Leah Liu:

Good evening or good morning, everyone. I'm Leah Liu, Head of Capital Markets for Insilico Medicine, and welcome to our 2026 interim earnings results call today. Presenting on the call today are Dr. Alex Zhavoronkov, Founder and CEO of Insilico Medicine; Dr. Feng Ren, Co-CEO and CSO; and Dr. Alex Aliper, our President.

Before we get started, please be advised that today's conference is being recorded and I'd like to remind you that the conference call contains forward-looking statements relating to the likely future developments in the business of the Company and its subsidiaries, such as expected future events, business prospects or financial performance. The words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "visions", "schedule" and similar expressions are intended to identify such forward-looking statements. These statements are based on assumptions and analyses made by the Company at the time of this conference call in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company currently believes are appropriate under the circumstances. However, whether actual results and developments will meet the current expectations and predictions of the Company is uncertain. Actual results, performance and financial condition may differ materially from the Company's expectations. The inclusion of such forward-looking statements should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.

With that I will turn over the call to Alex to provide you with more details on our business updates and the 2026 Interim results. Alex?

Alex Zhavoronkov:

Thank you, everyone, for joining. I do not see who has joined, but I'm sure there are many friends in the audience who have supported us throughout this journey. Right now, the company is on a very exciting trajectory as we continue to deliver on our promises of faster, cheaper, higher-probability-of-success, and more novel drug discovery. Today, we will go through the entire agenda. The call is going to be a little longer than usual because we will also give you a detailed deep dive into our AI strategy and its expansion. Previously, we were quite tight-lipped about what we were doing in AI, but now you will be able to see the full potential of our frontier AI technology. I just want to expand on Leah's disclaimer: don't buy or sell any securities based on what I say. Most importantly, don't take any drugs based on what I say, because some of this data may be very exciting, but those drugs are in preliminary research stages. Today, we're going to cover the highlights. I will start

with a big-picture explanation of how this is going to continue. We're going to talk about the next-gen strategy, and then will cover our platform, pipeline, business growth, and financials. This is the summary of our first half of 2026. We are very excited to present this very promising trends and results that we've noticed because now we've reached profitability. I hope that we reach sustainable profitability. You can see that revenue has increased from $27.5M to $ 106.3M, representing a 287% increase year over year, driven predominantly by our out-licensing and collaboration activities, but also by some very exciting AI deals. We sustained a 90% margin, up from 84% in the first half of 2025, and recorded a net profit of $35.5M, compared with a $ 19.2M loss in the first half of 2025. So now we're profitable, and our non-IFRS adjusted profit is $51.2M, up from a loss in the first half of last year. If you compare these to peers and to our past performance, this is truly a spectacular achievement, and we hope to continue on this trajectory. Even if we compare the last year, although we lost $19.2M in the first half of 2025, compared with peers that may be significantly behind us in terms of productivity and delivery of assets, we are not burning as much cash considering how many new assets we have. In terms of cash and cash reserves, we have a very strong cash position, with $585M in cash and cash-management balances, giving us a substantial runway for many years to come. Even if revenue were to decline, we could progress many of our assets and remain in safe territory. I know that for many technology investors on the call, our profitability is seen as something punishable. We are investing very heavily in R&D. However, we are doing it in a very specific way that I'm going to explain in the following slides. On the business-development front, we've managed to sustain very strong momentum with our big-pharma partnerships, biotech partnerships, and China-for-China partnerships. The year started very strongly with a partnership with Servier valued at $888 million in total deal value, followed by a mega out-licensing and collaboration deal with Eli Lilly with a total value of near $2.75 billion, followed by another $2.5 billion total-value collaboration with SKBP. I treasure this collaboration deeply. It is our first big deal of this kind in Korea. This was also followed by the Takeda deal, with $600 million in total deal value and about up to $60 million in upfront and near-term milestones. Of course, there are companies like CMS, and we have several deals with them. There is also Qilu Pharmaceuticals in cardiovascular diseases. These are very exciting projects, giving us the ability to scale in cardiovascular diseases and other areas. We also achieved milestones with Hisun and other companies and started delivering on more and more projects. We hope to excite you more in the future with the delivered projects. We also signed multiple strategic collaborations, including with Memorial Sloan Kettering, ASKA, Tigermed, DuneQ, Byterna, Ribolia and many others. And we start delivering our promise of Pharma.AI and AI Gym. It is a long game because we are not a butterfly that lives for just a few days. We are here to stay in AI, and our MMAI Gym strategy, where we provide AI training services to other AI companies, in AI4S, started to deliver. We have strong partnership momentum with Liquid AI and have expanded collaborations with Human Longevity and Tencent. All of them are revenue-generating, and we

expect them to expand. Of course, we are looking to strike more deals with companies of this type.

On the pipeline side, we also have very strong momentum. We've broken our own internal records in the first half of 2026 and up till today, nominated 9 PCCs in 2026. Our standard for PCC nomination, or what we call a developmental candidate, usually includes 28 days non-GLP studies in at least two species. It is one step before clinical trials. So far, we have never failed in IND-enabling, so the quality of the PCCs is very high. Our pharmaceutical company partners really like the quality of our PCCs. In highly competitive space, we sometimes do even more on the safety side, going all the way to four species and synthesizing every single competitor and hands the molecules off. And today, we've nominated 33 developmental candidates. Many of them have progressed into medical development, and we have 13 IND approvals. We now have one program in Phase 3. That's another highlight of the first half of 2026, and Dr. Ren is going to cover much of the pipeline, so I'm not going to spend too much time on that. We're progressing well in Phase 2 with our Gut-Restricted PHD1/2 inhibitor, a very unique and novel molecule that is going through Phase 2 clinical trials in China. Now eight Phase 1 trials are ongoing, and we have strong momentum in clinical trials. As we progress through clinical trials, there is much more interest from pharmaceutical companies to look at those assets because, of course, they also monitor. We probably wear some of the achievements on our jackets, as you can see, because this is the ultimate measure of our R&D productivity in AI-powered drug discovery. It is not the big-pharma deals, collaborations, or PR. It is the delivery of high-quality, fully owned developmental candidates that can be out-licensed or progressed into the next stage of clinical development. We care about quality, and we care about commercial profitability as well.

We have also progressed quite a bit across every sector of our AI platform. Biology42 got many updates; Alex Aliper is going to cover most of those. Chemistry42 has also changed quite considerably, and MMAI Gym started delivering and expanded. Most of the effort of our AI platform team has been spent on MMAI Gym, our benchmarks, models, agents, and skills over the past year. We did not deprioritize our frontier software solutions, but we dramatically changed them and made them work for next-generation frontier AI technology, where we treat AI companies as customers as well.

Our next-generation AI strategy, of course, stems from our strengths in therapeutics, drug discovery and development. We now have 33 PCCs, 20-plus partner programs, and 20-plus internal programs. Some competitors may tell you a story that they have many programs, but if you look at what they have internally, it is usually very few, and many of them cannot progressed well. We are utilizing the scale we've managed to build and the therapeutic pipeline in order to continuously improve the next

generation molecules and also AI. What is important is that many of our targets are novel. 6 are absolutely first-in-class, so nobody is working on those targets within the indications that we are progressing in; 27 are best-in-class. As you all know, many pharmaceutical companies do not like novelty. They like novelty in Phase 2, after you've demonstrated efficacy in a real, usually large clinical trial. They are willing to pay a lot of money for it. At an early clinical stage, where it is a completely unproven target, they may partner with a platform, but usually the probability of success is very low. That's why we need to balance novelty, confidence, and commercial profitability, and make sure that some of those molecules are designed for partnering with big pharmaceutical companies while retaining a very high level of novelty in the molecule. All of the molecules are novel. We're not repurposing anything or trying to follow with minor modifications. Usually the scaffolds are very novel, and the program quality is also very high. One thing that was overlooked by the markets, by everyone, and even by our own team—and we try not to think about it much because statistically you should expect some failures in the future—is that usually in the traditional pharmaceutical industry, you should experience about a 30 percent fallout in IND-enabling studies, according to a paper by Steven Paul from 2010. Everything is progressing nicely. Again, you should by the statistics of it expect some failures, but so far it is pretty clean. We are all mentally preparing ourselves for some of those events, but they are just not coming yet, and there is nothing on the horizon that we can consider a failure at this point of time.

On the AI-to-assets strategy. It is very important to emphasize that the AI we are creating is specifically tailored to produce assets. We believe that if you are an AI company focusing on algorithms alone and trying to demonstrate that you are publishing and promoting a specific model, either performance, user base, or pharma collaboration, that is not going to be a sustainable business. The real value is in the drugs because models change every few weeks nowadays. Assets are like diamonds; assets are forever. We are focusing very heavily on translating our capabilities in AI into assets. We are trying to establish more and more drug-discovery benchmarks for ourselves and for others, selecting highly novel targets and utilizing aging research. That's something very unique about Insilico, many targets are aging research first instead of trying to go after an indication first in target discovery and target prioritization. Then we run programs for a specific disease, trying to create a pipeline and a portfolio of assets that can provide us with trillion-dollar opportunities in the future. We are also focusing on targets that are commercially tractable. Pharma wants them, and we know that there is a need for a specific target or molecule. We know that we can out-license it if we reach certain molecular properties. Some of our preclinical assets are worth much more than analysts usually attribute to the value of those molecules in terms of potential deal size or net present value, because many of them are actually designed for licensing. This is going to be our main business model going forward: discover assets using AI,

license them out, and improve AI as we scale. Also, scaling allows you for scientific serendipity to occur. We now see that we have some form of scaling law inside our virtual flywheel, where the more experimentation we do with AI-discovered drugs, some of those experiments yield unprecedented or unexpected results that AI later helps to interpret. That allows us to go after highly novel targets and highly novel mechanisms. I'm going to talk about that a little bit. This shows that, with AI and the scale of experimentation, especially going translational to humans, you can uncover absolutely novel mechanisms, and scale gives you a higher probability of getting those potential mega-blockbuster drugs or hypotheses. Of course, we're also working on collaborations: targets nominated by pharma partners, or novel biology discovered jointly, where we present novel biology to pharma. They may choose to go after certain targets where we already have starting points and high confidence that the target is likely to work in the disease. Since we've delivered on many projects that we worked on with pharma, they are feeling much more comfortable with us and are coming to us instead of us chasing deals. We are now becoming much more selective in terms of whom we partner with and how we partner. We don't need to chase small collaborations or collaborations that do not provide significant scientific output. Nowadays, we're quite famous in the business-development space, and we see many companies coming to us.

Another very important point I want to emphasize for the investor community, our partners, and even competitors on the call is that it is extremely important to focus on the largest value-creation opportunity within AI-powered drug discovery. If you look outside, many drug-discovery companies with billions of dollars in market value or capitalization, or many private companies, are offering frontier AI models to pharma as a service or a platform and doing platform collaborations. I don't think those are sustainable business models because the total available market within pharmaceutical software is actually very small. It is usually overestimated and includes many out-licensing deals and some forms of pharma's internal efforts. The actual target market for software is extremely tiny. Pharma companies do not have huge budgets. They spend a lot on Excel, Microsoft Office, clinical-trial software, and general IT, but in terms of early-stage drug discovery, it is actually not that much. All of those platform opportunities that you see on the market are temporary, and they will either be acquired by frontier AI labs, if they need them—which they rarely do—or they will switch to assets. At Insilico, we're constantly asking ourselves this question: if investors are investing in Insilico, we are also investors, investing our money and time and working toward this grand goal of helping everyone live longer and more productive lives. But we're also asking how to reward investors and ourselves for the massive risk that you have to take in biotech. If you're starting from a novel target and going all the way to approval, the probability of success historically has been less than one percent. It is very challenging to go with a novel target all the way to approval with your own chemistry. There are too many steps where you can fail. So the way to reward people is to bet on truly massive, trillion-dollar drug opportunities. GLP-1s paved the way for this kind of opportunity. Our

shining light in this industry is Eli Lilly; we want to follow their example. They bet on a target that is not only applicable to a specific disease like diabetes, but also can modulate a very broad biological process and be extended into multiple therapeutic areas. We want to find drugs that are similar in philosophy to GLP-1s and that will be applicable to everybody on the planet at some point in time as the indication expansion becomes aging. Everybody has aging. We are pursuing a pipeline-in-a-drug strategy with our TNIK inhibitor. It is currently purposed for IPF, but if you read the literature, it is highly expandable into multiple therapeutic applications. QPCTL ,TEAD, Target Y and Target Z are potentially mega-blockbuster opportunities if we properly develop them into multiple indications and prove to the market and the industry that the indications could be expanded. We are also working internally quite heavily on muscle and bone-wasting therapeutics, looking at novel target spaces and balancing commercial tractability, novelty, and impact on the population. You should expect more targets to come into our pipeline. Of course, what you are seeing in lead generation—what I am deeply passionate about right now—I have never been as passionate about any target or any program as I am about this program, Target Z. Thanks to Dr. Ren and the efforts of our biology team, we now have very strong conviction to this program because we have performed many preclinical experiments with this novel molecule for this novel target and this wonderful indication. We're targeting pain. You can look at some of my blog posts and our previous announcements about this preclinical candidate. I believe that we have a novel mechanism for pain that does not opioid and is not clearly anti-inflammatory. We are still figuring it out, we think we have figured it out, but having a non-addictive, strong painkiller that also has additional potentially beneficial therapeutic properties would be a game changer because, according to analysts, the market for pain after 2032 is expected to be around $100 billion. The reason this market is actually so small is because most of the drugs are off patent, and you're either working with NSAIDs, which give you mild benefits, or highly addictive opioids or other potentially harmful drugs, with the exception of recently approved drugs and several other promising therapeutics going through approval processes. This molecule, in preclinical experiments, works better than morphine when injected and also outperforms pregabalin in multiple preclinical experiments orally. We want to bet significantly on this target and don't want to license it out cheaply. Of course, there is significant interest from pharma in this particular program. Target Y targets ocular diseases. It is also a novel target for ocular indications. We don't know if any other company is trying to pursue this target for ocular diseases. It demonstrated very promising effects in dry AMD and several other ocular diseases, which are also age-related. We believe that these two targets might provide us with unprecedented growth opportunities and potentially allow us to follow Lilly's example. We want to at least set our goal on trillion dollar drug opportunities. That is the return you should expect from AI drug discovery, absolutely novel biology for massive unmet medical needs that can increase the market size, not just take a piece of it.

Another very important highlight today is that we need to be honest with ourselves and understand and explain industry trends. We see a massive technology shift from expert models across proper graphical interfaces to conversational AI provided by top frontier labs in the space. Many of those labs, of course, claim to be able to cure all diseases in five to ten years and make other healthcare statements. Usually, they start their presentations with those slogans while not really moving the needle in many areas of AI drug discovery. But in some areas, they are eating AI-powered drug-discovery companies' lunch because they are very good at target discovery or are getting better. They are getting reasonably good at some chemistry tasks and, of course, clinical-analysis tasks. Many frontier drug-discovery companies have also switched to using some of those frontier labs or developing foundation models. At Insilico, we decided not to fight this change but to accelerate it and be a very big part of the game. Having developed 33 development candidates and launched multiple drugs into the clinic, we have developed massive experience and benchmarks that allow us to produce better drugs quickly and also test any model or AI platform on over 1,000 different tasks and skills. We are now adapting to this change by transitioning our Pharma.AI platform into MCP-based tools. You will be able to call them from the comfort of your prompt window, from your favorite harness, be it Claude Code, Codex, Tencent WorkBuddy, SpaceX tools, or even Google. Anything can be accessible through MCP if you properly configure it for agentic AI. Many of our tools have already transitioned to MCP-based calling, and many are now used to develop smaller expert foundation models. Those models can beat frontier labs' models on benchmarks and can also be orchestrated by frontier foundation models when plugged into harnesses.

We are now transitioning to a very new business model on the platform side. We have been working on it for almost one and a half years. We've been telling you the story about benchmarks and the MMAI Gym, but now we are coming out with a very clear model that has already started generating revenue. First of all, we start with the development of industry category and task-specific benchmarks. For example, many of you know protein-structure prediction. The reason why some companies managed to achieve very high protein-structure-prediction accuracy with their algorithms is because there was a benchmark, a task competition. That is actually one task in drug discovery. Structure prediction is an important task, but it is probably less than two percent of the computational workflow you would need to go through in order to develop a development candidate, perhaps three to five percent in large molecules. Based on our work, we do not use it very often; we use real crystals. There are more than 1,000 other tasks where AI has not been properly benchmarked, and we are developing standards for those specific skills and tasks. That's why you see a lot of social-media activity from us. Many of our papers and frontier-conference papers are mostly focused on benchmarks, just to establish a proper playing field for everyone to be able to pass those benchmarks and also to establish the contribution of each benchmark to drug discovery. Most investors, pharma companies, and AI companies do not really understand the value of many of those drug-discovery tasks that need

to be performed by AI in order to discover a drug. Now that we have these benchmarks, we can start evaluating state-of-the-art AI models, either our own or developed in collaboration with partners training in our AI Gym. We can deliver models with specific types of performance in many benchmarks so pharma companies can make wiser licensing decisions. If they want a specific skill, they can look at how the model performs on the specific benchmark and license that specific skill for their task. For a frontier AI company, if it is lacking a certain skill, it can collaborate with us to ensure that the skill is developed.

In our industry, what we see—and I like to call these “Pinocchio deals”—is when a company comes to a pharma company and says, "Give me five gold coins; I'm going to give you a money tree tomorrow." Without asking where its own money tree is, the pharma company may actually give it those five gold coins. In our case, we want to ensure that this is not a beauty competition in AI-powered drug discovery, but that there are true productivity gains for both pharmaceutical companies and AI drug-discovery companies. We show how the models perform on benchmarks, including frontier foundation models provided by frontier labs. Those are multitrillion-dollar models, and some tasks can be covered by them, but there are many tasks where they really do not perform well. They could be fine-tuned to outperform even our own models if you put in a lot of effort and specifically work with Insilico to do that. We can create a proper set of rules for these AI-powered drug-discovery games. If you perform really well on a specific task, then you should be selected.

We are covering the entire set of AI-for-science benchmarks. We started with chemistry. Some of our papers are already on preprint servers, submitted, or published at frontier AI conferences. We cover retrosynthetic benchmarks, additional chemistry benchmarks, ADMET property prediction benchmarks, and many others. We have 3D biologics benchmarks, biology and clinical benchmarks, and, most importantly, longevity and new-domain benchmarks. Imagine if your benchmark were how your drug affects the entire population at scale: can you give half a year or a year of quality-adjusted life to everyone on the planet? We're working on longevity benchmarks.

We might be able to publish something groundbreaking in this area, and we want to dominate longevity. Insilico must be the dominant force in the longevity biotechnology industry that is currently emerging. Our objective is to be able to put a dollar, or some amount of money, into this wonderful machine and gain a specific number of life-years for everybody on the planet. We plan to achieve that by pushing the pharmaceutical superintelligence frontier, going for more exercises where we can go from prompts to drugs. This will be achieved by task-specific benchmarks, models, skills and agents, and licensing deployment. Our current Pharma.AI platform—which we're going to call Pharma.AI Classic—Biology42, Chemistry42, Medicine42, and Science42, where we have proper graphical interfaces, is going to

continue. But it is also now available via MCP, Model Context Protocol, where you can call those tools through your favourite harness, whether by OpenAI, Anthropic or others. You are going to see more tools from us in longevity, helping you accelerate the discovery of drugs in fibrosis, oncology, muscle wasting, metabolism, and many other biological processes that break down with age. We want to have everyone on the planet as our potential customer.

We are also expanding our customer base. In the past, we were very focused on pharma and biotech companies. Now we're also working with frontier AI labs, providing frontier AI solutions and enabling them to do what we do. We want to democratize drug discovery and deliver our frontier discoveries. It all comes from continually cutting the frontier and giving it to the world to consume. As I mentioned, the current deployment method is MCP, but also our expert-model routes. You should expect models from us at some point in time. Don't take those words to the bank until we announce them. We would like to publish in frontier peer-reviewed journals before we make any statements; that's our policy. But expect models from us. Of course, we want to facilitate AI-driven drug discovery where even our own company can be accessed through our agents. If, for example, one of the world's governments decides to increase life expectancy in another country, we want to be able to facilitate that at some point in time.

Again, I want to ensure that this is properly embedded in everyone's minds, including everybody on the call. We start with benchmarks: we look at how frontier models and specialist tools perform in discovery. We develop new state-of-the-art models that can perform several tasks better than anyone in the world and can be easily plugged into a harness or called directly. Many of them are conversational, with reasoning, and then we go to skills and agents, license them to pharma companies and AI companies, deploy them internally, and repeat. We want to become both a builder of high-performing scientific AI and a trusted partner for measuring AI productivity in this area. We now have coverage of over 1,000 drug-discovery tasks. Most people don't even realize that, for example, folding would be just one task.

Here, I'd like to pass the word to Dr. Alex Aliper. I've taken a lot of time today to go over our strategy. We're going to try to accelerate the rest of the presentation. I sincerely apologize to those who need to stay a little longer on the call, but the transcript will be available. I think it is extremely important for us to explain our AI strategy and the opportunity that it presents to ourselves, our employees, our investors, and patients. Every week, even myself, a lot of big fund wants to create a new frontier AI lab and everybody is calling. We say absolutely no, because here is a trillion-dollar opportunity. We want to continuously push the frontier to the actual level and not be left out of those potentially trillion-dollar drugs. That's why we want to push as far as possible and discover as many as possible, just to be the Amazon of this AI drug-discovery revolution. Just like Amazon and Google came out of the dot-com boom, we want to be one of those massive survivors and take longevity to the next level.

Alex Aliper:

Thanks, Alex. Hi, everybody. I think Insilico remains committed to elevating and increasing the utility and value of our platform. As Alex mentioned, we are branching our platform into three verticals. Our Pharma.AI Classic vertical will include the standard and usual offerings like Biology42, Chemistry42, Medicine42, and Science42. We will continue updating and maintaining those products and catering to our client base, but we have allocated more resources toward frontier applications and AI solutions. As Alex mentioned, we are launching the pharmaceutical superintelligence frontier, PSI Frontier, which will feature MMAI Gym for Science. That's a post-training engine for foundation models. We will also have a model catalog offering proprietary state-of-the-art models to our client base, benchmarks, MCPs, and skills and agents that allow users to orchestrate their workflows toward specific objectives. The third vertical of the platform is called Longevity. It features our PreciousGPT foundation models and our recently launched virtual agent health platform, which uses biological age as a single variable to predict specific health trajectories and help with longevity-specific target discovery.

To double-click on Alex's point about connectivity and converting our existing, experimentally validated platform into useful tools for labs, we are breaking down the platform into individual connectors, MCP skills, and agents that can be called by labs in a very flexible way to solve a set of tasks. Any problem can be broken into tasks and solved through Pharma.AI with these useful tools and connectors.

As an example, we have experimentally validated these connectors with different harnesses like Claude Code, Codex, Cursor, Slack, and Microsoft Office. These can be connected to Pharma.AI to access MCPs and solve a specific problem and objective. The MCP library is already up and running, and we're offering it to our existing clients and many companies in the pharma space.

On the MMAI Gym side, we have been working diligently to increase the utility of the Gym and its scope. We have expanded the data cleaning and data processing, as well as the library of benchmarks and reasoning datasets, so we can more efficiently post-train foundation models on a set of tasks and deliver state-of-the-art models to our clients.

We also launched several portals focused on benchmarking for science. Earlier this month, we also launched our Drug Discovery and Development Benchmark-as-a-Service. This is an offering for AI vendors and AI labs to benchmark their models continuously using our proprietary and validated benchmarks in an unbiased, secure, and efficient way. We have a lot of incoming benchmark requests, and we're working with our clients to facilitate the process.

On the state-of-the-art model front, we have been launching state-of-the-art models and placing some of them on marketplaces. For example, our jointly developed

model with Liquid AI is a 2.6-billion-parameter model focused on synthesis. It achieved state-of-the-art performance in the same process and outperformed not only new frontier LLMs but also domain-specialist models. You can find it on the Microsoft marketplace. We also just launched a 24-billion-parameter model that covers multiple different tasks across areas like safety, target discovery, and function. It represents a single model and delivers state-of-the-art performance out of the box.

Finally, in terms of our business flow related to MMAI Gym, it has two layers. The first layer caters to LLM vendors. Here we have already established an existing customer base with partners including Human Longevity and others, where we're using MMAI Gym to post-train their models, allowing them to become very proficient and achieve results at the required level in scientific tasks. We're also offering the resulting models to end users—pharmaceutical companies, biotech startups, and research organizations—so they can leverage state-of-the-art performance in their workflows. We charge model-training or benchmarking fees, teacher models/training data license annual subscription fee, and also provide annual licensing models. We're finding revenue-sharing and by-token pricing.

Feng Ren:

As Alex described, one of our key differentiators compared with other AI drug-discovery companies is that we have not only the capability of generating novel molecules, but also an online platform and models that help us to understand deeper so that we can discover novel targets. For our internal pipeline, 15 to 20 percent of the pipelines are first-in-class, meaning novel targets and novel molecules. This is a full workflow for drug discovery. As Alex mentioned, during the past year we have progressed our TNIK inhibitor from into clinical Phase 3 in China. We have also developed an inhalable version for the same molecule and received approval for a Phase 1 study. In addition, we further progressed one of the future programs for IBD and started enrolling patients last December. We now have 30 patients enrolled already. This year, we nominated 9 PCCs, including several novel targets covering multiple diseases. I'm going to go through details of some of the most important programs.

Our lead asset, Rentosertib, currently in Phase 3 for IPF. We’ve collected competitors' Phase 3 data, Phase 2 data, and some approved drugs and you can see that most competitors can only slow the decrease in patients' lung function, but for our molecule, after three months of treatment, we can really improve patients' lung function compared with placebo. That is very remarkable efficacy. Because of the remarkable efficacy, the CDE allowed us to go directly from Phase 2a to Phase 3, and we skipped Phase 2b.

This is the clinical-trial design for the Phase 3 study for IPF. We started Phase 3 in the second quarter of this year, expect to have the first patient dosed in September, and expect topline data by 2029.

As I mentioned, we also have another program for IBD. This is a PHD inhibitor. This is our Phase 2a clinical-trial design. Starting from December last year, we started enrolling patients and have already enrolled patients. Topline data are expected by 2027. In addition to the Phase 3 and Phase 2 programs, this year we also added one more program in the clinic. This is a brain-penetrant molecule for neurological diseases and also metabolic diseases. The Phase 1 has already started in Australia, we have dosed some healthy volunteers. We also received approval in China. Hopefully, we can start enrolling patients early next year in China.

In the oncology area, we also have a couple of global Phase 1 trials. The first one is a pan-TEAD inhibitor. We introduced this in the last earnings call, but I want to give some updates. First, it demonstrated a good PK profile compared with competitors, a favorable safety profile, and a preliminary clinical efficacy signal. We will report some of the data in an oral presentation in the ESMO October this year. Hopefully, we'll complete Phase 1 dose escalation by the end of this year and start the first Phase 2a next year.

This is the detail of the ongoing clinical trial for the pan-TEAD inhibitor. We are in dose escalation at the 170mg cohort. We have started backfilling a few patients in the 130mg cohorts to further understand the safety and efficacy signals in a larger patient population. Phase 2a initiation is planned for Q1 next year.

In addition to the pan-TEAD inhibitor, we also have another program, an MAT2A inhibitor targeting MTAP-deleted cancers. MTAP deletion is present in around 15 percent of human cancers, so this is a huge patient population. This program is also in the dose-escalation stage. We are at the 25 mg cohort, and so far the safety profile looks favorable for the molecule. We expect to complete Phase 1 dose escalation by the end of this year. Those are our four fully owned clinical assets.

In addition, we also have a lot of programs in the IND-enabling stage. Here I want to highlight several. One is our Pan-KRAS inhibitor. The molecule shows similar efficacy compared with Revolution's molecule, RMC6236. We also have a PRMT5 inhibitor. also shows good efficacy in an MTAP-deleted model. More importantly, these two programs can be combined with each other to show synergy. On the right-hand side, you can see that our own PRMT5 inhibitor in combination with our own KRAS inhibitor shows very good tumor efficacy in animal models and shows tumor regression. Our PRMT5 inhibitor in combination with RMC-6236 also shows synergy.

In addition to these two important programs, we also have some other programs in oncology. They can be combined. For example, our inhibitor combined with the KRAS inhibitor from Revolution, RMC-6236, shows synergy. Our own program can also be combined with our own inhibitor and show synergy. Those will enable us not

only to treat cancer patients with a single agent but also to further improve efficacy through combinations. That's the oncology program.

Next, I also want to show you some very important programs that can make Insilico a trillion-dollar company. The first one is for pain treatment. The market for pain is huge. It is expected that the total market value will be greater than $100 billion. It is a huge market with huge unmet medical needs because current treatments either show limited efficacy or have unfavorable safety profiles. We want to discover a novel, non-opioid molecule for pain treatment. This slide shows the workflow. We used patient data in combination with our PandaOmics and other models and discovered a novel target for pain. After we discovered this target, we spent eight months on target validation. We developed a knockout mouse, and the mice were less sensitive to pain, so the target was validated with a knockout mouse. We also developed a tool compound for Target Z. In many pain models, the tool compound and our molecule showed better efficacy than competitor. After we finished target validation, we used AI to further optimize the tool compound and make the molecule orally penetrable. That is our preclinical candidate for pain. You can see that this molecule shows good efficacy in multiple pain models. It shows better efficacy than pregabalin in the model. In the model study, the molecule also shows better efficacy compared with a NAV1.8 inhibitor. In another model, it shows better efficacy even than morphine. This is one of our most significant value-added programs, and we are further progressing this molecule toward clinical trials. Hopefully, we can get into IND submission in 2027Q2.

This is the roadmap for the novel target and novel molecule discovery for pain. We used PandaOmics to discover the novel target and Chemistry42 to design the novel molecule. This molecule showed superior in vivo efficacy compared with many current pain treatments. The molecule also showed a very good safety profile, with more than 40- and 50-fold safety windows, respectively.

I also want to spend some time on another very exciting program for ocular diseases. By 2035, the ocular-disease market is approaching $100 billion. It is also a huge market. We also used PandaOmics for target discovery and found a novel target, Target Y, for ocular diseases. We used Chemistry42 to design molecules for Target Y. This is also a brain-penetrant Target Y inhibitor called ISM9077. This slide shows that the molecule has superior efficacy in several ocular-disease models. It shows better efficacy compared with standard of care in a retinal-injury model and in a dry-eye-disease model. We also did rat, rabbit, and monkey studies. You can see that it shows a favorable safety window. This is also a very significant program that adds value to the company. We are now progressing this molecule to the IND-enabling stage. Our Target Y program is a target that can potentially address a lot of diseases, not only ocular diseases but also Parkinson's disease, obesity, and metabolic disease. We have evaluated the efficacy of this target in multiple diseases. That's it for the pipeline updates.

Leah Liu:

As many of you already know, we have a multi-pronged, revenue-generating business model for growth. The majority of our revenue comes from pipeline development. So far, in total, we have signed 16 out-licensing and collaboration deals with a total deal value of $11 billion US dollars. This year we signed 9 new deals to date, equivalent to $7.3 billion US dollars. To give you a sense of what that means, in the first half of this year, of all out-licensing deals out of China, our company alone stands about a 7% share of the total deal number and total deal value. That means we are doing pretty standard deal sizes, but we have made our promise come true: we can make out-licensing a serial business. We have made out-licensing a repeat business, and we will continue to make that repeat business a brand-new model for the company. The second source of revenue comes from our software-solutions business. Both Dr. Alex and Dr. Aliper have touched upon this, so I won't go into too much detail. Just note that software-solutions revenue also increased by close to 34% in the first half of 2026 versus last year, thanks to the new product we've developed, MMAI Gym. This is a new business that only started in the first half of this year, and we're picking up a lot of momentum. We're looking forward to giving more results from that business going forward. Finally, the third part of our business is the non-pharma business, which uses our platform to develop molecules for non-pharmaceutical areas or businesses. The most significant deal we've had so far is with Saudi Aramco, for which we are developing world-class carbon-capture molecules. In fact, in its semi-annual report, it noted that our molecule outperformed all the other molecules it tested. That means, more or less, we have developed one of the most potent carbon-capture-material molecules in the world. To give you a bit more detail on the deals, of the total $11 billion US dollars, we have realized $308 million up to June 30, so we still have $10.6 billion more to capture in future milestones. On top of that, we still have additional royalties that are not accounted for. The royalties range from high single digits all the way to the mid-teens for most of our deals. We are continuing not only to deliver new deals but also to hit our milestones. Again, I want to reiterate that we have made licensing a serial, repeatable business rather than a one-time business, as it is for most biotech companies. That is the power and the vision that AI is able to deliver. This slide highlights our out-licensing deals. The next slide shows 10 collaboration deals. Finally, on the non-pharma business, we continue to expand this business and hope to expand it into other sectors as well. We always say AI for Science is for all sectors. Our platform is not only an AI drug-development platform, where we've already performed very well, but also a platform that can expand into other sectors. It is already expanding into other sectors, which have a much bigger TAM.

Next, I will briefly go through the financial results with you. Alex has already highlighted the most important things: our revenue growth and our company turning profitable for the first time. Again, revenue grew close to 300 percent year on year for

the first half of this year, to $106.3 million US dollars. Gross profit margin also increased from 83.8 percent to 90.3 percent in the first half due to the increase in licensing deals. Our operating expenses increased a bit to $68.3 million, and that is really due to the necessity of increasing our research spending. As Dr. Ren mentioned, we have already had 9 PCCs since the beginning of this year, the most we've ever achieved. For the half-year, net profit on a non-IFRS basis was $51.2 million. Again, this is the first time we've turned profitable, and that's a net margin of around 50 percent. Finally, for cash and cash-management reserves, we have US$584.8 million, which will last a very long time, especially now that we are actually close to profitability—something that, as Alex said, we're hoping to go for in the future.

These are the key financial statistics. Again, our net profit increased significantly, going from negative to positive for the first time. Cash from operating activities also increased significantly to US$79.0 million, which means that we're cash-positive now. Cash-management reserves, or the cash level, also increased by a significant amount. Finally, I want to turn the mic back to Dr. Ren to give final closing remarks and talk about our upcoming catalysts.

Feng Ren:

So far, we have had a very good first half of 2026. We got our lead asset into Phase 3, we got an inhalation formulation IND approval, and we also have NLRP3 in Phase 1. So that is a very significant achievement in pipeline development. In the second half of this year, we will have the first patient in for the Phase 3 trial in IPF. We have the NLRP3 approval for a Phase 1 trial in China. We will have the TEAD inhibitor ESMO oral presentation, and also the completion of Phase 1 in the second half of this year, and completion of Phase 1 part 1 for the MAT2A inhibitor in the second half of this year. So those are the pipeline catalysts. We will nominate more new PCCs, covering obesity, anti-inflammation, and autoimmune diseases. We are expecting to have several more PCCs nominated. In addition to that, on the BD front, we are continuing and are going to have new BD deals, not only out-licensing but also strategic collaborations. For the AI platform, I believe we are going to continue to execute the MMAI Gym collaborations, and we are going to unveil the new generative AI platform. I also want to highlight that we are going to have a lot of very significant, high-level papers and journals to be published in due course. Those will demonstrate the excellent science we are doing, and also the work and data we have achieved in human longevity.

Q&A Section

Operator:

Thank you. We will now begin the question-and-answer session.

As a reminder, to ask a question, please press star 1 on your telephone.

We will now take our first question from the line of Andre Sun from HSBC. Please proceed with your question.

Question 1 from Andre Sun (HSBC)：

First of all, congratulations on the great first-half results. I have two questions. My first question is regarding profitability. We see that the first-half net profit reached around $36 million. Do you view this as a structural turning point for the company, and what is the financial outlook now for sustainable long-term profitability?

A:

As usual, we try not to provide revenue or profit guidance, because we are in biotech and AI and we are dependent on therapeutic out-licensing deals. Nowadays, we could continue on this trajectory very easily, I think. But in some cases, we want to wait until the asset reaches the proper value inflection point, in terms of when the pharmaceutical company is giving you enough value and enough confidence that they will take this drug further and get it approved. So we really want to ensure that we generate significant value for the shareholders and ourselves from those molecular masterpieces, and now also novel biological mechanisms, rather than selling them early. If we sell early, we potentially could even exceed this trajectory that we have right now. But in some cases, we want to hold our cards, like in a poker game, and ensure that there is a proper competitive bidding process. Most people do not understand how business development is done in drug discovery, especially early drug discovery. Usually, once you nominate the preclinical candidate, or sometimes even before, you demonstrate the asset to a large number of potential suitors in their respective therapeutic areas. You get feedback and try to improve the asset, or sometimes you start getting term sheets already. That process, from the time you present the asset to the time you close the deal, usually takes about nine months. Sometimes you can accelerate it and do it in six months. We have many of those processes running for many assets. We do not want to be pressed by the market to take a term sheet that does not provide significant value. To answer your question, we will try, and right now the trajectory is very favorable. However, we want to have the flexibility to transact the assets at a fair price and with the highest probability of success. Sometimes licensing to a big pharmaceutical company may not be the right strategy either, because you may want to have a medium-sized pharma company that does not have 100 programs and will take your drug into an area where it is expert, and turn it into a lifesaving therapeutic, rather than taking it to Phase 2 and then deprioritizing it. So we take all of that into consideration, and our

job is to maximize patient benefit and investor return. We hope that we will get sustainability here. Of course, we have many programs where the milestones start kicking in. There might be turbulence in the short term; however, we do expect a very favorable project trajectory.

Question 2 from Andre Sun (HSBC):

My second question is regarding the newly announced Insilico Medicine Life Sciences CVC fund. Can you please give us more color on the fund's timeline and investment mandate?

A:

Very good question. Right now, we see at Insilico that much of the technology we are releasing has very substantial value to many early-stage companies. We know that their probability of success is going to be significantly augmented and increased with Insilico platform technology. We also have a very good way to evaluate the probability of success. This new fund, managed together with Pufa and Value Partners, is designed to create opportunities for startups to acquire our technology in order to increase their probability of success, and at the same time allow us to profit from their success. In many cases, we are now ignoring earlier opportunities in favor of a standard business model where we just develop drugs and sell them to pharma. We want to play in multiple areas. You have seen our partnership with the circular mRNA company called Byterna, which is delivering circular mRNA and cell-selective LNP for in vivo CAR-T. That is an extremely hot area. You have seen Moderna and the previous generation of RNA therapeutics achieving massive returns and market success. We want to support them and profit from that, because it gives our AI the ability to go into therapeutic areas where Insilico is not yet playing: vaccines, cancer vaccines, RNA therapeutics, novel biologics, cell and gene therapy, and frontier AI. We want to build an ecosystem around Insilico. We are doing it first in Shanghai Pudong, where you do not really need to financially incentivize companies to come and set up offices. It is one of the absolute elite go-to destinations in the world for biotech and tech. At Insilico, we think we can do a much better job with our technology, funding, and insight, creating opportunities in multiple therapeutic spaces, implementing our AI, augmenting our network, and allowing many of our investors to profit exponentially from the booming area of AI-powered life sciences.

Operator:

We will now take the next question from Jack Lin of Morgan Stanley. Please go ahead.

Question from Jack Lin (Morgan Stanley):

Thank you for the opportunity to ask questions. I have two quick questions. First, given the evolving AI landscape, with both specialist models and larger foundation models, could you recap for us what the core areas are where task-specific or specialist models have remained state of the art, and where you continue to see durable differentiation versus the larger models? What do you see as the drivers behind this differentiation—is it data, model architecture, or the proprietary set of benchmarks that you have?

The second question, where do we see the most valuable and defensible differentiation points within the mRNA cancer-vaccine technology stack—target and antigen selection, sequence optimization, delivery, or CMC? Where do we stand, and how do we see ourselves capturing the economics through collaboration?

A:

On the first question, I think many of the non-experimentally validated players in our field are just starting out in drug discovery and getting massive valuations. Very often, companies, analysts, and even pharma company insiders do not know all the steps necessary to discover a drug and reach a very high-quality development candidate. Insilico's moat and absolute strategic advantage is that our AI models are validated by delivering 33 development candidates to date, many of which have actually been licensed out. By the way, licensing-out is more difficult than progressing to the next phase of clinical development yourself, because usually 60 to 100-plus people evaluate your molecule and every single feature in the data room. It is basically like selling a company. We have demonstrated that our AI technology can produce high-quality assets. What we realized is that our AI technology can be applied to over 1,000 different tasks in drug discovery. In some of those tasks, you are not 100% accurate. Nothing is, except for a hard experiment, and it also depends on the conditions under which you run the experiment. So what is good enough to discover a drug? This question can only be answered by a company that has developed maybe five-plus development candidates, some of which must be licensed out. Until you have developed five-plus development candidates yourself, you usually do not even know which skill of your model is important or how important it is. People around the world are very familiar with AlphaFold technology because, of course, Google is a marketing machine and it’s a true breakthrough for science. But that particular task is maybe 1% to 2% of small-molecule drug discovery, right? You can be absolutely great at that particular task with your AI, and you can create a moat around that, but it is a tiny bit that does not allow you to win the competition. In drug discovery, you need to have 100% of the computational pipeline. Our advantage is that we have either specialist models or specialized tools, and we even know which tasks frontier models perform extremely well. Nobody else has that kind of knowledge. We can combine and orchestrate them to get to a drug that is good

enough to be licensed. Again, that is more difficult than probably getting it approved in some orphan or rare diseases. The moat is really experimental validation. Every time you work on a development candidate, you test around 1,000 different skills and different models, and we are real expert in all of those skills combined. To be maximally transparent with you, foundation or frontier labs with massive large language models are likely to be comparable to us—not at our level, but comparable—in target discovery and some forms of biology where you need to analyse basic data, protein expression, or some of these multimodal data combinations, including clinical data. These ability will become broadly available. You may be able to perform them with the next generation of Kimi or Claude if those companies really pay attention to drug discovery. In tasks involving regular biology exploration, foundation models are going to outperform and we are going to help them outperformed. We created the Target Benchmarking System, which allows you to benchmark different models. Even if you look at current frontier models, OpenAI, Anthropic, and xAI, these models already outperform in some tasks, such as Open Targets, but they did not outperform in our benchmarks. We are a little biased, but we try to be as transparent as possible and make those tools available. The real moat is in Chemistry. In chemistry, however, you have maybe more than 800 different tasks, or 700 predictive tasks. A lot of large language models from frontier labs do not come even close. We spent 12 years building some of those algorithms. Sometimes a very simple algorithm with three or four features outperforms any other algorithm simply because it worked in many different experiments and you have statistical evidence that it performs much better. You do not necessarily see a complicated system. In some cases, you need a high level of complexity and need to run simulations, such as molecular-dynamics simulations. We have advanced quite considerably in that field, even doing co-folding using molecular-dynamics simulations very quickly and cheaply, with very little computational cost. There, I think we also outperform. Some companies that have never discovered a drug claim to have really good co-folding algorithms for drug discovery, but they have not produced a real drug yet. We have already tested some of those algorithms. I think there is a significant moat in the general understanding of the drug-discovery and development process at real scale. I also have to be exact and transparent: frontier labs that do not have China as a platform for drug discovery, do not have feet on the ground in China, and are not working with CROs or labs that help them validate very rapidly will not be able to catch up soon. At the same time, not many players in China have picked up drug discovery as a whole or produced this golden egg. They think they have a good golden goose, but they do not have a golden egg. We have 33 golden eggs already, so our goose is delivering. I do not think they will be able to catch up any time soon, at least in the next one and a half years. At the same time, from Insilico you should expect previews of some frontier, state-of-the-art foundation models that can outperform anything for a long period of time on 10 to 20 tasks per model. You will have many different smaller models, including our own, that outperform on very specific sets of tasks. You make a very specialized, super-

intelligent small expert model that can outperform frontier models on several tasks. Then you orchestrate many of those models and consolidate them later into large models that are still at the frontier of AI research. We are basically the best in the world in terms of validation of our AI. To our knowledge, no other company has managed to deliver so many candidates across so many different therapeutic modalities, tasks, and skills. Experimental validation is the ultimate moat, because if you talk to a medicinal chemist who is using your platform, they are not going to use something that has not produced a drug before or synthesize something that does not look like a drug. You actually need to adjust to their behavior, so currently you need to have a human in the loop to some extent.

In terms of the second question and where we can contribute to mRNA technology, you can ask any large language model who is number one in the world in AI for longevity. One reason for that is that we are very good at picking targets that are multi-parameter optimized for chronic disease and potentially for basic aging biology. We identify targets that are implicated in aging and disease, are suitable for circular mRNA technology, and can potentially rejuvenate the immune system. We allow the company to go well beyond the current, very limited therapeutic applications, where they can benefit significantly but may not unlock their full potential. Our target-identification, target-prioritization, and program-level reasoning technology allows this type of company to be more successful. Of course, time will tell, but we believe it does. That is something unique to this offering. We can go after trillion-dollar markets, not just play a small role in an already established market.

Operator:

We will now take the next question from Liz Han of UBS. Please go ahead.

Question from Liz Han (UBS):

Two questions. First, regarding your novel-target pain candidate, Target Z, what are the key clinical differentiators that give it a superior efficacy and safety profile? Do you plan to out-license or co-develop the asset, or will you evolve it further?

The second is: besides small molecules, what other modalities or technologies are in focus?

A:

Target Z is my absolute favorite program right now. We have known this target for quite a while. We had this moment almost two years ago, when one of the studies showed that the knockout performed better than morphine, either genetically or through injectable knockdown. We spent a lot of time developing the safest molecule that could produce knockdown.

Currently, pain therapeutics have serious unmet needs in both efficacy and safety. For example, morphine and pregabalin show pretty good efficacy, but due to safety concerns they can be used for acute treatment for a short period of time, while they cannot be used for chronic pain because chronic treatment is needed. There can be CNS side effects in patients. The situation is similar for some other painkillers. Our molecule is not only comparable to pregabalin and morphine. For this reason, to fulfill the medical need, you want to have a molecule that shows comparable or better efficacy than morphine or pregabalin while showing a much better safety profile, enabling not only acute use but also chronic treatment. This is the key differentiation of the current Target Z molecule: it is safe and very efficacious. It can be used not only as an oral drug, but also for injection. That is also important for these markets. That is how I want to show that it is differentiated from the existing pain treatments. It covers a totally novel target, and we are still doing fundamental research on this target, trying to understand its mechanism of action for pain more precisely. That addresses your first question on pain.

The second question is about other modalities. Insilico's prior internal target science and drug discovery focused on small-molecule drugs. In the second half of the year, we are expanding our platform from small molecules to ADCs, oral peptides, and protein degraders, and other modalities, as Alex mentioned. We already started this work in the second half of last year. In the second half of this year, we expect to have some PCCs in these modalities so that we can make an announcement. We will include some of them in our R&D program update during the full-year earnings call.

Operator:

I would now like to hand the conference back to Leah for questions submitted through the webcast.

Leah Liu:

Thank you.

We have received many questions through the webcast. As the call is already approaching two hours, we will not be able to address all of them. We plan to conclude at approximately 10:00.

One particularly interesting question asks how we actually plan to achieve the trillion-dollar-company idea? What does it look like from an execution perspective? Is it a 10% royalty on 100 drugs? Is it 50% of sales on a few drugs? How do we actually envision becoming a trillion-dollar-market-cap company?

A:

It is actually a combination of both. Imagine if we could go back 20 years. We actually did a deep history dive into GLP-1, because that is the poster child of a target that probably can be considered a trillion-dollar target, even though the market size for obesity is currently lower than oncology. But this is growing rapidly, and some of the indications for which people are taking this drug were not there before. Many people are not taking it for all kinds of reasons, so there is still a significant opportunity for the market to grow. To create a trillion-dollar company, you need to come up with truly blockbuster therapeutics once in a while—therapeutics that are there to stay and make history. We want to follow the GLP-1 idea and create GLP-1, quote-unquote, like drugs for your brain, kidney, skin, eyes, and muscles, including drugs to mitigate some of the muscle-wasting effects of GLP-1s, as well as drugs for your bones, general anti-aging, and hair. As for how we are going to progress those drugs, some pharma companies have already started looking at, for example, our ocular drug, and we see significant excitement. We want to progress it to the point where we get to a competitive bidding process, where the best players in that specific business area, which can unlock massive indication-expansion potential for one drug, make bids. We will negotiate a very fair royalty. Currently, our royalties are either in the high single digits or low double digits whenever we strike a deal. For some of those mega-blockbusters with significant potential, we want to get a higher percentage. Co-development is not out of the question. That is the way to capture those opportunities truly trillion-dollar opportunities. You actually want to scale. What Insilico has demonstrated is that we can scale: nine PCCs in nine months. Who else has something like that? I actually do not know of any big pharma that has this capability in the small-molecule space right now, but please do your own research on it. At this kind of scale, we want maybe 30% to 40% of our drugs to have pipeline-in-a-drug potential. You probably remember the case where Nimbus out-licensed its TYK2 program to Takeda. They are now basically running many therapeutic programs in parallel because TYK2 looked like a very promising inflammatory agent that could work in many diseases. We want to go from this kind of potential to GLP-1-level potential, and maybe even something better. Also imagine a triple-purpose therapeutic that can probably get paid for at the high dose, while giving you additional benefits at low doses, at different times, and with different routes of administration. We are creating a scalable pipeline. These are drugs that the pharmaceutical industry knows how to develop: get approved for an indication, expand while you are still on patent, and move into lifestyle medicine, just like GLP-1s. We want to have a significant percentage of the royalty from that. These are not just words. We are not one of those AI startups that are just telling stories. We have actually licensed a bunch of those drugs out. Those are very difficult processes in which you are selling to experts who do the same thing. We know how to negotiate, and with this level of track record, we can probably negotiate much better deals. Pharma companies also do not want to play small anymore, because everybody expects them to refresh their pipelines as they face patent expirations. We are in the sweet spot right now. We do not want to license out cheaply anymore. We will do

that for some other drugs, but not for the highest-value, GLP-1-like platform-to-pipeline and product drugs. That is the way to create a trillion-dollar company. As we develop, you can see that we are growing and reinvesting in predictive modalities, expanding our small-molecule capabilities very rapidly. We think there will be many more opportunities in the longevity field, where everybody is a patient. Delivering a therapeutic that improves your quality of life and lifespan, regardless of whether you have a disease, is our goal. I hope that answers the question for everybody.

Leah Liu:

Thank you, Alex. I believe everyone looks forward to seeing us pursue that trillion-dollar goal.

Another investor asked about our BD plans for this year, especially for the second half? I know we cannot give anything specific—we are not allowed to—but a forward-looking outlook would be great.

A:

As I explained on the call, the licensing process usually takes six to nine months, sometimes even longer. We currently have many business-development discussions ongoing. We are constantly in the process of evaluating and reviewing term sheets. Some of those are transitioning into contracts, while some are still in term-sheet negotiations, but we have multiple term sheets ongoing. This kind of business-development funnel is a little hard to predict, also because people take vacations in December. But with a couple of the deals you saw last year, there was incredible at the pharma companies. They actually worked during the holidays and on weekends just to close the deal with us. I had never seen anything like that before. Something is changing favorably in pharma, and you should expect more deals from us. We just do not want to put timestamps on them.

What are we doing on AI? That is also an exciting front. A lot of people are overlooking our AI business, but it is really growing. As we explained during the presentation, our platform expansion is opening all kinds of market opportunities. On top of pharma, the end users now include LLM vendors or hyperscalers. For example, we deal with Tencent, which is a prime example of both. For LLM vendors, we have Liquid AI, and we have active discussions with pretty much all the players interested in benchmarks, MMAI Gym, models themselves, standalone models, or teacher models. We are working on a healthy backlog of opportunities, which will hopefully result in something exciting to discuss later.

Leah Liu:

Thank you, Alex and Dr. Aliper.

We will need to conclude the call here, as it is already 10:00.

If you have additional questions, please send them to our investor relations team. We will be happy to respond.

Alex, before we conclude, do you have any final remarks?

Alex Zhavoronkov:

My final remarks are that we are making massive progress on the AI side, and much more than most companies in our field that are privately valued at much higher valuations while actually delivering therapeutics. Now we have achieved several major milestones: we are an absolutely frontier AI lab with our own benchmarks and models, scaling in AI-powered drug discovery, delivering great drugs, licensing those drugs at scale, and achieving a significant reputation in the pharmaceutical world. Finally, we reached profitability. Whether it is sustainable or not, time will tell; we hope it will. But we are also investing very heavily into R&D, both on the AI and research side, so you should expect a very favorable trajectory from Insilico.