Certara Completes Acquisition of Chemaxon to Strengthen Drug Discovery Software Portfolio

Frequently Asked Questions:

1. **What is the price that Certara has agreed to pay for Chemaxon?**
   a. Certara paid a cash consideration of $90M.

2. **What is the strategic rationale for purchasing Chemaxon?**
   a. The combination of Certara and Chemaxon allows strategic entry into the discovery biosimulation space at scale. Cheminformatics and biosimulation can be used to uncover chemical and physiological insights earlier in the drug development process, which will further de-risk decision making in lead optimization.
   b. By integrating Chemaxon with existing Certara software, users will be able to run analyses earlier in the development process than what is capable today.

3. **What is Chemaxon's mix of revenue from Software vs. Services?**
   a. Greater than 90% of Chemaxon's revenues are derived from the sale of software products, with the remainder coming from implementation services. Upon integration, Certara expects this mix to remain relatively consistent.

4. **What are Chemaxon's products and services and what are they used for?**
   a. Chemaxon has several software products, which are mainly used to inform developers on the chemical properties of their molecules during drug discovery. Chemaxon products include calculation, search and drawing tools.
   b. Chemaxon utilizes a computational chemistry engine called JChem to power its software products. JChem allows a user to conduct a search by inputting the chemical structure of a molecule, which then allows the user to look at similar molecules, competitive intelligence, and IP compliance.
   c. These products are accessible through Chemaxon's Design Hub Platform, which allows users to access their various applications through a single-sign-on.

d. The suite of software products spans the DMTA (design, make, test, analyze) process which is used to make lead optimization and pipeline prioritization decisions.

5. **What is Chemaxon's TAM and does the acquisition expand Certara's TAM?**
   a. Chemaxon's end market falls into Certara's biosimulation TAM, and expands Certara's software offering in the drug discovery phase of the TAM, as depicted on slide 12 of [Certara's corporate deck](#).

6. **What opportunities exist for Artificial Intelligence (AI) with Chemaxon?**
   a. The AI opportunity for Chemaxon is consistent with Certara's AI strategy across the software portfolio: to integrate AI into software products to create workflow efficiencies and enhance predictive capabilities at decision points in a drug development program.
   b. By combining Chemaxon with Certara's artificial intelligence technology, the combined Certara/Chemaxon software platform will help drug developers accelerate discovery workflows, increase connectivity among data sets and leverage analytical conclusions in subsequent phases of drug development.

7. **Who are Chemaxon's customers?**
   a. Chemaxon's customers include over 500 life sciences and research institutions, including 18 of the top 20 pharmaceutical companies.
   b. There is some overlap between Certara's customers and Chemaxon's customers, however each company's products are used at different stages and by different users within each organization.

8. **How many employees does Chemaxon have?**
   a. Chemaxon has over 200 employees, including 30+ commercial employees and 75+ software developers.

9. **What is the financial profile of Chemaxon?**
   a. Chemaxon is expected to generate 2024 software revenues greater than $20 million.
   b. Chemaxon has a revenue growth profile comparable to Certara's software business.
   c. Chemaxon has an Adjusted EBITDA margin below Certara's corporate average.

10. What are Chemaxon's EBITDA margins and what margin is Certara targeting following integration?

    a. The acquired business currently has an Adjusted EBITDA margin below Certara's corporate average. Chemaxon is expected to reach an adjusted EBITDA margin near Certara's corporate average by the end of 2025.

11. What action is Certara going to take to improve Chemaxon's margins?

    a. Commercial synergies and cross-selling are expected to support Chemaxon revenue growth comparable to Certara's software business.

    b. The company expects to realize efficiencies in operating expenses by integrating Chemaxon into Certara's corporate organization.