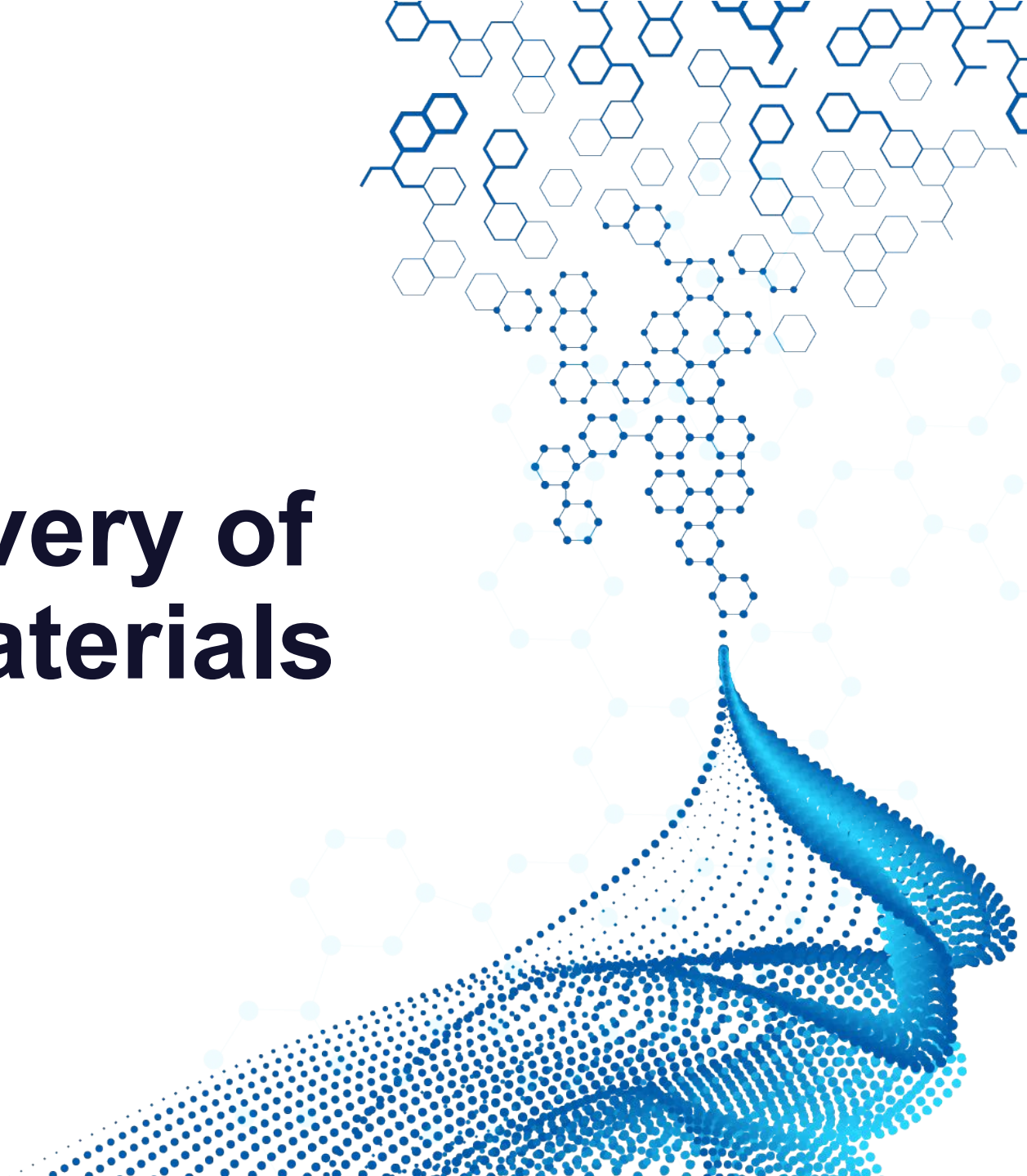
Schrödinger

Transforming Discovery of Therapeutics and Materials



August 2, 2023

Cautionary Note and Disclaimer

This presentation contains certain "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 that involve substantial risks and uncertainties. All statements, other than statements of historical fact, contained in this presentation, including, without limitation, statements regarding the potential advantages of our computational platform, our strategic plans to accelerate the growth of our software licensing business, our financial outlook for the fiscal year ending December 31, 2023 and third quarter ending September 30, 2023, our research and development efforts for our proprietary drug discovery programs and our platform, the initiation, timing, progress, and results of our proprietary drug discovery programs and the drug discovery programs of our collaborators, the clinical potential and favorable properties of our CDC7, MALT1, and Wee1 inhibitors, including SGR-1505, SGR-2921, and SGR-3515, and other compounds discovered with our platform, the timing of potential IND applications as well as initiation of clinical trials for our proprietary drug discovery programs, the clinical potential and favorable properties of our collaborators' product candidates, our ability to realize milestones, royalties, and other payments from our collaborative and proprietary programs, our plans to discover and develop product candidates and to maximize their commercial potential by advancing such product candidates ourselves or in collaboration with others, our plans to leverage the synergies between our businesses, our expectations regarding our ability to fund our operating expenses and capital expenditure requirements with our existing cash, cash equivalents, and marketable securities, and our expectations related to the key drivers of our performance, are forward-looking statements. The words "aim," "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "goal," "intend," "may," "might," "plan," "potential," "predict," "project," "should," "target," "will," "would" or the negative of these words or other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

These forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Actual results may differ materially from those described in the forward-looking statements and are subject to a variety of assumptions, uncertainties, risks and important factors that are beyond our control, including the demand for our software platform, the reliance upon our third-party drug discovery collaborators, factors adversely affecting the life sciences industry, fluctuations in the value of the U.S. dollar and foreign currencies, the uncertainties inherent in drug development and commercialization, such as the conduct of research activities and the timing of and our ability to initiate and complete preclinical studies and clinical trials, uncertainties associated with the regulatory review of clinical trials and applications for marketing approvals, and other risks detailed under the caption "Risk Factors" and elsewhere in our Securities and Exchange Commission ("SEC") filings and reports, including our Quarterly Report on Form 10-Q for the quarter year ended June 30, 2023, filed with the SEC on August 2, 2023, as well as future filings and reports by us. Any forward-looking statements contained in this presentation speak only as of the date hereof. Except as required by law, we undertake no duty or obligation to update any forward-looking statements contained in this presentation as a result of new information, future events, changes in expectations or otherwise.

This presentation includes statistical and other industry and market data that we obtained from industry publications and research, surveys, and studies conducted by third parties as well as our own estimates of potential market opportunities. All of the market data used in this presentation involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such data. We have not independently verified such third-party data, and we undertake no obligation to update such data after the date of this presentation.

Schrödinger's Balanced Business Model

SOFTWARE LICENSING

- Life Sciences
- Materials Design

~1,750 customers worldwide*

COLLABORATIONS

- Drug Design
- Materials Design

13 active projects

PROPRIETARY PIPELINE

- Drug Discovery & Development
- Wholly-owned or Partnered

19 active programs

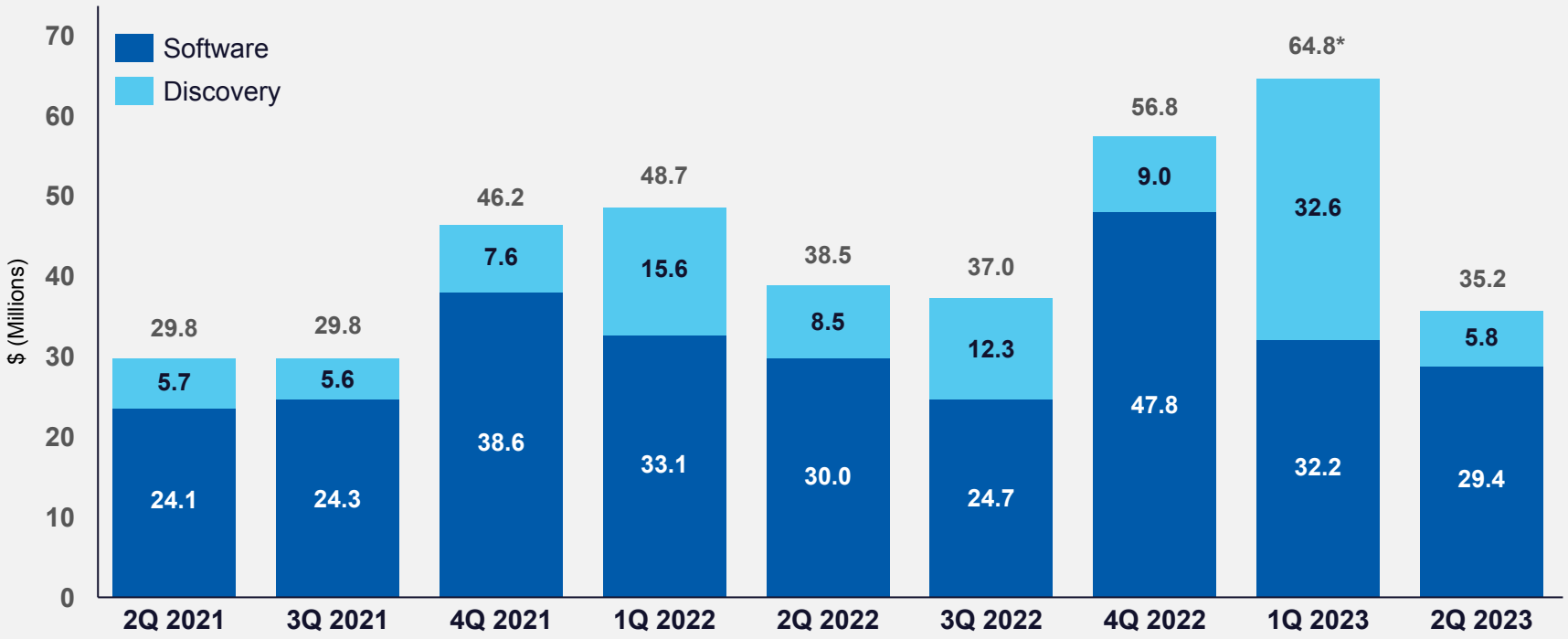
TECHNOLOGY PLATFORM

*Active Customers (# of customers who had an Annual Contract Value (ACV) >$1,000) as of Dec. 31, 2022.

Highlights

SGR-1505	• Continued dosing in *patients* with advanced B cell malignancies • International expansion underway • Ongoing dose escalation in Phase 1 study in *healthy volunteers*
SGR-2921	• IND cleared; Phase 1 trial in acute myeloid leukemia and myelodysplastic syndrome expected to initiate this year
Corporate	• Margaret Dugan, M.D appointed chief medical officer • Zai made strategic decision not to advance their discovery collaboration; program now wholly-owned by Schrödinger
Financial	• Raised software guidance from 13% - 17% to 15% - 18% • Reduced drug discovery guidance to $50 - $70 million from $70 - $90 million

Long-Term Quarterly Revenue Trend



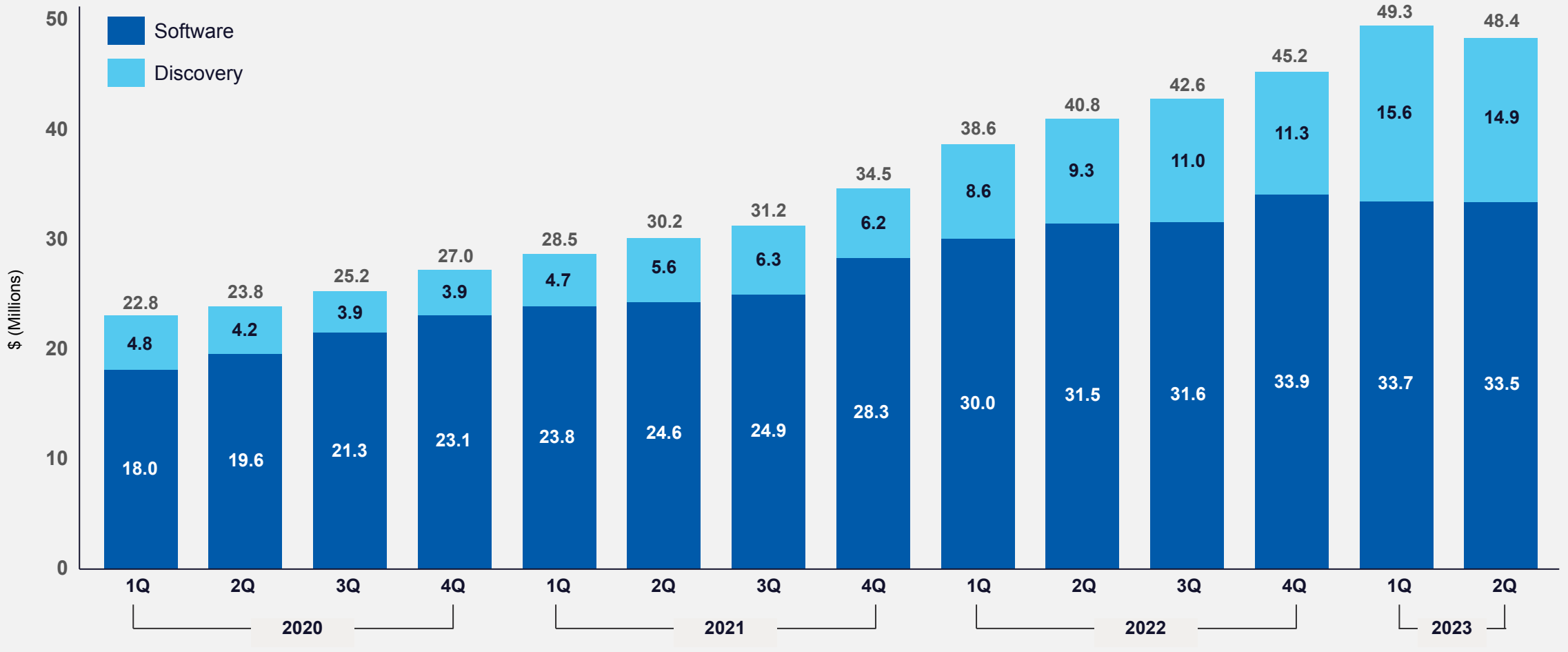
2Q23 Revenue

- Total revenue -8.5% YoY
- Software revenue -2% YoY due to lower contribution from selected service contracts
- Drug discovery revenue -31% Y/Y reflecting impact of expected timing and cost of collaboration development milestones

*Includes $25M discovery milestone from BMS

Four-Quarter Trailing Average Quarterly Revenue Trend

Total Revenue, trailing four-quarter average



2Q23 Financial Highlights vs. 2Q22

	Three Months Ended June 30		
	2022	2023	% Change
	(in millions)		
Total revenue	$38.5	$35.2	(8.5%)
Software revenue	$30.0	$29.4	(2.2%)
Drug discovery revenue	$8.5	$5.8	(31%)
Gross profit	$17.1	$13.8	(19%)
Software gross margin	76%	77%	
Operating expenses	$60.6	$74.9	24%
Other income (expense)	($4.2)	$45.0	*n/a*
Net income (loss)	($47.7)	$4.3	*n/a*
	as of 6/30/22	**as of 6/30/23**	
Cash and cash equivalents, restricted cash, and marketable securities	$513.1	$553.7	7.9%
Deferred revenue, current and long term	$67.5	$62.3	(7.8%)

2023 Financial Guidance

(as of August 2, 2023)

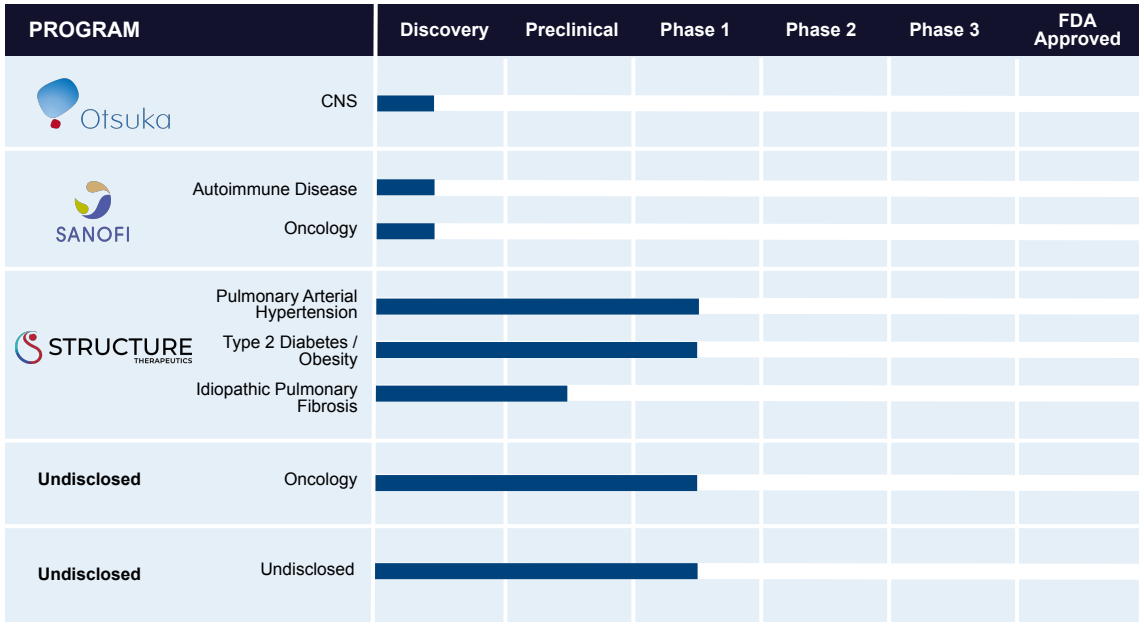
Expectation	FY22 Actual	Year-to-Date 2Q23	Previous FY23 Guidance*	Revised FY23 Guidance*
Total revenue	$181.0	$100.0M	–	–
Software revenue	$135.6M	$61.6M	13% - 17%	15% - 18%
Drug discovery revenue	$45.4M	$38.4M	$70-90M	$50-70M
Operating expense growth	40%	29%	Lower than 2022	Lower than 2022
Software gross margin	78%	78%	Similar to 2022	Similar to 2022
Cash used in operating activities	$119.7M	$49.5M	Lower than 2022	Lower than 2022

For the third quarter of 2023, software revenue is expected to range from $27 million to $31 million.

*Initial guidance provided February 28, 2023, reiterated May 4, 2023, revised guidance provided August 2, 2023.

Platform Validated by Advancing Collaboration Programs[(1)(2)]





9 programs
currently in the clinic

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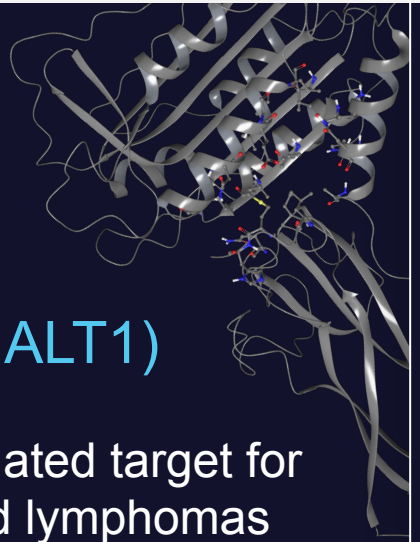
(1)Based on publicly available information or information disclosed to us.
(2)All of the programs being pursued under these collaborations are owned and controlled by each respective collaborator.
*Acquired by Servier **Acquired by Lilly ***Acquired by Gilead ****Acquired by Takeda

Retained and Partnered Proprietary Programs

PROGRAM	DISCOVERY	PRECLINICAL	PHASE I
SGR-1505 (MALT1) Relapsed / Resistant Non-Hodgkin's Lymphoma			
SGR-2921 (CDC7) Hematological Cancers and Solid Tumors			
SGR-3515 (Wee1) Gynecological Cancers and other Solid Tumors			
LRRK2 Neurology			
Multiple Oncology Programs			
Multiple Immunology Programs			

PROGRAM	DISCOVERY	PRECLINICAL	CLINICAL	RIGHTS
SOS1 RAS-Mutant Cancers				Schrödinger, Bristol Myers Squibb
Undisclosed Oncology				
Undisclosed Oncology				
Undisclosed Immunology				
Undisclosed Neurology				
Protein Degraders Oncology, Immunology and Neurology				
Undisclosed Oncology				Schrödinger, Takeda
Undisclosed				Schrödinger, Lilly

Advancing Programs with Breakthrough Potential



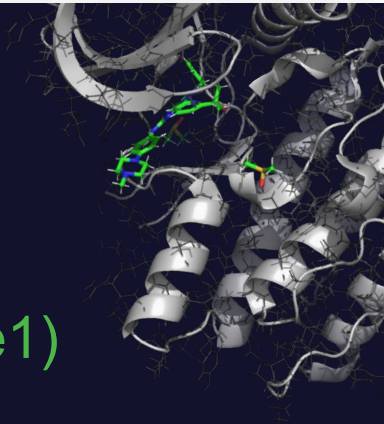
SGR-1505 (MALT1)

- Clinically validated target for leukemias and lymphomas
- Strong single agent and combination activity in preclinical models[1]
- Phase 1 studies ongoing in advanced B cell malignancies and in healthy subjects



SGR-2921 (CDC7)

- Key cell cycle checkpoint for DNA repair
- Active as monotherapy and synergistic in combination with standards of care in preclinical models[2]
- Phase 1 trial in acute myeloid leukemia and myelodysplastic syndrome expected to initiate in 2023



SGR-3515 (Wee1)

- Therapeutic potential across a broad range of solid tumors
- IND-enabling studies underway

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[1]Yin et al. ASH 2021. [2]Tsvetkov et al. ASH 2022.

Upcoming Milestones



- Add U.S. and international study sites for SGR-1505 (MALT1) Phase 1 trial
- Report initial SGR-1505 healthy volunteer data
- Initiate Phase 1 trial of SGR-2921 (CDC7) in acute myeloid leukemia and myelodysplastic syndrome
- Advance IND-enabling studies for SGR-3515 (Wee1)
- Pipeline Day, December 2023

Summary

Solid 2Q23 Performance

Encouraging outlook for expanded software deployments

Emerging portfolio of proprietary medicines

Continued commitment to collaborations



SOFTWARE LICENSING

Steady revenue growth



COLLABORATIONS



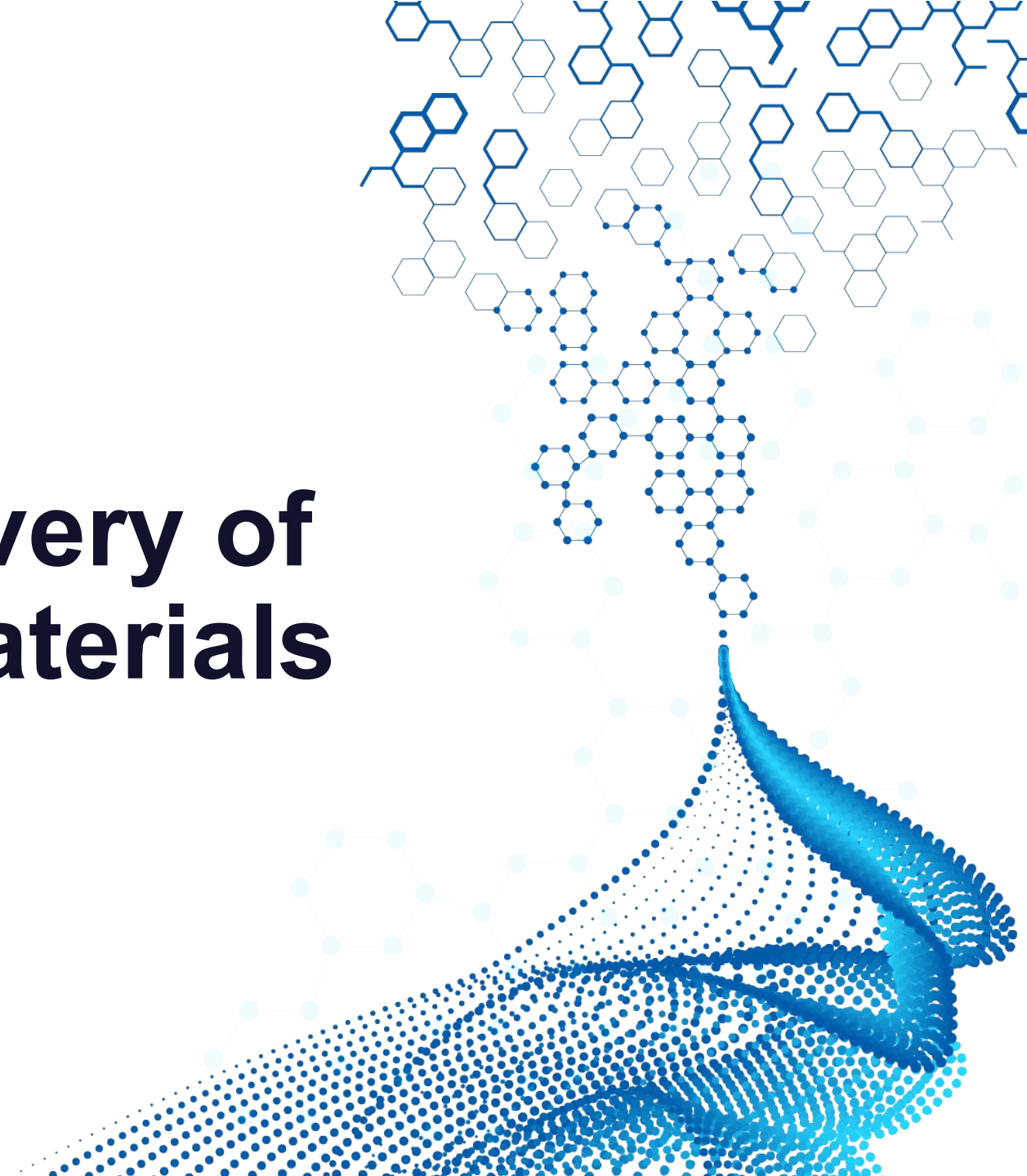
PROPRIETARY PIPELINE

Inflecting revenue growth

TECHNOLOGY PLATFORM

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