



Schrödinger

Revolutionizing Medicines and Materials Discovery

February 2025

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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 solutions, the reliance upon our third-party drug discovery collaborators, the reliance upon Novartis to perform its obligations to develop and commercialize any development candidates discovered by us under the collaboration, 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, factors adversely affecting the life sciences industry, and other risks detailed under the caption "Risk Factors" and elsewhere in our Securities and Exchange Commission ("SEC") filings and reports, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the SEC on February 26, 2025, 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.

Highlights

4Q24 Financial Results

- \$88.3M total revenue
- \$79.7M software revenue
- \$8.7M drug discovery revenue

FY24 Financial Results

- \$208M total revenue
- \$180M software revenue
- \$27.2M drug discovery revenue

2025 Guidance Highlights

- 10% - 15% software growth
- \$45M - \$50M drug discovery revenue
- Less than 5% operating expense growth

Expanded Discovery Collaborations

- Otsuka
- Lilly

Phase 1 Data Readouts on Track

- SGR-1505 2Q 2025
- SGR-2921 2H 2025
- SGR-3515 2H 2025

2025 Technology Advancements

- Predictive Toxicology
- Biologics Informatics
- ML Force Fields

Pioneering Digital Chemistry



30+ years of innovation



~900 employees worldwide; >40% Ph.D.



>50% of employees dedicated to R&D



~1,752 customers, including top 20 innovative biopharma¹



Pipeline of 25+ collaborative and proprietary programs

Our Target-to-Clinic Digital Chemistry Laboratory



Target Validation

Protein structure determination

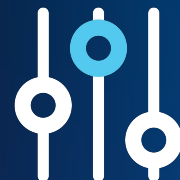
Druggability assessment



Hit Identification

Large-scale virtual screening

Fragment screening



Lead Optimization

Compound enumeration

In silico assays for:

- Potency
- Selectivity / Off-target toxicity
- Solubility
- Membrane permeability
- Brain exposure

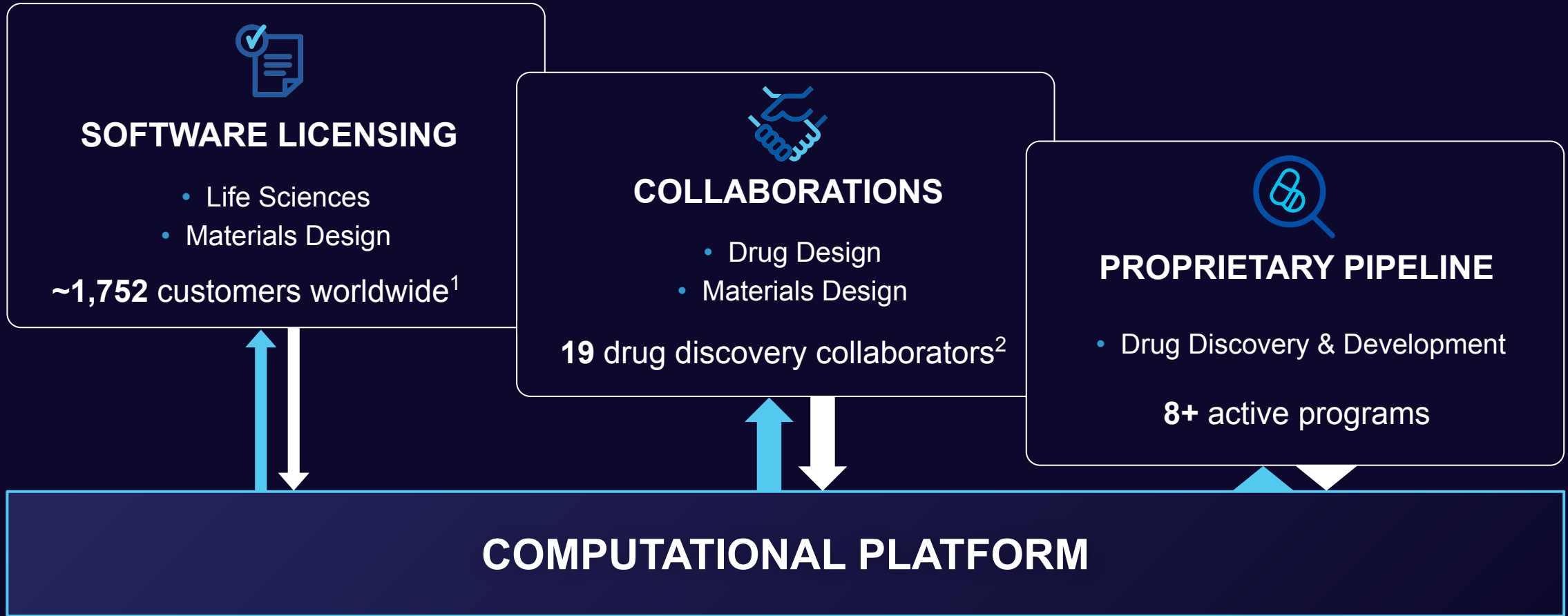


Preclinical Development

Polymorph prediction

Drug formulation

Multi-Pronged Business Enabled by Highly Differentiated Computational Platform



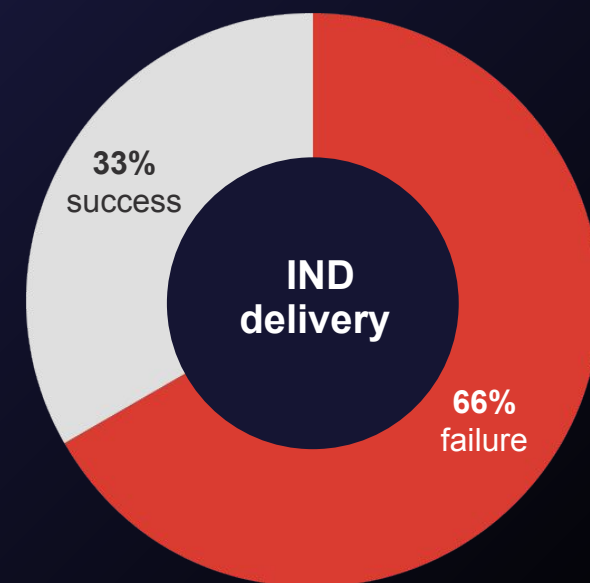
Our Computational Platform

Designing Drugs Is a Highly Challenging Multi-Parameter Optimization Problem

Need to identify a molecule that balances many anti-correlated properties:

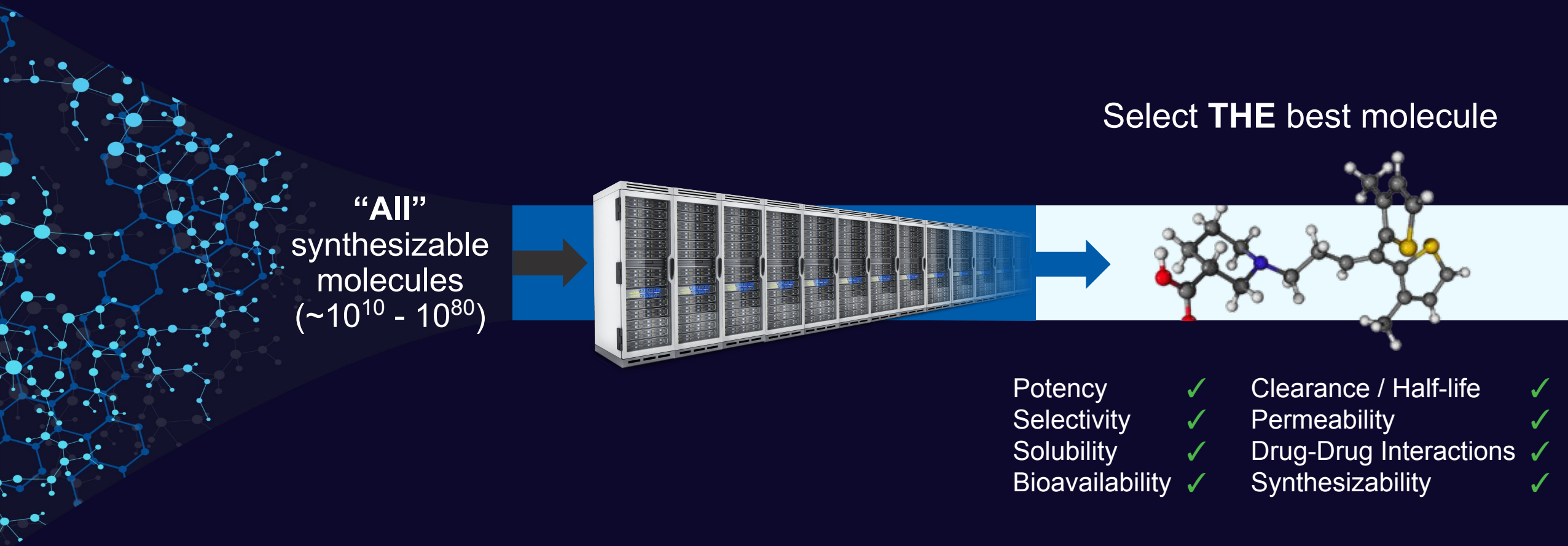
						
Potency	✓	×	✓	×	✓	✓
Selectivity	×	✓	✓	✓	×	✓
Solubility	×	×	×	✓	✓	×
Bioavailability	×	×	×	×	×	×
Clearance / Half-life	×	×	×	×	×	×
Permeability	×	×	×	×	×	×
Drug-drug interactions	×	×	×	×	×	×
Synthesizability	×	×	×	×	×	×

...

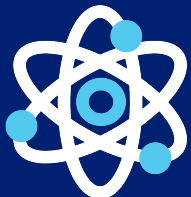


Schrödinger's Vision for the Future of Drug Discovery

If all properties can be calculated with perfect accuracy, designing drugs would have a much **higher success rate**, be much **faster** and **cheaper**, and would produce much **higher-quality** molecules.

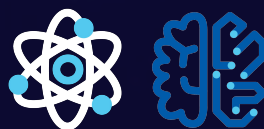


Digital Chemistry Laboratory Leverages Physics + AI



Physics-based Methods

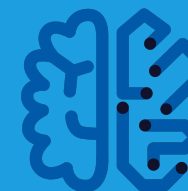
- ✓ No training set required
- ✓ Can extrapolate into novel chemical space
- ✓ Accurate
- ✗ Slow



Physics + AI

Training Set for AI/ML Generated Using Physics

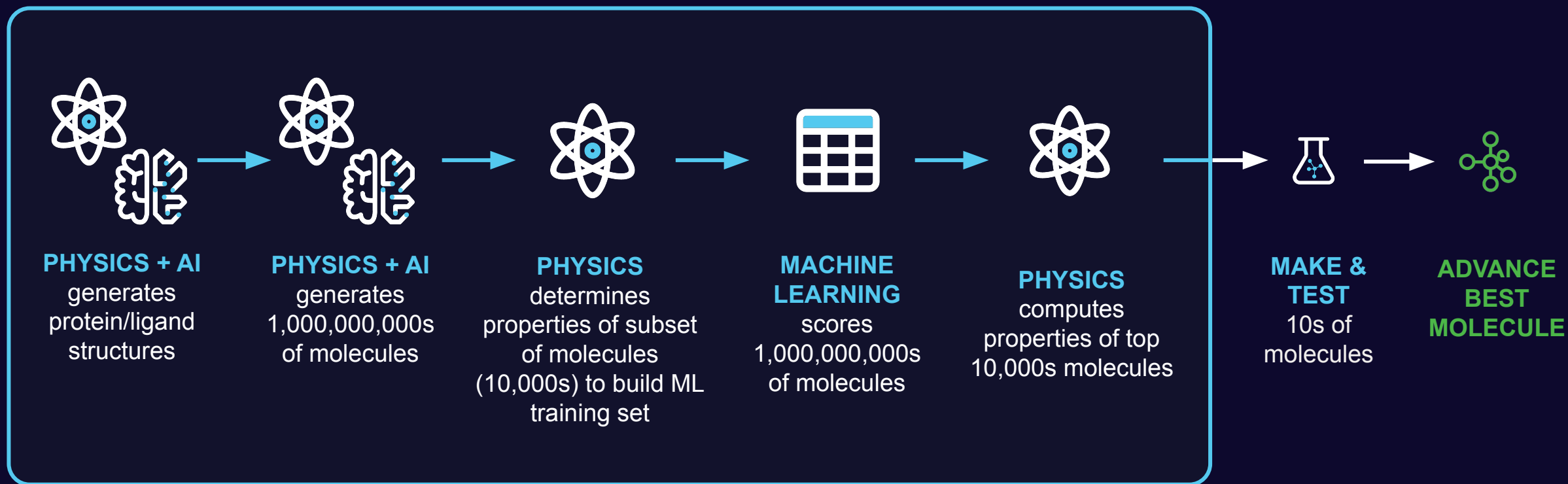
- ✓ Fast
- ✓ Accurate
- ✓ Can handle very large datasets
- ✓ Can extrapolate into novel chemical space



Artificial Intelligence / Machine Learning

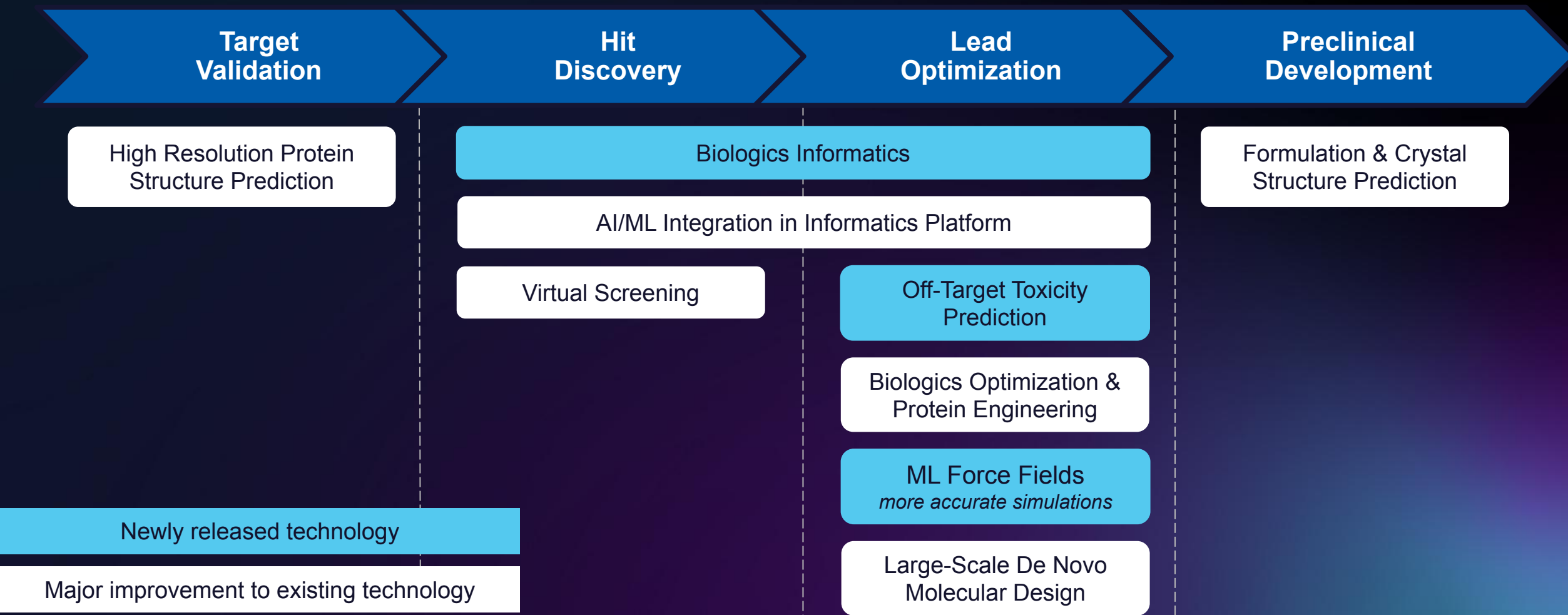
- ✓ Effective at interpolation
- ✓ Fast
- ✓ Can handle very large datasets
- ✗ Requires massive training sets

Physics-Enabled AI/ML Platform



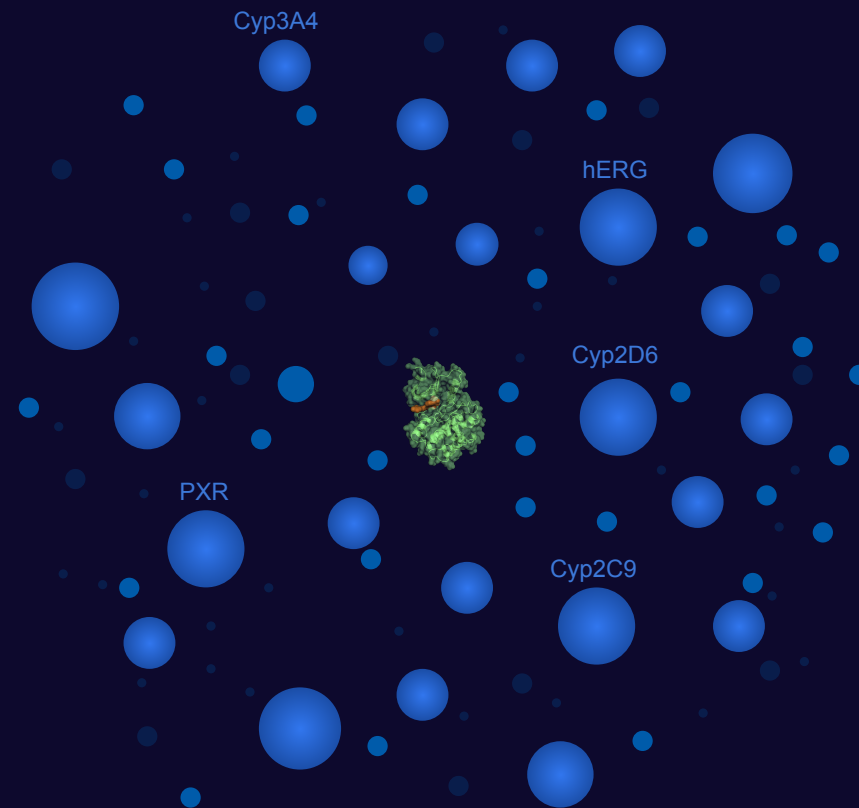
Advancing the Platform in 2025

Continuing to Integrate Physics & AI/ML



Schrödinger's Predictive Toxicology Initiative

- **Predictive Toxicology Initiative:** Develop structure-based computational assays for off-targets
- Predictive computational advantages:
 - Early de-risking
 - Faster ligand evaluation
 - Greater throughput
 - Lower cost
 - **Improved safety profile**
- Progress to date – enabled:
 - hERG, Cyp3A4, Cyp2D6, Cyp2C9, PXR
 - ~50 kinases



BILL & MELINDA
GATES *foundation*

Committed \$19.5M grant



Provide enabling AI technologies

Our Therapeutics Pipeline

A Broad Portfolio of Advancing Collaboration Programs⁽¹⁾⁽²⁾

Phase 1		Phase 2		Phase 3	FDA-Approved
	Immuno-oncology		Metabolic Diseases ³		Psoriasis ³
	Obesity		Inflammatory Bowel Disease ⁵		
	Myelofibrosis				
Undisclosed	Undisclosed				
Undisclosed	Undisclosed				

Additional programs in discovery and preclinical development with:



¹Based on publicly available information or information disclosed to us.

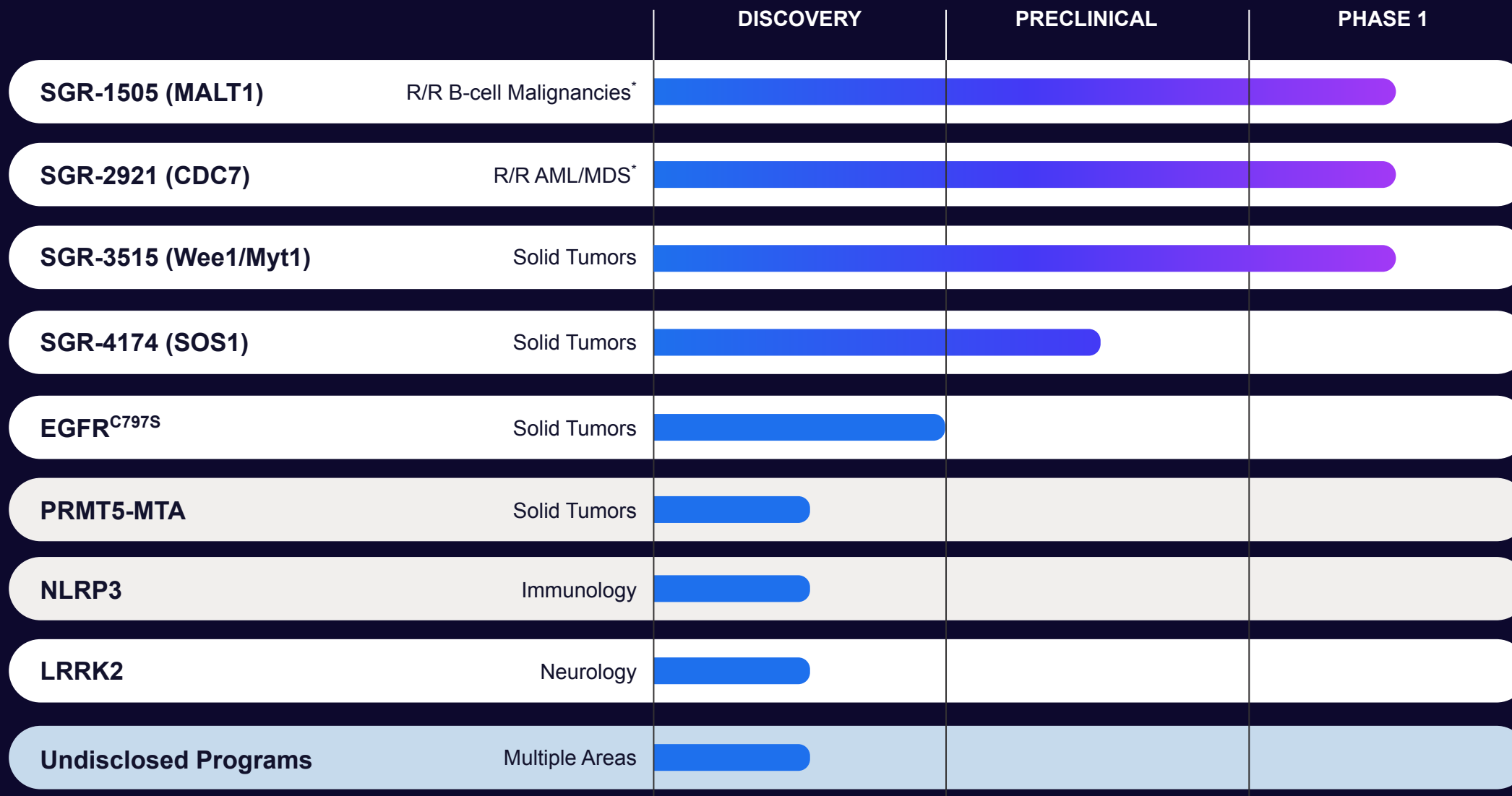
²All of the programs being pursued under these collaborations are owned and controlled by each respective collaborator.

³Acquired from Nimbus.

⁴Acquired by Servier.

⁵Acquired from Morphic.

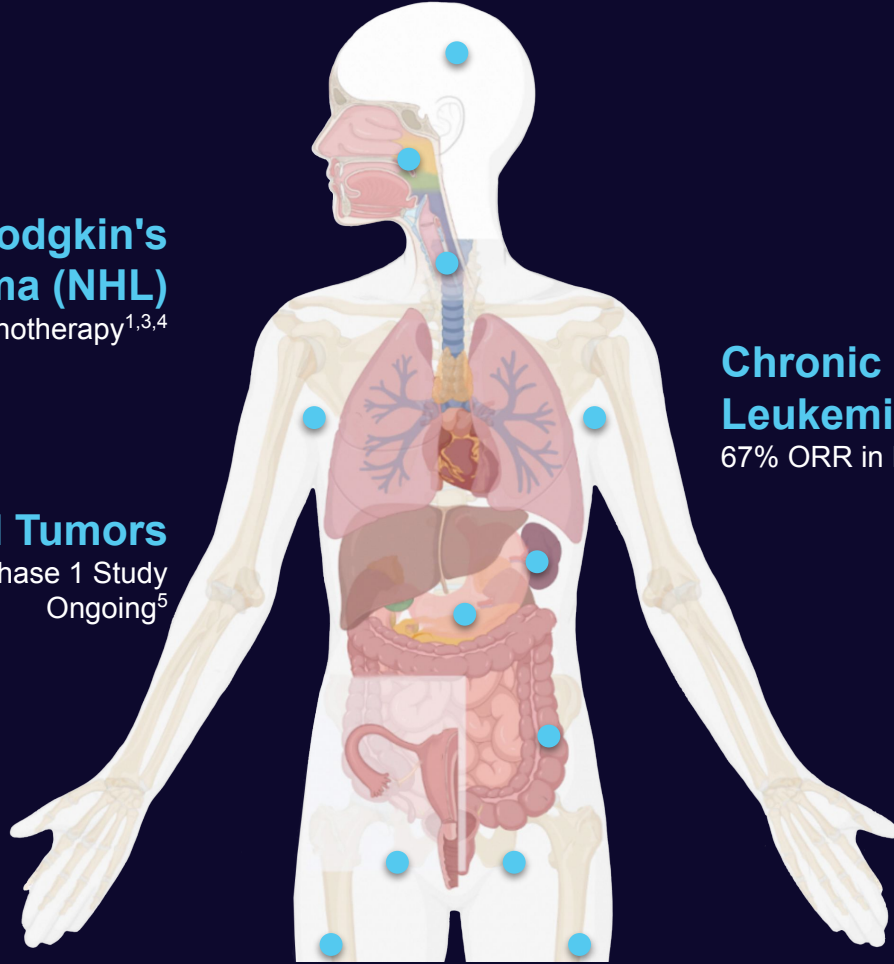
Proprietary Pipeline Approaching Key Clinical Milestones



MALT1 Protease Inhibition Clinically Validated in 3rd Party Study

**Non-Hodgkin's
Lymphoma (NHL)**
28% ORR* monotherapy^{1,3,4}

Solid Tumors
Third Party Phase 1 Study
Ongoing⁵



**Chronic Lymphocytic
Leukemia (CLL/SLL)**
67% ORR in BTK* combination²

Allosteric Inhibition of MALT1

- Clinically validated by 3rd party MALT1 inhibitor showed monotherapy and combination activity in human B-cell malignancies
- Opportunity for well-tolerated, potent, optimized inhibitors in NHL and CLL
- Potential in autoimmune disease

*Definitions: ORR: overall response rate; BTK: Bruton tyrosine kinase.

¹WO2022184716 Combination Therapy using MALT1 Inhibitor and BTK Inhibitor. ²WO2022185097 Method of treating a condition using a therapeutically effective dose of the MALT1 inhibitor JNJ-67856633. ³Kalac M. et. al, EHA Abstracts HemaSphere 7(S3):p e60782b9, August 2023. ⁴Hertzberg et. al. *Hematological Oncol* June 2023. ⁵Naing et al., *Ann Oncol* 2023, 34 (suppl_2): S619-S650.

SGR-1505 Status and Next Steps

Phase 1 healthy subject study completed

- SGR-1505 was generally well tolerated with no dose-limiting toxicities and no serious adverse events
- Favorable PK and evidence of target engagement

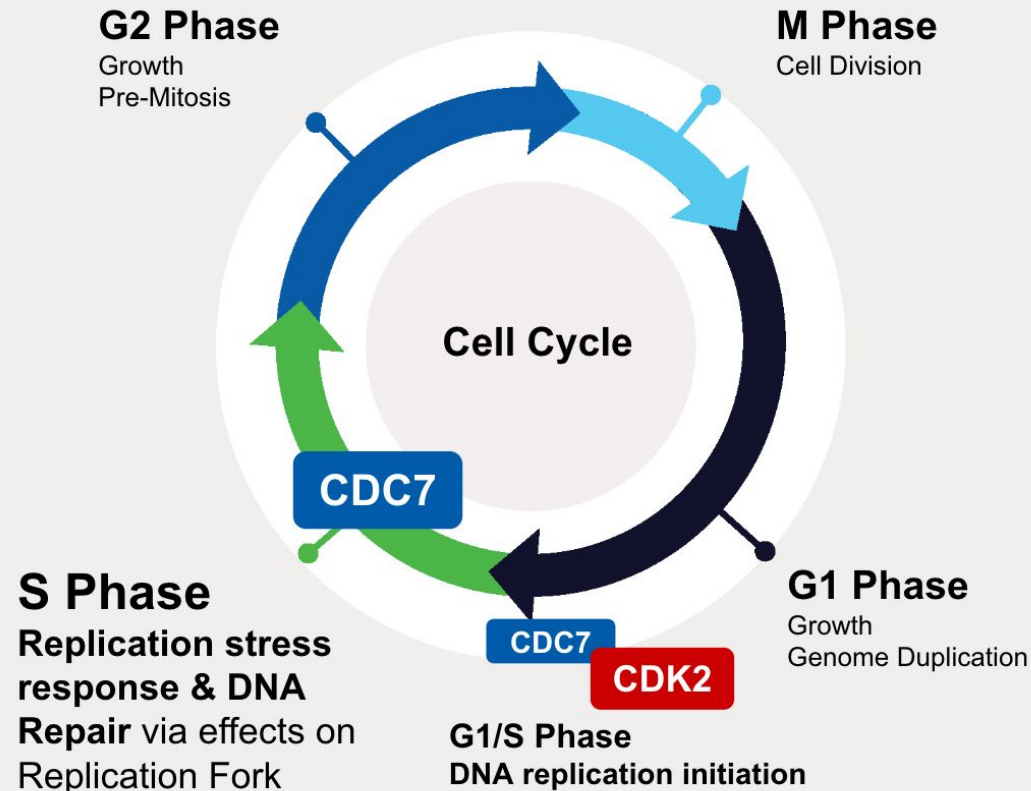
Phase 1 study in advanced R/R B-cell malignancies ongoing

- Primary objectives: Evaluate safety, PK, PD, RP2D*
- Secondary objective: Evaluate early signs of activity
- Initial clinical data presentation expected 2Q 2025

Future opportunities

- Combination opportunities with standard of care agents
- Orphan drug designation in mantle cell lymphoma
- Expansion opportunities in oncology and autoimmune disease

CDC7 Is an S-phase Kinase That Regulates DNA Replication and the Replication Stress Response



CDC7

- Maintains DNA replication fork progression, activates fork protection and restart mechanisms^{1,2}
- Activates BRCA1-A and Cohesin complexes¹
- Required for protection and restart of stalled replication forks^{1,3,4}

SGR-2921 Status and Next Steps

Strong preclinical rationale

- High replication stress in AML
- Potent and selective CDC7 inhibition shows strong anti-proliferative activity in AML samples, including those resistant to standard-of-care therapies

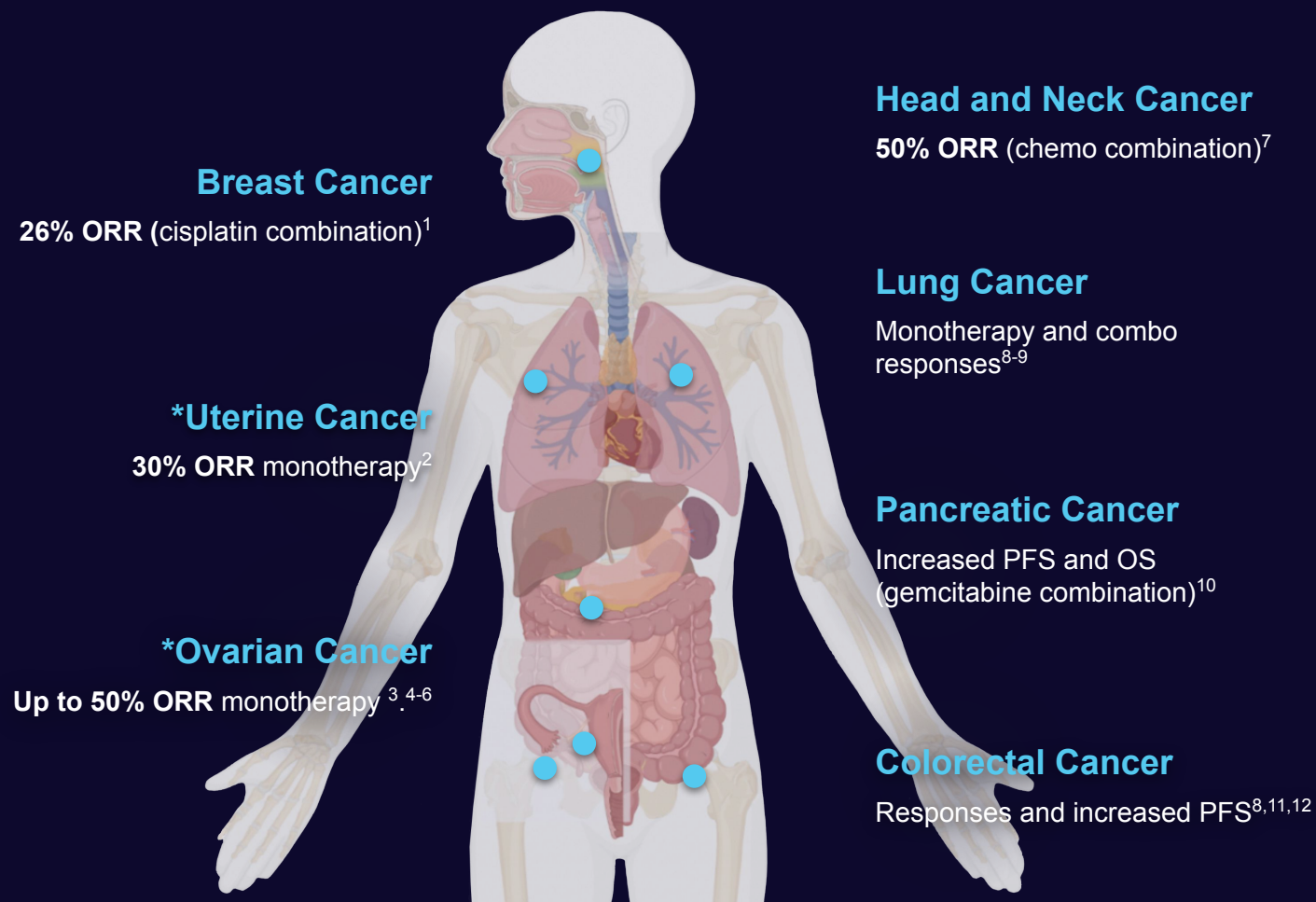
Phase 1 study in AML or MDS ongoing

- Primary objectives: Evaluate safety, tolerability and RP2D
- Secondary objectives: Evaluate PK, preliminary anti-tumor activity
- Initial clinical data presentation expected 2H 2025

Future opportunities

- Explore combination potential with existing and emerging agents
- Expansion opportunities in solid tumors

Wee1 Inhibition Clinically Validated in 3rd Party Studies



SGR-3515 Combines Wee1/Myt1 Activity

- Opportunity for improved therapeutic index
- Demonstrates durable activity from intermittent dosing in preclinical models¹³
- Myt1 activity offers opportunity to benefit from synthetic lethal relationship

¹Clin Cancer Res 2021; 27(4). ²J Clin Oncol 2021; 39(14):1531-1539. ³J Clin Oncol 40, no. 16_suppl (June 01, 2022) 5515.
⁴Lancet 2021; 398:281-92. ⁵J Clin Oncol 2016; 34:4354-4361. ⁶Clin Cancer Res 2018; 24(120): 2740-8. ⁷Clin Cancer Res 2018; 15;24(12):2740-2748. ⁸Zentalis investor deck. ⁹Ann Oncol 2020; 31 (suppl_4). ¹⁰J Clin Oncol 2019 Oct 10;37(29).
¹¹Cancer Res (2019) 79 (13_Supplement): CT02. ¹²J Clin Oncol 2021 Nov 20;39(33). ¹³Sun et al., AACR 2022.

SGR-3515 Status and Next Steps

Strong mechanistic rationale

- Clinically validated target
- Potential benefit in wide range of tumor types

Differentiated profile

- Potentially superior Wee1/Myt1 potency, improved selectivity and lower drug-drug interaction liability in preclinical models
- Profile enables optimized dosing schedule to maintain anti-tumor activity and limit hematological toxicity¹

Phase 1 study in advanced solid tumors ongoing

- Primary objectives: Evaluate safety, tolerability and RP2D
- Secondary objectives: Evaluate PK, preliminary anti-tumor activity
- Initial clinical data presentation expected 2H 2025

Materials Science

Leveraging Platform Synergies: Materials Science

- Materials Science business launched in 2012
- Leverages 30+ years of innovation in atomic-scale simulation solutions

Initial Collaborations: Next-Gen Batteries



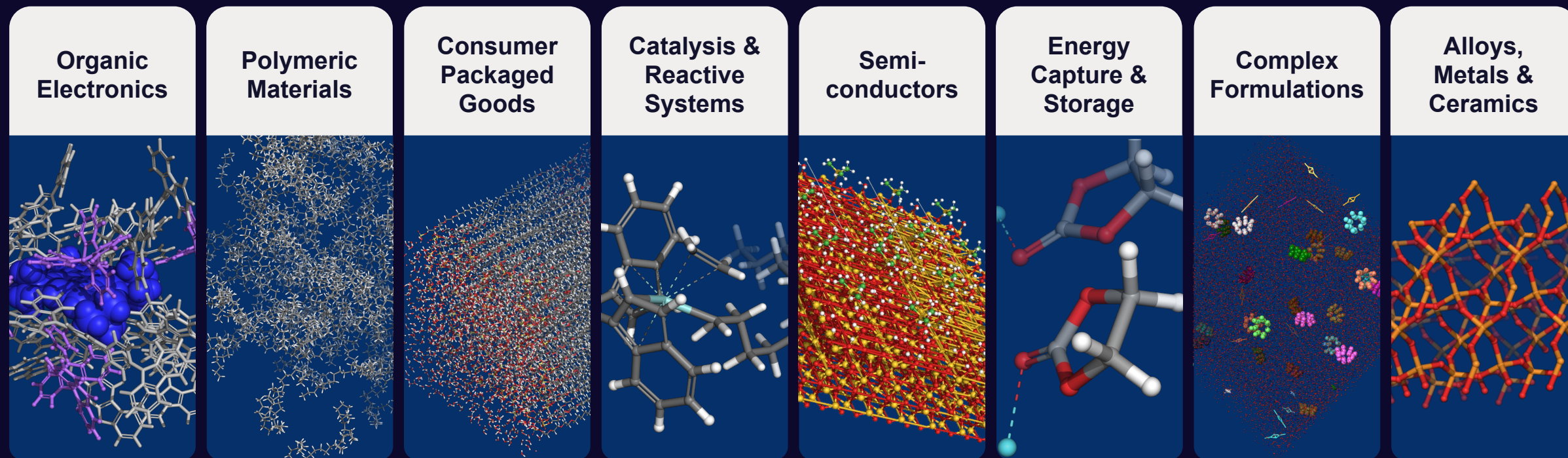
- Developing atomistic simulations to improve battery performance
- Agreement renewed for a second three-year term in 2023



- Accelerating materials discovery and design for next gen Li-ion batteries
- 3-year collaboration



Platform Has Broad Application Across Industrial Materials Design and Development



Tailored solutions designed to reduce cost, risk, and shorten timelines

Financial Overview

4Q24 Financial Highlights vs. 4Q23

Three Months Ended Dec. 31

	4Q 2023	4Q 2024	% Change
Software revenue	\$68.7	\$79.7	16%
Drug discovery revenue	\$5.5	\$8.7	58%
Total revenue	\$74.1	\$88.3	19%
Gross profit	\$57.6	\$64.1	
Software gross margin	87%	83%	
Operating expenses	\$87.2	\$84.8	(2.7%)
Other income	(\$1.9)	(\$18.5)	
Net loss	(\$30.7)	(\$40.2)	

as of 12/31/23

as of 12/31/24

Cash and marketable securities	\$468.8	\$367.5	(22%)
Deferred revenue, current and long term	\$65.3	\$220.8	238%

(in millions)

Growth driven by hosted revenue as large customers transition from on-premise licenses

New large, multi-year, on-premise agreements in Q424 matched contribution of multi-year deals in Q423

Operating expenses lower due to lower R&D as project expenses transition to Cost of Goods

Cash position sufficient for >2 years operating cash burn before receipt of \$150mm payable in Q1

FY24 Financial Highlights vs. FY23

Twelve Months Ended Dec. 31

	FY 2023	FY 2024	% Growth
Software revenue	\$159.1	\$180.4	13%
Drug discovery revenue	\$57.5	\$27.2	(53%)
Total revenue	\$216.7	\$207.5	(4.2%)
Gross profit	\$140.7	\$132.1	(6.1%)
Software gross margin	81%	80%	
Operating expenses	\$318.1	\$341.4	7.3%
Other income	\$220.4	\$23.6	
Net income (loss)	\$40.7	(\$187.1)	

as of 12/31/23

as of 12/31/24

Cash and marketable securities	\$468.8	\$367.5	(22%)
Deferred revenue, current and long term	\$65.3	\$220.8	238%

(in millions)

Two thirds of software growth from hosted contracts

Reduction in drug discovery revenue due to non-recurring milestones received in 2023

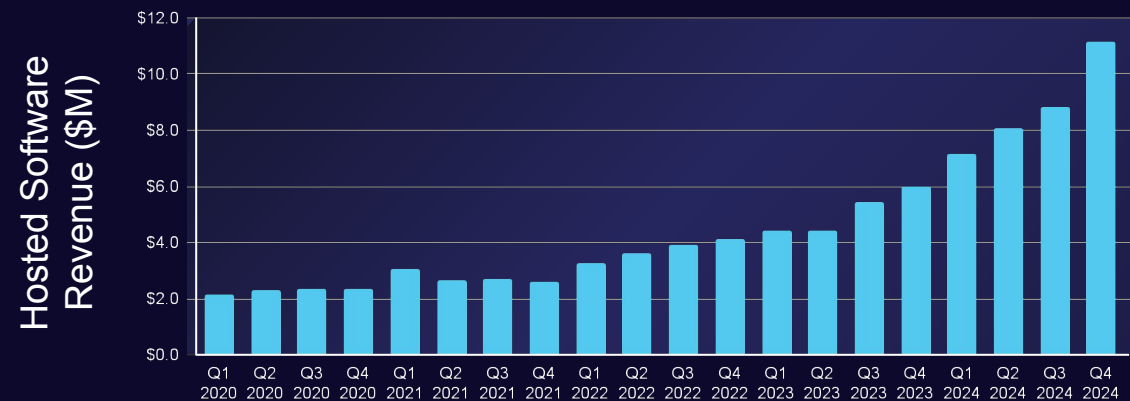
R&D was largest driver of operating expense growth

Four-Quarter Trailing Average Software Quarterly Revenue Trend

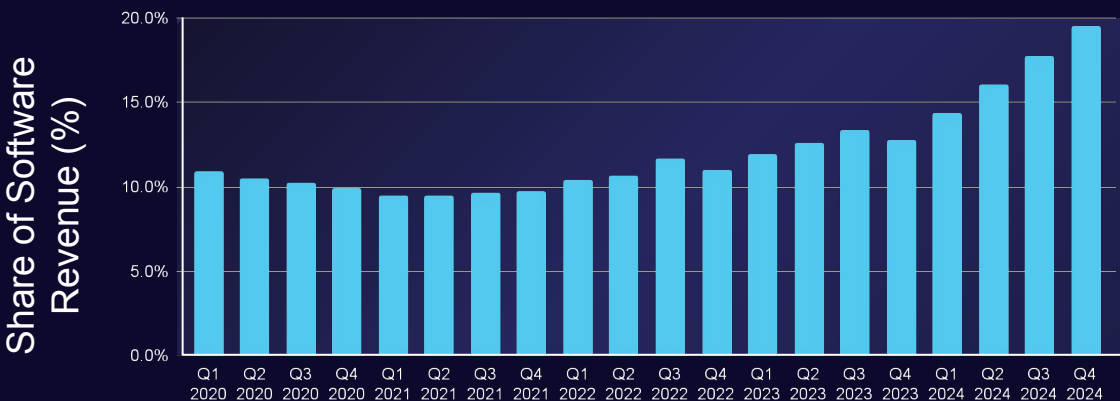


Hosted Contracts Are a Growing Share of Total Software Revenue

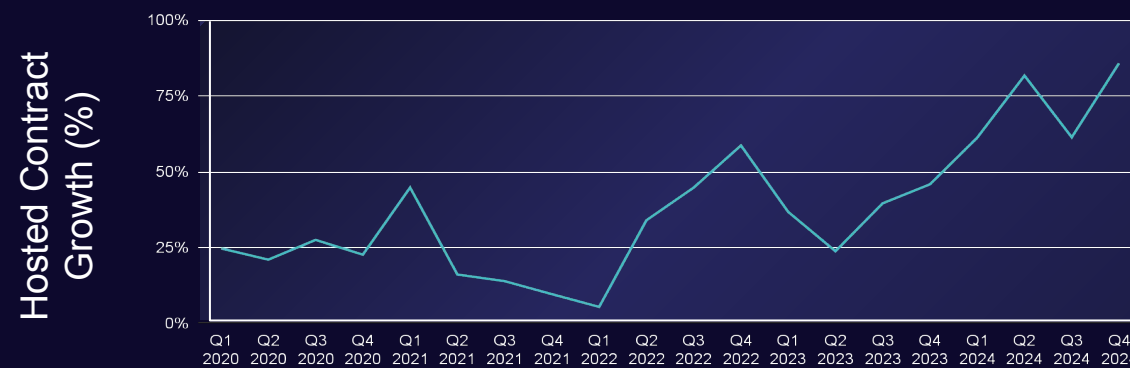
Hosted Contract Revenue



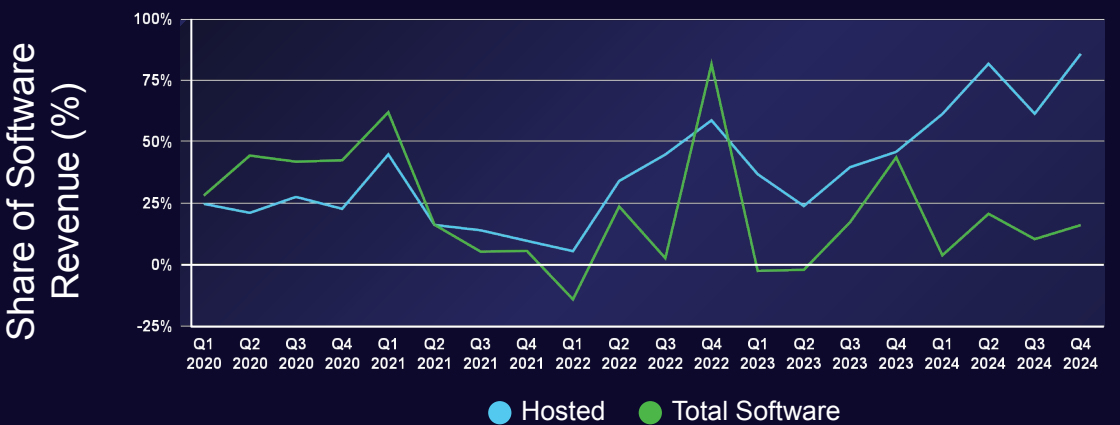
Hosted Contracts as % of Software Revenue (Trailing 4-Quarter Average, %)



Growth in Hosted Contracts



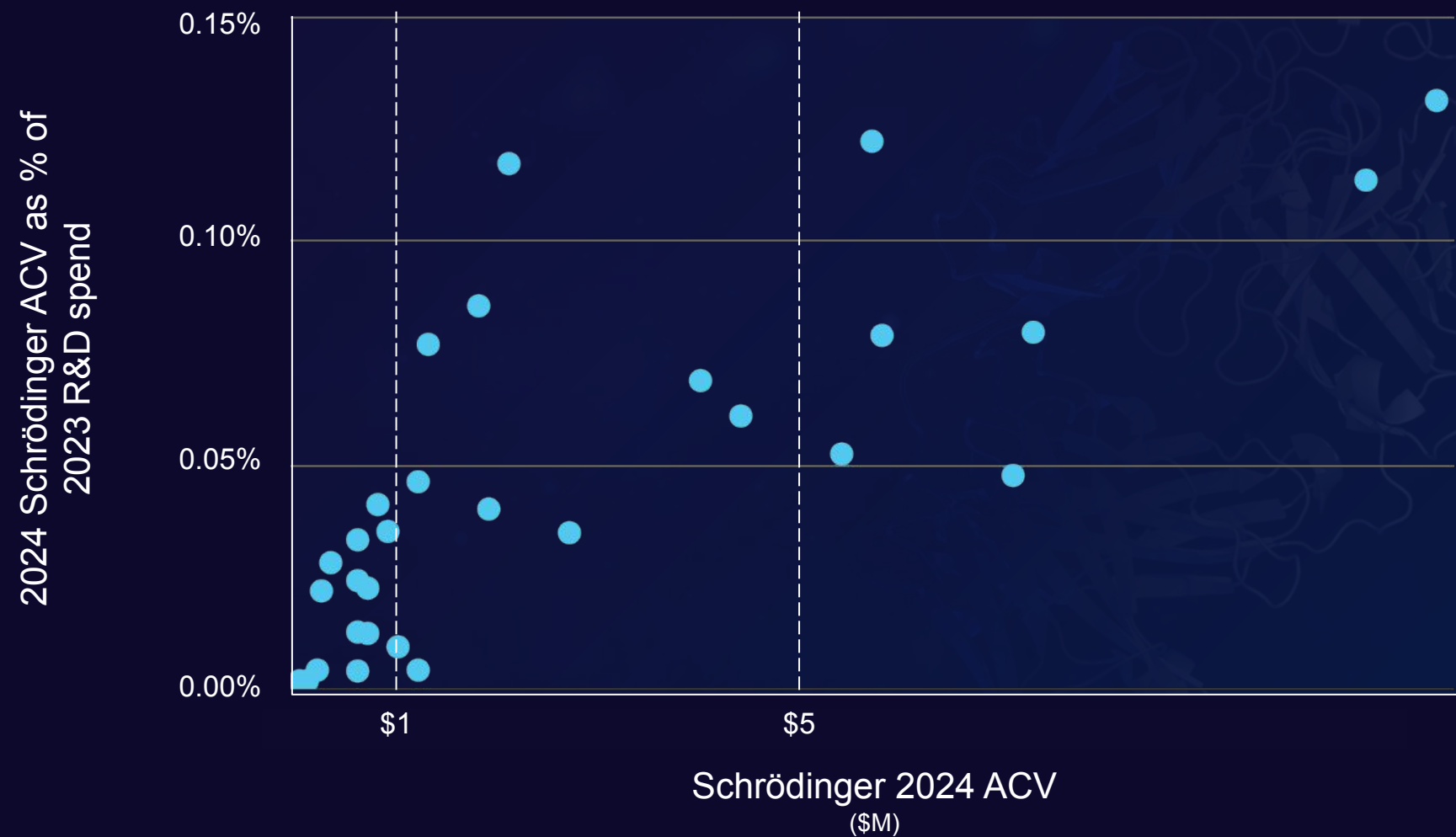
Growth in Hosted Revenue vs. Growth in Total Software Revenue (%)



Full Year 2024 Key Performance Indicators (KPIs)

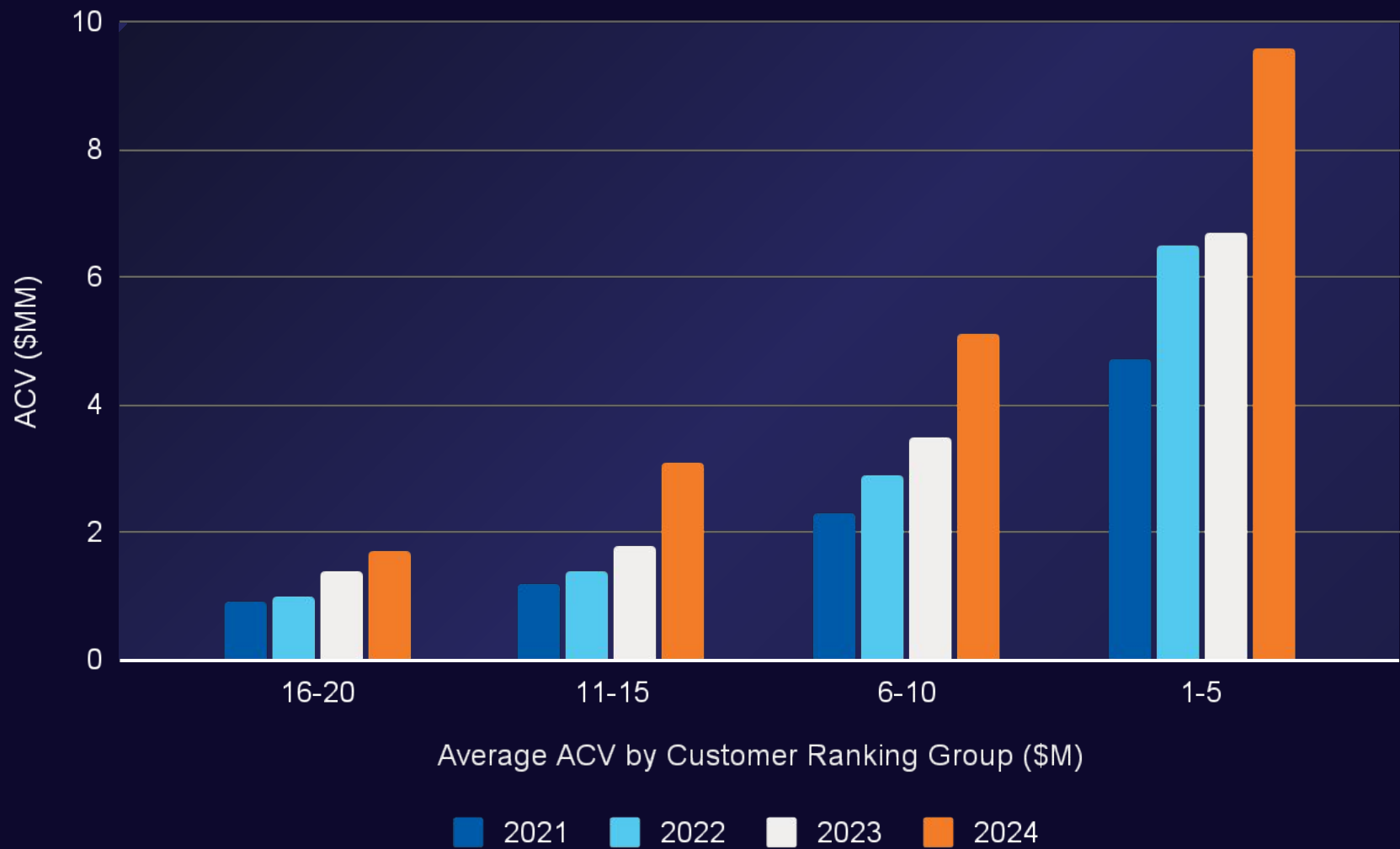
Software KPI	2023	2024
Total annual contract value (ACV)	\$154.2M	\$190.8M
ACV of Top 10 Customers	\$51.0M	\$73.1M
Number of customers with ACV ≥\$5M	4	8
Number of customers with ACV ≥\$1M	27	31
Number of customers with ACV ≥\$500k	54	61
Number of customers with ACV ≥\$100k	222	235
Customer retention rate with ACV ≥\$500k	98%	100%
Customer retention rate with ACV ≥\$100k	92%	95%
Number of customers with ACV ≥\$1k	1,785	1,752
Drug Discovery KPI	As of 12/31/23	As of 12/31/24
Ongoing programs eligible for royalties	12	13
Number of collaborators since 2018	17	19

Continued Opportunity for Growth and Adoption within Large Biopharma*

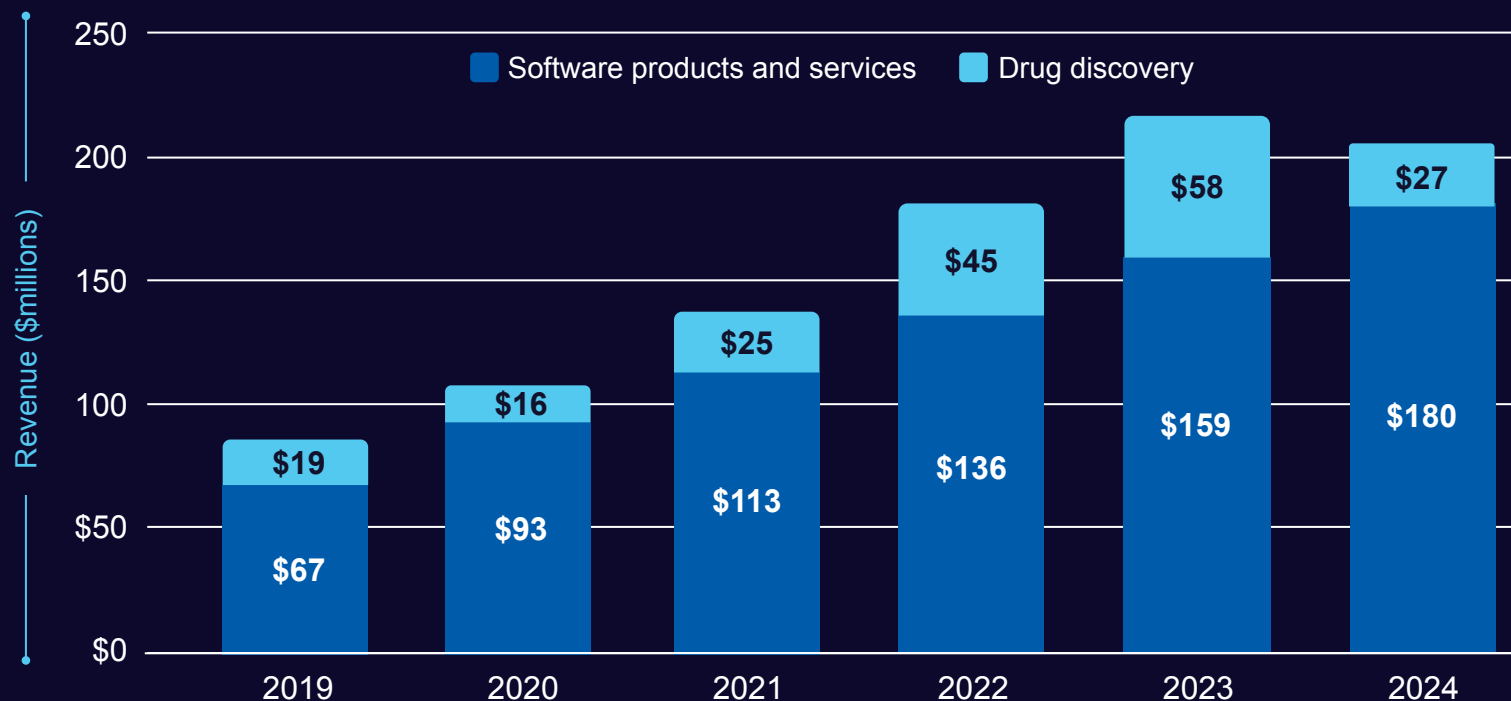


* Each dot represents the top 30 publicly-traded companies by total R&D expenditure for FY 2023. The X-axis represents each company's ACV for FY 2024, and the Y-axis represents their ACV spend as a percentage of their FY 2023 total R&D expenditure (Source: FactSet)

Growth in Top 20 Customer Average ACV By Customer Ranking Group Over Time



Software and Drug Discovery Revenues: 2019-2024



Drug discovery
2019-24 CAGR 7.6%

Software
2019-24 CAGR 22.0%

Equity investments
\$229M distributed or received since 2019

Cash is supplemented by distributions and other considerations from our equity investments

\$0.9M

\$0.0M

\$20.3M

\$11.8M

\$147.2M

\$48.8M

Capital Allocation Strategy Built on Proprietary Insights and Competitive Advantages in Computational Chemistry

Aiming to Generate Positive Returns from
Deployment of Technology, Expertise and Capital

Opportunities that leverage:

Validated Target or Development Goal

- Academia
- Entrepreneurs
- Investors
- Industry



Computation
at Scale



Schrödinger
Proprietary
Technology



Schrödinger
Scientific
Team



Unique
Scientific
Insight or
Observation

Commercially Useful Innovation

- Proprietary Asset
- Venture / NewCo
- License IP / Program

2025 Financial Guidance

(As of February 26, 2025)

	2024 Actual	2025 Guidance
Software revenue	\$180.4	+10% – 15%
Drug discovery revenue	\$27.2	\$45 – \$50
Software gross margin	80%	74% – 75%
Operating expense growth	7.3%	Less than 5%
Cash used in operating activities	\$157.4	Lower than 2024

(in millions)

For the first quarter of 2025, software revenue is expected to range from \$44 million to \$48 million.

Strategic Priorities

- Increase customer adoption of computational technology
- Deliver planned major enhancements to the platform
- Present initial clinical data from the Phase 1 study of SGR-1505 in 2Q 2025
- Present initial clinical data from the Phase 1 study of SGR-2921 in 2H 2025
- Present initial clinical data from the Phase 1 study of SGR-3515 in 2H 2025
- Advance proprietary and collaborative discovery portfolio



Schrödinger

Revolutionizing Medicines and Materials Discovery

February 2025

Appendix

Annual Contract Value (ACV). With respect to contracts that have a duration of one year or less, or contracts of more than one year in duration that are billed annually, ACV is defined as the contract value billed during the applicable period. For contracts with a duration of more than one year that are billed upfront, ACV in each period represents the total billed contract value divided by the term. ACV should be viewed independently of revenue and does not represent revenue calculated in accordance with GAAP on an annualized basis, as it is an operating metric that can be impacted by contract execution start and end dates and renewal rates. ACV is not intended to be a replacement for, or forecast of, revenue.

Customer Retention for our customers with an ACV of at least \$100,000 or \$500,000. We calculate year-over-year customer retention for our customers in this cohort by starting with the number of such customers we had in the previous fiscal year. We then calculate how many of these customers were active customers in the current fiscal year. We then divide this number by the number of customers with an ACV of at least \$100,000 or \$500,000, as applicable, that Schrödinger had in the previous fiscal year to arrive at the year-over-year customer retention rate for such customers.