



Schrödinger Provides Update on Progress Across the Business and Outlines 2023 Company Strategic Priorities

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New Target Added to Ongoing Collaboration with Bristol Myers Squibb

Unveils LRRK2 Inhibitor Program Targeting Neurodegenerative Diseases

New Collaboration and Software Agreement with Otsuka Pharmaceutical Co., Ltd.

NEW YORK--(BUSINESS WIRE)--Jan. 9, 2023-- [Schrödinger](#), Inc. (Nasdaq: SDGR), whose physics-based computational platform is transforming the way therapeutics and materials are discovered, today provided an update on its progress across the business and announced its strategic priorities for 2023.

"We are very proud of our achievements in 2022 across all areas of our business. We continued to enhance the capabilities of our platform, we made great progress in our existing collaborations and added new ones, and we advanced our first internal product candidate, SGR-1505, to the clinic. Our successes further validate the ability of our physics-based methods to accelerate discovery of novel drug candidates for important targets with best-in-class potential," stated Ramy Farid, Ph.D., chief executive officer at Schrödinger. "We are very excited about the opportunities we have this year to increase adoption of our software, to improve the capabilities of our platform and to advance our collaborative and proprietary pipeline. The successes of companies in which we have equity positions further validates our technology and provides yet another potential source of value creation."

New Updates

Today Schrödinger announced several new developments, including the following:

- Schrödinger and Bristol Myers Squibb amended their discovery, development and commercialization collaboration to include a new discovery program in neurology. Schrödinger received an additional upfront payment for the new program and is eligible to receive discovery, development and commercialization milestones, as well as royalties on net sales, similar to the terms of the original agreement.
- Schrödinger reported a new program targeting LRRK2, a genetically validated target with therapeutic potential for the treatment of Parkinson's disease. In 2022, Schrödinger generated cryo-electron microscopy structures of LRRK2 which is helping to accelerate the identification of novel LRRK2 inhibitors. Schrödinger expects to select a development candidate for this program in 2024.
- Schrödinger and Otsuka Pharmaceutical Co., Ltd., a leading healthcare company in Japan, together with Otsuka's subsidiary Astex Pharmaceuticals, announced an innovative multi-part agreement that includes a collaboration to discover molecules for an emerging CNS disease target, as well as a knowledge-transfer program and expanded licensing agreement for Schrödinger's platform for Otsuka's new drug discovery facility. Under the terms of the drug discovery portion of the agreement, Schrödinger will be responsible for drug design through lead optimization and Otsuka will be responsible for all other drug discovery and clinical development activities. Schrödinger received an upfront payment and will be eligible to receive discovery, development and regulatory milestones, as well as tiered royalties on net sales of any products emerging from the drug discovery collaboration in all markets.

2022 Achievements

Today Schrödinger also highlighted several 2022 achievements, including the following:

Pipeline

- Received FDA clearance for the investigational new drug (IND) application for SGR-1505, a MALT1 inhibitor, and opened enrollment for the Phase 1 clinical trial in patients with relapsed or refractory B cell malignancies
- Presented new preclinical data on its potent and selective CDC7 inhibitor, SGR-2921, at the American Society of Hematology (ASH) 64th Annual Meeting
- Presented preclinical data from its Wee1 program at the American Association of Cancer Research Annual Meeting
- Entered into an agreement with Eli Lilly and Company for the discovery and optimization of small molecule compounds addressing an undisclosed target
- Initiated six new internal programs in oncology and immunology

Progress at Companies with Equity Ownership by Schrödinger

- In December, Nimbus announced a definitive agreement with Takeda under which Takeda agreed to acquire Nimbus's TYK2 inhibitor, NDI-034858, which is being evaluated for the treatment of multiple autoimmune diseases following positive

results from the Phase 2b clinical trial in psoriasis. Schrödinger has an equity stake in Nimbus and subject to certain conditions, including the approval of Nimbus's board of directors, expects to receive a cash distribution from Nimbus following the closing of the transaction, which is expected in the first half of 2023 and is contingent on completion of review under antitrust laws, including the Hart-Scott-Rodino Antitrust Improvements Act of 1976. A [recent post](#) on Schrödinger's blog, [Extrapolations](#), describes how NDI-034858 was developed using Schrödinger's physics-based computational platform.

- Morphic Therapeutic made significant progress advancing MORF-057, an oral $\alpha 4\beta 7$ integrin inhibitor, for the treatment of ulcerative colitis (UC), including reporting positive Phase 1 clinical data and initiating a Phase 2b study in patients with moderate-to-severe UC.
- In December, Ajax Therapeutics presented positive preclinical data on AJ1-10502, a next generation Type II JAK2 inhibitor, at the ASH Annual Meeting. The preclinical data showed that AJ1-10502 demonstrated enhanced selectivity and improved efficacy compared to ruxolitinib in multiple disease models of myeloproliferative neoplasms.

Platform

- Schrödinger scientists continued to make significant advances to the company's platform. This includes expanding the number and types of targets for which the platform is enabled, increasing hit rates in hit discovery, and enhancing the predictive accuracy of key drug-like properties of molecules. Schrödinger scientists were authors on 22 publications in peer-reviewed life sciences and material science journals, including a co-authored [manuscript](#) describing how Schrödinger's predictive computational methods accelerated Nimbus's discovery of potent, selective TYK2 inhibitors.

Business

- Appointed Geoffrey Porges, MBBS., as chief financial officer to lead all aspects of the company's financial operations, investor relations and corporate affairs activities, as well as oversee business development and strategic planning for the company's proprietary pharmaceuticals and biopharmaceutical collaborations.
- Entered into a three-year collaboration with Eonix LLC to accelerate the discovery and design of materials for safer, energy dense lithium ion batteries.
- Acquired and integrated XTAL BioStructures, Inc., enabling Schrödinger to pursue scientific advancements in the field of structural biology and enhance its ability to produce high quality target structures for drug discovery.

2023 Strategic Priorities

Today Schrödinger outlined the following strategic priorities for 2023:

- Complete dose-escalation portion of the Phase 1 clinical trial of SGR-1505
- Submit IND for SGR-2921 and initiate Phase 1 dose-escalation trial
- Select Wee1 inhibitor development candidate and initiate IND-enabling studies
- Advance LRRK2 program toward development candidate status
- Enter into at least one new multi-target drug discovery collaboration
- Advance and disclose additional unpartnered proprietary drug development programs
- Publish new preclinical data from wholly-owned programs in peer-reviewed forums
- Leverage new structural biology capabilities and advance computational technologies to enable new targets for drug discovery
- Advance and publish validation of technology enabling discovery of novel biologics
- Enter into at least one new materials science collaboration

Schrödinger will report its fourth quarter and full-year financial results and provide 2023 financial guidance on Tuesday, February 28, 2023, after the financial markets close. The company will host a conference call and webcast at 4:30 p.m. ET.

About Schrödinger

Schrödinger is transforming the way therapeutics and materials are discovered. Schrödinger has pioneered a physics-based computational platform that enables discovery of high-quality, novel molecules for drug development and materials applications more rapidly and at lower cost compared to traditional methods. The software platform is licensed by biopharmaceutical and industrial companies, academic institutions, and government laboratories around the world. Schrödinger's multidisciplinary drug discovery team also leverages the software platform to advance a portfolio of collaborative and proprietary programs to address unmet medical needs.

Founded in 1990, Schrödinger has approximately 800 employees and is engaged with customers and collaborators in more than 70 countries. To learn more, visit www.schrodinger.com, follow us on [LinkedIn](#) and [Instagram](#), or visit our blog, [Extrapolations.com](#).

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995, including but not limited to those regarding the potential advantages of our computational platform, 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 and

SGR-2921, and other compounds discovered with our platform, the timing of potential IND submissions as well as initiation of clinical trials for our proprietary drug discovery programs, the clinical potential and favorable properties of our collaborators' product candidates, including Nimbus Therapeutics and Morphic Holding, our ability to realize milestones, royalties, and other payments from our collaborative and proprietary programs, including any distribution in connection with Takeda's acquisition of Nimbus Therapeutics' TYK2 inhibitor, NDI-034858, 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, and our progress towards achieving our strategic priorities are forward-looking statements. Statements including words such as "aim," "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "goal," "intend," "may," "might," "plan," "potential," "predict," "project," "should," "target," "will," "would" and statements in the future tense are forward-looking statements. 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 factors that are beyond our control, including the demand for our software solutions, our ability to further develop our computational platform, our reliance upon our third-party drug discovery collaborators, 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, the ability to retain and hire key personnel and the direct and indirect impacts of the ongoing COVID-19 pandemic on our business and other risks detailed under the caption "Risk Factors" and elsewhere in our Securities and Exchange Commission filings and reports, including our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 3, 2022, as well as future filings and reports by us. Any forward-looking statements contained in this press release 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 press release as a result of new information, future events, changes in expectations or otherwise.

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