 517

Operating Activities

Our cash flows from operating activities primarily include net income adjusted for (i) non-cash items included in net income, such as provisions (recoveries) for credit losses, depreciation and amortization, stock-based compensation, deferred taxes and other non-cash items and (ii) changes in the balances of operating assets and liabilities. Net cash provided by operating activities in the first three months of 2024 was $4.3 million, compared to $10.0 million in the same period of 2023. The $5.7 million decrease in cash from operating activities was primarily driven by decrease in cash-adjusted net income, reduced cash inflows from deferred revenues, more cash utilized for acquiring prepaid and other assets, and increased payments for accounts payable, accrued expenses, and other liabilities, partially offset by higher cash collected from accounts receivable.

Investing activities

Net cash used by investing activities in the first three months of 2024 was $3.6 million, an increase of $0.8 million, compared to $2.7 million in the same period of 2023. The change in investing activities was primarily due to a $0.6 million increase in cash utilized in capitalized development costs and a $0.3 million increase in cash utilized in capital expenditures to support our growth.

Financing Activities

Net cash used by financing activities in the first three months of 2024 was $10.3 million, compared to $0.9 million cash used in the same period of 2023. The $9.5 million decrease in cash flow in financing activities was primarily due to an $8.6 million increase in cash payments for contingent consideration related to business acquisition, and a $0.9 million increase in cash payments associated with share awards vested and withheld for payroll tax.

Indebtedness

We have been a party to a Credit Agreement since August 2017 that provided for a senior secured term loan and commitments under a revolving credit facility. We and our lenders most recently modified the Credit Agreement on June 17, 2021. The maturity date of the term loans under the Credit Agreement is August 2026; the termination date of the revolving credit commitments is August 2025.

Borrowings under the Credit Agreement bear interest at a rate per annum equal to either (i) the Eurocurrency rate, with a floor of 0.00%, as adjusted for the reserve percentage required under regulations issued by the Federal Reserve Board for determining maximum reserve requirements with respect to Eurocurrency funding, plus an applicable margin rate of 3.50% for the term loan and between 4.00% and 3.50% for revolving credit loans, depending on the applicable first lien leverage ratio, or (ii) an alternative base rate ("ABR"), with a floor of 1.00%, plus an applicable margin rate of 2.50% for the term loan or between 3.00% and 2.50% for revolving credit loans, depending on the applicable first lien leverage ratio (with the ABR determined as the greatest of (a) the prime rate, (b) the federal funds effective rate, plus 0.50%), and (c) the Eurocurrency rate plus 1.00%. Additionally, we are obligated to pay commitment fees and other customary fees under the revolving credit facility.

In response to the discontinuation of LIBOR, we executed a LIBOR transition amendment in June 2023, formalizing the replacement of LIBOR with the Secured Overnight Funding Rate ("SOFR"). As part of this modification, a Credit Spread Adjustment ("CSA") was introduced to aligning SOFR with LIBOR in terms of the overall interest rate earned by lenders under the Credit Agreement. The CSA varied depending on the selected interest period.

All obligations under the Credit Agreement are unconditionally guaranteed by our wholly owned direct and indirect subsidiaries, subject to certain exceptions. All obligations under the Credit Agreement, and the guarantees of those obligations, are secured on a first lien basis, subject to certain exceptions, by substantially all of our assets and the assets of the other guarantors. As of March 31, 2024, we were in compliance with the covenants of the Credit Agreement.

As of March 31, 2024, we had $293.7 million of outstanding borrowings on the term loan, and $100.0 million of availability under the revolving credit facility under the Credit Agreement.

Contractual Obligations and Commercial Commitments

There have been no material changes to our contractual obligations during the three months ended March 31, 2024 from those disclosed in our 2023 Annual Report, except for payments made in the ordinary course of business.

Income Taxes

We recorded income tax benefit of $0.8 million for the three months ended March 31, 2024 and income tax expense of $1.1 million for the three months ended March 31, 2023.

As of March 31, 2024, we had federal and state NOLs of approximately $1.6 million and $0.04 million, respectively, which are available to reduce future taxable income and expire between 2035 and 2036 and 2029 and 2040, respectively. We had federal and state R&D tax credit carryforwards of approximately $0.3 million and $0, respectively, to offset future income taxes, which expire between 2027 and 2028. We also had foreign tax credits of approximately $13.8 million, which will start to expire in 2027. These carryforwards that may be utilized in a future period may be subject to limitations based upon changes in the ownership of our stock in a future period. Additionally, we carried forward foreign NOLs of approximately $81.6 million which will start to expire in 2024, foreign research and development credits of $0.3 million which expire in 2029, and Canadian investment tax credits of approximately $3.8 million which expire between 2031 and 2041. Our carryforwards are subject to review and possible adjustment by the appropriate taxing authorities.

As required by Accounting Standards Codification (“ASC”) Topic 740, Income Taxes, our management has evaluated the positive and negative evidence bearing upon the realizability of our deferred tax assets, which are composed principally of NOL carryforwards, Section 174 carryforwards, investment tax credit carryforward, and foreign tax credit carryforwards. Management has determined that it is more likely than not that we will not realize the benefits of foreign tax credit carryforwards. At the foreign subsidiaries, management has determined that it is more likely than not that we will not realize the benefits of certain NOL carryforwards. As a result, a valuation allowance of $31.5 million was recorded at December 31, 2023. As of March 31, 2024, the valuation allowance remained unchanged from December 31, 2023.

Off-Balance Sheet Arrangements

During the periods presented, we did not have, and currently do not have, any off-balance sheet arrangements, as defined under the rules and regulations of the SEC, that have, or are reasonably likely to have, a material effect on our current or future financial condition, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Estimates

Our accounting policies are more fully described in Note 2, “Summary of Significant Accounting Policies,” in our audited consolidated financial statements included in our 2023 Annual Report. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We monitor estimates and assumptions on a continuous basis and update these estimates and assumptions as facts and circumstances change and new information is obtained. Actual results could differ materially from those estimates and assumptions. We discussed the accounting policies that we believe are most critical to the portrayal of our results of operations and financial condition and require management's most difficult, subjective and complex judgments in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our 2023 Annual Report. There were no significant changes to our critical accounting estimates during the three months ended March 31, 2024.

Recently Adopted and Issued Accounting Standards

We have reviewed all recently issued standards and have determined that, other than as disclosed in Note 2 to our condensed consolidated financial statements appearing elsewhere in this Quarterly Report, such standards will not have a material impact on our condensed consolidated financial statements or do not otherwise apply to our operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For information regarding our exposure to certain market risks, see "Quantitative and Qualitative Disclosures about Market Risk," in Part II, Item 7A of the Company's 2023 Annual Report. There were no material changes to the Company's market risk exposure during the three months ended March 31, 2024.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this report. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of March 31, 2024.

Changes in Internal Control over Financial Reporting

During the period ended March 31, 2024, there were no changes in our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material changes to our legal proceedings as previously disclosed in our 2023 Annual Report.

Item 1A. Risk Factors

There are no material changes from any of the risk factors previously disclosed in our 2023 Annual Report in response to Part I, Item 1A.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table illustrates the activities of equity security repurchases during the three months ended at March 31, 2024.

	Total Number of Shares Purchased(a)	Weighted Average Price Paid per Share	Total Number of Shares Purchased Under Announced Programs	Approximate Dollar Value of Shares That May Yet be Purchased Under Announced Programs
1/1/2024 to 1/31/2024	—	$ —	—	$ —
2/1/2024 to 2/29/2024	—	$ —	—	$ —
3/1/2024 to 3/31/2024	60,177	$ 18.87	—	$ —
Total	60,177	$ 18.87	—	$ —

(a) Shares purchased were due to shares delivered by employees to the Company for the payment of taxes resulting from issuance of common stock upon the vesting of PSU or RSUs relating to stock-based compensation plans.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Our directors and officers may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell our common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades pursuant to parameters established by the director or officer when entering into the plan, without further direction from them.

On March 15, 2024, Robert Aspbury, our President, Certara Scientific Software, adopted a Rule 10b5-1 trading plan. The plan provides for the potential sale, on the dates and prices set forth in the plan, of up to 120,000 shares of our common stock from June 28, 2024 through December 13, 2024.

Item 6. Exhibits

See Exhibit Index.

EXHIBIT INDEX

		Incorporated by Reference			
Exhibit Number	Exhibit Title	Form	File No.	Exhibit	Filing Date
10.1* **	Exhibit 10.1 - 2024 PSU Grant Agreement				
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.1+	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002+				
32.2+	Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002+				
101.INS	XBRL Instance Document –the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document				
101.SCH	XBRL Taxonomy Extension Schema Document				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)				

* Management contract or compensatory plan or arrangement.

** Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant agrees to furnish a copy of any omitted schedule or exhibit to the SEC upon request; provided, however, that the registrant may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any document so furnished.

+ This certification is deemed not filed for purpose of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filings under the Securities Act or the Exchange Act.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, duly authorized.

CERTARA, INC.

Date: May 7, 2024	By:	/s/ William F. Feehery
	Name:	William F. Feehery
	Title:	Chief Executive Officer (Principal Executive Officer)
Date: May 7, 2024	By:	/s/ John E. Gallagher III
	Name:	John E. Gallagher III
	Title:	Chief Financial Officer (Principal Financial Officer)

Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

Exhibit 10.1

PERFORMANCE STOCK UNIT GRANT NOTICE
UNDER THE
CERTARA, INC.
2020 INCENTIVE PLAN

Certara, Inc., a Delaware corporation (the "Company"), pursuant to its 2020 Incentive Plan, as it may be amended and restated from time to time (the "Plan"), hereby grants to the Participant set forth below the number of Performance Stock Units ("Performance Stock Units" or "PSUs") set forth below. The Performance Stock Units are subject to all of the terms and conditions as set forth herein, in the Performance Stock Unit Agreement including any addendum to such agreement for the Participant's country (the "Addendum"), as attached (together, the "Performance Stock Unit Agreement"), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

Participant: [●]

Date of Grant: [●]

Number of
Performance Stock Units: [●]

ar period comprised of the Company's fiscal years 2024, 2025 and 2026 (beginning at 12:00 AM January 1 and ending at 12:00 AM January 1 for each year).

Performance Conditions: Settlement of the Performance Stock Units shall be subject to satisfaction of the Performance Conditions in accordance with Appendix A, attached to this Grant Notice.

Dividend Equivalents: The Performance Stock Units shall be credited with dividend equivalent payments, as provided in Section 13(c)(iii) of the Plan.

* * *

[* * *]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.]

THE PARTICIPANT DOES NOT HAVE TO ACCEPT THE PERFORMANCE STOCK UNITS. IF THE PARTICIPANT WISHES TO DECLINE THE PERFORMANCE STOCK UNITS, THE PARTICIPANT SHOULD PROMPTLY NOTIFY THE GENERAL COUNSEL OF THE COMPANY OF THE PARTICIPANT'S DECISION IN WRITING. IF THE PARTICIPANT DOES NOT PROVIDE SUCH NOTIFICATION WITHIN 60 DAYS OF GRANT, THE PARTICIPANT WILL BE DEEMED TO HAVE ACCEPTED THE PERFORMANCE STOCK UNITS ON THE TERMS AND CONDITIONS SET FORTH IN THIS PERFORMANCE STOCK UNIT GRANT NOTICE, THE PERFORMANCE STOCK UNIT AGREEMENT AND THE PLAN.

APPENDIX A
TO THE GRANT NOTICE

The number of PSUs that will be subject to settlement (the "Earned PSUs") will be calculated based on achievement of the applicable Performance Conditions, as set forth below.

1. Performance Conditions

PSUs shall be bifurcated into two equal tranches: "Tranche I PSUs", which will be subject to a Performance Condition based on Revenue Achieved, and "Tranche II PSUs", which will be subject to a Performance Condition based on Adjusted EBITDA Achieved. The Threshold, Target, and Maximum Level of Achievement for the first fiscal year of the Performance Period (2024) is set forth in the following table. The Threshold, Target and Maximum Level of Achievement for the second (2025) and third (2026) fiscal year of the Performance Period will be established by the Compensation Committee within the first 120 days of each such fiscal year:

	Tranche I	**Tranche II**
Performance Condition – 2024	*Revenue Achieved*	*Adjusted EBITDA Achieved*
Threshold Level of Achievement	[* * *]	[* * *]
Target Level of Achievement	[* * *]	[* * *]
Maximum Level of Achievement	[* * *]	[* * *]

Regardless of the level of achievement for any of the fiscal years during the Performance Period, if the Adjusted EBITDA Margin of the Company averages less than 20% over the first two fiscal years of the Performance Period, the Earned PSUs will equal zero and all PSUs will be automatically forfeited.

2. Calculation of Annual Weighting Percentages

Following the last day of each applicable fiscal year during the Performance Period (or, if earlier, upon a Change in Control), the Committee shall determine the level of achievement with respect to each Performance Condition in respect of such fiscal year and calculate the "Weighting Percentage" (as set forth the table below) for such fiscal year with respect to each of the Tranche I PSUs and the Tranche II PSUs based on such level of achievement in accordance with the following table:

LEVEL OF ACHIEVEMENT	**WEIGHTING PERCENTAGE**
Below Threshold	0%
Threshold	50%
Target	100%
Maximum	200%
Above Maximum	200%

Unless otherwise determined by the Committee, if actual performance with respect to any tranche is between (i) “Threshold” and “Target” or (ii) “Target” and “Maximum” levels of achievement, the Weighting Percentage shall be determined using linear interpolation (and rounded to the nearest whole percentage point) between such numbers. In the event of a Change in Control during the Performance

Period, the Committee shall determine the Weighting Percentage for the fiscal year during which such Change in Control occurs and any subsequent fiscal year during the Performance Period. All determinations with respect to whether and to the extent to which a Performance Condition has been achieved and of the calculation of the Weighting Percentage (including without limitation in the event of a Change in Control) shall, in each case, be made by the Committee in its sole discretion, whose decision shall be final and binding on the Participant.

3. TSR Modification.

The total number of Earned PSUs will be modified ("TSR Modifier") by the Company's TSR performance relative to the Peer Group TSR (the "rTSR Ranking") for the Performance Period. If rTSR Ranking is at a level anywhere from within the ≤25th percentile and up to the ≥75th percentile, no TSR Modifier will be applied. If rTSR Ranking is achieved at a level within the ≥75th percentile, the TSR Modifier will be +20% (i.e. a multiple of 1.2). If the rTSR Ranking is within the 25 percentile, the TSR Modifier will be negative 20% (i.e. a multiple of 0.8).

4. Calculation of Earned PSUs

Following the end of the Performance Period (and prior to the date the PSUs are settled in accordance with Section 3 of the Performance Stock Unit Agreement (the "Settlement Date"), the Committee shall determine the "Final Weighting Percentage" with respect to each tranche of PSUs by taking the average of the Weighting Percentages calculated for each fiscal year of the Performance Period (as modified by the TSR Modifier, as described below), and (ii) the number of PSUs that become Earned PSUs, which shall equal the sum of:

- (x) the number of Tranche I PSUs *multiplied by* (x) the Final Weighting Percentage applicable to the Tranche I PSUs *multiplied by* (y) the TSR Modifier (if applicable) *multiplied by* (z) a quotient, the numerator of which is the Participant's number of full years of employment during the Performance Period and the denominator of which is 3 (such result rounded up to the nearest whole unit); *plus*

- (x) the number of Tranche II PSUs *multiplied by* (x) the Final Weighting Percentage applicable to the Tranche II PSUs *multiplied by* (y) the TSR Modifier (if applicable) *multiplied by* (z) a quotient, the numerator of which is the Participant's number of full years of employment during the Performance Period and the denominator of which is 3 (such result rounded up to the nearest whole unit).

Notwithstanding the foregoing, if the Participant undergoes a Termination other than for Cause in connection with or within 12 months following a Change in Control, the quotient for both subsections (z) above shall be 1 (in other words, the numerator shall be 3, regardless of term of employment).

Any PSUs that do not become Earned PSUs in accordance with the above formula shall be forfeited as of the date of determination.

Notwithstanding anything contained herein to the contrary, in the event of the Participant's Termination for Cause prior to the Settlement Date, all of the Participant's PSUs shall be forfeited as of the date of such Termination, and none of the PSUs shall become Earned PSUs.

4. Definitions

(a) "Adjusted EBITDA" means annual net income (loss) excluding (i) interest expense, (ii) provision (benefit) for income taxes, (iii) depreciation and amortization expense, (iv) intangible asset amortization, (v) equity-based compensation expense, (vi) acquisition and integration expense, (vii) and other items not indicative of the Company's operating performance, as reported in the Company annual report on Form 10-K.

(b) "Adjusted EBITDA Margin" means the percentage calculated by dividing the Adjusted EBITDA in a given fiscal year by the Revenue achieved in that year.

(b) "Average Market Value" means the average of the closing Market Share Price of the applicable company for the applicable thirty (30) trading days beginning or ending on a specified date.

(c) "Beginning Average Market Value" means the Average Market Value based on the last thirty (30) trading days ending on (and including) the day immediately prior to the first day of the Performance Period.

(d) "Ending Average Market Value" means the Average Market Value based on the last thirty (30) trading days of the Performance Period.

(e) "Market Share Price" means the closing price per share of common stock of the applicable company for the specified day (or the last preceding day thereto for which reported) as reported by the NYSE, Nasdaq or such other authoritative source as the Committee may determine.

(f) "Peer Group" means the companies included in the S&P 600 Healthcare Index at both the beginning of the Performance Period and end of the Performance Period. The Committee's calculation of the appropriate interpolated percentage shall disregard the aforementioned companies only to the extent permitted for the Awards to continue to qualify as performance-based compensation under Section 162(m) of the Code and the transition rule under the Tax Cuts and Jobs Act of 2017, as amended. If any member of the Peer Group goes bankrupt during the Performance Period, that member will be counted as the lowest in the group. Members of the Peer Group will not be disregarded solely as the result of acquisitions during the Performance Period except as described above.

(g) "Peer Group Member TSR" means the TSR for the Performance Period for each applicable company in the Peer Group

(g) "Revenue" shall mean the revenue which is publicly disclosed in (or otherwise calculated in a manner consistent with) the Company's earnings release for the applicable fiscal year financial results:

(i) excluding revenue resulting from any merger & acquisition activity occurring within the current year ("M&A Revenue") to the extent that such M&A Revenue exceeds 4% of total Revenue for such year;

(ii) adjusted for any unplanned foreign exchange impact beyond a 5% marginal impact; and

(iii) adjusted for any loss of revenue greater than 4% of total Revenue of the prior year resulting from any material divestitures.

(i) "TSR" means, as of a given date, the percentage change in the Average Market Value of a company's common stock from the Beginning Average Market Value to the Ending Average Market Value calculated as the quotient of (i)(a) the applicable Ending Average Market Value minus the applicable Beginning Average Market Value, plus (b) the dividends paid with respect to a record date occurring during the Performance Period, divided by (ii) the applicable Beginning Average Market Value.

(i) "TSR Ranking" means the Company's ranking (in the range of highest to lowest) in the TSR Peer Group as of the end of the Performance Period determined on the basis of the TSR for the Performance Period for the Company and each of the applicable companies in the Peer Group (with the highest number ranked first and the lowest number ranked last).

PERFORMANCE STOCK UNIT AGREEMENT

UNDER THE
CERTARA, INC.
2020 INCENTIVE PLAN

Pursuant to the Performance Stock Unit Grant Notice (the "Grant Notice") delivered to the Participant (as defined in the Grant Notice), and subject to the terms of this Performance Stock Unit Agreement including any addendum to the Performance Stock Unit Agreement for the Participant's country (the "Addendum") as attached (together, the "Performance Stock Unit Agreement") and the Certara, Inc. 2020 Incentive Plan, as it may be amended and restated from time to time (the "Plan"), Certara, Inc., a Delaware corporation (the "Company") and the Participant agree as follows. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan.

1. **Grant of Performance Stock Units**. Subject to the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Participant the number of Performance Stock Units provided in the Grant Notice (with the number of Performance Stock Units that become Earned PSUs representing an unfunded, unsecured right to receive one share of Common Stock upon the settlement of such PSUs). The Company may make one or more additional grants of Performance Stock Units to the Participant under this Performance Stock Unit Agreement by providing the Participant with a new grant notice, which may also include any terms and conditions differing from this Performance Stock Unit Agreement to the extent provided therein. The Company reserves all rights with respect to the granting of additional Performance Stock Units hereunder and makes no implied promise to grant additional Performance Stock Units. For purposes of the Plan, Performance Stock Units shall be deemed a Restricted Stock Unit subject to the Performance Conditions set forth in the Grant Notice.

2. **Earned PSUs**. Subject to the conditions contained herein and in the Plan, the Performance Stock Units shall become Earned PSUs as provided in the Grant Notice.

3. **Settlement of Performance Stock Units**. The Company will deliver to the Participant, without charge on March 1st of the year immediately following the last day of the Performance Period (or as soon as reasonably practical following a Termination by the participant other than for Cause in connection with or within 12 months of a Change in Control) one share of Common Stock for each Earned PSU (as adjusted under the Plan, as applicable) and such Earned PSU shall be cancelled upon such delivery. The Company shall either (a) deliver, or cause to be delivered, to the Participant a certificate or certificates therefor, registered in the Participant's name or (b) cause such shares of Common Stock to be credited to the Participant's account at the third-party plan administrator. Notwithstanding anything in this Performance Stock Unit Agreement to the contrary, the Company shall have no obligation to issue or transfer any shares of Common Stock as contemplated by this Performance Stock Unit Agreement unless and until such issuance or transfer complies with all relevant provisions of law and the requirements of any stock exchange on which the Company's shares of Common Stock are listed for trading. Notwithstanding the terms of the Plan, "Change in Control" hereunder shall be limited to such transactions that meet the definition used for purposes of Treas. Reg. Sections 1.409A-3(a)(5) and 1.409A-3(i)(5).

4. **Treatment of Performance Stock Units Upon Termination**. Treatment of Performance Stock Units upon a Participant's Termination shall be as set forth in the Grant Notice. For purposes of the Performance Stock Units, the Participant's employment relationship will be considered terminated as of the date of the Participant's Termination (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any), and such date will not be extended by any notice period (*e.g*., the Participant's period of employment would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any); the Committee shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the Performance Stock Unit grant (including whether the Participant may still be considered to be providing service while on a leave of absence).

5. **Company; Participant**.

(a) The term "Company" as used in this Performance Stock Unit Agreement with reference to service shall include the Company and its Subsidiaries and Affiliates.

(b) Whenever the word "Participant" is used in any provision of this Performance Stock Unit Agreement under circumstances where the provision should logically be construed to apply to the executors, the administrators, or the person or persons to whom the Performance Stock Units may be transferred in accordance with Section 13(b) of the Plan, the word "Participant" shall be deemed to include such person or person.

6. **Non-Transferability**. The Performance Stock Units are not transferable by the Participant except to Permitted Transferees in accordance with Section 13(b) of the Plan. Except as otherwise provided herein, no assignment or transfer of the Performance Stock Units, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the Performance Stock Units shall terminate and become of no further effect.

7. **Rights as Shareholder**. Subject to any dividend equivalent payments to be provided to the Participant in accordance with the Grant Notice and Section 13(c)(iii) of the Plan, the Participant or a Permitted Transferee of the Performance Stock Units shall have no rights as a shareholder with respect to any share of Common Stock underlying a Performance Stock Unit unless and until the Participant shall have become the holder of record or the beneficial owner of such share of Common Stock, and no adjustment shall be made for dividends or distributions or other rights in respect of such share of Common Stock for which the record date is prior to the date upon which the Participant shall become the holder of record or the beneficial owner thereof.

8. **Tax Withholding**.

(a) The Participant acknowledges that, regardless of any action taken by the Company or, if different, the Participant's employer (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items") is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance Stock Units, including, but not limited to, the grant or

vesting of the Performance Stock Units, the subsequent sale of shares of Common Stock acquired pursuant to such settlement; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of Performance Stock Units to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. The Participant shall not make any claim against the Company, the Employer, or their respective board, officers or employees related to Tax-Related Items arising from the Performance Stock Units. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to the relevant taxable or tax withholding event, as applicable, the Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or the Employer, or their respective agents, to satisfy any applicable withholding obligations with regard to Tax- Related Items by withholding from the number of shares of Common Stock otherwise deliverable pursuant to the settlement of the Performance Stock Units a number of shares of Common Stock with a Fair Market Value, on the date that the Performance Stock Units are settled, equal to such withholding liability; *provided* that the number of such shares may not have a Fair Market Value greater than the minimum required statutory withholding liability unless determined by the Committee not to result in adverse accounting consequences. Alternatively, if the Company determines in its sole discretion that withholding shares of Common Stock is not feasible under applicable tax or securities laws or has materially adverse accounting consequences, the Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion and with no obligation to do so, to satisfy any applicable withholding obligations with regard to Tax-Related Items by one or a combination of the following:

(i) withholding from the Participant's wages or other cash compensation paid to the Participant by the Company or the Employer;

(ii) withholding from proceeds of the sale of shares of Common Stock acquired at settlement either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization) without further consent; and/or

(iii) any other methods approved by the Committee and permitted by applicable laws.

(c) The Company may withhold or account for Tax-Related Items by considering statutory or other withholding rates, including minimum or maximum rates applicable in my jurisdiction(s). In the event of over-withholding, the Participant may receive a refund of any over- withheld amount in cash (with no entitlement to the equivalent in Common Stock), or if not refunded, the Participant may seek a refund from the local tax authorities. In the event of under-withholding, the Participant may be required to pay any additional Tax-Related Items directly to the applicable tax authority or to the Company and/or the Employer. If the obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, the Participant is deemed, for tax purposes, to have been issued the full number of shares of Common Stock subject to the Earned PSUs, notwithstanding that a number of the shares of Common Stock is held back solely for the purpose of paying the Tax-Related Items. The Company may refuse to issue or deliver the shares of Common Stock or the proceeds of the sale of shares of Common Stock, if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

9. **Notice**. Every notice or other communication relating to this Performance Stock Unit Agreement between the Company and the Participant shall be in writing, which may include by electronic mail, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; *provided* that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the Company's General Counsel or its designee, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the Participant's last known address, as reflected in the Company's records. Notwithstanding the above, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.

10. **No Right to Continued Service**. This Performance Stock Unit Agreement does not confer upon the Participant any right to continue as an employee or other service provider to the Company or, if different, the Employer. The grant of Performance Stock Units is an exceptional, voluntary and one-time benefit and does not create any contractual or other right to receive any other grant of other Award (including Performance Stock Units) under the Plan in the future, or benefits in lieu of Performance Stock Units, even if Performance Stock Units have been granted in the past. The grant of the Performance Stock Units does not form or amend part of the Participant's entitlement to remuneration or benefits in terms of his or her employment or other service relationship with the Company or, if different, the Employer, if any, at any time.

11. **Nature of Grant.** In accepting the Performance Stock Units, the Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature, and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) all decisions with respect to future Performance Stock Units or other grants, if any, will be at the sole discretion of the Company;

(c) the Participant is voluntarily participating in the Plan;

(d) the Performance Stock Units and any shares of Common Stock acquired upon settlement, and the income and value of same, are not intended to replace any pension rights or compensation;

(e) the Performance Stock Units and any shares of Common Stock acquired upon settlement, and the income and value of same, are not part of normal or expected compensation for purposes of, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, leave-related payments, holiday pay, pension or retirement or welfare benefits or similar mandatory payments;

(f) the future value of the shares of Common Stock underlying the Performance Stock Units is unknown, indeterminable, and cannot be predicted with certainty;

(g) if the Performance Stock Units become Earned PSUs and the Participant acquires shares of Common Stock, the value of such Common Stock may increase or decrease;

(h) unless otherwise agreed with the Company in writing, the Performance Stock Units and the shares of Common Stock subject to the Performance Stock Units, and the income and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of any Subsidiary;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the Performance Stock Units resulting from a Termination (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or rendering services or the terms of the Participant's employment or service agreement, if any);

(j) unless otherwise provided in the Plan or by the Company in its sole discretion, the Performance Stock Units and the benefits evidenced by this Performance Stock Unit Agreement do not create any entitlement to have the Performance Stock Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of Common Stock;

(k) neither the Company nor the Employer shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the Performance Stock Units or of any amounts due to the Participant pursuant to the settlement of the Performance Stock Units or the subsequent sale of any shares of Common Stock acquired upon settlement; and

(l) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan or the Participant's acquisition or sale of the shares of Common Stock. The Participant should consult with his or her personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

12. Data Privacy.

The Company is located at 100 Overlook Center, Suite 101 Princeton, New Jersey 08540, USA and grants employees of the Company, the opportunity to participate in the Plan, at the Company's sole discretion. If the Participant would like to participate in the Plan, the Participant understands that he or she should review the following information about the Company's data processing practices and declare his or her consent.

(a) Data Collection and Usage. The Company collects, processes and uses the Participant's personal data, including, but without limitation, name, home address and telephone number, date of birth, social insurance number or other identification number (e.g., resident registration number), passport number, salary, citizenship, job title, any shares of Common Stock or directorships held in the Company, and details of all awards, canceled, vested, or outstanding in the Participant's favor, which the Company receives from the Participant or the Participant's Employer. If the Company offers the Participant the opportunity to participate in the Plan, then the Company will collect the Participant's personal data for purposes of allocating stock and implementing, administering and managing the Plan. The Company's legal basis for the processing of the Participant's personal data would be the Participant's consent.

***(b)	<u>Stock Plan Administration Service Providers and International Data Transfers</u>. The Company intends to transfer participant data to Fidelity Stock Plan Services, LLC, or its affiliate, an independent service provider based in the United States, which assists the Company with the***

implementation, administration and management of the Plan. In the future, the Company may select different service provider(s) and share the Participant's personal data with another company that serves in similar capacities. The Company's service providers may open an account for the Participant. The Participant will be asked to agree on separate terms and data processing practices with the applicable service providers, which, as it relates to Plan administration service provider, is a condition to the Participant's ability to participate in the Plan. The Company and its service providers are based in the United States. If the Participant is outside of the United States, the Participant should note that his or her country may have enacted data privacy laws that are different from the United States.

(c) <u>Data Retention</u>. The Company will use the Participant's personal data only as long as is necessary to implement, administer and manage the Participant's participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and security laws. When the Company no longer needs the Participant's personal data, the Company will remove it from it from its systems.

(d) <u>Voluntariness and Consequences of Consent Denial or Withdrawal</u>. The Participant's participation in the Plan and the Participant's grant of consent is purely voluntary. The Participant may deny or withdraw his or her consent at any time. If the Participant does not consent, or if the Participant withdraws his or her consent, the Participant cannot participate in the Plan. This would not affect the Participant's salary as an employee; the Participant would merely forfeit the opportunities associated with the Plan.

(e) <u>Data Subject Rights</u>. The Participant has a number of rights under data privacy laws in his or her country. Depending on where the Participant is based, his or her rights may include the right to (i) request access or copies of personal data the Company processes, (ii) rectification of incorrect data, (iii) deletion of data, (iv) restrictions on processing, (v) portability of data, (vi) to lodge complaints with competent authorities in the Participant's country, and/or (vii) a list with the names and addresses of any potential recipients of the Participant's personal data. To receive clarification regarding the Participant's rights or to exercise his or her rights, the Participant should please contact the Company at Attn: Data Privacy Office/IT, 100 Overlook Center, Suite 101 Princeton, New Jersey 08540, USA

13. **Binding Effect**. This Performance Stock Unit Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

14. **Waiver and Amendments**. Except as otherwise set forth in Section 12 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this Performance Stock Unit Agreement shall be valid only if made in writing and signed by the parties hereto; *provided*, *however*, that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

15. **Governing Law**. This Performance Stock Unit Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Notwithstanding anything contained in this Performance Stock Unit Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this Performance Stock Unit Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of Delaware.

16. **Plan**. The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Performance Stock Unit Agreement (including the Grant Notice and Addendum), the Plan shall govern and control.

17. **Section 409A**. The Performance Stock Units are intended to comply with the provisions of Section 409A of the Code and the regulations promulgated thereunder, and the Grant Notice and Performance Stock Unit Agreement shall be interpreted consistent with such intent. Without limiting the foregoing, the Committee will have the right to amend the terms and conditions of the Grant Notice and/or the Performance Stock Unit Agreement in any respect as may be necessary or appropriate to comply with Section 409A of the Code or any regulations promulgated thereunder, including without limitation by delaying the payments contemplated hereunder. Notwithstanding any other provision of the Grant Notice or Performance Stock Unit Agreement to the contrary, if the Participant is a "specified employee" within the meaning of Section 409A of the Code, and is subject to U.S. federal income tax, no payments in respect of any Performance Stock Unit that would otherwise be payable upon the Participant's "separation from service" (as defined in Section 409A of the Code) will be made to the Participant prior to the date that is six months after the date of the Participant's "separation from service" or, if earlier, the Participant's date of death. Following any applicable six-month delay, all such delayed payments will be paid in a single lump sum on the earliest date permitted under Section 409A of the Code that is also a business day. The Participant is solely responsible and liable for the satisfaction of all taxes and penalties under Section 409A of the Code that may be imposed on or in respect of the Participant in connection with the Performance Stock Units, and the Company will not be liable to any Participant for any payment made under the Plan or this Performance Stock Unit Agreement that is determined to result in an additional tax, penalty or interest under Section 409A of the Code, nor for reporting in good faith any payment made in respect of the Performance Stock Units as an amount includible in gross income under Section 409A of the Code.

18. **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Performance Stock Units and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

19. **Electronic Delivery and Acceptance**. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

20. **Compliance with Law**. Notwithstanding any other provisions of the Plan or this Performance Stock Unit Agreement, unless there is an exemption from any registration, qualification or other legal requirement applicable to the shares of Common Stock, the Company shall not be required to deliver any shares of Common Stock issuable in respect of Earned PSUs prior to the completion of any registration or qualification of the shares of Common Stock under any U.S. or non-U.S. local, state or federal securities or exchange control law or regulation or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any U.S. or non-U.S. local, state or federal governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. The Participant understands that the Company

is under no obligation to register or qualify the shares of Common Stock with the SEC or any U.S. or non-U.S. state or other securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares of Common Stock and the inability of the Company to obtain approval from any regulatory body having authority deemed by the Company to be necessary for the lawful issuance and sale of any shares of Common Stock pursuant to the Performance Stock Units shall relieve the Company of any liability with respect to the non-issuance or sale of the Shares as to which such approval shall not have been obtained.

21. **Language**. The Participant acknowledges that he or she is sufficiently proficient in English to understand the terms and conditions of this Performance Stock Unit Agreement. Furthermore, if the Participant has received this Performance Stock Unit Agreement, or any other document related to the Performance Stock Units and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

22. **Addendum**. Notwithstanding any provisions in this Performance Stock Unit Agreement, the Performance Stock Units shall be subject to any special terms and conditions set forth in any Addendum to this Performance Stock Unit Agreement for the Participant's country. Moreover, if the Participant relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to the Participant, to the extent the Committee determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Addendum constitutes part of this Performance Stock Unit Agreement.

23. **Insider Trading/Market Abuse Restrictions**. Depending on the Participant's country, the Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, which may affect the Participant's ability to, directly or indirectly, acquire, sell or attempt to sell shares of Common Stock or otherwise dispose of shares of Common Stock or rights to shares of Common Stock (*e.g.*, the Performance Stock Units) under the Plan during such times as the Participant is considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdictions or the Participant's country). The Participant could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees; (ii) "tipping" third parties or causing them to otherwise buy or sell securities; and (iii) cancelling or amending orders the Participant placed before he or she possessed inside information. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant is responsible for ensuring the Participant's compliance with any applicable restrictions and is advised to speak with his or her personal legal advisor on this matter.

24. **Exchange Control, Tax And / Or Foreign Asset/Account Reporting**. The Participant acknowledges that, depending on his or her country, the Participant may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of shares of Common Stock or cash derived from his or her participation in the Plan, in, to and/or from a brokerage/bank account or legal entity located outside the Participant's country. The applicable laws of the Participant's country may require that the Participant report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in such country. The Participant acknowledges that he or she is responsible for ensuring compliance with any applicable foreign asset/account, exchange control and tax reporting requirements and is advised to consult his or her personal legal advisor on this matter.

25. **Severability**. It is the desire and intent of the parties hereto that the provisions of this Performance Stock Unit Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Performance Stock Unit Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Performance Stock Unit Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Performance Stock Unit Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

26. **Entire Agreement**. This Performance Stock Unit Agreement (including the Addendum), the Grant Notice and the Plan constitute the entire agreement of the parties hereto in respect of the subject matter contained herein and supersede all prior agreements and understandings of the parties, oral and written, with respect to such subject matter.

**ADDENDUM TO THE PERFORMANCE STOCK UNIT GRANT NOTICE
UNDER THE CERTARA, INC.
2020 INCENTIVE PLAN**

Capitalized terms used but not defined in this Addendum have the meanings set forth in the Plan and/or Agreement.

Terms and Conditions

This Addendum includes additional terms and conditions that govern the Performance Stock Units granted to the Participant under the Plan if the Participant resides and/or works in one of the countries listed below.

If the Participant is a citizen or resident of a country other than the one in which he or she is currently residing and/or working or transfers to another country after the grant of the Performance Stock Units, or is considered a resident of another country for local law purposes, the Company shall, in its sole discretion, determine to what extent the terms and conditions contained herein shall apply to the Participant under these circumstances.

Notifications

This Addendum also includes information regarding exchange controls and certain other issues of which the Participant should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of December 2020. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information in this Addendum as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date at the time that the Performance Stock Units become Earned PSUs or at the time the Participant sells shares of Common Stock acquired under the Plan.

The information contained herein is general in nature and may not apply to the Participant's particular situation and the Company is not in a position to assure the Participant of any particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to his or her situation.

If the Participant is a citizen or resident of a country other than the one in which he or she is currently residing and/or working or transfers to another country after the grant of the Performance Stock Units, or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to the Participant in the same manner.

CANADA

Terms and Conditions

Performance Stock Units Payable Only in Shares. Notwithstanding Section 3 of the Agreement, the grant of the Performance Stock Units does not provide any right for the Participant to receive a cash payment, and settlement of the Performance Stock Units is payable only in shares of Common Stock.

The following provisions will apply to Participants who are residents of Quebec:

Language Consent. The parties acknowledge that it is their express wish that the Performance Stock Unit Agreement, as well as all documents, notices and legal proceeds entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée*: Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.*

Data Privacy Notice. This provision supplements Section 12 of the Performance Stock Unit Agreement:

The Participant hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. The Participant further authorizes the Employer and the Company to disclose and discuss the Plan with their respective advisors. The Participant further authorizes the Employer, and the Company to record such information and to keep such information in the Participant's employee file.

Notifications

Securities Law Notification. The Participant acknowledges that he or she is permitted to sell Shares acquired under the Plan, provided the sale of the Shares acquired under the Plan takes place outside of Canada.

Foreign Asset/Account Reporting Notification. The Participant is required to report any foreign specified property (including shares of Common Stock acquired under the Plan) with a value exceeding C$100,000 on Form T1135 (Foreign Income Verification Statement) on an annual basis. The statement is due at the same time as the Participant's annual tax return. The Performance Stock Units must be reported (generally at a nil cost) if the $100,000 cost threshold is exceeded because of other foreign specified property the Participant holds at any time during the year. If Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB ordinarily would equal the fair market value of the shares of Common Stock at the time of acquisition, but if the Participant owns other shares of Common Stock, this ACB may have to be averaged with the ACB of the other shares of Common Stock. The form must be filed by April 30 of the following year. The Participant is strongly advised to check with his or her personal advisor regarding the Participant's reporting obligations.

FRANCE

Terms and Conditions

Performance Stock Units Not Tax-Qualified. The Participant understands that the Performance Stock Units are not intended to be French tax-qualified.

Language Consent. By accepting the Award, the Participant confirms that he or she has read and understood the documents relating to the Performance Stock Units (the Grant Notice, the Plan, and the Performance Stock Unit Agreement) which were provided in the English language. The Participant accepts the terms of these documents accordingly.

Consentement relatif à la langue utilisée: *En acceptant l'Attribution, le Bénéficiaire confirme qu'il ou qu'elle a lu et compris les documents afférents aux Attributions Gratuites d'Actions (la Notification d'Attribution, le Plan et les Termes de l'Attribution, ainsi que la présente Annexe) qui sont produits en langue anglaise. Le Bénéficiaire accepte les termes de ces documents en connaissance de cause.*

NOTIFICATIONS

Foreign Asset/Account Reporting Notification. If the Participant retains shares of Common Stock acquired under the Plan outside of France or maintains a foreign bank account, the Participant is required to report such to the French tax authorities when filing his or her annual tax return. Further, French residents with foreign account balances exceeding €1,000,000 may have additional monthly reporting obligations.

GERMANY

Notifications

Exchange Control Notification. Cross-border payments in excess of €12,500 (including transactions made in connection with the sale of securities) must be reported monthly to the German Federal Bank (*Bundesbank*). If the Participant makes or receives a payment in excess of this amount in connection with the Participant's participation in the Plan, the Participant must report the payment to Bundesbank electronically using the "General Statistics Reporting Portal" ("*Allgemeines Meldeportal Statistik*") available via Bundesbank's website (www.bundesbank.de).

Foreign Asset/Account Reporting Notification. If the acquisition of shares of Common Stock under the Plan leads to a "qualified participation" at any point during the calendar year, the Participant understands that he or she will need to report the acquisition when the Participant files his or her tax return for the relevant year. A qualified participation is attained if (i) the value of the shares of Common Stock acquired exceeds a certain threshold or (ii) in the unlikely event the Participant holds shares of Common Stock exceeding a certain threshold of the Company's total Common Stock. However, provided the shares of Common Stock are listed on a recognized stock exchange (*e.g.*, the Nasdaq Stock Market) and the Participant owns less than 1% of the Company, this requirement will not apply. The Participant should consult with his or her personal tax advisor to ensure the Participant complies with applicable reporting obligations.

INDIA

Notifications

Exchange Control Notification. It is the Participant's responsibility to comply with any applicable exchange control regulations in India. The Participant must repatriate the proceeds from the sale of shares of Common Stock or the receipt of any dividends (if applicable) to India within a certain time period after receipt. The Participant must retain the foreign inward remittance certificate received from the bank where the foreign currency is deposited in the event that the Reserve Bank of India or the Employer requests proof of repatriation. It is the Participant's responsibility to comply with these requirements.

Foreign Asset/Account Reporting Notification. The Participant is required to declare any foreign bank accounts for which Participant has signing authority and any foreign financial assets (including shares of Common Stock acquired under the Plan) in his or her annual tax return. It is the Participant's responsibility to comply with this reporting obligation and the Participant should consult his or her personal advisor in this regard.

ITALY

Terms and Conditions

Plan Document Acknowledgment. In accepting the grant of Performance Stock Units, the Participant acknowledges that they have received a copy of the Plan and the Performance Stock Unit Agreement and have reviewed the Plan and the Performance Stock Unit Agreement in their entirety and fully understand and accept all provisions of the Plan and the Performance Stock Unit Agreement. The Participant further acknowledge that they have read and specifically and expressly approve the following section of the Performance Stock Unit Agreement: Earned PSUs, Settlement of Performance Stock Units, Treatment of Performance Stock Units Upon Termination, Tax Withholding, Governing Law, Imposition of Other Requirements, Compliance with Law, and Data Privacy.

Notifications

Foreign Asset / Account Reporting. Italian residents who, at any time during the fiscal year, hold foreign financial assets (*e.g.*, cash, shares of Common Stock, etc.) which may generate income taxable in Italy are required to report such investments or assets on their annual tax returns (UNICO Form, RW Schedule) or on a special form if no tax return is due. The same reporting duties apply to Italian residents who are beneficial owners of the foreign financial assets pursuant to Italian money laundering provisions, even if they do not directly hold the foreign asset abroad.

Tax on Foreign Financial Assets. The value of any shares of Common Stock (and certain other foreign assets) the Participant holds outside of Italy will be subject to a foreign financial assets tax. Financial assets include shares of Common Stock acquired under the Plan. The taxable amount will be the fair market value of the financial assets assessed at the end of each calendar year.

JAPAN

Terms and Conditions

Compliance with Law. By accepting the Performance Stock Units, the Participant agrees to comply with all applicable Japanese laws and report and pay any and all applicable Tax-Related Items associated with the receipt of Performance Stock Units and any payment made to the Participant upon settlement of Performance Stock Units. The Participant acknowledges that the Japanese tax authorities are aware that employees of Japanese affiliates of U.S. companies may earn substantial income as a result of participation in an equity incentive plan, and may audit the tax returns of such employees to confirm that they have correctly reported the resulting income.

Notifications

Exchange Control Notification. Japanese residents acquiring shares of Common Stock valued at more than ¥100,000,000 in a single transaction must file a Securities Acquisition Report with the Ministry of Finance through the Bank of Japan within 20 days of the acquisition of shares of Common Stock.

Foreign Asset/Account Reporting Notification. If the Participant holds assets outside of Japan with a total net fair market value exceeding ¥50,000,000 as of December 31 (each year), the Participant is required to comply with annual tax reporting obligations with respect to such assets by March 15 of the following year. The Participant is advised to consult with a personal tax advisor to ensure compliance with applicable reporting requirements.

NETHERLANDS

There are no country-specific provisions.

PHILIPPINES

Terms and Conditions

Settlement of Performance Stock Units. Issuance of shares of Common Stock is conditioned upon the Company determining that an exemption exists or the Company securing and maintaining all necessary approvals from the Philippines Securities and Exchange Commission to permit the operation of the Plan in the Philippines, as determined by the Company in its sole discretion. If or to the extent the Company is unable to determine that a satisfactory exemption applies or the Company is unable to secure and maintain all necessary approvals, no shares of Common Stock subject to the Performance Stock Units for which an exemption cannot be obtained or a registration cannot be completed or maintained shall be issued. In this case, the Company retains the discretion to settle any Performance Stock Units in cash in an amount equal to the fair market value of the shares of Common Stock less any Tax-Related Items.

Notifications

Securities Law Notice. The offer under the Plan is being made pursuant to an exemption from registration under the Philippines Securities Regulation Code that has been approved by the Philippines Securities and Exchange Commission.

The risks of participating in the Plan include (without limitation), the risk of fluctuation in the price of the shares of Common Stock on the Nasdaq Global Select Market and the risk of currency fluctuations between the U.S. Dollar and the Participant's local currency. The value of any shares of Common Stock the Participant may acquire under the Plan may decrease below the value of the shares of Common Stock at settlement (on which the Participant is required to pay taxes) and fluctuations in foreign exchange rates between the Participant's local currency and the U.S. Dollar may affect the value any amounts due to the Participant pursuant to the subsequent sale of any shares of Common Stock acquired upon settlement.
The Company is not making any representations, projections or assurances about the value of the shares of Common Stock now or in the future.

For further information on risk factors impacting the Company's business that may affect the value of the shares of Common Stock, you may refer to the risk factors discussion in the Company’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company’s website at www.certara.com. In addition, the Participant may receive, free of charge, a copy of the Company's Annual Report, Quarterly Reports or any other reports, proxy statements or communications distributed to the Company’s stockholders by contacting the Company’s legal department (Richard Traynor at richard.traynor@certara.com). The telephone number at the executive offices is 609-716-7900.

The Participant acknowledges that they are permitted to sell shares of Common Stock acquired under the Plan through the designated Plan broker appointed by the Company (or such other broker to whom the Participant may transfer the shares of Common Stock), provided that such sale takes place outside of the Philippines through the facilities of the Nasdaq Global Select Market on which the shares of Common Stock are listed.

POLAND

Notifications

Foreign Asset/Accounting Reporting Notification. Polish residents holding foreign securities (including shares of Common Stock acquired under the Plan) and maintaining accounts abroad must report information to the National Bank of Poland on transactions and balances of the securities and cash deposited in such accounts if the value of such transactions or balances exceeds PLN 7,000,000. If required, the reports must be filed on a quarterly basis on special forms available on the website of the National Bank of Poland.

Exchange Control Notification. If the Participant transfers funds into Poland in excess of a certain threshold in connection with the sale of shares of Common Stock under the Plan, the funds must be transferred via a bank account held at a bank in Poland. the Participant is required to retain the documents connected with a foreign exchange transaction for a period of five (5) years, as measured from the end of the tax year in which such transaction occurred.

PORTUGAL

Terms and Conditions

Consent to Receive Information in English. The Participant hereby expressly declare that they have full knowledge of the English language and have read, understood and fully accepted and agreed with the terms and conditions established in the Plan and Performance Stock Unit Agreement.

Conhecimento da Lingua. *Contratado, pelo presente instrumento, declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo.*

Notifications

Exchange Control Information. If the Participant receives shares of Common Stock upon vesting and settlement of the Performance Stock Units, the acquisition of the shares of Common Stock should be reported to the Banco de Portugal for statistical purposes. If the shares of Common Stock are deposited with a commercial bank or financial intermediary in Portugal, such bank or financial intermediary will submit the report on the Participant's behalf. If the shares of Common Stock are not deposited with a commercial bank or financial intermediary in Portugal, the Participant is responsible for submitting the report to the Banco de Portugal.

SPAIN

Terms and Conditions

Nature of Grant. This provision supplements Section 11 of the Performance Stock Unit Agreement:

In accepting the Performance Stock Units, the Participant consents to participate in the Plan and acknowledges having received and read a copy of the Plan.

The Participant understands that the Company has unilaterally, gratuitously and discretionally decided to grant Performance Stock Units under the Plan to individuals who may be employees of the Company throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not bind the Company. Consequently, the Participant understands that the Performance Stock Units are granted on the assumption and condition that such Performance Stock Units and any shares of Common Stock acquired under the Plan shall not become a part of any employment contract and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Participant understands that the Performance Stock Units would not granted but for the assumptions and conditions referred to above; thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of the Performance Stock Units shall be null and void.

Notifications

Exchange Control Notification. The acquisition, ownership and sale of shares of Common Stock under the Plan must be declared for statistical purposes to the Spanish *Dirección General de Comercio e Inversiones* (the “DGCI”), the Bureau for Commerce and Investments, which is a department of the Ministry of Economy and Competitiveness. Generally, the declaration must be made each January for shares of Common Stock owned as of December 31st of the prior year, by means of a D-6 form; however, if the value of the shares of Common Stock acquired or sold exceeds €1,502,530 (or if the Participant holds 10% or more of the share capital of the Company or such other amount that would entitle the Participant to join the Company’s board of directors), the declaration must be filed also within one month of the acquisition or sale, as applicable.

The Participant is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), foreign instruments (including any shares of Common Stock acquired under the Plan) and any transactions with non-Spanish residents (including any payments of shares of Common Stock made to the Participant by the Company), depending on the amount of the transactions during the relevant year or the balances in such accounts as of December 31st of the relevant year. Generally, the report is required on an annual basis (by January 20 of each year). The Participant should consult with his or her personal advisor to ensure that the Participant is properly complying with his or her reporting obligations.

Foreign Asset/Account Reporting Notification. If the Participant holds rights or assets (*e.g.*, shares of Common Stock or cash held in a bank or brokerage account) outside of Spain with a value in excess of €50,000 per type of right or asset (*e.g.*, shares of Common Stock, cash, etc.) as of December 31 each year, the Participant is required to report certain information regarding such rights and assets on tax form 720. After such rights and/or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than €20,000. If reporting is required, the reporting must be completed by the following March 31. The Participant should consult his or her personal tax advisor for details regarding this requirement.

Securities Law Notification. The Performance Stock Units described in this document do not qualify as securities under Spanish regulations. No “offer of securities to the public,” within the meaning of Spanish law, has taken place or will take place in the Spanish territory. The Plan, the Performance

Stock Unit Agreement, and any other documents evidencing the award of Performance Stock Units have not been, nor will they be, registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission), and none of those documents constitutes a public offering prospectus.

SWEDEN

Terms and Conditions

Tax Withholding. This provision supplements Section 8 of the Performance Stock Unit Agreement:

Without limiting the Company's and the Employer's authority to satisfy their obligations for Tax-Related Items as set forth in Section 8 of the Performance Stock Unit Agreement, by accepting the Performance Stock Units, the Participant authorizes the Company and/or the Employer to withhold shares of Common Stock or to sell shares of Common Stock otherwise deliverable to the Participant upon settlement of the Performance Stock Units to satisfy any Tax-Related Items, regardless of whether the Company and/or the Employer have an obligation to withhold such Tax-Related Items.

SWITZERLAND

Notifications

Securities Law Notification. Because the offer of the Performance Stock Units is considered a private offering in Switzerland; it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Performance Stock Units (i) constitute a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("FinSA"), (ii) may be publicly distributed nor otherwise made publicly available in Switzerland to any person other than the Participant or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority.

UNITED KINGDOM

Settlement. The following provision supplements Section 3 of the Performance Stock Unit Agreement:

Notwithstanding any discretion contained in the Plan or the Performance Stock Unit Agreement, the Performance Stock Units will not be settled in cash or a combination of cash and shares of Common Stock. The Performance Stock Units will be settled only in shares of Common Stock.

Tax Withholding. The following provision supplements Section 8 of the Performance Stock Unit Agreement:

Without limitation to Section 8 of the Performance Stock Unit Agreement, the Participant agrees to be liable for any Tax-Related Items related to the Participant's participation in the Plan and legally applicable to the Participant and hereby covenants to pay any such Tax-Related Items, as and when requested by the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). The Participant also agrees to indemnify and keep indemnified the Employer against any Tax-Related Items that the Employer is required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on the Participant's behalf.

Notwithstanding the foregoing, if the Participant is a director or executive officer, the Participant understands that he or she may not be able to indemnify the Company for the amount of any Tax-Related

Items not collected from or paid by the Participant, in case the indemnification could be considered to be a loan. In this case, the Tax-Related Items not collected or paid may constitute a benefit to the Participant on which additional income tax and National Insurance contributions ("NICs") may be payable. The Participant understands that he or she will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company and/or the Employer (as appropriate) the amount of any NICs due on this additional benefit, which may also be recovered from the Participant by any of the means referred to in Section 8 of the Performance Stock Unit Agreement.

Exhibit 31.1

RULE 13a-14(a) CERTIFICATION
CERTARA, INC.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER (Principal Executive Officer)

I, William F. Feehery, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Certara, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2024

/s/ William F. Feehery
William F. Feehery
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

RULE 13a-14(a) CERTIFICATION
CERTARA, INC.

CERTIFICATION OF CHIEF FINANCIAL OFFICER (Principal Financial Officer)
I, John Gallagher, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Certara, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2024

/s/ John E. Gallagher III
John E. Gallagher III
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

STATEMENT PURSUANT TO
18 U.S.C. SECTION 1350
AS REQUIRED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Certara, Inc. (the “Company”) on Form 10-Q for the quarterly period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, the undersigned, hereby certify that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 7, 2024

/s/ William Feehery
William Feehery
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

STATEMENT PURSUANT TO
18 U.S.C. SECTION 1350
AS REQUIRED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Certara, Inc. (the “Company”) on Form 10-Q for the quarterly period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, the undersigned, hereby certify that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 7, 2024	*/s/ John E. Gallagher III*
	John E. Gallagher III
	Chief Financial Officer
	(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.