

REFINITIV

# DELTA REPORT

## 10-Q

CERT - CERTARA, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

**TOTAL DELTAS** 2586

 **CHANGES** 292

 **DELETIONS** 1153

 **ADDITIONS** 1141

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-Q

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(Mark One)

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

For the quarterly period ended **September 30, 2023** **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

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**Certara, Inc.**

(Exact name of registrant as specified in its charter)

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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)

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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 x No o

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 x No o

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	x	Accelerated filer	o	
Non-accelerated filer	o	Smaller reporting company	o	Emerging growth company o

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. o

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

As of **November 01, 2023** **May 01, 2024**, the registrant had **159,844,780** **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:

- our ability to compete within our market;
- any deceleration in, or resistance to, the acceptance of model-informed biopharmaceutical discovery and development;
- our ability to retain key personnel or recruit additional qualified personnel; compete within our market;
- changes or delays in government regulation relating to the biopharmaceutical industry;
- increasing competition, regulation and other cost pressures within the pharmaceutical and biotechnology industries;
- 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 sustain recent growth rates; retain key personnel or recruit additional qualified personnel;
- any future acquisitions and our ability risks related to successfully integrate such acquisitions;
- consolidation within the biopharmaceutical industry;
- reduction in the use mischaracterization of our products by academic institutions;
- pricing pressures due to increased customer utilization of our products; 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 accurately estimate costs associated with challenge our fixed-fee 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;
- the length and unpredictability of our software and service sales cycles;
- 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;
- adverse developments affecting the financial services industry may delay ability or prevent us or inability of our customers' ability bookings to access cash, cash equivalents, or investments which could impact the timely payment to vendors accurately predict our future revenue and others or timely receipt of payment from customers;
- 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;
- the occurrence of natural disasters and epidemic diseases, such as the COVID-19 pandemic, which may result in delays or cancellations of customer contracts or decreased utilization by our employees;

- 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 their 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;
- 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 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, 2022 December 31, 2023 ("2022 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 2022 2023 Annual Report and 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](http://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)	SEPTEMBER 30, 2023	DECEMBER 31, 2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 272,312	\$ 236,586
Accounts receivable, net of allowance for credit losses of \$678 and \$1,250, respectively	76,553	82,584
Restricted cash	—	3,102
Prepaid expenses and other current assets	20,912	19,980
Total current assets	<hr/> 369,777	<hr/> 342,252
Other assets:		
Property and equipment, net	2,126	2,400
Operating lease right-of-use assets	9,727	14,427

Goodwill	673,159	717,743
Intangible assets, net of accumulated amortization of \$257,714 and \$217,705, respectively	463,112	486,782
Deferred income taxes	3,703	3,703
Other long-term assets	5,217	5,615
Total assets	\$ 1,526,821	\$ 1,572,922
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 5,256	7,533
Accrued expenses	44,725	35,403
Current portion of deferred revenue	47,980	52,209
Current portion of long-term debt	3,020	3,020
Other current liabilities	4,446	4,993
Total current liabilities	105,427	103,158
Long-term liabilities:		
Deferred revenue, net of current portion	1,237	2,815
Deferred income taxes	46,400	65,046
Operating lease liabilities, net of current portion	7,234	10,133
Long-term debt, net of current portion and debt discount	288,661	289,988
Other long-term liabilities	26,111	22,121
Total liabilities	475,070	493,261
Commitments and contingencies		
Stockholders' equity:		
Preferred shares, \$0.01 par value, 50,000,000 shares authorized, no shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	—	—
Common shares, \$0.01 par value, 600,000,000 shares authorized, 160,279,919 and 159,676,150 shares issued as of September 30, 2023 and December 31, 2022, respectively; 159,848,766 and 159,525,943 shares outstanding as of September 30, 2023 and December 31, 2022, respectively	1,602	1,596
Additional paid-in capital	1,170,960	1,150,168
Accumulated deficit	(103,774)	(60,873)
Accumulated other comprehensive loss	(7,714)	(8,230)
Treasury stock at cost, 431,153 and 150,207 shares at September 30, 2023 and December 31, 2022, respectively	(9,323)	(3,000)
Total stockholders' equity	1,051,751	1,079,661
Total liabilities and stockholders' equity	\$ 1,526,821	\$ 1,572,922
<b>(IN THOUSANDS, EXCEPT PER SHARE AND SHARE DATA)</b>	<b>MARCH 31, 2024</b>	<b>DECEMBER 31, 2023</b>
<b>Assets</b>		
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
<b>Liabilities and stockholders' equity</b>		
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 SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,				
		THREE MONTHS ENDED MARCH 31,		THREE MONTHS ENDED MARCH 31,		THREE MONTHS ENDED MARCH 31,		
(IN THOUSANDS, EXCEPT PER SHARE AND SHARE DATA)	(IN THOUSANDS, EXCEPT PER SHARE AND SHARE DATA)	2023	2022	2023	2022	(IN THOUSANDS, EXCEPT PER SHARE AND SHARE DATA)	2024	2023
Revenues	Revenues	\$ 85,576	\$ 84,700	\$ 266,327	\$ 249,011			
Cost of revenues	Cost of revenues	35,876	32,812	106,956	100,795			
Operating expenses:	Operating expenses:					Operating expenses:		
Sales and marketing	Sales and marketing	7,238	6,376	23,351	19,608			
Research and development	Research and development	8,980	6,318	26,155	21,607			
General and administrative	General and administrative	27,760	17,327	61,777	53,444			
Intangible asset amortization	Intangible asset amortization	11,155	10,591	32,272	31,095			
Depreciation and amortization expense	Depreciation and amortization expense	367	417	1,139	1,321			
Goodwill impairment expense	Goodwill impairment expense	46,984	—	46,984	—			
Total operating expenses	Total operating expenses	102,484	41,029	191,678	127,075			
Income (loss) from operations	Income (loss) from operations	(52,784)	10,859	(32,307)	21,141			
Other income (expenses):	Other income (expenses):					Other income (expenses):		
Interest expense	Interest expense	(5,903)	(5,221)	(17,046)	(12,328)			

Net other income	Net other income	5,078	2,855	6,594	6,217
Total other expenses	Total other expenses	(825)	(2,366)	(10,452)	(6,111)
Income (loss) before income taxes	Income (loss) before income taxes	(53,609)	8,493	(42,759)	15,030
Provision (benefit) for income taxes	Provision (benefit) for income taxes	(4,644)	4,557	142	9,473
Net income (loss)	Net income (loss)	(48,965)	3,936	(42,901)	5,557
Other comprehensive income (loss):	Other comprehensive income (loss):				Other comprehensive income (loss):
Foreign currency translation adjustment		(4,658)	(9,489)	(242)	(20,193)
Change in fair value from interest rate swap, net of tax of \$37, \$1,716, \$211, \$2,137, respectively		117	5,279	758	6,191
Total other comprehensive income (loss)		(4,541)	(4,210)	516	(14,002)
Comprehensive loss		\$ (53,506)	\$ (274)	\$ (42,385)	\$ (8,445)
Foreign currency translation adjustment, net of tax of \$60, \$(182), respectively					
Change in fair value from interest rate swap, net of tax of \$186, \$(588), respectively					
Total other comprehensive income					
Comprehensive income (loss)					
Net income (loss) per share attributable to common stockholders:	Net income (loss) per share attributable to common stockholders:				

Net income (loss) per share attributable to common stockholders:							
Net income (loss) per share attributable to common stockholders:							
Basic							
Basic	Basic	\$ (0.31)	\$ 0.03	\$ (0.27)	\$ 0.04		
Diluted	Diluted	\$ (0.31)	\$ 0.02	\$ (0.27)	\$ 0.03		
Weighted average common shares outstanding:							
Basic	Basic	159,165,206	157,140,166	158,769,638	156,523,022		
Basic							
Basic						159,524,270	158,177,025
Diluted	Diluted	159,165,206	159,587,645	158,769,638	159,392,534	Diluted	159,524,270
							159,727,412

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

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

(IN THOUSANDS, EXCEPT SHARE DATA)	ACCUMULATED								TOTAL STOCKHOLDERS' EQUITY	
	COMMON STOCK		ADDITIONAL		OTHER		TREASURY STOCK			
	SHARES	AMOUNT	PAID-IN	CAPITAL	DEFICIT	LOSS	SHARES	AMOUNT		
Balance as of June 30, 2022	159,991,357	\$ 1,600	\$ 1,136,831	\$ (73,983)	\$ (13,718)		(108,995)	\$ (2,349)	\$ 1,048,381	
Equity-based compensation awards			6,804				—	—	6,804	
Common shares issued for share-based compensation awards and shares withheld for tax	94,091	—	1				(31,549)	(515)	(514)	
Restricted stock forfeiture	(163,634)	(1)	2	—	—	—	—	—	1	
Change in fair value from interest rate swap, net of tax				5,279			—	—	5,279	
Net income			3,936				—	—	3,936	
Foreign currency translation adjustment			(9,489)				—	—	(9,489)	

Balance as of September 30, 2022	159,921,814	\$ 1,599	\$ 1,143,638	\$ (70,047)	\$ (17,928)	\$ (140,544)	\$ (2,864)	\$ 1,054,398
Balance as of December 31, 2021	159,660,048	\$ 1,596	\$ 1,119,821	\$ (75,604)	\$ (3,926)	\$ (1,100)	\$ (38)	\$ 1,041,849
Equity-based compensation awards	—	—	23,818	—	—	—	—	23,818
Common shares issued for share-based compensation awards and shares withheld for tax	425,400	4	(3)	—	—	(139,444)	(2,826)	(2,825)
Restricted stock forfeiture	(163,634)	(1)	2	—	—	—	—	1
Change in fair value from interest rate swap, net of tax	—	—	—	—	6,191	—	—	6,191
Net income	—	—	—	5,557	—	—	—	5,557
Foreign currency translation adjustment	—	—	—	—	(20,193)	—	—	(20,193)
Balance as of September 30, 2022	159,921,814	\$ 1,599	\$ 1,143,638	\$ (70,047)	\$ (17,928)	\$ (140,544)	\$ (2,864)	\$ 1,054,398

(IN THOUSANDS, EXCEPT SHARE DATA)	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT		OTHER COMPREHENSIVE LOSS	TREASURY STOCK		TOTAL STOCKHOLDERS' EQUITY
	SHARES	AMOUNT		ACCUMULATED DEFICIT	OTHER COMPREHENSIVE LOSS		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	<u>160,687,886</u>	<u>\$ 1,607</u>	<u>\$ 1,191,237</u>	<u>\$ (120,913)</u>	<u>\$ (7,036)</u>	<u>(496,792)</u>	<u>\$ (10,537)</u>	<u>\$ 1,054,358</u>

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

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

(IN THOUSANDS, EXCEPT SHARE DATA)	ACCUMULATED								TOTAL STOCKHOLDERS' EQUITY	
	COMMON STOCK		ADDITIONAL		OTHER		TREASURY STOCK			
	SHARES	AMOUNT	CAPITAL	ACCUMULATED	DEFICIT	LOSS	SHARES	AMOUNT		
Balance as of June 30, 2023	160,171,493	\$ 1,601	\$ 1,162,317	\$ (54,809)	\$ (3,173)		(394,209)	\$ (8,762)	\$ 1,097,174	
Equity-based compensation expense, net of forfeiture	—	—	8,645	—	—	—	—	—	8,645	
Common shares issued for share-based compensation awards and shares withheld for tax	119,101	1	(2)	—	—	—	(36,944)	(561)	(562)	
Restricted stock forfeiture*	(10,675)	—	—	—	—	—	—	—	—	
Change in fair value from interest rate swap, net of tax	—	—	—	—	117	—	—	—	117	
Net loss	—	—	—	(48,965)	—	—	—	—	(48,965)	
Foreign currency translation adjustment, net of tax	—	—	—	—	(4,658)	—	—	—	(4,658)	
Balance as of September 30, 2023	<u>160,279,919</u>	<u>\$ 1,602</u>	<u>\$ 1,170,960</u>	<u>\$ (103,774)</u>	<u>\$ (7,714)</u>	<u>(431,153)</u>	<u>\$ (9,323)</u>	<u>\$ 1,051,751</u>		
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	—	—	20,798	—	—	—	—	—	20,798	
Common shares issued for share-based compensation awards and shares withheld for tax	805,607	8	(8)	—	—	(280,946)	(6,323)	(6,323)		
Restricted stock forfeiture*	(201,838)	(2)	2	—	—	—	—	—	—	
Change in fair value from interest rate swap, net of tax	—	—	—	—	758	—	—	—	758	
Net loss	—	—	—	(42,901)	—	—	—	—	(42,901)	

Foreign currency translation adjustment, net	—	—	—	—	(242)	—	—	(242)
of tax	—	—	—	—	(242)	—	—	(242)
Balance as of September 30, 2023	160,279,919	\$ 1,602	\$ 1,170,960	\$ (103,774)	\$ (7,714)	(431,153)	\$ (9,323)	\$ 1,051,751

■ Legal forfeiture 66,220 shares occurred in Q1 2023; and the accounting forfeiture occurred in Q3 2022.

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

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

		NINE MONTHS ENDED SEPTEMBER 30,		THREE MONTHS ENDED MARCH 31,		THREE MONTHS ENDED MARCH 31,	
	(IN THOUSANDS)	2023	2022	(IN THOUSANDS)		2024	2023
Cash flows from operating activities:	Cash flows from operating activities:			Cash flows from operating activities:			
	Net income						
Net income (loss)	(loss)	\$ (42,901)	\$ 5,557				
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	Adjustments to reconcile net income (loss) to net cash provided by operating activities:			Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
	Depreciation and amortization of property and equipment						
Depreciation and amortization of property and equipment	Depreciation and amortization of property and equipment	1,139	1,321				
Amortization of intangible assets	Amortization of intangible assets	40,099	38,007				

	Amortization		
Amortization of debt issuance costs	of debt issuance costs	1,146	1,156
Provision for credit losses		52	468
(Recovery of) provision for credit losses			
Loss on retirement of assets	Loss on retirement of assets	29	56
Equity-based compensation expense	Equity-based compensation expense	20,798	23,818
Change in fair value of contingent considerations	Change in fair value of contingent considerations	11,316	—
Goodwill impairment		46,984	—
Lease abandonment expense	Lease abandonment expense	1,602	—
Deferred income taxes	Deferred income taxes	(18,532)	(3,209)
Changes in assets and liabilities:	Changes in assets and liabilities:		
Accounts receivable	Accounts receivable	6,441	(7,895)
Accounts receivable			
Prepaid expenses and other assets	Prepaid expenses and other assets	85	4,209
Accounts payable and accrued expenses		(1,558)	(3,404)
Deferred revenue		(6,978)	(1,727)
Other liabilities		(293)	(1,299)
Accounts payable, accrued expenses, and other liabilities			

Deferred revenues		
Net cash provided by operating activities	Net cash provided by operating activities	59,429 57,058
<b>Cash flows from investing activities:</b>	<b>Cash flows from investing activities:</b>	<b>Cash flows from investing activities:</b>
Capital expenditures	Capital expenditures	(899) (1,249)
Capitalized development costs	Capitalized development costs	(10,000) (8,106)
Investment in intangible assets	Investment in intangible assets	(54) —
Business acquisitions, net of cash acquired	Business acquisitions, net of cash acquired	(7,550) (5,883)
Net cash used in investing activities		
Net cash used in investing activities		
Net cash used in investing activities	Net cash used in investing activities	(18,503) (15,238)
<b>Cash flows from financing activities:</b>	<b>Cash flows from financing activities:</b>	<b>Cash flows from financing activities:</b>
Payments on long-term debt and finance lease obligations	Payments on long-term debt and finance lease obligations	(2,290) (2,483)
Payments on financing component of interest rate swap	Payments on financing component of interest rate swap	— (1,085)
Payments for business acquisition related contingent consideration	Payments for business acquisition related contingent consideration	

	Payment of taxes on shares withheld for employee taxes		Payment of taxes on shares withheld for employee taxes	
Payment of taxes on shares withheld for employee taxes				
Net cash used in financing activities			Net cash used in financing activities	
Effect of foreign exchange rate changes on cash and cash equivalents, and restricted cash			Effect of foreign exchange rate changes on cash and cash equivalents, and restricted cash	
Net increase in cash and cash equivalents, and restricted cash			Net increase in cash and cash equivalents, and restricted cash	
Net (decrease) increase in cash and cash equivalents, and restricted cash			Net (decrease) increase in cash and cash equivalents, and restricted cash	
Cash and cash equivalents, and restricted cash, at beginning of period			Cash and cash equivalents, and restricted cash, at beginning of period	
Cash and cash equivalents, and restricted cash, at end of period			Cash and cash equivalents, and restricted cash, at end of period	
Supplemental disclosures of cash flow information			Supplemental disclosures of cash flow information	
Cash paid for interest			Cash paid for interest	\$ 13,668 \$ 12,310
Cash paid for taxes			Cash paid for taxes	\$ 12,365 \$ 7,784

<b>Supplemental schedule of non-cash investing and financing activities</b>			
Contingent liabilities established in connection with business acquisition	\$ 790	\$ —	
<b>Supplemental schedule of noncash investing and financing activities</b>			
Issuance of common stock for business acquisition related contingent consideration			
Issuance of common stock for business acquisition related contingent consideration			
Issuance of common stock for business acquisition related contingent consideration			

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, Egypt, 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 2022 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, 2022 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 September 30, 2023 March 31, 2024, the condensed consolidated statements of operations and comprehensive loss income (loss) for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, the condensed consolidated statements of stockholders' equity for the three and nine months ended September 30, 2023 March 31,

2024 and 2022, 2023, the condensed consolidated statements of cash flows for the nine months ended September 30, 2023 March 31, 2024 and 2022, 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 2022 Annual Report audited consolidated financial statements and notes thereto. The information as of December 31, 2022 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 2022 2023 Annual Report.

**(c) Accounting Pronouncements Not Yet Adopted**

In March November 2023, the Financial Accounting Standards Board ("FASB" ("FASB") issued Accounting Standards Update ("ASU" ("ASU") 2023-01, "Common Control Arrangements ASU 2023-07, "Segment Reporting (Topic 842), 280: Improvements to Reportable Segment Disclosures," which provide private companies and not-for-profit organizations that are not conduit bond obligors with a practical expedient to use the written terms and conditions of a common control arrangement to determine whether a lease exists and, if so, the classification of and accounting for that lease. In addition, the The ASU requires all entities including public companies to amortize leasehold improvements associated with common control leases over the useful life to the common control group. an enhanced disclosure of significant segment expenses on an annual and interim basis. This ASU is will be effective for fiscal years beginning after December 15, 2023, including and interim periods within those fiscal years. 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 adopting this guidance ASU on its condensed 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, 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 - 10 820-10 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 **that 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).

**To**The Company utilizes Monte Carlo or a series of Black-Scholes-Merton options models to estimate the fair value of the contingent consideration liability for Vyasa Analytics, LLC ("Vyasa"), management utilized a Monte Carlo simulation model to value the earn-outs based on the likelihood **liabilities** of reaching certain eligible revenue thresholds. To measure the fair value of the contingent consideration liability for the Drug Interaction Database ("DIDB"), management initially utilized present value discounted based on a multiple of eligible revenue over two separate measurement periods. **business acquisitions.** Significant inputs used in the fair value measurement of contingent consideration **is** include: expected eligible revenue for the amount and timing acquired businesses over the relevant measurement periods, the risk-profile of the acquired entity's expected eligible revenue over certain periods subsequent to for the acquisition date. At acquired businesses, the acquisition date, 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 of the contingent consideration liabilities was \$19,813 and \$790 for the Vyasa acquisition and DIDB, respectively. hierarchy at March 31, 2024:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
(In thousands)				
<b>Assets</b>				
Money market funds	\$ 149,397	\$ —	\$ —	\$ 149,397
Interest rate swap assets	—	6,374	—	6,374
Total assets	\$ 149,397	\$ 6,374	\$ —	\$ 155,771
<b>Liabilities</b>				
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 **September 30, 2023** **December 31, 2023**:

	LEVEL 1	LEVEL2	LEVEL 3	TOTAL
(In thousands)				
<b>Assets</b>				
Money market funds	\$ 145,552	\$ —	\$ —	\$ 145,552
Interest rate swap assets	—	9,344	—	9,344
Total assets	\$ 145,552	\$ 9,344	\$ —	\$ 154,896
<b>Liabilities</b>				
Contingent liabilities	\$ —	\$ —	\$ 31,919	\$ 31,919
Total liabilities	\$ —	\$ —	\$ 31,919	\$ 31,919

The following table sets forth the assets and liabilities that were measured at fair value on a recurring basis by their levels in the fair value hierarchy at December 31, 2022:

	LEVEL 1	LEVEL2	LEVEL 3	TOTAL				
	(In thousands)							
LEVEL								
1								
(In thousands)								
<b>Assets</b>		<b>Assets</b>						
Money market funds								
Money market funds								
Money market funds	Money market funds	\$ 100,999	\$ —	\$ 100,999				
Interest rate swap assets	Interest rate swap assets	—	8,374	8,374				
Total assets	Total assets	\$ 100,999	\$ 8,374	\$ 109,373				
<b>Liabilities</b>		<b>Liabilities</b>						
<b>Liabilities</b>								
Contingent liabilities								
Contingent liabilities								

Contingent liabilities	Contingent liabilities	—	\$	—	\$19,813	\$ 19,813
Total liabilities	Total liabilities	—	\$	—	\$19,813	\$ 19,813

For the period ended **September 30, 2023** **March 31, 2024**, there were no transfers between the levels within the fair value hierarchy. The Company's Level 3 liabilities **that were measured at fair value on a recurring basis** are acquisition related contingent consideration liabilities.

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

	<b>SEPTEMBER</b> <b>30, MARCH 31,</b> <b>2023 2024</b>
	(In thousands)
Beginning balance at <b>December 31, 2022</b> <b>December 31, 2023</b>	\$ 19,813 54,457
Additions	790 —
Payments	— (12,356)
Change in fair value remeasurement	11,316 2,881
Ending balance at <b>September 30, 2023</b> <b>March 31, 2024</b>	\$ 31,919 44,982

#### Non-Recurring Fair Value Measurements:

Certain assets are measured at fair value on a non-recurring basis. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments when events or circumstances indicate a significant adverse effect on the fair value of the asset. During the third quarter of 2023, the Company performed an interim goodwill impairment test for its Regulatory and Writing business reporting unit. It was determined that the fair value of the reporting unit was less than its carrying value, resulting in the recording of a \$46,984 goodwill impairment charge and a corresponding reduction in the goodwill carrying amount for the reporting unit.

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 **2022** **2023** Annual Report.

#### **(f) Cash and Cash Equivalents and Restricted Cash**

Cash equivalents include highly liquid investments with maturities of three months or less from the date purchased.

Restricted cash represents cash that is reserved for unexpended restricted grant funds and for a Company's credit card program. The restricted cash balance was \$0 and \$3,102 at September 30, 2023 and December 31, 2022, respectively.

The following table provides a reconciliation of cash and cash equivalents was \$224,776 and restricted cash to the amounts presented in the condensed consolidated statements of cash flows:

	SEPTEMBER 30, 2023	DECEMBER 31, 2022
(In thousands)		
Cash and cash equivalents	\$ 272,312	\$ 236,586
Restricted cash, current	—	3,102
<b>Total cash and cash equivalents and restricted cash</b>	<b>\$ 272,312</b>	<b>\$ 239,688</b>

\$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 \$678 \$1,341 and \$1,250 \$1,312 were provided in the accompanying condensed consolidated financial statements as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Accounts receivable consists of the following:

SEPTEMBER DECEMBER		
30,	31,	
2023	2022	
(In thousands)		

MARCH 31, 2024		MARCH 31, 2024		DECEMBER 31, 2023	
(In thousands)				(In thousands)	
Trade receivables	Trade receivables	\$ 64,163	\$ 72,238		
Unbilled receivables	Unbilled receivables	12,761	11,309		
Other receivables	Other receivables	307	287		
Allowances for credit losses	Allowances for credit losses	(678)	(1,250)		
Accounts receivable, net	Accounts receivable, net	\$ 76,553	\$ 82,584		

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

SEPTEMBER DECEMBER					
		30,	31,		
		2023	2022		
		(In thousands)		(In thousands)	
Beginning balance	Beginning balance	\$ 1,250	\$ 262		
Provision for credit losses	Provision for credit losses	52	1,009		
Charge-offs, net of recoveries	Charge-offs, net of recoveries	(624)	(21)		
Ending balance	Ending balance	\$ 678	\$ 1,250		

#### **(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 at 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the interest swap had a fair value of \$9,344 \$6,374 and \$8,374, respectively. \$5,624, respectively; The gross fair value recognized in accumulated other comprehensive income was \$9,344 \$6,374 and \$8,374 \$5,624, respectively, at September 30, 2023 March 31, 2024 and December 31, 2022 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 this derivative instrument instruments recognized in the Company's condensed consolidated statements of operations and comprehensive income (loss) was \$1,489, \$(355), \$3,751, \$1,525 and \$(700) \$986 for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

The notional amounts, fair values, and classification of derivative instruments in the condensed consolidated balance sheets as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 were as follows:

Interest rate swap derivative designated as cash flow hedging instrument:	MARCH 31,		DECEMBER 31,	
	2024	2023	(In thousands)	
Notional amounts				
Prepaid expenses and other current assets	\$ 230,000	\$ 230,000		
Other long-term assets	\$ 5,033	\$ 4,473		
	\$ 1,341	\$ 1,151		
Interest rate swap derivative designated as cash flow hedging instrument:	SEPTEMBER 30,		DECEMBER 31,	
	2023	2022		

	(In thousands)		
Notional amounts	\$ 230,000	\$ 230,000	
Prepaid expenses and other current assets	\$ 5,880	\$ 4,638	
Other long-term assets	\$ 3,464	\$ 3,736	

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 \$5,888.

\$5,041.

**(i) Goodwill**

The goodwill impairment test is performed at least annually at the reporting unit level. An interim test is performed when events or circumstances occur that may indicate that it is more likely than not that the fair value of any reporting unit may be less than its carrying value.

During the third quarter of 2023, the Company performed interim goodwill impairment tests for Regulatory Writing reporting unit. The fair value of Regulatory Writing reporting unit was determined to be less than its carrying value, resulting in a goodwill impairment charge of \$46,984 for the reporting unit. The fair value of that reporting unit was estimated using a combination of the discounted cash flow method and the guideline public company method. The decline in the fair value of the Regulatory Writing reporting unit was driven by revised revenue growth and profitability forecasts resulting from certain reductions in our financial planning assumptions. These reductions were primarily attributable to a decrease in demand from certain customer groups for the legacy reporting unit.

The changes in the carrying amount of goodwill for the period ended September 30, 2023 are as follows.

Balance as of December 31, 2022	\$ 717,743
Goodwill acquired in connection with acquisition	2,306
Foreign currency translation	94
Impairment expense	(46,984)
Balance as of September 30, 2023	\$ 673,159

**(j) 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-cancellable 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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** were as follows:

		DECEMBER		(In thousands)
		SEPTEMBER 30,	31,	
		2023	2022	
Contract assets	Contract assets	\$ 12,761	\$ 11,309	
Contract liabilities	Contract liabilities	49,217	55,024	

During the **nine** **three** months ended at **September 30, 2023** **March 31, 2024**, the Company recognized revenue of **\$47,230** **\$29,351** related to contract liabilities at **December 31, 2022** **December 31, 2023**.

The unsatisfied performance obligations as of **September 30, 2023**, **March 31, 2024** were approximately **\$118,704**, **\$115,418**. We expect to recognize approximately **\$105,409** **\$102,229** or **88.8%** **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 **\$654** **\$597** and **\$981** **\$655** as of **September 30, 2023**, **March 31, 2024** and **December 31, 2022** **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		THREE MONTHS ENDED MARCH 31, 2023	
		THREE MONTHS ENDED SEPTEMBER 30, 2023		NINE MONTHS ENDED SEPTEMBER 30, 2022	
		2023	2022	2023	2022
(In thousands)					
Software licenses transferred at a point in time					
Software licenses transferred at a point in time	Software licenses transferred at a point in time	\$ 9,916	\$ 10,851	\$ 38,967	\$ 36,434
Software licenses transferred over time	Software licenses transferred over time	21,414	17,541	59,092	49,875
Service revenues earned over time	Service revenues earned over time	54,246	56,308	168,268	162,702
Total	Total	<u>\$85,576</u>	<u>\$84,700</u>	<u>\$266,327</u>	<u>\$249,011</u>

#### (k) (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 computed by dividing the net earnings attributable to stockholders by the weighted-average number of shares and dilutive securities outstanding during the period.

### 3. Public Offerings and Other significant Shareholder Transactions

On December 11, 2020, the Company completed its initial public offering ("IPO"), pursuant to which the Company issued and sold 14,630,000 shares of common stock and certain selling stockholders, including former controlling shareholder, EQT AB ("EQT"), sold 18,783,250 shares of

our common stock (representing the full exercise of the underwriters' option to purchase additional shares), at a public offering price of \$23.00 per share. The Company received net proceeds of \$316,301, after deducting underwriters' discounts and commissions. In addition, \$4,408 of legal, accounting and other offering costs, net of the tax effect of \$259, were incurred in connection with the sale of the Company's common stock in the IPO, were capitalized and offset against the proceeds received in the IPO.

The Company was party to a registration rights agreement with EQT and its affiliates, Arsenal Capital Partners ("Arsenal"), and certain other stockholders, dated December 8, 2020. That agreement was terminated following the sale of all of EQT's 29,954,521 common shares in the Company to Arsenal on December 8, 2022 (the "Arsenal Transaction"). Arsenal and the Company entered into a new registration rights agreement, dated November 3, 2022 (the "Registration Rights Agreement"), which contains provisions that entitle Arsenal to certain rights to have their securities registered by the Company under the Securities Act. While the Registration Rights Agreement is in effect, Arsenal is entitled to (i) four "demand" registrations, (ii) one underwritten offering in any consecutive 90-day period, and (iii) two underwritten offerings in any consecutive 360-day period, subject in each case to certain limitations. In addition, the Registration Rights Agreement provides that the Company will share certain expenses of Arsenal relating to such registrations and indemnify Arsenal against certain liabilities that may arise under the Securities Act. In connection with the Arsenal Transaction, the Company also entered into a letter agreement, effective December 8, 2022, with Arsenal providing that, subject to certain exceptions, Arsenal is prohibited from transferring the shares from EQT until December 8, 2024. Also in connection with the Arsenal Transaction, the Company entered into a stockholders agreement with Arsenal, effective December 8, 2022, which, among other things, grants certain conditional rights to Arsenal to nominate up to two directors to our Board.

On August 11, 2022, the Company completed a secondary public offering in which certain selling stockholders, including EQT, sold 7,000,000 shares of the Company's common stock. The Company did not offer any common stock in this transaction and did not receive any proceeds from the sale of the shares of common stock by the selling stockholders. The Company incurred costs of \$596, recorded in general and administrative expenses, in relation to the secondary public offering.

#### **4. 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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **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 **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**.

#### **5. Acquisitions** **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 its inception, 2013, and as of September 30, 2023 March 31, 2024, the Company has completed 1820 acquisitions, of which 13 have included software or technology. Details of acquisitions that have closed since the beginning of fiscal year 20222023 are provided below.

#### ***Integrated Nonclinical Development Solutions, Inc.***

On January 3, 2022, the Company completed the acquisition of Integrated Nonclinical Development Solutions, Inc. ("INDS"), a company that provides the SEND Explorer software and drug development consulting for a total consideration of \$8,048. The business combination was not significant to the Company's condensed consolidated financial statements. Based on the Company's purchase price allocation, approximately \$2,380, \$1,040, \$100, and \$2,910 of the purchase price were assigned to customer relationships, developed technology, non-compete agreements, and goodwill, respectively.

#### ***Vyasa Analytics, LLC ("Vyasa")***

On December 28, 2022, the Company completed the acquisition of Vyasa, a company that provides an artificial intelligence ("AI") powered, scalable deep learning software and analytics platform for organizations within healthcare and life sciences for a total consideration of \$29,276. The business combination was not significant to the Company's condensed consolidated financial statements.

Based on the Company's purchase price allocation, approximately \$11,400, \$1,500, \$120, \$80 and \$16,589 of the purchase price were assigned to developed technology, customer relationships, trademarks, non-compete agreements and goodwill, respectively.

The total estimated consideration includes a portion of contingent consideration that is payable over the next three years in a combination of 70% cash and 30% common stock of the Company. Future payments of contingent consideration are based on achieving certain eligible revenue thresholds for each of the twelve-month periods ended at December 31, 2023, 2024, and 2025. Potential payments range from \$0 to \$60,000 over the three-year period. The fair value of the contingent consideration was estimated to be \$19,813 as of the acquisition date.

The contingent consideration was classified as a liability and included in other long term liabilities on the Company's condensed consolidated balance sheet, which is 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). At September 30, 2023, the contingent consideration was remeasured to \$31,512, resulting in a fair value adjustment of \$11,699 and recorded in general and administrative ("G&A") on the accompanying condensed consolidated statement of operations and comprehensive income (loss).

#### ***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 estimated consideration of \$8,340. The business combination was not significant to the Company's condensed 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 September 30, 2023 March 31, 2024, the contingent consideration was remeasured to \$407, \$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 \$383 \$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 reclassified 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 allocation is allocations for the acquisitions of Formedix and ABM are preliminary. The primary areas of the preliminary purchase price allocations that are not yet finalized relate to the fair value of certain tangible and intangible assets acquired and liabilities assumed, and residual goodwill. The Company expects continues to continue gather information supporting the acquired assets and liabilities, including but not limited to obtain information to assist in determining the estimation of

the fair value of the net identifiable intangible assets, acquired at the acquisition date 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.

Based on the Company's preliminary purchase price allocation, approximately \$330, \$5,600, \$360, and \$2,316 The results of operations of the purchase price were assigned to trademarks, database content/technology, customer relationships acquired businesses and goodwill, respectively.

The condensed the fair value of the acquired assets and liabilities assumed are included in the Company's consolidated financial statements include the operating results of each acquisition with effect from the date of acquisition. the acquisitions.

## 6.5. Prepaid Expenses and Other Current Assets and Other Long-Term Assets

	SEPTEMBER 30, 2023	DECEMBER 31, 2022
	(In thousands)	
Prepaid expenses	\$ 7,561	\$ 8,389
Income tax receivable	1,810	2,014
Research and development tax credit receivable	4,836	4,207
Current portion of interest rate swap asset	5,880	4,638
Other current assets	825	732
<b>Prepaid expenses and other current assets</b>	<b>\$ 20,912</b>	<b>\$ 19,980</b>

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
<b>Prepaid expenses and other current assets</b>	<b>\$ 22,732</b>	<b>\$ 20,393</b>

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

	SEPTEMBER 30, 2023	DECEMBER 31, 2022
	(In thousands)	
Long-term deposits	\$ 1,233	\$ 1,150

Interest rate swap asset - long-term	3,464	3,736
Deferred financing cost	520	729
<b>Total other long-term assets</b>	<b>\$ 5,217</b>	<b>\$ 5,615</b>

	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
<b>Total other long-term assets</b>	<b>\$ 3,240</b>	<b>\$ 3,053</b>

## 7.6. 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 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 contains contain various financial and nonfinancial covenants.

As of September 30, 2023 and December 31, 2022, available borrowings under the revolving lines of credit were \$100,000. Available borrowings under the revolving lines of credit as of September 30, 2023 and December 31, 2022 were reduced by \$120 and \$120, respectively, of standby letters of credit issued to a landlord in lieu of a security deposit in addition to any outstanding borrowings.

Borrowings under the Credit Agreement were 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. Due In response to the cessation discontinuation of LIBOR, the Company signed executed a LIBOR transition amendment on June 26, 2023, agreeing to replace formalizing the replacement of LIBOR with the Secured Overnight Funding Rate ("SOFR"). In order As part of this modification, a Credit Spread Adjustment ("CSA") was introduced to make align SOFR similar to with LIBOR in terms of the overall interest rate being earned by the lenders under the Credit Agreement, a Credit Spread Adjustment ("CSA") is added to the SOFR 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 8.67%9.24% and 4.60%8.03% for the nine three months ended September 30, 2023 March 31, 2024 and 2022 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 \$6,844, \$4,366, \$19,283, 6,798 and \$10,344 \$5,974 for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Accrued interest payable on the Credit Agreement with respect to the term loan amounted to \$2,340 \$2,382 and \$130 \$2,400 at September

30, 2023 March 31, 2024 and December 31, 2022 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 \$65, \$65, \$193, and \$193 \$63 for both the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. There was \$1 and \$66 \$2 accrued interest payable on the revolving line of credit each at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Long-term debt consists of the following:

	SEPTEMBER DECEMBER		
	30,	31,	
	2023	2022	
(In thousands)			
	MARCH 31, 2024	MARCH 31, 2024	DECEMBER 31, 2023
	(In thousands)		(In thousands)
Term loans	Term loans	\$ 295,205	\$297,470
Revolving line of credit	Revolving line of credit	—	—
Less: debt issuance costs	Less: debt issuance costs	(3,524)	(4,462)
Total	Total	291,681	293,008
Current portion of long-term debt	Current portion of long-term debt	(3,020)	(3,020)
Long-term debt, net of current portion and debt issuance costs	Long-term debt, net of current portion and debt issuance costs	\$ 288,661	\$289,988

The principal amount of long-term debt outstanding as of September 30, 2023 March 31, 2024 matures in the following years:

	Remainder of 2023	2024	2025	2026	TOTAL
	(In thousands)				
Maturities	\$ 755	\$ 3,020	\$ 3,020	\$ 288,410	\$ 295,205

	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, 2022 December 31, 2023, the Company was not required to make a mandatory prepayment on the term loan. For the Credit Agreement, the The Company is required to make a quarterly principal payment of \$755 on the term loan each quarter. 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.

## 8.7. Leases

The Company leases certain office facilities and equipment under non-cancelable operating leases with remaining terms from less than one to sixteen years. The Company also had finance leases until the first quarter of this year.

Operating lease right-of-use ("ROU") assets are included in other assets while finance lease ROU assets are included in "property and equipment, net" in the condensed consolidated balance sheets. other assets. With respect to operating lease liabilities, current operating lease liabilities are included in other current liabilities and non-current operating lease liabilities are included in long-term liabilities in the condensed consolidated balance sheets. Current finance lease liabilities are included in other current liabilities in the condensed consolidated balance sheets. At September 30, 2023 March 31, 2024, the weighted average remaining lease terms were 3.44 6.09 years for operating leases; leases and the weighted average discount rate was 3.38% 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 2022 2023 Annual Report.

The following table summarizes the lease-related assets and liabilities recorded in the condensed consolidated balance sheets at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

Lease Position	Lease Position	Balance Sheet			Lease Position	Balance Sheet Classification	MARCH 31, 2024	DECEMBER 31, 2023					
		SEPTEMBER 30, 2023	DECEMBER 31, 2022	(In thousands)									
(In thousands)													
(In thousands)													
Assets	Assets												
Operating lease assets	Operating lease assets	Operating right-of-use assets											
		\$ 9,727	\$ 14,427										

		Property and equipment,		
Finance lease assets	net	—	24	
Operating lease assets				
Operating lease assets				
Total lease assets				
Total lease assets				
Total lease assets	Total lease assets	\$ 9,727	\$ 14,451	
<u>Liabilities</u>	<u>Liabilities</u>			
	<u>Liabilities</u>			
	<u>Liabilities</u>			
Current				
Current				
Current	Current			
	Other current			
Operating	Operating liabilities	\$ 4,446	\$ 4,968	
	Other current			
Finance	liabilities	—	25	
Operating				
Operating				
Noncurrent				
Noncurrent				
Noncurrent	Noncurrent			
	Operating lease liabilities, net of current			
Operating	Operating portion	7,234	10,133	
Operating				
Operating				
Total lease liabilities	Total lease liabilities	\$ 11,680	\$ 15,126	

The following table summarizes by year the maturities of our minimum lease payments as of September 30, 2023, March 31, 2024:

	OPERATING LEASES
	(In thousands)
Remainder of 2023	\$ 1,561
2024	4,075

2025	3,306
2026	2,115
2027	905
Thereafter	690
<b>Total future lease payments</b>	<b>12,652</b>
Less: imputed interest	(972)
<b>Total</b>	<b>\$ 11,680</b>

#### Lease abandonment

In the third quarter of 2023, the Company recorded a lease abandonment expense of \$1,602 and reduced its lease ROU assets for the same amount in connection with the evaluation of the Company's office space footprint. This expense is included within the general and administrative expenses in the Company's condensed consolidated statements of operations and comprehensive loss.

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

#### **9.8. Accrued Expenses and Other Liabilities**

Accrued expenses consist of the following:

		SEPTEMBER DECEMBER			
		30,	31,	MARCH 31,	MARCH 31,
		2023	2022	2024	2023
		(In thousands)		(In thousands)	
Accrued	Accrued				
compensation	compensation	\$ 23,703	\$ 29,518		

Legal and professional accruals	Legal and professional accruals	1,657	1,297
Interest payable	Interest payable	2,308	176
Income taxes payable	Income taxes payable	7,669	2,223
Short-term contingent liabilities		8,169	—
Accrued business acquisition liabilities		—	700
Short-term contingent consideration liabilities			
Other	Other	1,219	1,489
Total accrued expenses	Total accrued expenses	<u>\$ 44,725</u>	<u>\$ 35,403</u>

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
<b>Total other long-term liabilities</b>	<b>\$ 40,244</b>	<b>\$ 39,209</b>

	SEPTEMBER 30, 2023	DECEMBER 31, 2022
	(In thousands)	
Uncertain tax position liability	\$ 2,361	\$ 2,308
Contingent consideration	23,750	19,813
<b>Total other long-term liabilities</b>	<b>\$ 26,111</b>	<b>\$ 22,121</b>

## 10.9. 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 equity-based 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. **Total grant date fair value was \$2,762.** The **non-vested** restricted stock at **March 31, 2024** issued in 2021 **generally** has a three-year vesting period except for one holder whose shares vest equally on a monthly basis for two years. **period.**

	SHARES	WEIGHTED- AVERAGE GRANT DATE	FAIR VALUE
Non-vested restricted stock as of December 31, 2022	1,402,813	\$ 23.27	
Granted	—	—	
Vested*	(600,016)	23.28	
Forfeited	(135,618)	23.00	
Non-vested restricted stock as of September 30, 2023	667,179	\$ 23.32	

	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 **number of 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, includes 5,430 shares that were withheld on behalf of employees to satisfy the statutory tax withholding requirements, and cancelled.

Equity-based compensation expenses (income) related to the restricted stock exchanged for performance-based Class B Units were **\$333, \$319, \$497, \$250** and **\$3,758 \$655** for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively. At **September 30, 2023** **March 31, 2024**, the total unrecognized equity-based compensation expense related to outstanding restricted stock

recognized using the accelerated attribution approach was \$1,237, \$637, which is expected to be recognized over a weighted-average period of 16.2 12.5 months.

Equity-based compensation expenses related to the restricted stock exchanged for time-based Class B Units were \$252, \$1,174, \$1,062, \$377 and \$2,705 \$498 for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. At September 30, 2023 March 31, 2024, the total unrecognized equity-based compensation expense related to outstanding restricted stock recognized using the straight-line attribution approach was \$1,421, \$888, which is expected to be recognized over a weighted-average period of 19.7 14.8 months.

Equity-based employee compensation expense related to the time-based restricted stock for the Pinnacle acquisition was \$292, \$292, \$877, \$106 and \$877 \$292 for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. At September 30, 2023 March 31, 2024, the total unrecognized equity-based compensation expenses related to outstanding restricted stock recognized using the straight-line attribution approach was \$425, \$212, which is expected to be recognized over a weighted-average period of 12.6 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:

	WEIGHTED-AVERAGE		GRANT DATE	FAIR VALUE
	UNITS	UNITS		
Non-vested RSUs as of December 31, 2022	2,005,095	\$ 24.71		
	UNITS	UNITS	GRANT DATE	FAIR VALUE

Non-vested RSUs as of December 31, 2023		
Granted*	Granted* 1,626,102	23.93
Vested**	Vested** (796,494)	25.24
Forfeited	Forfeited (304,923)	23.52
Non-vested RSUs as of September 30, 2023	<u>2,529,780</u>	<u>\$ 24.18</u>
Cancelled*		
Non-vested RSUs as of March 31, 2024		

\* The majority of shares granted during 2023 the first quarter of 2024 were issued on April 1, 2023 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 includes 275,516 included 1,492 shares that were withheld on behalf of employees to satisfy the statutory tax withholding requirements. The vested shares included 9,324 shares vested but deferred in connection with our director deferral plan.

Equity-based compensation expenses related to the RSUs were \$7,260, \$5,312, \$19,397, \$7,705 and \$14,538 \$4,798 for three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. At September 30, 2023 March 31, 2024, the total unrecognized equity-based compensation expense related to outstanding RSUs was \$47,479, \$35,779, which is expected to be recognized over a weighted-average period of 23.9 21.5 months.

#### Performance Stock Units ("PSU")

PSUs granted in April 2021, 2022, and 2023 were 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 for individual PSU plans including year over year revenue growth, unlevered free cash flow growth, annual revenue, and annual EBITDA. The PSUs granted in 2023 and 2024 also contain a contains market condition 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 September 30, 2023 March 31, 2024 is as follows:

	UNITS	WEIGHTED-AVERAGE GRANT DATE FAIR VALUE
Non-vested PSUs as of December 31, 2022	654,308	\$ 23.99

Granted	484,885	27.00
Vested	(18,437)	24.83
Forfeited	(94,054)	25.71
Non-vested PSUs as of September 30, 2023	1,026,702	\$ 25.24

	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 (income) related to the PSUs were \$506, \$345, \$(1,035), \$636 and \$1,940 \$2,287 for the three and nine months ended at September 30, 2023 March 31, 2024 and 2022, 2023, respectively. At September 30, 2023 March 31, 2024, the total unrecognized equity-based compensation expense related to outstanding PSUs was \$780, \$4,981, which is expected to be recognized over a weighted-average period of 9.8 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		NINE MONTHS	
ENDED	SEPTEMBER 30,	ENDED SEPTEMBER	30,
2023	2022	2023	2022
(In thousands)			
THREE MONTHS ENDED MARCH 31,			

		THREE MONTHS ENDED MARCH 31, THREE MONTHS ENDED MARCH 31,					
					2024	2024	2023
		(In thousands)			(In thousands)		
Cost of revenues	Cost of revenues	\$3,198	\$2,454	\$ 8,328	\$ 6,834		
Sales and marketing	Sales and marketing	343	160	1,272	1,670		
Research and development	Research and development	1,919	957	4,789	4,115		
General and administrative	General and administrative	3,185	3,233	6,409	11,199		
Total	Total	\$8,645	\$6,804	\$20,798	\$23,818		

## 11.10. Commitments and Contingencies

### Contingent consideration

In connection with the Vyasa Analytics LLC, DIDB, Formedix, and DIDB 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 threshold for Vyasa, DIDB, Formedix, and DIDB ABM to be earned are \$60,000, \$2,000, \$9,000, and \$2,000, \$17,550, respectively. The fair value 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, was \$31,919 consisting of \$8,649 in cash and \$19,813 \$3,707 in Company's stock. The total contingent liabilities were \$45,764 and \$55,238 at September 30, 2023 March 31, 2024 and December 31, 2022 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 September 30, 2023 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 8 – Leases.

12.

## 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 and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	THREE MONTHS ENDED SEPTEMBER 30,				NINE MONTHS ENDED SEPTEMBER 30,		THREE MONTHS ENDED MARCH 31,							
	2023		2022		2023		2022							
	(In thousands)													
Revenue(1):	Revenue(1):													
Revenue(1):														
Americas	Americas	\$64,634	\$64,367	\$199,824	\$186,784									
EMEA	EMEA	14,721	13,276	46,746	42,833									
Asia	Asia													
Pacific	Pacific	6,221	7,057	19,757	19,394									
Total	Total	\$85,576	\$84,700	\$266,327	\$249,011									

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

## 13.12. 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 ~~provisions~~ 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 ~~nine~~ three months ended ~~September 30, 2023~~ ~~March 31, 2024~~ and ~~2022~~ ~~2023~~ were ~~9%, 54%, (0.3%), 14%~~ and ~~63% 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.

## 14.13. 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 net income (loss) 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 SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2023	2022	2023	2022
	(In Thousands, Except Per Share and Share Data)			
<b>Basic earnings per share</b>				
Net income (loss) available to common shareholders	\$ (48,965)	\$ 3,936	\$ (42,901)	\$ 5,557
Basic weighted-average common shares outstanding	159,165,206	157,140,166	158,769,638	156,523,022
Basic earnings per common share	\$ (0.31)	\$ 0.03	\$ (0.27)	\$ 0.04
<b>Diluted earnings per share</b>				
Net income (loss) available to common shares	\$ (48,965)	\$ 3,936	\$ (42,901)	\$ 5,557
Basic weighted-average common shares outstanding	159,165,206	157,140,166	158,769,638	156,523,022
Dilutive potential common shares	—	2,447,479	—	2,869,512
Diluted weighted-average common shares outstanding	159,165,206	159,587,645	158,769,638	159,392,534
Diluted earnings per common share	\$ (0.31)	\$ 0.02	\$ (0.27)	\$ 0.03

## 15. Subsequent Event

	THREE MONTHS ENDED MARCH 31,	
	2024	2023
<b>Basic earnings per share</b>		
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
<b>Diluted earnings per share</b>		
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

On October 10, 2023. For the period ended March 31, 2024, the Company completed excluded the acquisition restricted stock and RSUs from the calculation of Formedix Limited ("Formedix"), a company diluted earnings per share that provides clinical metadata repository and clinical trial automation software. The total consideration for this acquisition is up to \$39,000, comprising of \$30,000 could potentially dilute earnings per share in cash, subject to customary post-closing adjustments, and a deferred purchase price of up to \$9,000, contingent upon the acquired business achieving certain eligible revenue thresholds for specific periods. The Company will finalize the initial accounting for the acquisition of Formedix, including the allocation future because of the purchase consideration, in anti-dilutive effect of the fourth quarter 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 2023. 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 2022 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 accelerate medicines to patients using are a leading provider of biosimulation software, technology and services 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 transform traditional market and decrease the costs of drug discovery 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 development. Biosimulation 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 powerful technology used 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 conduct virtual trials using virtual patients 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 predict how drugs behave in different individuals. Biopharmaceutical companies use our decrease the cost and increase the odds of new drug approval and commercial success.

Our proprietary biosimulation software throughout drug discovery and development to inform critical decisions that not only save significant time and money but also advance drug safety and efficacy, improving millions of lives each year.

As a global leader in biosimulation based platforms are built on 2022 revenue, we provide an integrated, end-to-end platform used by more than 2,300 clients including biopharmaceutical companies, regulatory agencies and academic institutions across 70 countries, including 39 of the top 40 biopharmaceutical companies by research and development spend in 2021. Since 2014, customers who use our biosimulation software and technology-driven services have received 90% of all new drug approvals by the FDA. Moreover, 20 global regulatory authorities license our biosimulation software to independently analyze, verify, and review regulatory submissions, including the FDA, Health Canada, Japan's Pharmaceuticals and Medical Devices Agency, and UK's Medicines and Healthcare Products Regulatory Agency.

We build our biosimulation technology on first principles of biology, chemistry, and pharmacology principles with proprietary mathematical algorithms that model how medicines and diseases behave in the body. For over two decades, we our scientists have honed developed and validated our biosimulation technology with an abundance of using data from scientific literature, lab laboratory research, and preclinical and clinical studies. Many 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 are underpinned by artificial intelligence (machine learning) and SaaS-based value communication tools. In turn, our customers use biosimulation to conduct virtual trials to answer critical questions, such as: What will be the human response to a drug based on preclinical data? How will other drugs interfere with this new drug? What is a safe and efficacious dose for children, the elderly, or patients with pre-existing conditions? Virtual trials may be used to optimize dosing on populations that are otherwise difficult to study for ethical or logistical reasons, such as infants, pregnant women, the elderly, and cancer patients.

Biosimulation results need to be incorporated into regulatory documents for compelling submissions. Accordingly, we provide regulatory science and market access solutions and integrate them with biosimulation so that our customers can navigate the complex and evolving regulatory landscape and maximize their chances of approval. Our differentiated regulatory services are powered by submissions management software and natural language processing for scalability and speed, allowing us to deliver have received more than 300 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 submissions over agencies, including the past five years. Our team of regulatory professionals has extensive experience applying industry guidelines U.S. FDA, Japan's Pharmaceuticals and global regulatory requirements. 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 biopharmaceutical life science companies worldwide will leverage more of our end-to-end platform to reduce cost, accelerate speed to market, and ensure the safety and efficacy of medicines for all patients.

### Public Offerings and Other Key Shareholders Transactions

On August 11, 2022, the Company completed a secondary public offering in which certain selling stockholders, including EQT, sold 7,000,000 shares of the Company's common stock. The Company did not offer any common stock in this transaction and did not receive any proceeds from the sale of the shares of common stock by the selling stockholders. The Company incurred costs of \$0.6 million, recorded in general and administrative expenses, in relation to the secondary public offering.

On December 8, 2022, Arsenal acquired an aggregate of 29,954,521 shares of our common stock from EQT at a price of \$15.00 per share. In connection with this transaction, we entered into (i) a letter agreement, effective December 8, 2022, with Arsenal providing that, subject to certain exceptions, Arsenal is prohibited from transferring the acquired shares until December 8, 2024; (ii) a stockholders agreement with Arsenal, effective December 8, 2022, which, among other things, grants certain conditional rights to Arsenal to nominate up to two directors to our Board; and (iii) a Registration Rights Agreement, which contains provisions that entitle Arsenal to certain rights to have their securities registered by the Company under the Securities Act.

### 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 renewal net retention rates.

- Bookings: Our new bookings represent the estimated annual 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.
- **Renewal Net Retention Rates:** Our renewal net retention rates measure the percentage of recurring revenue that is retained from existing software customers who renew their licenses or subscriptions at the end over a specific time period of the license or subscription periods. The renewal rate is based on revenues and excludes the effect of price increases or expansions and expansion.

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

	2023			2022		
	Q1	Q2	Q3	Q1	Q2	Q3
(in millions)						
2024						
2024						
2024						
Q1						
(in millions except percentage)						
(in millions except percentage)						
(in millions except percentage)						
Bookings	Bookings	\$ 112.7	\$85.9	\$84.8	\$108.5	\$100.3
Renewal Rate		90 %	93 %	86 %	92 %	92 %
Net Retention Rates						93 %
Net Retention Rates						
Net Retention Rates						
Net Retention Rates						

## 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 business. 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 EMA, 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 biosimulation software, we compete 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 scientific software providers, technology companies, in-house development by biopharmaceutical companies, enterprise applications and certain open source solutions. In the technology-driven services market, we compete with specialized companies, in-house teams at biopharmaceutical companies, and academic and government institutions. In some standard biosimulation services, and in regulatory and market access, we also compete with contract research organizations, who may also offer more traditional methods of overall drug development and clinical trial design that are used in lieu of biosimulation. Some of our competitors and potential competitors have longer operating histories in certain segments of our industry than we do and could have greater financial, technical, marketing, R&D, and other resources. Some of our competitors offer products and services directed at more specific markets than those we target, enabling these competitors to focus a greater proportion of their efforts and resources on those specific markets. Some competing products are developed and made available at a lower cost by government organizations and academic institutions, and these entities may be able to devote substantial resources to product development. Some clinical research organizations or technology companies may decide to enter into or expand their offerings process in the biosimulation area, whether through acquisition or internal development. We also face competition from open source software initiatives, in which developers provide software and intellectual property free of charge, such as R and PK-Sim software. In addition, some of our customers spend significant internal resources in order to develop their own solutions.

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, **goodwill impairments, change in fair value of contingent consideration, 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 impairments, change in fair value of contingent consideration, 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 SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2023	2022	2023	2022
(in thousands)				

Net income (loss)(a)	\$ (48,965)	\$ 3,936	\$ (42,901)	\$ 5,557
Interest expense(a)	5,903	5,221	17,046	12,328
Interest income(a)	(2,864)	(322)	(6,428)	(347)
(Benefit from) Provision for income taxes(a)	(4,644)	4,557	142	9,473
Depreciation and amortization expense(a)	367	417	1,139	1,321
Intangible asset amortization(a)	13,813	12,846	40,099	38,007
Currency (gain) loss(a)	(2,179)	(2,376)	(165)	(5,639)
Equity-based compensation expense(b)	8,645	6,804	20,798	23,818
Change in fair value of contingent consideration(d)	8,757	—	11,316	—
Goodwill impairment expense(e)	46,984	—	46,984	—
Acquisition-related expenses(f)	1,392	253	3,276	1,331
Integration expense(g)	33	—	190	—
Transaction-related expenses(h)	—	596	—	724
Severance expenses(i)	—	722	—	722
Reorganization expense(j)	1,602	—	1,602	—
Loss on disposal of fixed assets(k)	—	49	29	56
Executive recruiting expense(l)	—	—	396	—
First-year Sarbanes-Oxley implementation costs(m)	—	—	—	961
Adjusted EBITDA	\$ 28,844	\$ 32,703	\$ 93,523	\$ 88,312

	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 SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2023	2022	2023	2022
	(in thousands)			
Net income (loss) (a)	\$ (48,965)	\$ 3,936	\$ (42,901)	\$ 5,557
Currency (gain) loss(a)	(2,179)	(2,376)	(165)	(5,639)
Equity-based compensation expense(b)	8,645	6,804	20,798	23,818
Amortization of acquisition-related intangible assets(c)	11,377	10,921	33,892	32,900
Change in fair value of contingent consideration(d)	8,757	—	11,316	—
Goodwill impairment expense(e)	46,984	—	46,984	—
Acquisition-related expenses(f)	1,392	253	3,276	1,331
Integration expense(g)	33	—	190	—
Transaction-related expenses(h)	—	596	—	724
Severance expenses(i)	—	722	—	722
Reorganization expense(j)	1,602	—	1,602	—
Loss on disposal of fixed assets(k)	—	49	29	56
Executive recruiting expense(l)	—	—	396	—
First-year Sarbanes-Oxley implementation costs(m)	—	—	—	961
Income tax expense impact of adjustments(n)	(10,572)	(4,257)	(20,669)	(12,236)
Adjusted net income	\$ 17,074	\$ 16,648	\$ 54,748	\$ 48,194

	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 SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,			
	2023		2022			
	(in thousands except share and per share data)					
Diluted earnings per share(a)	\$ (0.31)	\$ 0.02	\$ (0.27)	\$ 0.03		
Currency (gain) loss(a)	(0.01)	(0.01)	—	(0.04)		
Equity-based compensation expense(b)	0.06	0.05	0.13	0.16		
Amortization of acquisition-related intangible assets(c)	0.07	0.07	0.21	0.21		
Change in fair value of contingent consideration(d)	0.05	—	0.07	—		
Goodwill impairment expense(e)	0.30	—	0.30	—		
Acquisition-related expenses(f)	0.01	—	0.02	0.01		
Integration expense(g)	—	—	—	—		
Transaction-related expenses(h)	—	—	—	—		
Severance expenses(i)	—	—	—	—		
Reorganization expense(j)	0.01	—	0.01	—		
Loss on disposal of fixed assets(k)	—	—	—	—		
Executive recruiting expense(l)	—	—	—	—		
First-year Sarbanes-Oxley implementation costs(m)	—	—	—	0.01		
Income tax expense impact of adjustments(n)	(0.07)	(0.03)	(0.13)	(0.08)		
Adjusted diluted earnings per share	\$ 0.11	\$ 0.10	\$ 0.34	\$ 0.30		
Basic weighted average common shares outstanding	159,165,206	157,140,166	158,769,638	156,523,022		
Effect of potentially dilutive shares outstanding (o)	742,488	2,447,479	1,078,382	2,869,512		
Adjusted diluted weighted average common shares outstanding	<u>159,907,694</u>	<u>159,587,645</u>	<u>159,848,020</u>	<u>159,392,534</u>		

	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 expense associated with goodwill impairment charge.

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

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

(h) Represents costs associated with our public offerings that are not capitalized.

(i) Represents charges for severance provided to former executives.

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

(k) Represents the gain/loss related to disposal of fixed assets.

(l) Represents recruiting and relocation expenses related to hiring senior executives.

(m) Represents the first-year Sarbanes-Oxley costs for accounting and consulting fees related to the Company's preparation to comply with Section 404 of the Sarbanes-Oxley Act, as well as implementation cost of adopting ASC 842.

(n) Represents the income tax effect of the non-GAAP adjustments calculated using the applicable statutory rate by jurisdiction.

(o) 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 ~~the~~ 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.

## Acquisitions Business Combinations

Since ~~our inception, 2013~~ and as of ~~September 30, 2023~~ ~~March 31, 2024~~, we have completed ~~18~~ 20 acquisitions, of which 13 have included software or technology. Details of acquisitions that have closed since the beginning of fiscal year ~~2022~~ ~~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.

### Integrated Nonclinical Development **Drug Interaction Solutions, Inc. University of Washington ("DIDB")**

On ~~January 3, 2022~~ ~~June 20, 2023~~, we entered into an asset purchase agreement with the University of Washington and completed the acquisition of ~~INDS~~ DIDB, including the Drug Interaction Database and related products, from The University of Washington for a total ~~estimated~~ consideration of ~~\$8.0~~ million, which qualified as a business combination. The business combination was not significant to our consolidated financial statements. Based on the purchase price allocation, approximately ~~\$2.4~~ million, ~~\$1.0~~ million, ~~\$0.1~~ million, and ~~\$2.9~~ million of the purchase price were assigned to customer relationships, developed technology, non-compete agreements, and goodwill, respectively.

### **Vyasa Analytics, LLC**

On December 28, 2022, the Company completed the acquisition of Vyasa, a company that provides an AI-powered, scalable deep learning software and analytics platform for organizations within healthcare and life sciences, higher education and state and local governments for total consideration of ~~\$29.3~~ million ~~\$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 the Company's purchase price allocation, approximately \$11.4 million \$11.7 million, \$1.5 million \$3.1 million, \$0.1 million, \$0.1 million and \$16.6 million \$25.1 million of the purchase price were assigned to developed technology, customer relationships trademarks, non-compete agreements 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 \$19.8 million \$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 liabilities expense and other long-term liabilities on the Company's condensed consolidated balance sheet, which is 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). At September 30, 2023,

The current purchase price allocations for acquisitions of Formedix and ABM are preliminary. The primary areas of the contingent consideration was remeasured to \$31.5 million, resulting in \$11.7 million adjustment to fair value.

#### **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 Drug Interaction Solutions, including the Drug Interaction Database and related products, from the University of Washington for total estimated consideration of \$8.3 million. The business combination was price allocations that are not significant yet finalized that relate to the Company's condensed consolidated financial statements.

The total estimated consideration includes a portion fair value of contingent consideration that is payable over certain tangible assets and liabilities assumed and residual goodwill. We continue to gather information supporting the next two years in cash, acquired assets and liabilities, including but not limited to exceed \$2.0 million. Future payments the estimation 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 \$0.8 million as identifiable intangible assets, measurement of deferred revenue and corresponding impact on goodwill, during the acquisition date. At September 30, 2023, the contingent consideration was remeasured to \$0.4 million, resulting in a negative fair value adjustment of \$0.4 million and recorded in general and administrative ("G&A") on the accompanying condensed consolidated statement of operations and comprehensive income (loss).

Based on the Company's preliminary purchase price allocation, approximately \$0.3 million, \$5.6 million, \$0.4 million, and \$2.3 million of the purchase price were assigned to trademarks, database content/technology, customer relationships and goodwill, respectively. The current purchase price allocation is preliminary 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. **"Acquisitions"** **"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 and nine months ended September 30, 2023 March 31, 2024 to the three and nine months ended at September 30, 2022 March 31, 2023.

Three Months Ended **September 30, 2023** **March 31, 2024** Versus Three Months Ended **September 30, 2022** **March 31, 2023**

The following table summarizes our unaudited statements of operations data for the three months ended **September 30, 2023** at **March 31, 2024** and **2022: 2023**:

## **Revenues**

THREE MONTHS ENDED SEPTEMBER			
30,		CHANGE	
2023	2022	\$	%
(in thousands)			

Software											
Software											
Software	\$31,331	\$28,392	\$2,939	10 %	\$ 39,307	\$	\$ 33,005	\$	\$ 6,302	19	19 %
Services	Services	54,245	56,308	(2,063)	(4) %	Services	57,347	57,296	57,296	51	51
Total	Total					Total					
revenues	revenues	\$85,576	\$84,700	\$ 876	1 %	revenues	\$96,654	\$	\$90,301	\$	\$6,353
										7	7 %

Revenues Total revenues increased \$0.9 million \$6.4 million, or 1% 7%, to \$85.6 million \$96.7 million for the three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022, 2023. The overall increase in revenues was primarily due to growth in our technology-driven services and software product offerings from strong demand within existing customers, client expansions, and new product introductions, and client expansions. The increase was partially offset by a decline in regulatory revenue, customers.

Software revenues increased \$2.9 million \$6.3 million, or 10% 19%, to \$31.3 million \$39.3 million for the three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022, 2023, primarily driven by strong demand within existing customers new product introductions, and expanding relationships with customers.

Services revenues decreased \$2.1 million, or 4% to \$54.2 million of \$57.3 million were relatively flat for the three months ended September 30, 2023 March 31, 2024, as compared to the same period in 2022. The decrease in overall services revenue is primarily attributable to a decline in regulatory revenue. 2023.

### Cost of Revenues

	THREE MONTHS ENDED SEPTEMBER 30,			CHANGE			
	2023		2022	\$	%		
	(in thousands)						
Cost of revenues	\$	35,876	\$	32,812	\$	3,064	9 %
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 \$3.1 million \$4.4 million, or 9% 13%, to \$35.9 million \$39.3 million for the three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022, 2023. The increase was primarily due to a \$2.3 million \$1.9 million increase in employee-related costs resulting from billable head count growth, a \$0.7 million \$1.2 million increase in stock-based compensation costs, a \$0.4 million \$0.8 million increase in intangible assets amortization, and a \$0.1 million \$0.5 million increase in travel equipment and entertainment expense, partially offset by a \$0.4 million decrease in miscellaneous operating expense and other items. software expenses.

### Sales and Marketing Expenses

THREE MONTHS ENDED SEPTEMBER				CHANGE	
30,	2022	\$	%		
(in thousands)					
THREE MONTHS ENDED MARCH 31,				THREE MONTHS ENDED MARCH 31,	
2024				2024	2023
(in thousands)					CHANGE
Sales and marketing					
Sales and marketing					
Sales and marketing					
\$ 7,238	\$ 6,376	\$ 862	14 %	\$ 10,687	\$ 8,002
8 %	8 %				
				2,685	34
				34	%

Sales and marketing expenses increased by **\$0.9 million** **\$2.7 million**, or **14%** **34%**, to **\$7.2 million** **\$10.7 million** for the three months ended **September 30, 2023** **March 31, 2024** as compared to the same period in **2022**. **2023**. Sales and marketing expenses increased primarily due to a **\$0.8 million** **\$1.7 million** increase in employee-related costs primarily resulting from head count growth, a **\$0.2 million** increase in stock-based compensation costs, partially offset by a **\$0.2 million** decrease **increase** in travel expenses, a **\$0.2 million** increase in marketing **expense**, **expenses**, and a **\$0.2 million** increase in professional and consulting expenses.

### Research and Development Expenses

THREE MONTHS ENDED SEPTEMBER				CHANGE	
30,	2022	\$	%		
(in thousands)					
THREE MONTHS ENDED MARCH 31,				THREE MONTHS ENDED MARCH 31,	
2024				2024	2023
(in thousands)					CHANGE
Research and development					
Research and development					
Research and development					
\$ 8,980	\$ 6,318	\$ 2,662	42 %	\$ 11,995	\$ 9,287
29	29	29		2,708	29
				29	%

% of total revenues	% of total revenues	10 %	7 %
------------------------	------------------------	------	-----

Research and development expenses increased by \$2.7 million, or 42% 29%, to \$9.0 million \$12.0 million for the three months ended September 30, 2023 March 31, 2024, as compared to the same period in 2022. 2023. The change in research and development expenses was primarily due to a \$2.2 million \$3.0 million increase in employee-related costs primarily resulting from head count growth, and a \$1.0 million \$0.2 million increase in stock-based compensation costs, the cost of licenses, partially offset by a \$0.6 million \$0.5 million increase in capitalized cost in R&D.

#### General and Administrative Expenses

	THREE MONTHS ENDED		CHANGE
	SEPTEMBER 30, 2023	2022	
	(in thousands)		
THREE MONTHS ENDED			
MARCH 31,			
2024			
	(in thousands)		
General and administrative			
General and administrative			
General and administrative	\$27,760	\$17,327	\$10,433 60 %
General and administrative	\$22,979	\$19,772	\$3,207 16 %
% of total revenues	32 %	20 %	

General and administrative expenses increased by \$10.4 million \$3.2 million, or 60% 16%, to \$27.8 million \$23.0 million for the three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022. 2023. The increase in general and administrative expenses was primarily due to a \$8.8 million \$1.6 million increase related to change in the fair value of contingent considerations, consideration, a \$1.6 million \$1.1 million increase in lease abandonment expense, \$0.8 million employee-related costs primarily resulting from head count growth, a \$0.5 million increase in merger and acquisition expenses, \$0.6 million 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 \$0.6 \$0.9 million decrease in transaction cost, a \$0.3 million decrease in employee-related costs, and a \$0.3 million decrease in insurance expense. stock-based compensation costs.

#### Intangible Asset Amortization

	THREE MONTHS ENDED		CHANGE
	SEPTEMBER 30,		

	2023	2022	\$	%		
	(in thousands)					
THREE MONTHS ENDED					THREE MONTHS ENDED MARCH 31,	CHANGE
MARCH 31,					2024	2023
	(in thousands)					
Intangible asset amortization						
Intangible asset amortization						
Intangible asset amortization	Intangible asset amortization	\$11,155	\$10,591	\$564 5 %	\$12,593	\$10,535
% of total revenues	% of total revenues	13 %	13 %			
					\$2,058	20 %

Intangible asset amortization expense increased by ~~\$0.6 million~~ \$2.1 million, or ~~5%~~ 20%, to ~~\$11.2 million~~ \$12.6 million for the three months ended ~~September 30, 2023~~ March 31, 2024, as compared to the same period in ~~2022~~ 2023. The increase in intangible asset amortization expense was primarily due to ~~higher~~ \$1.3 million increase in amortization expense from ~~in~~ acquired intangible assets and ~~\$0.8 million increase in~~ amortization in capitalized software.

#### Depreciation and Amortization Expense

	THREE MONTHS ENDED				
	SEPTEMBER 30,		CHANGE		
	2023	2022	\$	%	
	(in thousands)				
THREE MONTHS ENDED					
MARCH 31,					THREE MONTHS ENDED MARCH 31,
	(in thousands)				
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization	Depreciation and amortization	\$367	\$417	\$(50) (12)%	\$432
% of total revenues	% of total revenues	— %	— %		\$411
					\$21
					5 %
					5 %

Depreciation and amortization expense of \$0.4 million was relatively flat for the three months ended ~~September 30, 2023~~ March 31, 2024, as compared to the same period in ~~2022~~ 2023.

#### Goodwill Impairment Interest Expense

	THREE MONTHS ENDED SEPTEMBER 30,		CHANGE	
	2023	2022	\$	%
	(in thousands)			
Goodwill impairment expense	\$ 46,984	\$ —	\$ 46,984	nm

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

Goodwill impairment interest expense was \$47.0 million increased by \$0.3 million, or 5%, to \$5.8 million for the three months ended September 30, 2023 as compared to no goodwill impairment expense for the same period in 2022. The increase in goodwill impairment expense was primarily due to record goodwill impairment for legacy Regulatory and Writing reporting unit as the carrying value exceeded its fair value.

#### Interest Expense

	THREE MONTHS ENDED SEPTEMBER 30,		CHANGE	
	2023	2022	\$	%
	(in thousands)			
Interest expense	\$ 5,903	\$ 5,221	\$ 682	13 %
% of total revenues	7 %	6 %		

Interest expense increased by \$0.7 million, or 13%, to \$5.9 million for the three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022. 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 reflected on our term loan floating rate debt. The increase in interest expense was partially offset by a \$1.5 million \$0.5 million increase in gain from our interest swap hedge activities.

#### Net Other Income (Income ) Expense

	THREE MONTHS ENDED		CHANGE	
	SEPTEMBER 30,			
	2023	2022	\$	%
(in thousands)				
Net other income	\$ (5,078)	\$ (2,855)	\$ (2,223)	78 %
THREE MONTHS ENDED		THREE MONTHS ENDED MARCH 31,		CHANGE
MARCH 31,				

	2024	2024	2023	\$	%
	(in thousands)				
Net other (income ) expense					
Net other (income ) expense					
Net other (income ) expense		\$ (1,604)	\$ (506)	\$ (1,098)	217 %
% of total revenues	% of total revenues	(6)%	(3)%		

Net other income increased by \$2.2 million \$1.1 million, to \$5.1 million \$1.6 million for the three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022. The increase in net other income was primarily due to a \$2.5 million \$1.2 million increase in interest income primarily from cash investments, and partially offset by a \$0.3 million decrease in gains related to the fluctuation of foreign currency exchange rates. investments.

#### Provision (benefit) (Benefit) for Income Taxes

	THREE MONTHS ENDED					
	SEPTEMBER 30,		CHANGE			
	2023	2022	\$			
(in thousands)						
THREE MONTHS ENDED			THREE MONTHS ENDED MARCH 31,			
MARCH 31,			CHANGE			
2024			2024			
(in thousands)						
Provision (benefit) for income taxes						
Provision (benefit) for income taxes						
Provision (benefit) for income taxes	\$ (4,644)	\$ 4,557	\$ (9,201)	(202)%	\$ (751)	
Effective income tax rate	9 %	54 %			\$ 1,111	
					\$ (1,862)	
					\$ (168)	
					\$ (168) %	

Income Our income tax benefit was \$4.6 million \$0.8 million, resulting in an effective income tax rate of 9% 14% for the three months ended September 30, 2023 March 31, 2024 as compared to an income tax expense of \$4.6 million \$1.1 million, or an effective income tax rate of

54% 45%, for the same period in 2022. 2023. Our income tax (benefit) expense for the three months ended September 30, 2023 March 31, 2024 and 2022 were 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) (Loss)

	THREE MONTHS ENDED SEPTEMBER 30,		CHANGE	
	2023	2022	\$	%
(in thousands)				
Net income (loss)	\$ (48,965)	\$ 3,936	\$ (52,901)	nm

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

Net loss was \$49.0 million \$4.7 million representing a \$52.9 million decrease \$6.0 million change in net income for the three months ended September 30, 2023 March 31, 2024 as compared to a net income of \$3.9 million in \$1.4 million for the same period of 2022. 2023. The decrease in net income was primarily due to a \$47.0 million \$10.7 million increase in goodwill impairment operating expense, a \$8.8 million increase related to change in the fair value of contingent considerations, a \$1.6 million increase in lease abandonment expense, a \$4.1 million increase in other operating expenses, and a \$3.1 million \$4.4 million increase in cost of revenue, partially offset by a \$9.2 million \$6.4 million increase in revenue, a \$1.9 million decrease in tax expense, and a \$2.5 million \$0.8 million increase in interest total other income.

#### Nine Months Ended September 30, 2023 Versus Nine Months Ended September 30, 2022

The following table summarizes our unaudited statements of operations data for the nine months ended September 30, 2023 and 2022:

##### Revenues

	NINE MONTHS ENDED SEPTEMBER 30,		CHANGE	
	2023	2022	\$	%
(in thousands)				
Software	\$ 98,058	\$ 86,309	\$ 11,749	14 %
Services	168,269	162,702	5,567	3 %
<b>Total revenues</b>	<b>\$ 266,327</b>	<b>\$ 249,011</b>	<b>\$ 17,316</b>	<b>7 %</b>

Revenues increased \$17.3 million, or 7%, to \$266.3 million for the nine months ended September 30, 2023 as compared to the same period in 2022. The increase in revenues was primarily due to growth in our technology-driven services and software product offerings from strong demand

within existing customers, client expansions, and new customers. The increase was partially offset by the negative impact on our revenue from the fluctuation of foreign currency exchange rates.

Software revenues increased \$11.7 million, or 14%, to \$98.1 million for the nine months ended September 30, 2023 as compared to the same period in 2022. The overall growth is primarily attributable to growth in strong demand within existing customers, new product introductions, and expanding relationships with customers.

Services revenues increased \$5.6 million, or 3%, to \$168.3 million for the nine months ended September 30, 2023 as compared to the same period in 2022. The growth in overall services revenue is primarily attributable to continued growth in biosimulation. The increase was partially offset by the decline in regulatory revenues.

#### **Cost of Revenues**

	NINE MONTHS ENDED SEPTEMBER 30,		CHANGE	
	2023		2022	
			\$	%
(in thousands)				
Cost of revenues	\$ 106,956	\$ 100,795	\$ 6,161	6 %

Cost of revenues increased by \$6.2 million, or 6%, to \$107.0 million for the nine months ended September 30, 2023 as compared to the same period in 2022. The increase was primarily due to a \$4.2 million increase in employee-related costs resulting from billable head count growth, a \$1.5 million increase in stock-based compensation costs, a \$0.9 million increase in intangible assets amortization, and a \$0.5 million increase in travel, partially offset by a \$0.4 million increase in capitalized software cost, a \$0.3 million decrease in miscellaneous operation expenses, and a \$0.2 million decrease in consulting and professional services.

#### **Sales and Marketing Expenses**

	NINE MONTHS ENDED SEPTEMBER 30,		CHANGE	
	2023		2022	
			\$	%
(in thousands)				
Sales and marketing	\$ 23,351	\$ 19,608	\$ 3,743	19 %
% of total revenues	9 %	8 %		

Sales and marketing expenses increased by \$3.7 million, or 19%, to \$23.4 million for the nine months ended September 30, 2023 as compared to the same period in 2022. Sales and marketing expenses increased primarily due to a \$3.2 million increase in employee-related costs resulting from head count growth, a \$0.5 million increase in travel, a \$0.2 million increase in marketing, and a \$0.2 million increase in miscellaneous operating expense, partially offset by a \$0.4 million decrease in stock-based compensation cost.

#### **Research and Development Expenses**

	NINE MONTHS ENDED SEPTEMBER 30,		CHANGE	
	2023		2022	
			\$	%
(in thousands)				
Research and development	\$ 26,155	\$ 21,607	\$ 4,548	21 %
% of total revenues	10 %	9 %		

Research and development expenses increased by \$4.5 million, or 21%, to \$26.2 million for the nine months ended September 30, 2023 as compared to the same period in 2022. The increase in research and development expenses was primarily due to a \$5.3 million increase in employee-related costs primarily resulting from headcount growth, a \$0.7 million increase in stock-based compensation cost, and a \$0.3 million increase in travel, partially offset by a \$1.5 million increase in capitalized cost in research & development, and a \$0.3 million decrease in consulting and professional expense.

#### **General and Administrative Expenses**

	NINE MONTHS ENDED SEPTEMBER 30,		CHANGE	
	2023	2022	\$	%
	(in thousands)			
General and administrative	\$ 61,777	\$ 53,444	\$ 8,333	16 %
% of total revenues	23 %	21 %		

General and administrative expenses increased by \$8.3 million, or 16%, to \$61.8 million for the nine months ended September 30, 2023, as compared to the same period in 2022. The increase in general and administrative expenses was primarily due to a \$11.3 million increase related to the change in fair value of contingent consideration, a \$1.6 million increase in lease abandonment expense, a \$1.1 million increase in equipment expenses, a \$0.8 million increase in merger and acquisition cost, a \$0.6 million increase in consulting and professional services expense, a \$0.4 million increase in executive recruiting expense, and a 0.3 million increase in employee-related costs resulting from head count growth, partially offset by a \$4.8 million decrease in stock-based compensation costs, a \$1.0 million decrease in first-year Sarbanes-Oxley implementation costs, a \$0.9 million decrease in insurance expense, a \$0.7 million decrease in transaction expense, and a \$0.3 million decrease in facility and lease related expense.

#### **Intangible Asset Amortization**

	NINE MONTHS ENDED SEPTEMBER 30,		CHANGE	
	2023	2022	\$	%
	(in thousands)			
Intangible asset amortization	\$ 32,272	\$ 31,095	\$ 1,177	4 %
% of total revenues	12 %	12 %		

Intangible asset amortization expense increased by \$1.2 million, or 4%, to \$32.3 million for the nine months ended September 30, 2023 as compared to the same period in 2022. The increase in intangible asset amortization expense is primarily due to increased amortization expense from capitalized software.

#### **Depreciation and Amortization Expense**

	NINE MONTHS ENDED SEPTEMBER 30,		CHANGE	
	2023	2022	\$	%
	(in thousands)			
Depreciation and amortization	\$ 1,139	\$ 1,321	\$ (182)	(14)%
% of total revenues	— %	1 %		

Depreciation and amortization expense decreased by \$0.2 million, or 14%, to \$1.1 million for the nine months ended September 30, 2023, as compared to the same period in 2022. The decrease was primarily due to a decrease in depreciation and amortization from finance lease and furniture for the nine months ended September 30, 2023 as compared to the same period in 2022.

#### **Goodwill Impairment Expense**

	NINE MONTHS ENDED SEPTEMBER 30,		CHANGE	
	2023	2022	\$	%
	(in thousands)			
Goodwill Impairment Expense	\$ 46,984	\$ —	\$ 46,984	nm

Goodwill impairment expense was \$47.0 million for the nine months ended September 30, 2023 as compared to no goodwill impairment expense for the same period in 2022. The increase in goodwill impairment expense was primarily due to record goodwill impairment for legacy Regulatory and Writing reporting unit as the carrying value exceeded its fair value.

#### **Interest Expense**

	NINE MONTHS ENDED SEPTEMBER 30,		CHANGE	
	2023	2022	\$	%
	(in thousands)			
Interest expense	\$ 17,046	\$ 12,328	\$ 4,718	38 %
% of total revenues	6 %	5 %		

Interest expense increased by \$4.7 million, or 38%, to \$17.0 million for the nine months ended September 30, 2023 as compared to the same period in 2022. The increase in interest expense was primarily due to an increase in market interest rates reflected on our term loan floating rate debt. The increase in interest expense was partially offset by a \$3.8 million gain from interest swap hedge activities.

#### **Net other income**

	NINE MONTHS ENDED SEPTEMBER 30,		CHANGE	
	2023	2022	\$	%
	(in thousands)			
Net other income	\$ (6,594)	\$ (6,217)	\$ (377)	6 %
% of total revenues	(2)%	(2)%		

Net other income increased by \$0.4 million to \$6.6 million for the nine months ended September 30, 2023 as compared to the same period in 2022. The increase in net other income was primarily due to a \$6.1 million increase in interest income, partially offset by a \$5.7 million remeasurement losses related to the fluctuation of foreign currency exchange rates.

#### **Provision for Income Taxes**

	NINE MONTHS ENDED SEPTEMBER 30,		CHANGE	
	2023	2022	\$	%
	(in thousands)			
Provision for income taxes	\$ 142	\$ 9,473	\$ (9,331)	(99)%

Effective income tax rate	(0.3)%	63 %
---------------------------	--------	------

Income tax expense was \$0.1 million, resulting in an effective income tax rate of (0.3)% for the nine months ended September 30, 2023 as compared to an income tax expense of \$9.5 million, or an effective income tax rate of 63%, for the same period in 2022. Our income tax expense for the nine months ended September 30, 2023 and 2022 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 (Loss) income

	NINE MONTHS ENDED SEPTEMBER 30,		CHANGE	
	2023	2022	\$	%
	(in thousands)			
Net (loss) income	\$ (42,901)	\$ 5,557	\$ (48,458)	(872)%

Net loss was \$42.9 million, representing a \$48.5 million decrease in net income for the nine months ended September 30, 2023, as compared to a net income of \$5.6 million in the same period of 2022. The decrease in net income was primarily due to a \$47.0 million increase in goodwill impairment charge, a \$11.3 million increase in expense related to change in the fair value of contingent considerations, a \$6.2 million increase in cost of revenue, a \$5.7 million remeasurement losses related to the fluctuation of foreign currency exchange rates, a \$4.7 million increase in other operating expense items, a \$4.7 million increase in interest expense, and a \$1.6 million increase in lease abandonment expense, partially offset by a \$17.3 million increase in total revenue, a \$9.3 million decrease in tax expense, a \$6.1 million increase in interest income.

#### Liquidity and Capital Resources

We have consistently generated positive cash flow from operations, providing \$59.4 million \$4.3 million and \$57.1 million \$10.0 million as a source of funds for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022, 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 **nine** **three** and twelve months periods ended at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** and as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

	September December		(in thousands)
	30, 2023	31, 2022	
	March 31, 2024		March 31, 2024
	(in thousands)		December 31, 2023
Net cash from operating activities <sup>(a)</sup>	Net cash from operating activities <sup>(a)</sup>	59,429 92,543	(in thousands)
Cash and cash equivalents <sup>(b)</sup>	Cash and cash equivalents <sup>(b)</sup>	272,312 236,586	

Term loan credit facilities	Term loan credit facilities	295,205	297,470
Revolving line of credit (c)		100,000	100,000
Gross revolving line of credit			

(a) Net cash from operating activities for **nine** **three** months ended at **September 30, 2023** **March 31, 2024** and twelve months ended at **December 31, 2022** **December 31, 2023**.

(b) Cash balance as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** included **\$70.0 million** **\$46.2 million** and **\$56.4 million** **\$47.3 million** cash and cash equivalents, respectively, held outside of the United States.

(c) Available borrowings under the revolving lines of credits as of September 30, 2023 and December 31, 2022 were reduced by \$0.1 million and \$0.1 million standby letters of credit issued to a landlord in lieu of a security deposit in addition to any outstanding borrowings.

Our material cash requirements from known contractual obligations are principal and interest payments of long-term debt. We also have future cash obligations of **\$12.7 million** **\$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 **September 30, 2023** **March 31, 2024** matures in the following years:

	Remainder of 2023	2024	2025	2026	TOTAL
	(in thousands)				
Maturities	\$ 755	\$ 3,020	\$ 3,020	\$ 288,410	\$ 295,205

	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 2022 Annual Report.

## Cash Flows

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

		NINE MONTHS ENDED SEPTEMBER 30,			
		2023	2022		
		(in thousands)			
THREE MONTHS ENDED MARCH 31,		2024		THREE MONTHS ENDED MARCH 31, 2023	
		(in thousands)		(in thousands)	
Net cash provided by operating activities	Net cash provided by operating activities	\$59,429	\$57,058		
Net cash used in investing activities	Net cash used in investing activities	(18,503)	(15,238)		
Net cash used in financing activities	Net cash used in financing activities	(8,195)	(6,395)		
Effect of foreign exchange rate changes on cash and cash equivalents, and restricted cash	Effect of foreign exchange rate changes on cash and cash equivalents, and restricted cash	(107)	(8,266)		
Net increase in cash and cash equivalents, and restricted cash		\$32,624	\$27,159		

Net increase (decrease) in cash and cash equivalents, and restricted cash	
Cash paid for interest	Cash paid for interest \$13,668 \$12,310
Cash paid for income taxes	Cash paid for income taxes \$12,365 \$ 7,784

### **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 nine three months of 2023 2024 was \$59.4 million \$4.3 million, compared to \$57.1 million \$10.0 million in the same period of 2022. 2023. The \$2.4 million increase \$5.7 million decrease in cash from operating activities was primarily due to higher driven by decrease in cash-adjusted net income, reduced cash collections inflows from accounts receivable, reduced deferred revenues, more cash utilized for acquiring prepaid and other assets, and increased payments for accounts payable, and accrued expenses, and other liabilities, partially offset by increased higher cash utilization for obtaining prepaid and other assets, as well as higher payments for taxes and interest collected from accounts receivable.

### **Investing Activities**

Net cash used in by investing activities in the first nine three months of 2023 2024 was \$18.5 million \$3.6 million, an increase of \$3.3 million \$0.8 million, compared to \$15.2 million \$2.7 million in the same period of 2022. 2023. The change in investing activities was primarily due to a \$1.7 million increase in cash payments in connection with business acquisitions, and a \$1.9 million \$0.6 million increase in cash utilized in capitalized development costs partially offset by and a \$0.4 million decrease \$0.3 million increase in cash utilized in capital expenditures to support our growth.

### **Financing Activities**

Net cash used in by financing activities in the first nine three months of 2023 2024 was \$8.2 million \$10.3 million, compared to \$6.4 million \$0.9 million cash used in the same period of 2022. 2023. The \$1.8 million \$9.5 million decrease in cash flow in financing activities was primarily due to a \$3.1 million an \$8.6 million increase in cash payments for contingent consideration related to business acquisition, and a \$0.9 million increase in connection cash payments associated with share awards vested and withheld for payroll tax, partially offset by a \$1.1 million decrease in cash payments on the financing component of the interest rate swap.

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. The Company We and the our lenders most recently modified the Credit Agreement on June 17, 2021, which provides for, among other things, (i) June 17, 2021. The maturity date of the extension of term loans under the Credit Agreement is August 2026; the termination date applicable to the revolving credit commitments under the Credit Agreement to is 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 the modified Credit Agreement 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 contains various financial and nonfinancial covenants.

2025.

Borrowings under the Credit Agreement were subject bear interest at a rate per annum equal to either (i) the Eurocurrency rate, with a variable interest 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, plus a margin. The applicable margins were based on achieving certain levels of compliance with financial covenants. We signed we executed a LIBOR transition amendment on June 26, 2023 to adopt a new benchmark interest rate, SOFR, determined in accordance June 2023, formalizing the replacement of LIBOR with the Secured Overnight Funding Rate ("SOFR"). As part of this modification, a Credit Agreement Spread Adjustment ("CSA") was introduced to replace LIBOR. In order to make aligning SOFR similar to with LIBOR in terms of the overall interest rate being earned by the lenders under the Credit Agreement, a Credit Spread Adjustment ("CSA") is added to the SOFR Agreement. The CSA varied depending on the selected interest period.

Additionally, we are obligated to pay under the revolving credit facility (i) a commitment fee of between 0.50% and 0.25% per annum of the unused amount of the revolving credit facility, depending on the applicable first lien leverage ratio, (ii) customary letter of credit issuance and participation fees, and (iii) other customary fees and expenses of the letter of credit issuers.

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 September 30, 2023 March 31, 2024, we had \$295.2 million \$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, and outstanding letters of credit of \$0.1 million under the Credit Agreement.

As of September 30, 2023, we were in compliance with the covenants of the Credit Agreement.

## Contractual Obligations and Commercial Commitments

There have been no material changes to our contractual obligations during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** from those disclosed in our **2022** **2023** Annual Report, except for payments made in the ordinary course of business.

## Income Taxes

We recorded income tax **expense** **benefit** of **\$0.1 million** **\$0.8 million** for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and income tax expense of **\$9.5 million** **\$1.1 million** for the **nine** **three** months ended **September 30, 2022** **March 31, 2023**.

As of **September 30, 2023** **March 31, 2024**, we had federal and state NOLs of approximately **\$1.8 million** **\$1.6 million** and **\$0.05 million** **\$0.04 million**, respectively, which are available to reduce future taxable income and expire between **2024** **2035** and 2036 and 2029 and 2040, respectively. We had federal and state R&D tax credit carryforwards of approximately **\$0.4 million** **\$0.3 million** and **\$0.1 million**, **\$0**, respectively, to offset future income taxes, which expire between **2025** **2027** and **2042** **2028**. We also had foreign tax credits of approximately **\$10.6 million** **\$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 **\$65.8 million** **\$81.6 million** which will start to expire in **2023**, **2024**, foreign research and development credits of \$0.3 million which expire in 2029, and Canadian investment tax credits of approximately **\$3.5 million** **\$3.8 million** which expire between **2030** **2031** and **2040**, **2041**. Our carryforwards are subject to review and possible adjustment by the appropriate taxing authorities.

As required by **ASC** **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 **\$25.7 million** is **\$31.5 million** was recorded at **December 31, 2022** **December 31, 2023**. As of **September 30, 2023** **March 31, 2024**, the valuation allowance remained unchanged from **December 31, 2022** **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 **2022** **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 **2022** **2023** Annual Report. There were no significant changes to our critical accounting estimates during the three months ended **September 30, 2023** **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 **2022** **2023** Annual Report. There were no material changes to the Company's market risk exposure during the **nine** **three** months ended **September 30, 2023** **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 **September 30, 2023** **March 31, 2024**.

#### Changes in Internal Control over Financial Reporting

During the period ended **September 30, 2023** **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 **2022** **2023** Annual Report.

### Item 1A. Risk Factors

Except as described below, there have been **There are no significant material** changes **to from any of** the risk factors previously disclosed in our **2022** **2023** Annual Report that we believe are **material** **in response to** our business, financial condition, results of operations, cash flows or growth

prospects.

Adverse developments affecting the financial services industry, including events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties, could impair our ability or our customers' ability to access existing cash, cash equivalents and investments, which could negatively impact the timely payment to key vendors and others or timely receipt of accounts payable from customers.

Events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank ("SVB") was placed into receivership with the Federal Deposit Insurance Corporation ("FDIC"), which resulted in all funds held at SVB being temporarily inaccessible by SVB's customers. Although the Company did not hold cash deposits or securities at SVB if other banks and financial institutions with which we have banking relationships are placed into receivership or go bankrupt in the future, we may not be able to access our current cash, cash equivalents, and investments and we may lose some or all of them, to the extent that those funds are not insured or otherwise protected by the FDIC. We maintain substantially all of our cash and cash equivalents in accounts with U.S. and multi-national financial institutions, and our deposits at these institutions exceed insured limits. In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Our customers are also exposed to this same risk, and any delay in our customer's ability to access their cash and cash equivalents to make timely payments to us could have a materially negative impact on our operations and necessitate the need for additional capital sooner than anticipated. Any of these the foregoing could have material adverse impacts on our liquidity and our business, financial condition or results of operations. **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 **September 30, 2023** **March 31, 2024**.

	Total Number of Shares Purchased(a)	Weighted Average Price Paid per Share	Approximate Dollar Value of Shares That May Yet be Purchased Under Announced Programs	
			Total Number of Shares Purchased Under Announced Programs	Purchased Under Announced Programs
7/1/2023 to 7/31/2023	568	\$ 18.21	—	\$ —
8/1/2023 to 8/31/2023	5,108	\$ 19.40	—	\$ —
9/1/2023 to 9/30/2023	31,268	\$ 14.43	—	\$ —
<b>Total</b>	<b>36,944</b>	<b>\$ 15.18</b>	<b>—</b>	<b>\$ —</b>

	Total Number of Shares Purchased(a)	Weighted Average Price Paid per Share	Approximate Dollar Value of Shares That May Yet be Purchased Under Announced Programs	
			Total Number of Shares Purchased Under Announced Programs	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	—	\$ —
<b>Total</b>	<b>60,177</b>	<b>\$ 18.87</b>	<b>—</b>	<b>\$ —</b>

(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 restricted stock 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 August 11, 2023 March 15, 2024, Richard Traynor, Robert Aspbury, our Senior Vice President, and General Counsel, 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 76,070 120,000 shares of our common stock from November 14, 2023 June 28, 2024 through June 28, 2024 December 13, 2024.

The Company previously announced on March 1, 2023, on Form 8-K that it entered into an employment agreement with John E. Gallagher III, the Company's Chief Financial Officer (the "Employment Agreement"). On November 7, 2023, the Company entered into an Amended and Restated Employment Agreement with Mr. Gallagher (the "A&R Employment Agreement"), pursuant to which, in addition to the consideration previously disclosed, the Company agreed to pay Mr. Gallagher \$235,750.00, representing an unpaid annual bonus from a prior employer and to reimburse Mr. Gallagher for legal fees and expenses in pursuing the unpaid bonus claim against his prior employer. Pursuant to the A&R Employment Agreement, Mr. Gallagher agreed to reimburse the Company with any funds recovered from his prior employer up to the amount paid by the Company.

### **Item 6. Exhibits**

See Exhibit Index.

### **EXHIBIT INDEX**

Incorporated by Reference

Exhibit Number	Exhibit Title	Form	File No.	Exhibit	Filing Date
10.1 10.1* **	<a href="#">Amended And Restated Employment Exhibit 10.1 - 2024 PSU Grant Agreement dated as of November 7, 2023 between Certara, Inc and John Gallagher</a>				
31.1	<a href="#">Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				
31.2	<a href="#">Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				
32.1 32.1+	<a href="#">Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002+</a>				
32.2 32.2+	<a href="#">Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002+</a>				
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 purposes 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: November 8, 2023 May 7, 2024

By: /s/ William F. Feehery

Name: William F. Feehery

Title: Chief Executive Officer  
(Principal Executive Officer)

Date: November 8, 2023 May 7, 2024

By: /s/ John E. Gallagher III

Name: John E. Gallagher III

Title: Chief Financial Officer  
(Principal Financial Officer)

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**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 Exhibit 10.1**

**PERFORMANCE STOCK UNIT GRANT NOTICE  
AMENDED AND RESTATED EMPLOYMENT AGREEMENT UNDER THE  
CERTARA, INC.  
2020 INCENTIVE PLAN**

This AMENDED 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:** [•]

-year 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 RESTATED EMPLOYMENT (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.]

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Certara - Form of PSU Grant and Award Agreement (2024 grants)

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**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 (this AND THE PLAN).**

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**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

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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  $\leq 25$ th percentile and up to the  $\geq 75$ th percentile, no TSR Modifier will be applied. If rTSR Ranking is achieved at a level within the  $\geq 75$ th 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.

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### 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

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

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(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).

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**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") is made and entered into the Certara, Inc. 2020 Incentive Plan, as of this 7th day of November, 2023, by and between the Company and John Gallagher (the "Executive").

**WITNESSETH:**

WHEREAS, the Company and Executive entered into an Employment Agreement, dated February 26, 2023 (the "Agreement");

WHEREAS, the Company and Executive desire to amend the Agreement as more particularly set forth herein;

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and Executive hereby Participant agree as follows:

**Section 1. Definitions.** Capitalized terms not otherwise defined elsewhere in this Agreement herein shall have the same meaning set forth in this Section 1.

(a) "Accrued Obligations" shall mean (i) all accrued but unpaid Base Salary through the date of termination of Executive's employment, payable within thirty (30) days following the date of termination, (ii) any unpaid or unreimbursed business expenses incurred in accordance with Section 6 hereof, payable within thirty (30) days following the date of termination and (iii) any benefits provided under the Company's employee benefit plans upon a termination of employment, including rights with respect to equity participation under the Equity Documents, in accordance with the terms contained therein.

(b) "Board" shall mean the Board of Directors of the Company.

(c) "Cause" shall mean (i) Executive's act(s) of gross negligence or willful misconduct in the course of Executive's employment hereunder, (ii) willful failure or refusal by Executive to perform in any material respect his duties or responsibilities, (iii) misappropriation (or attempted misappropriation) by Executive of any assets or business opportunities of the Company or any other member of the Company Group, (iv) embezzlement or fraud committed (or attempted) by Executive, or at his direction, (v) Executive's conviction of, or pleading "guilty" or "no contest" to, (x) a felony or (y) any other criminal charge that has, or could be reasonably expected to have, a material adverse impact on the performance of Executive's duties to the Company or any other member of the Company Group or otherwise result in material injury to the reputation or business of the Company or any other member of the Company Group, (vi) any material violation by Executive of the policies of the Company, including but not limited to

those relating to sexual harassment or business conduct, and those otherwise as set forth in the manuals or statements of policy of the Company, or (vii) Executive's material breach of this Agreement or of the Equity Documents. Plan.

(d) 1. **"Code"** shall mean the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

(e) **"Company Group"** shall mean the Company, together with any of its direct or indirect subsidiaries.

(f) **"Compensation Committee"** shall mean the committee of the Board designated to make compensation decisions relating to senior executive officers of the Company Group.

(g) **"Confidential Information"** has the meaning set forth in the Restrictive Covenants.

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(h) **"Disability"** shall mean any physical or mental disability or infirmity of Executive that prevents the performance of Executive's duties for a period of (i) ninety (90) consecutive days or (ii) one hundred twenty (120) non-consecutive days during any twelve (12) month period. Any question as to the existence, extent, or potentiality of Executive's Disability upon which Executive and the Company cannot agree shall be determined by a qualified, independent physician selected by the Company and approved by Executive (which approval shall not be unreasonably withheld, delayed or conditioned). The determination of any such physician shall be final and conclusive for all purposes of this Agreement.

(i) **"Good Reason"** shall mean, without Executive's consent, (i) a demotion in Executive's title, duties, or responsibilities as set forth in Section 3 hereof or (ii) a reduction in Base Salary set forth in Section 4(a) hereof or Target Annual Bonus opportunity set forth in Section 4(b) hereof (other than pursuant to an across-the-board reduction applicable to all similarly situated executives) or (iii) a requirement that the Executive's principal place of employment as set forth in Section 3(c) changes by more than 50 miles, or (iv) any other material breach of a provision of this Agreement by the Company (other than a provision that is covered by clause (i) or (ii) or (iii) above). Executive acknowledges and agrees that his exclusive remedy in the event of any breach of this Agreement shall be to assert Good Reason pursuant to the terms and conditions of Section 7(f) hereof. Notwithstanding the foregoing, during the Term of Employment, in the event that the Board reasonably believes that Executive may have engaged in conduct that could constitute Cause hereunder, the Board may, in its sole and absolute discretion, suspend Executive from performing his duties hereunder, and in no event shall any such suspension constitute an event pursuant to which Executive may terminate employment with Good Reason or otherwise constitute a breach hereunder; provided, that no such suspension shall alter the Company's obligations under this Agreement during such period of suspension.

(j) **"Person"** shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non- charitable), unincorporated organization, or other form of business entity.

(k) **"Release of Claims"** shall mean the Release of Claims in substantially the same form attached hereto as **Exhibit A** (as the same may be revised from time to time by the Company upon the advice of counsel).

(l) **"Restrictive Covenants"** shall mean the Restrictive Covenants attached hereto as **Exhibit B** **Performance Stock Units**.

(m) **"Severance Term"** shall mean the six (6) month period following Executive's termination by the Company without Cause (other than by reason of death or Disability) or by Executive with Good Reason.

## **Section 2. Acceptance and Term of Employment.**

The Company agrees **Subject to employ Executive, and Executive agrees to serve the Company, on** the terms and conditions set forth **herein**. Executive's employment **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 commence on April 1, 2023 ("be deemed a Restricted Stock Unit subject to the Performance Conditions set forth in the Grant Notice.**

2. **Start Date Earned PSUs")**, **Subject to the conditions contained herein and continue until terminated in the Plan, the Performance Stock Units shall become Earned PSUs as provided in Section 7 hereof ("Term of Employment").**

## **Section 3. Position, Duties, and Responsibilities; Place of Performance.**

(a) **Position, Duties, and Responsibilities.** During the Term of Employment, Executive shall be employed and serve as the Chief Financial Officer of the Company (together with such other position or positions consistent with Executive's title as the Board shall specify from time to time) and shall have such duties and responsibilities commensurate with such title. **Grant Notice.**

(b) 3. **Settlement of Performance Stock Units.** Executive shall devote his full business time, attention, skill, and best efforts **The Company will deliver to the performance of his duties under this Agreement and shall not engage in any other business or occupation during the Term of Employment, including, Participant, without limitation, any activity that (x) conflicts with the interests** **charge on March 1<sup>st</sup> of the Company or any other member 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 Group, (y) interferes** 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).

with the proper and efficient performance of Executive's duties for the Company, or (z) interferes with Executive's exercise of judgment in the Company's best interests. Executive shall not serve as a member of the board of directors or advisory board (or the equivalent in the case of a non-corporate entity) of a non-competing for- profit business and one or more charitable organizations without the express written consent of the CEO. Executive may (i) engage in charitable activities and community affairs, and (ii) manage Executive's personal investments and affairs; *provided, however*, that the activities either consented to in writing by the CEO or set out in clauses (i) and (ii) shall be limited by Executive so as not to materially interfere, individually or in the aggregate, with the performance of his duties and responsibilities hereunder.

(c) **Principal Place of Employment.** Executive's principal place of employment shall be the company's U.S. headquarters (so long as such headquarters is located either in the Princeton, NJ or Philadelphia PA-metro area (e.g. Blue Bell or Conshohocken, PA), although Executive understands and agrees that he may be required to travel from time to time for business reasons including, without limitation, the Company's other offices.

#### **Section 4. Compensation.**

During the Term of Employment, Executive shall be entitled to the following compensation:

(a) **Base Salary.** Executive shall be paid an annualized Base Salary (the "Base Salary"), payable in accordance with the regular payroll practices of the Company, of \$575,000, as may be adjusted from time to time in writing by the Compensation Committee.

(b) **Annual Bonus.** Executive shall be eligible for an annual incentive bonus award determined by the Compensation Committee in respect of each fiscal year during the Term of Employment (the "Annual Bonus"). The target Annual Bonus for each fiscal year shall be 50% of Base Salary (the "Target Annual Bonus"), with the actual Annual Bonus payable being based upon the level of achievement of annual Company and individual performance objectives for such fiscal year, as determined by the Board (or Compensation Committee) in consultation with Executive. The Annual Bonus shall otherwise be subject to the terms and conditions of the annual bonus plan adopted by the Board or the Compensation Committee, if any, under which bonuses are generally payable to senior executives of the Company, as in effect from time to time. The Annual Bonus shall be paid in cash to Executive at the same time as annual bonuses are generally payable to other senior executives of the Company, subject to Executive's continuous employment through the annual bonus payment date (subject to Section 7 below). The parties affirm that Executive shall be eligible to receive the Annual Bonus for the full fiscal year of 2023, provided that he remains employed through the end of the year, and subject to the other conditions set forth in this clause.

(c) **Sign-on Bonus.** Executive will receive a one-time sign-on bonus in the gross amount of \$200,000 on Executive's first regularly scheduled pay date. The sign-on bonus will be paid as a lump sum, less applicable withholdings. By receiving this sign-on bonus, Executive agrees that if Executive's employment is terminated for Cause during the first twelve months of employment, or Executive leaves the Company for any reason other than Good Reason, Executive will repay 1/12th of the gross amount for each full month of service remaining in such 12-month period.

(d) **Equity Participation.** In connection with the commencement of Executive's employment hereunder, Executive shall be entitled to participate in and receive grants under the Company 2020 Equity Plan, pursuant to the terms of such plan, and

the applicable equity award agreements (the "Equity Documents"). Executive's equity participation shall be exclusively governed by the terms of the Equity Documents. On your Start Date, you will receive long-term incentive equity award in the form of 40% Restricted Stock Units ("RSUs") and 60% Performance Stock Units ("PSUs"), with an aggregate value of \$2,100,000, in accordance with the RSU and PSU agreements applicable to all executive officers. On your Start Date, you will also receive a one-time equity award with a value of \$650,000, in the form of RSUs, with a vesting schedule of 50% after 12 months of employment and 50% after 24 months of employment.

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**(e)4. Payment Treatment of Unpaid Annual Bonus from Prior Employer Performance Stock Units Upon**

**Termination.** Executive will be paid the sum Treatment of \$235,750.00, representing an amount equal to the 2022 annual bonus owed but unpaid to Executive by his prior employer ("Prior Employer Bonus"). The Prior Employer Bonus will be paid in Performance Stock Units upon a lump sum, less applicable withholdings prior to the end of fiscal year 2023. Subject to the limitation below, the Company will also pay for any reasonable out-of-pocket legal fees and expenses incurred in seeking to recover the unpaid annual bonus from Executive's prior employer ("Costs"). If Executive ultimately receives any payment from his prior employer relating to the unpaid annual bonus, including but not limited to any attorney's fees, costs, or penalties, whether through a settlement agreement, judgment or otherwise, Executive shall promptly reimburse the Company up to the amount of the Prior Employer Bonus and Costs paid by the Company. Any amounts recovered by Executive from the prior employer in excess of the Prior Employer Bonus and Costs Participant's Termination shall be retained by Executive. The Company may decide at any time in its sole discretion, upon notice to the Executive, that it will not reimburse Executive for any new Costs incurred in seeking payment from his prior employer. Following such notice, Executive may decide to continue to pursue legal action against his prior employer at his sole cost and expense, and Executive shall be entitled to retain any such cost and expense from any amounts ultimately collected from his prior employer before reimbursing Employer for any Prior Employer Bonus or Costs paid by the Company.

**Section 5. Employee Benefits.**

During the Term of Employment, Executive shall be entitled to participate in health, insurance, retirement, and other benefits provided generally to senior executives of the Company. Executive shall also be entitled to the same number of holidays, vacation days, and sick days, as well as any other benefits, in each case as are generally allowed to senior executives of the Company in accordance with the Company policy as in effect from time to time. Nothing contained herein shall be construed to limit the Company's ability to amend, suspend, or terminate any employee benefit plan or policy at any time, and the right to do so is expressly reserved.

**Section 6. Reimbursement of Expenses.**

Executive is authorized to incur reasonable business expenses in carrying out his duties and responsibilities under this Agreement, and the Company shall promptly reimburse him for all such reasonable business expenses, subject to documentation in accordance with the Company's policy, as in effect from time to time.

## Section 7. Termination of Employment.

(a) General. The Term of Employment, and Executive's employment hereunder, shall terminate upon the earliest to occur of (i) Executive's death, (ii) a termination by reason of a Disability, (iii) a termination by the Company with or without Cause, and (iv) a termination by Executive with or without Good Reason. Except as otherwise expressly required by law (e.g., COBRA) or as specifically provided herein, all of Executive's rights to Base Salary, Annual Bonus, employee benefits and other compensatory amounts hereunder (if any) shall cease upon the termination of Executive's employment hereunder.

(b) Deemed Resignation. Upon any termination of Executive's employment for any reason, except as may otherwise be requested by the Company in writing and agreed upon in writing by Executive, Executive shall be deemed to have resigned from any and all directorships, committee memberships, and any other positions Executive holds with the Company or any other member of the Company Group.

(c) Termination Due to Death or Disability. Executive's employment shall terminate automatically upon his death. The Company may terminate Executive's employment immediately upon the occurrence of a Disability, such termination to be effective upon Executive's receipt of written notice of such termination. Upon Executive's death or in the event that Executive's employment is terminated due to his Disability, Executive or his estate or his beneficiaries, as the case may be, shall be entitled to:

(i) The Accrued Obligations; and

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(ii) Any unpaid Annual Bonus in respect of the most recently completed fiscal year that ended prior to the date of such termination, which amount shall be paid at such time annual bonuses are paid to other senior executives of the Company (the "Prior Year Bonus Amount").

Following Executive's death or a termination of Executive's employment by reason of a Disability, except as set forth in this Section 7(c), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

### (d) Termination by the Company for Cause.

(i) The Company may terminate Executive's employment at any time for Cause, effective upon delivery to Executive of written notice of such termination; *provided, however, that with respect to any Cause termination relying on clause (i), (ii), (vi) or (vii) Grant Notice. For purposes of the definition of Cause, to Performance Stock Units, the extent that such act or acts or failure or failures to act are curable, Executive shall be given not less than twenty (20) days' written notice by the Company of the Company's intention to terminate him for Cause, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for Cause is based,*

and such termination shall be effective at the expiration of such twenty (20) day notice period unless Executive has fully cured such act or acts or failure or failures to act that give rise to Cause during such period.

(ii) In the event that the Company terminates Executive's Participant's employment for Cause, he shall be entitled only to the Accrued Obligations. Following such termination of Executive's employment for Cause, except as set forth in this Section 7(d)(ii), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(j) Termination by the Company without Cause. The Company may terminate Executive's employment at any time without Cause by giving Executive at least two weeks' written notice of such termination. In the event that Executive's employment is terminated by the Company without Cause (other than due to death or Disability), Executive shall be entitled to:

(i) the Accrued Obligations;

(ii) the Prior Year Bonus Amount;

(iii) the Executive's Target Annual Bonus for the calendar year in which the Termination occurs ("Current Year"), multiplied by a fraction, the numerator of which is the number of days during the Current Year that the Executive is employed by the Company and the denominator of which is 365; and

(iv) an amount equal to the prorated Base Salary during the Severance Term, such amount to be paid in substantially equal payments during the Severance Term, and payable in accordance with the Company's regular payroll practices.

Notwithstanding the foregoing, the payments and benefits described in clauses (iii) and (iv) above shall immediately terminate, and the Company shall have no further obligations to Executive with respect thereto, in the event that Executive breaches the Restrictive Covenants. Following such termination of Executive's employment by the Company without Cause, except as set forth in this Section 7(e), Executive shall have no further rights to any compensation or any other benefits under this Agreement. For the avoidance of doubt, Executive's sole and exclusive remedy upon a termination of employment by the Company without Cause shall be receipt of the Severance Benefits.

(k) Termination by Executive with Good Reason. Executive may terminate his employment with Good Reason by providing the Company thirty (30) days' written notice setting forth in reasonable specificity the event that constitutes Good Reason, which written notice, to be effective, must

be provided to the Company within thirty (30) days of the occurrence of such event (or the date the Executive became aware of such event, if later). During such thirty (30) notice period, the Company shall have a cure right (if curable), and if not cured within such period, Executive's termination relationship will be effective upon the expiration of such cure period, and Executive shall be entitled to the same payments and benefits as provided in Section 7(e) hereof for a termination by the Company without Cause,

subject to the same conditions on payment and benefits as described in Section 7(e) hereof. Following such termination of Executive's employment by Executive with Good Reason, except as set forth in this Section 7(f), Executive shall have no further rights to any compensation or any other benefits under this Agreement. For the avoidance of doubt, Executive's sole and exclusive remedy upon a termination of employment with Good Reason shall be receipt of the Severance Benefits.

(l) Termination by Executive without Good Reason. Executive may terminate his employment without Good Reason by providing the Company sixty (60) days' written notice of such termination. In the event of a termination of employment by Executive under this Section 7(g), Executive shall be entitled only to the Accrued Obligations. In the event of termination of Executive's employment under this Section 7(g), the Company may, in its sole and absolute discretion, by written notice accelerate such date of termination without changing the characterization of such termination as a termination by Executive without Good Reason. Following such termination of Executive's employment by Executive without Good Reason, except as set forth in this Section 7(g), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(m) Release. Notwithstanding any provision herein to the contrary, the payment of any amount or provision of any benefit pursuant to subsection (e) or (f) of this Section 7 (collectively, the "Severance Benefits"), other than the Accrued Obligations, shall be conditioned upon Executive's execution, delivery to the Company, and non-revocation of the Release of Claims (and the expiration of any revocation period contained in such Release of Claims) within twenty-one days following the date of Executive's termination of employment hereunder (the "Release Execution Period"). If Executive fails to execute the Release of Claims in such a timely manner so as to permit any revocation period to expire prior to the end of such twenty-one day period, or timely revokes his acceptance of such release following its execution, Executive shall not be entitled to any of the Severance Benefits. No portion of the Severance Benefits (other than Accrued Obligations) shall be paid until the Release has become effective and all such amounts shall commence to be paid on the first regular payroll date of the Company after the Release has become effective; *provided*, that, if the Release Execution Period overlaps two calendar years, the first payment shall not be made sooner than the first day of the second year, and shall include any missed payments.

## Section 8. Certain Payments.

In the event that (i) Executive is entitled to receive any payment, benefit or distribution of any type to or for the benefit of Executive, whether paid or payable, provided or to be provided, or distributed or distributable, pursuant to the terms of this Agreement or otherwise (collectively, the "Payments"), and (ii) the net after-tax amount of such Payments, after Executive has paid all taxes due thereon (including, without limitation, taxes due under Section 4999 of the Code) is less than the net after-tax amount of all such Payments otherwise due to Executive in the aggregate, if such Payments were reduced to an amount equal to 2.99 times Executive's "base amount" (as defined in Section 280G(b)(3) of the Code), then the aggregate amount of such Payments payable to Executive shall be reduced to an amount that will equal 2.99 times Executive's base amount. To the extent such aggregate parachute payment amounts are required to be so reduced, the parachute payment amounts due to Executive (but no non-parachute payment amounts) shall be reduced in the following order: (i) the parachute payments that are payable in cash shall be reduced (if necessary, to zero) with amounts that are payable last reduced first; (ii) payments and benefits due in respect of any equity, valued at full value (rather than accelerated value), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); and (iii) all other non-cash benefits not otherwise described in clause (ii) of this Section 8 reduced last. Notwithstanding the foregoing, the Company will use its good faith best efforts to solicit shareholder approval of the Executive's "excess parachute payments" in accordance with Section 280G of the Code and the regulations promulgated thereunder if Q&A 7 of the 280G regulations is applicable and Executive first waives the right to receive excess parachute payments unless approved by shareholders.

## **Section 9. Restrictive Covenants**

(a) **General.** Executive acknowledges and recognizes the highly competitive nature of the business of the Company Group, that access to Confidential Information renders Executive special and unique within the industry of the Company Group, and that Executive will have the opportunity to develop substantial relationships with existing and prospective clients, accounts, customers, consultants, contractors, investors, and strategic partners of the Company Group during the course of and as a result of Executive's employment with the Company. In light of the foregoing, as a condition of Executive's employment by the Company, and in consideration of Executive's employment hereunder and the compensation and benefits provided herein, Executive acknowledges and agrees to the Restrictive Covenants, the terms of which are incorporated herein by reference and made a part hereof. Executive further recognizes and acknowledges that the restrictions and limitations set forth in the Restrictive Covenants are reasonable and valid in geographical and temporal scope and in all other respects and are essential to protect the value of the business and assets of the Company Group.

(b) **Other Covenants.** Notwithstanding anything contained in this Agreement to the contrary, in the event that Executive is subject to similar restrictive covenants pursuant to any other agreement with any member of the Company Group, including, without limitation, under the Equity Documents ("Other Covenants"), the covenants contained in this Agreement shall be in addition to, and not in lieu of, any such Other Covenants, and enforcement by the Company of the covenants contained in this Agreement shall not preclude the applicable member of the Company Group from enforcing such Other Covenants in accordance with their terms.

## **Section 10. Representations and Warranties of Executive.**

Executive represents and warrants to the Company that:

(a) Executive is entering into this Agreement voluntarily and that his employment hereunder and compliance with the terms and conditions hereof will not conflict with or result in the breach by him of any agreement to which he is a party or by which he may be bound;

(b) Executive has not violated, and in connection with his employment with the Company will not violate, any non-solicitation, non-competition, or other similar covenant or agreement with any Person by which he is or may be bound, copies of which have been provided to and reviewed by the Company;

(c) In connection with his employment with the Company, Executive will not use any confidential or proprietary information he may have obtained in connection with employment or service with any prior service recipient; and

(d) Executive has not been **considered** terminated from any prior employer or service recipient, or otherwise disciplined in connection with any such relationship, in connection with, or as a result of, any claim of workplace sexual harassment or sex or gender discrimination, and to Executive's knowledge, Executive has not been the subject of any investigation, formal allegation, civil or criminal complaint, charge, or settlement regarding workplace sexual harassment or sex or gender discrimination.

## **Section 11. Taxes.**

The Company may withhold from any payments made under this Agreement all applicable taxes, including but not limited to income, employment, and social insurance taxes, as shall be required by law. Executive acknowledges and represents that the Company has not provided any tax advice to him in connection with this Agreement and that he has been advised by the Company to seek tax advice from his own tax advisors regarding this Agreement and payments that may be made to him pursuant to this Agreement, including specifically, the application of the provisions of Section 409A of the Code to such payments.

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## **Section 12. Set Off; Mitigation.**

To the extent not prohibited by law or in violation of Section 409A of the Code, the Company's obligation to pay Executive the amounts provided and to make the arrangements provided hereunder shall be subject to set-off, counterclaim, or recoupment of amounts owed by Executive to the Company or its affiliates; *provided, however,* that to the extent any amount so subject to set-off, counterclaim, or recoupment is payable in installments hereunder, such set-off, counterclaim, or recoupment shall not modify the applicable payment date of any installment, and to the extent an obligation cannot be satisfied by reduction of a single installment payment, any portion not satisfied shall remain an outstanding obligation of Executive and shall be applied to the next installment only at such time the installment is otherwise payable pursuant to the specified payment schedule. Executive shall not be required to mitigate the amount of any payment provided pursuant to this Agreement by seeking other employment or otherwise, and the amount of any payment provided for pursuant to this Agreement shall not be reduced by any compensation earned as a result of Executive's other employment or otherwise.

## **Section 13. Additional Section 409A Provisions.**

Notwithstanding any provision in this Agreement to the contrary:

(a) Any payment otherwise required to be made hereunder to Executive at any date as a result of the termination of Executive's employment shall be delayed for such period of time as may be necessary to meet the requirements of Section 409A(a)(2)(B)(i) of the Code (the "Delay Period"). On the first business day following the expiration of the Delay Period, Executive shall be paid, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence, and any remaining payments not so delayed shall continue to be paid pursuant to the payment schedule set forth herein.

(b) Each payment in a series of payments hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code.

(c) Notwithstanding anything herein to the contrary, the payment (or commencement of a series of payments) hereunder of any nonqualified deferred compensation (within the meaning of Section 409A of the Code) upon a termination of employment shall be delayed until such time as Executive has also undergone a "separation from service" as defined in Treas. Reg. 1.409A-1(h), at which time such nonqualified deferred compensation (calculated as of the date of Executive's 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 hereunder) 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 paid (or commence considered to be paid) to Executive providing service while on the schedule set forth in this Section 7 as if Executive had undergone such termination a leave of employment (under the same circumstances) on the date of his ultimate "separation from service." absence).

(d) 5. To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A of the Code), (i) any such expense reimbursement shall be made by the Company no later than the last day of the taxable year following the taxable year in which such expense was incurred by Executive, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; provided, however, that the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect.

(e) While the payments and benefits provided hereunder are intended to be structured in a manner to avoid the implication of any penalty taxes under Section 409A of the Code, in no event whatsoever shall any member of the Company Group be liable for any additional tax, interest, or penalties that may be imposed on Executive as a result of Section 409A of the Code or any damages for failing to comply with Section 409A of the Code (other than for withholding obligations or other obligations applicable to employers, if any, under Section 409A of the Code).

#### **Section 14. Successors and Assigns; No Third-Party Beneficiaries**

(a) The Company. This term "Company" as used in this Performance Stock Unit Agreement with reference to service shall inure to the benefit of include the Company and its respective successors Subsidiaries and assigns. Neither this Agreement nor any of the rights, obligations, or interests arising hereunder may be assigned by the Company to a Person (other than another member of the Company Group, or its or their respective successors) without Executive's prior written consent (which shall not be unreasonably withheld, delayed, or conditioned); provided, however, that in the event of a sale of all or substantially all of the assets of the Company or any direct or indirect division or subsidiary thereof to which Executive's employment primarily relates, the Company may provide that this Agreement will be assigned to, and assumed by, the acquiror of such assets, division or subsidiary, as applicable, without Executive's consent. Affiliates.

(b) Executive. 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.** Executive's rights and obligations under this Agreement shall The Performance Stock Units are not be transferable by Executive by the Participant except to Permitted Transferees in accordance with Section 13(b) of the Plan. Except as otherwise provided herein, no assignment or otherwise, without the prior written consent transfer of the Company; 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. **provided Rights as Shareholder,** however, that if Executive shall die, all amounts then payable. Subject to Executive hereunder shall any dividend equivalent payments to be paid 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 Agreement regard, the Participant authorizes the Company and/or the Employer, or their respective agents, to Executive's devisee, legatee, 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 designee, cash compensation paid to the Participant by the Company or if there be no such designee, 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 Executive's estate, 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.

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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 Third-Party Beneficiaries 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;

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(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;

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(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.*

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(b) **Stock Plan Administration Service Providers and International Data Transfers.** *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*

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*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) Data Retention.** *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 its systems.*

**(d) Voluntariness and Consequences of Consent Denial or Withdrawal.** *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) Data Subject Rights.** *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 7(c) or Section 14(b) hereof, nothing expressed or referred to in this Agreement will be construed to give any Person other than the Company, the other members 12 of the Company Group, and Executive Plan, any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement.

#### **Section 15. Waiver and Amendments.**

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 each of the parties hereto; provided, however, that any such waiver, alteration, amendment or modification must be consented to on the Company's behalf by the Board 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.

## Section 16. Severability.

If any covenants or such other provisions of this 15. **Governing Law.** This Performance Stock Unit Agreement are found to be invalid or unenforceable by a final determination of a court of competent jurisdiction, (a) the remaining terms and provisions hereof shall be unimpaired, construed and (b) interpreted in accordance with the invalid or unenforceable term or provision hereof shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention laws of the invalid 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 unenforceable term the Plan to the contrary, if any suit or provision hereof.

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.

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## Section 17. Governing Law; Waiver of Jury Trial.

THIS AGREEMENT IS GOVERNED BY AND IS TO BE CONSTRUED UNDER THE LAWS OF THE STATE OF NEW JERSEY. EACH PARTY TO THIS AGREEMENT ALSO HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

## Section 18. Notices.

(a) 16. **Place of Delivery Plan.** Every notice The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict or other communication relating to 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 be in writing, govern and shall be mailed to or delivered to the party for whom or which it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; provided, however, that unless and until some other address be so designated, all notices and communications by Executive to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices and communications by the Company to Executive may be given to Executive personally or may be mailed to Executive at Executive's last known address, as reflected in the Company's records. control.

(b) 17. **Date of Delivery Section 409A.** Any notice so addressed 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 deemed 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 given 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 delivered by hand, on 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 of such delivery, (ii) if mailed by courier or by overnight mail, on the first business day following the date of such mailing, and (iii) if mailed by registered or certified mail, on the third business day 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 mailing 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 includable in gross income under Section 409A of the Code.

**Section 19. Section Headings.** 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 this Agreement are inserted for convenience only and Common Stock, the Company shall not be deemed required to constitute a part thereof deliver any shares of Common Stock issuable in respect of Earned PSUs prior to the completion of any registration or affect qualification of the meaning shares of Common Stock under any U.S. or interpretation non-U.S. local, state or federal securities or exchange control law or regulation or under rulings or regulations of this Agreement the U.S. Securities and Exchange Commission ("SEC") or of any term other governmental regulatory body, or provision hereof.

## Section 20. Entire Agreement.

This Agreement, together with prior to obtaining any exhibits attached hereto, constitutes approval or other clearance from any U.S. or non-U.S. local, state or federal governmental agency, which registration, qualification or approval the entire understanding and agreement of Company shall, in its absolute discretion, deem necessary or advisable. The Participant understands that the parties hereto regarding the employment of Executive. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings, and agreements between the parties relating to the subject matter of this Agreement.

## Section 21. Survival of Operative Sections.

Upon any termination of Executive's employment, the provisions of Section 7 through Section 22 of this Agreement (together with any related definitions set forth on Company Appendix A) shall survive to the extent necessary to give effect to the provisions thereof.

**Section 22. Counterparts.**

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

\* \* \*

[Signatures to appear on the following page.]

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IN WITNESS WHEREOF, is under no obligation to register or qualify the undersigned have executed this Agreement as 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 date first above written. 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.

**CERTARA, INC.**

/s/ Richard Traynor 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.

By: Richard Traynor

Title: Senior Vice President 22. **Addendum.** Notwithstanding any provisions in this Performance Stock Unit Agreement, the

Performance Stock Units shall be subject to any special terms and General counsel 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.

**EXECUTIVE23. 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 /s/ John Gallagher Or Foreign Asset/Account Reporting**

**John Gallagher.** 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.

EXHIBIT A

RELEASE OF CLAIMS

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As used in this Release of Claims (this "25. **Release Severability**"), It is the term "claims" will include all claims, covenants, warranties, promises, undertakings, actions, suits, causes of action, obligations, debts, accounts, attorneys' fees, judgments, losses, desire and liabilities, of whatsoever kind or nature, in law, in equity, or otherwise.

For and in consideration intent of the Severance Benefits, and other good and valuable consideration, I, , for and on behalf parties hereto that the provisions of myself and my heirs, administrators, executors, and assigns, effective the date on which this release becomes effective pursuant to its terms, do fully and forever release, remise, and discharge each of the Company and each of its direct and indirect subsidiaries and affiliates, together with their respective officers, directors, partners, shareholders, employees, and agents (collectively, the "Group") from any and all claims whatsoever up to the date hereof that I had, may have had, or now have against the Group, for or by reason of any matter, cause, or thing whatsoever, including any claim arising out of or attributable to my employment or the termination of my employment with the Company, whether for tort, breach of express or implied employment contract, intentional infliction of emotional distress, wrongful termination, unjust dismissal, defamation, libel, or slander, or under any federal, state, or local law dealing with discrimination based on age, race, sex, national origin, handicap, religion, disability, or sexual orientation. This release of claims includes, but is not limited to, all claims arising under the Age Discrimination in Employment Act ("ADEA"), Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Civil Rights Act of 1991, the Family Medical Leave Act, and the Equal Pay Act, each as may Performance Stock Unit Agreement be amended from time to time, and all other federal, state, and local laws, the common law, and any other purported restriction on an employer's right to terminate the employment of employees. The release contained herein is intended to be a general release of any and all claims 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 law, 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.

I acknowledge and agree that as of the date I execute this Release, I have no knowledge of any facts or circumstances that give rise or could give rise to any claims under any of the laws listed in the preceding paragraph.

By executing this Release, I specifically release all claims relating to my employment and its termination under ADEA, a United States federal statute that, among other things, prohibits discrimination on the basis of age in employment and employee benefit plans.

Notwithstanding any 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 Release to Performance Stock Unit Agreement or affecting the contrary, by executing this Release, I am not releasing (i) validity or enforceability of such provision in any claims relating to my rights under Section 7 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 Employment Agreement, (ii) any claims that cannot be waived by law, (iii) any claims 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 any securities of the Company that I own or (iv) my right of indemnification as provided by, and in accordance with the terms of, the Company's by-laws or a Company insurance policy providing such coverage, as any of such may be amended from time to time.

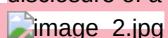
I expressly acknowledge and agree that I –

- Am able to read the language, and understand the meaning and effect, of this Release;
- Have no physical or mental impairment of any kind that has interfered with my ability to read and understand the meaning of this Release or its terms, and that I am not acting under the influence of any medication, drug, or chemical of any type in entering into this Release; subject matter.
- Am specifically agreeing to the terms of the release contained in this Release because the Company has agreed to pay me the Severance Benefits in consideration for my agreement to accept it in full settlement of all possible claims I might have or ever had, and because of my execution of this Release;
- Acknowledge that, but for my execution of this Release, I would not be entitled to the Severance Benefits;
- Understand that, by entering into this Release, I do not waive rights or claims under ADEA that may arise after the date I execute this Release;
- Had or could have [twenty-one (21)][forty-five (45)]<sup>1</sup> days from the date of my termination of employment (the "Release Expiration Date") in which to review and consider this Release, and that if I execute this Release prior to the Release Expiration Date, I have voluntarily and knowingly waived the remainder of the review period;
- Have not relied upon any representation or statement not set forth in this Release or my Employment Agreement made by the Company or any of its representatives;
- Was advised to consult with my attorney regarding the terms and effect of this Release; and
- Have signed this Release knowingly and voluntarily.

I represent and warrant that I have not previously filed, and to the maximum extent permitted by law agree that I will not file, a complaint, charge, or lawsuit against any member of the Group regarding any of the claims released herein. If, notwithstanding this representation and warranty, I have filed or file such a complaint, charge, or lawsuit, I agree that I shall cause such complaint, charge, or lawsuit to be dismissed with prejudice and shall pay any and all costs required in obtaining dismissal of

such complaint, charge, or lawsuit, including without limitation the attorneys' fees of any member of the Group against whom I have filed such a complaint, charge, or lawsuit. This paragraph shall not apply, however, to a claim of age discrimination under ADEA or to any non-waivable right to file a charge with the United States Equal Employment Opportunity Commission (the "EEOC"); provided, however, that if the EEOC were to pursue any claims relating to my employment with Company, I agree that I shall not be entitled to recover any monetary damages or any other remedies or benefits as a result and that this Release and the Severance Benefits will control as the exclusive remedy and full settlement of all such claims by me.

Nothing in this Release shall prohibit or impede me from communicating, cooperating or filing a complaint with any Governmental Entity with respect to possible violations of any U.S. federal, state or local law or regulation, or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation; provided, that in each case such communications and disclosures are consistent with applicable law. I understand and acknowledge that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (1) in confidence to a federal, state, or



1 To be selected based on whether applicable termination was "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967).

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#### ADDENDUM TO THE PERFORMANCE STOCK UNIT GRANT NOTICE

UNDER THE CERTARA, INC.  
2020 INCENTIVE PLAN

local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (2) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. I understand and acknowledge further that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal; and does not disclose the trade secret, except pursuant to court order. Except as otherwise provided in this paragraph or under applicable law, under no circumstance am I authorized to disclose any information covered by the Company's attorney-client privilege or attorney work product, or the Company's trade secrets, without the prior written consent of the Company's General Counsel or other officer designated by the Company. I do not need the prior authorization of (or to give notice to) any member of the Company Group regarding any communication, disclosure, or activity permitted by this paragraph.

I hereby agree to waive any and all claims to re-employment with the Company or any other member of the Company Group and affirmatively agree not to seek further employment with the Company or any other member of the Company Group.

Notwithstanding anything contained herein to the contrary, this Release will not become effective or enforceable prior to the expiration of the period of seven (7) calendar days following the date of its execution by me (the "Revocation Period"), during which time I may revoke my acceptance of this Release by notifying the Company, in writing, delivered to the Company at its principal executive office, marked for the attention of its General Counsel, with copy to the Board. To be effective, such

revocation must be received by the Company no later than 11:59 p.m. on the seventh (7<sup>th</sup>) calendar day following the execution of this Release. Provided that the Release is executed and I do not revoke it during the Revocation Period, the eighth (8<sup>th</sup>) day following the date on which this Release is executed shall be its effective date. I acknowledge and agree that if I revoke this Release during the Revocation Period, this Release will be null and void and of no effect, and neither the Company nor any other member of the Group will have any obligations to pay me the Severance Benefits.

The provisions of this Release shall be binding upon my heirs, executors, administrators, legal personal representatives, and assigns. If any provision of this Release shall be held by any court of competent jurisdiction to be illegal, void, or unenforceable, such provision shall be of no force or effect. The illegality or unenforceability of such provision, however, shall have no effect upon and shall not impair the enforceability of any other provision of this Release.

**EXCEPT WHERE PREEMPTED BY FEDERAL LAW, THIS RELEASE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH FEDERAL LAW AND THE LAWS OF THE STATE OF NEW JERSEY, APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THAT STATE WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAWS. I HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS RELEASE.**

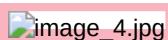
Capitalized terms used but not defined herein, shall in this Addendum have the meanings ascribed set forth in the Plan and/or Agreement.

#### **Terms and Conditions**

This Addendum includes additional terms and conditions that govern the Performance Stock Units granted to such terms the Participant under the Plan if the Participant resides and/or works in my Amended and Restated Employment Agreement, dated with 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 (the "Employment Agreement") 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.

[Executive Name]

Date: 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.

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## EXHIBIT B CANADA

### **RESTRICTIVE COVENANTS Terms and Conditions**

**1. Non-Competition; Non-Solicitation; Non-Interference** Performance Stock Units Payable Only in Shares. Executive acknowledges and recognizes the highly competitive nature Notwithstanding Section 3 of the businesses Agreement, the grant of the Company Group Performance Stock Units does not provide any right for the Participant to receive a cash payment, and its Affiliates 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 accordingly agrees as follows: legal proceeds entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

**(a) Consentement relatif à la langue utilisée** Prior to: 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 Executive's Termination for any reason (the "Performance Stock Unit Agreement: **Employment Term**") and until the first anniversary of Executive's Termination (the "**Restrictive Covenant Period**"), Executive will not (i) directly or indirectly, in any geographic location in which

The Participant hereby authorizes the Company Group engages, own, operate, manage, control, invest and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in lend to, acquire an interest in, or otherwise engage or participate in (whether as an employee, independent contractor, consultant, partner, shareholder, joint venturer, investor, or any other type of participant) the management or conduct of any business activities, whether through selling, distributing, manufacturing, marketing, purchasing, or otherwise, that compete directly or indirectly with any member administration and operation of the Plan. The Participant further authorizes the Employer and the Company Group ("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** ("Competitive Activities"), it being understood. The Participant acknowledges that Competitive Activities as he or she is permitted to sell Shares acquired under the Plan, provided the sale of the date hereof include, without limitation, principally engaging in Shares acquired under the business Plan takes place outside of model based drug development consulting services or technology solutions, including 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 respect to discovery, pre-clinical, clinical and post-marketing drug development and regulatory submissions and review and 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 other business in which time during the Company year. If Shares are acquired, their cost generally is actively engaged 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 termination (the "Business") 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.

(b) During the Restrictive Covenant Period, Executive will not directly or indirectly:

- (i) (A) solicit or induce any customer, supplier, licensee, or other business relation (or any actively sought prospective customer, supplier, licensee, or other business relation) of the Company or any member of the Company Group to cease doing business with or materially reduce the amount of business conducted with the Company or any member of the Company Group, or interfere with the relationship between any such customer, supplier, licensee, or other business relation (or any actively sought prospective customer, supplier, licensee, or other business relation) and the Company or any member of the Company Group; or (B) knowingly or intentionally assist any Person in any substantive or direct way to do, or attempt to do, anything prohibited by clause (A) above; or FRANCE
- (ii) (A) solicit or hire, directly or indirectly, for employment, or assist others in hiring, employing, inducing, or soliciting for employment (except in the performance of Executive's duties), any employees of the Company or any member of the Company Group (or individuals who were employed during the one-year period prior to the termination of Executive's employment with the Service Recipient); or (B) knowingly or intentionally assist any Person in any substantive or direct way to do, or attempt to do, anything prohibited by clause (A) above. Terms and Conditions
- (c) If a final and non-appealable judicial determination is made that any of the provisions of this Section 1 constitutes an unreasonable or otherwise unenforceable restriction against Executive, the provisions of this Section 1 will not be rendered void but will be deemed to be modified to the minimum extent necessary to remain in force and effect for the longest period and largest geographic area that would not constitute such an unreasonable or unenforceable restriction. Moreover, notwithstanding the fact that any provision of this Section 1 is determined not to be specifically enforceable, the Company will nevertheless be entitled to recover length of time during which Executive is in breach of the terms hereof.
- (d) The period of time during which the provisions of this Section 1 shall be in effect shall be extended by the length of time during which Executive is in breach of the terms hereof.
- (e) The provisions of Section 1 hereof shall survive the termination of Executive's employment for any reason.

## 2. Confidentiality; Intellectual Property.

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

**(a) Language Consent.** Confidentiality 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](http://www.bundesbank.de)).

**(i) Foreign Asset/Account Reporting Notification.** Executive acknowledges 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 Confidential Information obtained by Executive while employed by acquisition when the Company Participant files his or her tax return for the relevant year. A qualified participation is attained if (i) the property 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, Group. Therefore, Executive agrees that Executive shall this requirement will not disclose to any unauthorized Person or use for Executive's own purposes any Confidential Information without the prior written consent of the Company, unless and to the extent that the aforementioned matters become generally known to and available for use by the public other than as a result of Executive's acts or omissions in violation of this Agreement; provided, however, that if Executive receives a request to disclose Confidential Information pursuant to a deposition, interrogation, request for information or documents in legal proceedings, subpoena, civil investigative demand, governmental or regulatory process, or similar process, (i) Executive shall, as promptly as practicable, notify in writing the Company, and apply. The Participant should consult with and reasonably assist his or her personal tax advisor to ensure the Company, at the

Company's expense, in seeking a protective order or request for other appropriate remedy, (ii) in the event that such protective order or remedy is not obtained, or if the Company waives compliance Participant complies with the terms hereof, Executive shall disclose only that portion of the Confidential Information which, based on the advice of Executive's legal counsel, is legally required to be disclosed and shall exercise reasonable best efforts to provide that the receiving Person shall agree to treat such Confidential Information as confidential to the extent possible (and permitted under applicable law) in respect of the applicable proceeding or process, and (iii) the Company shall be given an opportunity to review the Confidential Information prior to disclosure thereof. reporting obligations.

(ii) For purposes of this Agreement, "Confidential Information" means information, observations, and data concerning the business or affairs of the Company Group, including, without limitation, all business information (whether or not in written form) that relates to any member of the Company Group, or its customers, suppliers, or contractors or any other third parties in respect of which the Company or any member of the Company Group has a business relationship or owes a duty of confidentiality, or their respective businesses or products, and that is not known to the public generally other than as a result of Executive's breach of this Agreement, including but not limited to technical information or reports, formulas, trade secrets, unwritten knowledge and "know-how," operating instructions, training manuals, customer lists, customer buying records and habits, product sales records and documents, and product development, marketing, and sales strategies, market surveys, marketing plans, profitability analyses, product cost, long-range plans, information relating to pricing, competitive strategies, and new product development, information relating to any forms of compensation or other personnel-related information, contracts, and supplier lists. Confidential Information will not include such information known to Executive prior to Executive's involvement with the Company or any predecessor thereof or information rightfully obtained from a third party (other than pursuant to a breach by Executive of this Agreement). Without limiting the foregoing, Executive and the Company each agree to keep confidential the existence of, and any information concerning, any dispute between Executive and the Company or any member of the Company Group, except that Executive and the Company each may disclose information concerning such dispute to the court that is considering such dispute or to their respective legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of such dispute). INDIA

#### Notifications

(iii) Exchange Control Notification Executive acknowledges that all notes, memoranda, specifications, devices, formulas, records, files, lists, drawings, documents, models, equipment, property, computer, software, . 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 intellectual property relating the receipt of any dividends (if applicable) to India within a certain time period after receipt. The Participant must retain the businesses of the Company Group, in whatever form (including electronic), and all copies thereof, that are foreign inward remittance certificate received or created by Executive while an employee of the Company (including but not limited to Confidential Information and Inventions) are and shall remain the property of the Company Group, and Executive shall as promptly as practicable return such property to the Company upon the termination of Executive's employment and, in any event, at the Company's request. Executive agrees further that any property situated on the premises of, and owned by, the Company or any member of the Company Group, including disks and other storage media, filing cabinets, and 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.

other work areas, is subject to inspection by ITALY

#### *Terms and Conditions*

**Plan Document Acknowledgment.** In accepting the Company's personnel 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 ~~with~~ 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 ~~without~~ notice.

(iv) Executive agrees further that Executive will not improperly use assets on their annual tax returns (UNICO Form, RW Schedule) or ~~disclose any confidential information or trade secrets, on a special form if any, of any former employers or any other Person~~ no tax return is due. The same reporting duties apply to ~~whom~~ Executive has an obligation of confidentiality, and will not bring onto the premises ~~Italian residents who are beneficial owners of the Company or any member of~~ foreign financial assets pursuant to Italian money laundering provisions, even if they do not directly hold the Company Group any unpublished documents or any property belonging to any former employer or any other Person to whom Executive has an obligation of confidentiality unless consented to in writing by the former employer or other Person, ~~foreign asset abroad.~~

**(b) Tax on Foreign Financial Assets** Nothing in this Agreement shall prohibit or impede the Executive from communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a "**Governmental Entity**") with respect to possible violations. The value of any U.S. federal, state or local law or regulation, or otherwise making disclosures ~~shares of Common Stock (and certain other foreign assets)~~ the Participant holds outside of Italy will be subject to any Governmental Entity, in each case, that are protected a foreign financial assets tax. Financial assets include shares of Common Stock acquired under the whistleblower provisions of any such law or regulation, provided that in each case such communications and disclosures are consistent with applicable law. The Executive understands and acknowledges that an individual shall not ~~taxable amount will be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (i) in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.~~ The Executive understands and acknowledges further that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney ~~fair market value of the individual and use financial assets assessed at the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal; and~~

does not disclose the trade secret, except pursuant to court order. Notwithstanding the foregoing, under no circumstance will the Executive be authorized to disclose any information covered by attorney-client privilege or attorney work product of any member of the Company without prior written consent of the Company's General Counsel or other officer designated by the Company, each calendar year.

## JAPAN

### Terms and Conditions

**(c) Compliance with Law. Intellectual Property.** 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.

*(i) Executive agrees that the results and proceeds of Executive's services for the Company Group (including, but not limited to, any Confidential Information and other trade secrets, products, services, processes, know-how, designs, developments, innovations, analyses, drawings, reports, techniques, formulas, methods, developmental or experimental work, improvements, discoveries, inventions, ideas, source and object codes, programs, matters of a literary, musical, dramatic, or otherwise creative nature, writings, and other works of authorship) resulting from services performed while an employee of the Company and any works in progress, whether or not patentable or registrable under copyright or similar statutes, that were made, developed, conceived, or reduced to practice or learned by Executive, either alone or jointly with others (collectively, "Inventions"), shall be works-made-for-hire, and the Company (or, if applicable or as directed by the Company, any member of the Company Group) shall be deemed the sole owner throughout the universe of any and all trade secret, patent, copyright, and other intellectual property rights (collectively, "Proprietary Rights") of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized, or developed, with the right to use the same in perpetuity in any manner the Company determines in its sole discretion, without any further payment to Executive whatsoever. If, for any reason, any of such results and proceeds shall not legally be a work-made-for-hire or there are any Proprietary Rights that do not accrue to the Company (or, as the case may be, any member of the Company Group) under the immediately preceding sentence, then Executive hereby irrevocably assigns and agrees to assign any and all of Executive's right, title, and interest thereto, including any and all Proprietary Rights of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized, or developed, to the Company (or, if applicable or as directed by the Company, any member of the Company Group), and the Company or such member of the Company Group shall have the right to use the same in perpetuity throughout the universe in any manner determined by the Company or such member of the Company Group without any further payment to Executive whatsoever. As to any Invention that Executive is required to assign, Notifications*

Executive shall promptly and fully disclose to **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 Company all information known to Executive concerning such Invention.

(ii) Executive agrees that, from time to time, as may be requested by Ministry of Finance through the Company and at the Company's sole cost and expense, Executive shall do any and all things that the Company may reasonably deem useful or desirable to establish or document the Company's exclusive ownership throughout the United States Bank of America or any other country of any and all Proprietary Rights in any such Inventions, including the execution of appropriate copyright or patent applications or assignments. To the extent that Executive has any Proprietary Rights in the Inventions that cannot be assigned in the manner described above, Executive unconditionally and irrevocably waives the enforcement of such Proprietary Rights. This Section 2(b)(ii) is subject to and shall not be deemed to limit, restrict, or constitute any waiver by the Company of ownership of any Proprietary Rights to which the Company (or other applicable member Japan within 20 days of the Company Group) may be entitled by operation acquisition of law by virtue shares of the Company's (or other applicable member of the Company Group's) being Executive's employer. Executive agrees further that, from time to time, as may be requested by the Company and at the Company's sole cost and expense, Executive shall assist the Company in every reasonable, proper and lawful way to obtain and from time to time enforce Proprietary Rights relating to Inventions in any and all countries. To this end, Executive shall execute, verify, and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such Proprietary Rights and the assignment thereof. In addition, Executive shall execute, verify, and deliver assignments of such Proprietary Rights to the Company or its designees. Executive's obligation to assist the Company with respect to Proprietary Rights relating to such Inventions in any and all countries shall continue beyond the termination of Executive's employment with the Company. Common Stock.

(iii) Executive hereby waives and quitclaims to the Company any and all claims, of any nature whatsoever, that Executive now or may hereafter have for infringement of any Proprietary Rights assigned hereunder to the Company.

3. **Non-Disparagement.** Executive shall not, whether in writing (electronically or otherwise) or orally, malign, denigrate, or disparage the Company, any other member of the Company Group, or any of their respective predecessors or successors, or any of their respective current or former managers, directors, officers, employees, shareholders, partners, members, agents, or representatives, with respect to any of their respective past or present activities, or otherwise publish (whether in writing (electronically or otherwise) or orally) statements that tend to portray any of the aforementioned parties in an unfavorable light.

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**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](http://www.sec.gov), as well as on the Company's website at [www.certara.com](http://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](mailto: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.

## PORUGAL

### 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:

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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 be 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 31<sup>st</sup> 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 31<sup>st</sup> 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

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Stock Unit Agreement, and any other documents evidencing the award of Performance Stock Units have not been,

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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: November 8, 2023 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: November 8, 2023 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 September 30, 2023 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.

November 8, 2023 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.

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 **September 30, 2023** **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.

November 8, 2023 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.

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