Insilico Medicine

InSilico Medicine Cayman TopCo

英矽智能 InSilico Medicine Cayman TopCo

(A company incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 3696

2025 Annual Report 年 度 報 告

CONTENTS

DEFINITIONS

In this annual report, unless the context otherwise requires, the following expressions shall have the following respective meanings:

"2019 Equity Incentive Plan"	the 2019 Equity Incentive Plan adopted by the Company and effective on December 31, 2019
"2019 Share Plan"	the 2019 Share Plan adopted by the Company and effective on March 15, 2019 as amended and restated on December 31, 2019
"2021 Equity Incentive Plan"	the 2021 Equity Incentive Plan adopted by the Company and effective on June 30, 2021
"2022 Equity Incentive Plan"	the 2022 Equity Incentive Plan adopted by the Company and effective on November 25, 2022 as amended on February 21, 2025
"ADMET"	absorption, distribution, metabolism, excretion and toxicity
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AGM"	annual general meeting
"AI"	artificial intelligence, the simulation of human intelligence processes by machines, especially computer systems
"antigen"	the substance that is capable of stimulating an immune response, specifically activating lymphocytes, which are the body's infection-fighting white blood cells
"Articles of Association" or "Articles"	the eighth amended and restated articles of association of our Company adopted on December 15, 2025, as amended from time to time
"AUC"	area under curve, a parameter of systemic exposure
"Audit Committee"	the audit committee of the Board
"Board", "Board of Directors" or "our Board"	the board of Directors of our Company
"BRCA"	includes tumor suppressor genes BRCA1 and BRCA2

"CBO"	chief business officer of our Company
"CDMO(s)"	contract development and manufacturing organization, a company in the pharmaceutical industry to provide drug development and manufacturing services
"CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CEO"	chief executive officer of our Company
"China", "PRC" or "Chinese Mainland"	the People's Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, excluding the Hong Kong Special Administrative Region, the Macao Special Administrative Region and the Taiwan region
"clinical trial/study"	a research study for validating or finding the therapeutic effects and side effects of test drugs in order to determine the therapeutic value and safety of such drugs
"CMS"	China Medical System Holdings Limited (HKEX stock code: 867; SGX stock code: 8A8) (or its affiliates, as depending on the context)
"CNS"	central nervous system, the part of the nervous system consisting of the brain and spinal cord
"Company", "our Company", or "the Company"	InSilico Medicine Cayman TopCo (英矽智能), an exempted company with limited liability incorporated under the laws of the Cayman Islands on November 19, 2018, the Shares of which are listed on the Main Board of the Stock Exchange on December 30, 2025
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"CRO"	contract research organization, a company that provides outsourced research services to pharmaceutical, biotechnology, and medical device companies, including support for preclinical research, clinical trials, regulatory affairs, and other activities related to the development and approval of new products
"CSO"	chief scientific officer of our Company
"Director(s)" or "our Director(s)"	the directors of our Company, including all executive, non-executive and independent non-executive Directors

DEFINITIONS

"ECL model"	expected credit loss model
"EMA"	European Medicines Agency
"ER+/HER2- breast cancer"	a subtype of breast cancer characterized by the presence of estrogen receptors (ER+) and the absence of overexpressed human epidermal growth factor receptor 2 (HER2-)
"ESG"	environmental, social and governance
"ESG Committee"	the ESG committee of the Board
"FDA"	the Food and Drug Administration of the U.S.
"Fosun" or "Fosun Industrial"	Fosun Industrial Co., Limited, a company incorporated in Hong Kong, which is an Independent Third Party (or its affiliates as depending on the context)
"Global Offering"	the Hong Kong public offering and the international offering, the details of which are set out in the Prospectus
"Group", "Insilico Medicine", "our Group", "our", "we" or "us"	our Company and our subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"GTM"	generative topographic mapping
"Greater China"	for the purposes of this report and for geographical reference only, includes PRC, Hong Kong, the Macao Special Administrative Region, and the Taiwan Region
"HER2"	receptor tyrosine-protein kinase erbB-2
"HK$" or "Hong Kong Dollars" or "HK Dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Share Registrar"	Tricor Investor Services Limited
"Hygtia Therapeutics"	Hygtia Therapeutics Co., Ltd. (深圳衡泰生物科技有限公司)

"IFRS"	International Financial Reporting Standards, amendments, and interpretations, as issued from time to time by the IASB
"immunotherapy"	use of the immune system to treat disease
"indication"	a valid reason to use a specific test, drug, device, procedure or surgery
"IND"	investigational new drug, the application for which is the first step in the drug review process by regulatory authorities to decide whether to permit clinical trials
"*in vivo*"	studies in which the effects of various biological entities are tested on whole, living organisms or cells, usually animals, including humans, and plants, as opposed to a tissue extract or dead organism
"*in vitro*"	studies that are performed with microorganisms, cells, or biological molecules outside their normal biological context
"IP"	Intellectual property
"IPF" or "idiopathic pulmonary fibrosis"	a condition in which the lungs become scarred and breathing becomes increasingly difficult
"KAT6"	K (lysine) acetyltransferase 6, a family of histone acetyltransferases that regulate gene expression through chromatin remodeling, associated with developmental disorders and cancer
"kidney fibrosis"	a progressive condition marked by the buildup of scar tissue in the kidneys, leading to impaired function and potential chronic kidney disease
"Latest Practicable Date"	March 27, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report prior to its publication
"Lilly" or "Eli Lilly"	Eli Lilly and Company (or its affiliates, as depending on the context)
"Listing"	the listing of our Shares on the Main Board
"Listing Date"	December 30, 2025
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange
"Mr. Alex Zhavoronkov, Ph.D."	Mr. Aleksandrs Zavoronkovs (also known as Alex Zhavoronkov) Ph.D., our founder, chairman of the Board, executive Director, CEO and CBO
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"NLRP3"	NOD-like receptor protein 3, an intracellular sensor that triggers inflammasome formation and drives inflammatory responses, linked to autoimmune and inflammatory conditions
"NMPA"	the National Medical Products Administration of China (國家藥品監督管理局) or, where the context so requires, its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局), or CFDA
"NOD"	nucleotide-binding oligomerization domain, a class of intracellular pattern recognition receptors that detect microbial molecules and activate innate immune responses, linked to infectious and inflammatory diseases
"Nomination Committee"	the nomination committee of the Board
"Ordinary Share(s)"	common share(s) in the share capital of our Company with a par value of US$0.0000005 each
"Over-allotment Option"	the option granted by our Company to the international underwriters, exercisable by the joint global coordinators and the overall coordinators on behalf of the international underwriters, to require our Company to allot and issue additional Shares to the international underwriters to, among other things, cover over-allocations in the international offering, as disclosed in the Prospectus and the announcement of the Company dated January 16, 2026
"Over-allotment Shares"	14,203,500 Shares issued and allotted by the Company pursuant to the full exercise of the Over-allotment Option
"PCC"	pre-clinical candidate

"Pharma.AI"	the Company's artificial intelligence platform consisting of Biology42, Chemistry42, Medicine42 and Science42, for new target discovery, small molecule and biologics generation, clinical trial prediction and optimization, scientific document drafting and non-pharmaceutical applications
"Phase I clinical trial(s)"	study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
"Phase II clinical trial(s)"	study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage
"Phase III clinical trial(s)"	study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product
"PK"	pharmacokinetics, the study of the bodily absorption, distribution, metabolism, and excretion of drugs, which, together with pharmacodynamics, influences dosing, benefit, and adverse effects of the drug
"Post-IPO Equity Incentive Plans"	collectively, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme
"Post-IPO RSU Scheme"	the Post-IPO RSU Scheme adopted by the Company on December 15, 2025 and effective on the Listing Date
"Post-IPO Share Option Scheme"	the Post-IPO Share Option Scheme adopted by the Company on December 15, 2025 and effective on the Listing Date
"preclinical studies"	preclinical studies testing a drug on non-human subjects, to gather efficacy, toxicity, pharmacokinetic and safety information and to decide whether the drug is ready for clinical trials

DEFINITIONS

"Pre-IPO Equity Incentive Plans"	collectively, the 2019 Share Plan, the 2019 Equity Incentive Plan, the 2021 Equity Incentive Plan and the 2022 Equity Incentive Plan
"Prospectus"	the prospectus of the Company dated December 18, 2025
"QPCTL"	glutaminyl-peptide cyclotransferase-like protein, an enzyme that modifies proteins such as CD47 by forming N-terminal pyroglutamate, and a target for enhancing anti-tumor immune responses
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reporting Period"	the year ended December 31, 2025
"R&D"	research and development
"RSU"	restricted stock unit
"Sanofi"	Sanofi S.A. or its affiliates as depending on the context
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	shares in the share capital of our Company
"Share Split"	the split of each Share in the issued and unissued share capital of our Company with a par value of US$0.00001 each into 20 Shares of the corresponding class with a par value of US$0.0000005 each
"Shareholder(s)"	holder(s) of our Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SIRPα"	signal regulatory protein α, a transmembrane glycoprotein family involved in receptor tyrosine kinase-coupled signaling pathway

"TaiGen Biotechnology"	TaiGen Biopharmaceuticals Holdings Limited (stock code: 4157.TWO) and its subsidiaries (or its affiliates, as depending on the context)
"Tenacia Biotechnology"	Tenacia Biotechnology (Hongkong) Co., Limited
"TGA"	Therapeutic Goods Administration
"TNIK"	TRAF2 and NCK-interacting protein kinase, an enzyme that regulates Wnt signaling and cytoskeletal organization, and a potential target for fibrosis and cancer
"United States," "US," "USA" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$," "USD" or "U.S. dollars"	the lawful currency of the U.S.
"%"	per cent

In this annual report, unless otherwise indicated, the terms "associate(s)", "associated corporation(s)", "close associate(s)", "connected person(s)", "controlling shareholder(s)", "subsidiary(ies)", "substantial shareholder(s)" and "treasury shares" shall have the meanings given to such terms under the Listing Rules.

CORPORATE INFORMATION

COMPANY NAME

InSilico Medicine Cayman TopCo (英矽智能)

DIRECTORS

Executive Directors

Mr. Aleksandrs Zavoronkovs, Ph.D.
(Chairman, CEO and CBO)
Mr. Feng Ren, Ph.D. (任峰) *(CEO and CSO)*

Non-executive Directors

Mr. Chuen Yan Leung, Ph.D. (梁傳昕)
Mr. Kan Chen, Ph.D. (陳侃)
Mr. Long Shi (施瓏)

Independent Non-executive Directors

Ms. Denitsa Milanova, Ph.D.
Mr. Jingsong Wang, Ph.D. (王勁松)
Mr. Roman Kyrychynskyi

AUDIT COMMITTEE

Mr. Roman Kyrychynskyi *(Chairman)*
Mr. Chuen Yan Leung, Ph.D.
Ms. Denitsa Milanova, Ph.D.
Mr. Jingsong Wang, Ph.D.

REMUNERATION COMMITTEE

Mr. Jingsong Wang, Ph.D. *(Chairman)*
Ms. Denitsa Milanova, Ph.D.
Mr. Feng Ren, Ph.D.
Mr. Long Shi
Mr. Roman Kyrychynskyi

NOMINATION COMMITTEE

Mr. Alex Zhavoronkov, Ph.D. *(Chairman)*
Ms. Denitsa Milanova, Ph.D.
Mr. Jingsong Wang, Ph.D.
Mr. Kan Chen, Ph.D.
Mr. Roman Kyrychynskyi

ESG COMMITTEE

Mr. Feng Ren, Ph.D. *(Chairman)*
Mr. Alex Zhavoronkov, Ph.D.
Ms. Denitsa Milanova, Ph.D.
Mr. Jingsong Wang, Ph.D.
Mr. Roman Kyrychynskyi

COMPANY SECRETARY

Ms. Leung Kwan Wai (梁君慧)

AUTHORIZED REPRESENTATIVES

Mr. Alex Zhavoronkov, Ph.D.
Ms. Leung Kwan Wai

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants and Registered Public Interest Entity Auditor
35/F One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISER

As to Hong Kong law:
Davis Polk & Wardwell
10th Floor
The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

CORPORATE INFORMATION

REGISTERED OFFICE

190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 310, 3/F, Building 8W, Phase 2
Hong Kong Science Park
Pak Shek Kok
New Territories, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1–9008
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPLIANCE ADVISER

Guotai Junan Capital Limited
27/F., Low Block, Grand Millennium Plaza
181 Queen's Road Central
Central
Hong Kong

STOCK CODE

3696

COMPANY WEBSITE

insilico.com

PRINCIPAL BANKS

The Hong Kong and Shanghai Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

JP Morgan Chase Bank N.A., Hong Kong Branch
Chater House
8 Connaught Road Central
Hong Kong

CHAIRMAN'S STATEMENT

Dear Shareholders and Investors,

On behalf of the Board of Directors, it is my distinct privilege to present our first annual report following our successful listing on the Main Board of the Hong Kong Stock Exchange. We rang the opening bell at the Hong Kong Stock Exchange on 30 December 2025, marking our debut as the first AI-Bio company to go public on the Main Board under Rule 8.05 of the Listing Rules. We also welcomed a stellar lineup of 15 cornerstone investors, including Eli Lilly and Company ("**Lilly**" or "**Eli Lilly**") and Tencent, both participating as cornerstone investors in a healthcare company for the first time. This signals a profound cross-industry confidence in our generative AI platform and our ability to transform drug discovery.

PHARMA.AI: THE ENGINE OF INNOVATION

Our competitive advantage lies at the core of Pharma.AI, a proprietary, end-to-end generative AI platform of the Company. Throughout 2025, we executed comprehensive upgrades across our three core engines: Biology42, Chemistry42, and Science42, and introduced new capabilities to accelerate our trajectory toward pharmaceutical superintelligence.

Biology42: In our biology vertical, we made significant progress in both therapeutic protein design and target discovery.

- **PandaOmics** expanded its functionality and analytical rigor for target and biomarker discovery by introducing four new scoring metrics derived from foundation model, namely confidence, commercial tractability, druggability, and mechanism clarity, and an updated ranking framework for a more balanced, clinically relevant selection.
- **Generative Biologics** achieved major improvements on streamlined peptide workflows with template-based screening and 3D analysis, enhanced 3D-augmented model training validated on antibody datasets, a new diffusion-based antibody design engine with advanced filtering, and seamless integration with the Protein Data Bank (PDB) for direct structure use in experiments.
- Target Identification Pro ("**TargetPro**"), a disease-specific AI model, and **TargetBench 1.0**, the first standardized benchmarking system for drug target discovery, were launched in 2025. TargetPro achieved a 71.6% retrieval rate of known clinical targets, outperforming public platforms like Open Targets by 2 to 3 times. TargetPro's predicted novel targets showed exceptional structure availability, druggability, and repurposing potential, establishing new standards for accuracy, reliability, and transparency in AI-driven drug discovery.

Chemistry42/Nach01: Our chemistry capabilities were bolstered through the integration of advanced foundational models and expanded analytical tools.

- **Chemistry42** introduced protein-based pharmacophore points for more precise, protein-guided molecule generation, enhancing generative chemistry capabilities. Alchemistry 2.0 now features a two-stage relative binding free energy (RBFE) engine with industry-level accuracy and accelerated speed, while MDFlow adds configurable molecular dynamics simulations and advanced analytics. The absorption, distribution, metabolism, excretion, and toxicity (ADMET) profiling module was rebuilt for expanded pharmacological prediction. Retrosynthesis now supports diverse molecule input, optimized pathway planning, and streamlined batch reporting for efficient synthesis design.

- **Nach01**, a multimodal foundation model for chemistry and drug discovery, was launched on the AWS Marketplace this year. Trained on billions of molecular and textual data points, it combines language understanding and chemical intelligence for property prediction, molecular design, and scientific reasoning.

Science42: We upgraded Draft Outline Research Assistant (DORA) with a Deep Research module that integrates intelligent planning, credible sourcing, and advanced reasoning to transform simple queries into fully traceable, analyst-level reports within minutes.

In January 2026, we launched a new product, the **Science MMAI Gym**. This specialized environment is designed to "train" general-purpose foundation models to become experts in real-world drug development tasks with high-performance. It can dramatically boost the biological and chemical intelligence of any causal or frontier foundation model, achieving up to 10 times performance gains on key drug discovery benchmarks.

PIPELINE PROGRESS: CLINICAL VALIDATION OF AI DRUG DISCOVERY AND DEVELOPMENT

Our AI capabilities are best demonstrated by the rapid and successful progression of our pipeline, where we continue to translate algorithms into clinical evidence and delivering novel therapies to patients at unprecedented speed. Throughout 2025, we achieved breakthroughs in both clinical progress and preclinical candidate nominations.

From 2025 to the Latest Practicable Date, we have added six new preclinical candidate (PCC) nominations across diverse therapeutic areas. This demonstrates the power of our AI platform and fuels our out-licensing business potential.

We currently have 10 pipeline assets under clinical development. Among them, ISM001-055 (Rentosertib) is being developed for the treatment of idiopathic pulmonary fibrosis ("**IPF**") and progressed to a comparatively more advanced stage among peer companies. In 2025, we published the full Phase IIa results of the GENESIS-IPF trial in Nature Medicine and presented the data at leading international scientific forums, including the American Thoracic Society International Conference and the Chicago PFF Summit 2025. Supported by this promising Phase IIa data, ISM001-055 was granted Breakthrough Therapy Designation by the Center for Drug Evaluation ("**CDE**") in China. In addition, inhaled ISM001-055 submitted IND application to the CDE for a Phase I trial in January 2026, further expanding the clinical and delivery optionality of the program. We believe the progress of Rentosertib provides strong clinical validation of our AI-Bio platform and underscores our ability to translate generative AI results into meaningful therapeutic outcomes.

We saw significant advancements from our broader pipeline as well. ISM5411 (Garutadustat), an oral gut-restricted prolyl hydroxylase (PHD) 1/2 inhibitor for IBD, dosed the first patient in a Phase IIa trial in China. ISM6331, a novel and potent pan-TEAD inhibitor, dosed its first patient in a global multicenter Phase I trial in China and the United States for the treatment of mesothelioma and other solid tumors. Another global multicenter clinical trial to evaluate ISM3412, a potentially best-in-class, AI-empowered MAT2A inhibitor with a novel structure in patients with locally advanced and metastatic solid tumors, had its first patient dosed. We completed IND-enabling studies and received FDA IND approval for ISM8969, an AI-empowered orally available and brain penetrant NLRP3 inhibitor under co-development with Hygtia Therapeutics for the treatment of Parkinson's disease. In addition, our out-licensed programs are continuously advanced by our partners. ISM4808, an oral PHD inhibitor for the treatment of anemia of Chronic Kidney Disease (CKD), completed first subject dosing in a Phase I clinical trial by our partner TaiGen Biotechnology. ISM9682, a highly differentiated oral small-molecule inhibitor targeting KIF18A, also completed dosing of the first patient in a Phase I clinical trial conducted by Stemline Therapeutics Inc.

STRATEGIC BUSINESS DEVELOPMENT: PARTNERING EXCELLENCE AND SUSTAINABLE GROWTH

Our dual-engine model of "AI + Drug Discovery" delivered robust results in business development in 2025 and in early 2026, establishing high-value partnerships with multinational pharmaceutical companies and leading Chinese biopharmaceutical companies.

We executed landmark collaborations, validating our platform's exceptional capabilities. Notably, we established a research collaboration with Eli Lilly, combining our Pharma.AI platform with their disease expertise, with total deal value exceeding US$100 million in 2025. Building on this collaboration, we further expanded our partnership with Eli Lilly through a global AI-driven R&D collaboration in March 2026. We are eligible to receive an upfront payment of US$115 million, with the total potential deal value up to approximately US$2.75 billion. This expanded partnership underscores the strong and growing confidence of leading global pharmaceutical companies in the scalability and commercial relevance of our AI-driven drug discovery platform.

We also secured a multi-year oncology collaboration with Servier valued at up to US$888 million, including up to US$32 million in upfront and near-term R&D payments. Additionally, we have partnered with Tenacia Biotechnology to explore several potential Central Nervous System (CNS) therapeutic targets in 2025 and further expanded the collaboration with deal value up to US$94.75 million in March 2026. We also initiated multiple collaborations with China Medical System Holdings Limited (CMS) in the areas of CNS and autoimmune diseases. Lastly, we announced a strategic partnership with Qilu Pharmaceutical Group, focusing on specific targets for cardiometabolic disease management, with a total contract value exceeding HK$931 million.

We also entered into a co-development agreement on ISM8969 with Hygtia Therapeutics, where each party holds 50% of the global rights and interests to the program, and we are eligible to receive up to US$66 million in upfront and milestone payments. We also licensed TaiGen Biotechnology exclusive rights in Greater China to develop, commercialize, and sub-license ISM4808.

Just two months after launching the Science MMAI Gym business, we successfully announced our first strategic partnership in this area with Liquid AI. Together, we delivered lightweight scientific foundation models specifically designed for drug discovery, demonstrating the strong business potential and innovative capabilities of Science MMAI Gym.

These licensing deals and research collaborations not only validate our platform but also support the Company's overall growth with diversified revenue streams and expand the reach of our technology.

LOOKING AHEAD: 2026 AND BEYOND

Following our successful listing, we entered 2026 with sustained momentum and a clear strategic roadmap. We anticipate 2026 to be a fruitful year across three dimensions:

First, in business development, we aim to build on the robust deal flow established at the start of the year, continuing to secure out-licensing and collaboration agreements with global and domestic partners. Our deals are generating not only upfront payments but also ongoing milestone payments. As we continue to establish partnerships, our business model is expected to become more predictable and transparent, enhancing both visibility and long-term value.

Second, we expect to continuously expand our asset pipeline with additional PCC nominations and achieve pipeline advancements across several assets. We plan to initiate the Phase III trial of ISM001-055 for IPF in China in 2026, which will be a watershed moment, as it will be the most advanced AI-enabled drug candidate in clinical development globally. We also expect preliminary data from our Phase I trial of ISM6331. In addition, we plan to initiate Phase I clinical trials of ISM8969 in Australia and China. Lastly, we anticipate receiving IND approval in China for the inhaled ISM001-055.

Third, on the AI platform front, we are leveraging Science MMAI Gym – a first-of-its-kind, membership-based training and benchmarking environment to create new recurring revenue streams for the Company. We look forward to establishing collaborations with frontier foundation model companies to enhance their models across 1,000+ discovery-science tasks through Science MMAI Gym, further unlocking the commercial potential of our platform assets.

I would like to express my deepest gratitude to our shareholders, partners, and dedicated employees. Your trust and hard work have brought us to this historic moment. As we move forward as a public company, we remain steadfast in our mission to accelerate drug discovery and bring life-saving treatments to patients faster and more efficiently than ever before.

Mr. Aleksandrs Zavoronkovs, Ph.D.
Chairman, Executive Director, CEO and CBO

FOUR-YEAR FINANCIAL SUMMARY

SUMMARY DATA OF CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2025	2024	2023	2022
	US$'000	US$'000	US$'000	US$'000
Revenue	56,239	85,834	51,180	30,147
Cost of revenue	(10,391)	(8,257)	(12,611)	(11,037)
Gross profit	45,848	77,577	38,569	19,110
Selling and distribution expenses	(6,328)	(5,532)	(7,774)	(5,375)
Research and development expenses	(81,379)	(91,895)	(97,341)	(78,175)
Administrative expenses	(17,416)	(17,487)	(17,344)	(15,442)
Listing expenses	(5,274)	(176)	(7,355)	–
Other income	8,001	10,633	5,437	275
Other gains and losses, net	1,913	1,025	319	(3,775)
Finance costs	(209)	(91)	(94)	(99)
(Loss) gain from changes in fair value of financial liabilities at fair value through profit or loss ("**FVTPL**")	(296,701)	9,004	(126,133)	(138,100)
Impairment losses (including reversals of impairment losses or impairment gains) on financial assets	(711)	7	160	(234)
Loss before tax	(352,256)	(16,935)	(211,556)	(221,815)
Income tax expense	(60)	(161)	(84)	(13)
Loss for the year	(352,316)	(17,096)	(211,640)	(221,828)
Other comprehensive income (expense)	780	(333)	228	794
Total comprehensive expense for the year	(351,536)	(17,429)	(211,412)	(221,034)
Basic and diluted loss per share	(4.48)	(0.24)	(3.13)	(3.31)

SUMMARY DATA OF CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2025	2024	2023	2022
	US$'000	US$'000	US$'000	US$'000
Total assets	489,983	144,002	202,795	234,786
Total liabilities	37,957	807,925	852,953	684,329
Total equity (deficits)	452,026	(663,923)	(650,158)	(449,543)

OVERVIEW

Founded in 2014, we are a reputable and global AI-driven drug discovery and development company. As of the Latest Practicable Date, we have generated more than 20 clinical or IND-enabling stage assets using Pharma.AI, our proprietary generative AI platform. Since 2021, the aggregate contract value of our significant out-licensing, co-development, and research collaboration agreements has exceeded US$7.5 billion. ISM001-055 (Rentosertib) has completed Phase IIa clinical trial in China, and progressed to a comparatively more advanced stage among peer companies.

We operate under a project-based business model, deriving revenue primarily from out-licensing and collaboration arrangements, with no guarantee or clear visibility on future revenue generation. Under our drug discovery & pipeline development segment, we (i) self-develop drug candidates, (ii) co-develop and partially retain certain IP rights for out-licensed drugs, and (iii) collaborate with other pharmaceutical companies without retaining any IP rights.

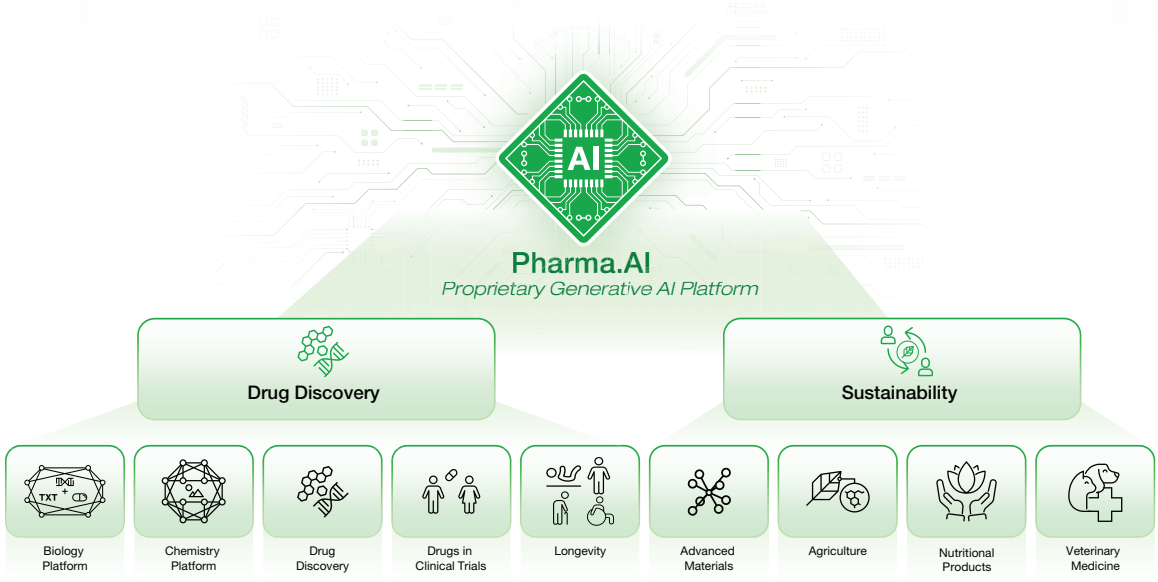
Our unique dual-engine business model, combining a generative AI platform with deep in-house drug discovery capabilities, enables continuous reinforcement learning that strengthens Pharma.AI and drives scientific innovation. Leveraging Pharma.AI, on average, our drug candidates progress from target discovery to PCC[1] confirmation within 12-18 months, significantly shorter than the average of 4.5 years required by traditional methods. We are also extending the reach of Pharma.AI across diverse industries, such as advanced materials, agriculture, nutritional products, and veterinary medicine.

(1) PCC refers to the point at which a molecule has completed target validation, hit identification, lead generation, and lead optimization, and is selected as the optimized drug candidate to advance into IND-enabling studies based on a comprehensive assessment of potency, selectivity, pharmacokinetics, safety margins, and developability. Because PCC is an industry-standard milestone that captures the full discovery and optimization phase directly influenced by our AI-driven design process, the time required to reach PCC is a widely accepted benchmark for measuring discovery efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Pharma.AI Platform



Pharma.AI is an AI-powered drug discovery and development platform offering end-to-end services: from new target identification to small molecule generation and clinical outcome prediction. Pharma.AI consisting of Biology42, Chemistry42, Medicine42, and Science42, designed to operate across the entire drug discovery and development continuum. Pharma.AI enables the identification of new drug targets, the *de novo* design of molecules against both new and established targets, and the optimization of clinical development of drug candidates, and streamlining the process of drafting academic papers and other related documents.

What sets Pharma.AI apart is its full integration with our biology teams and chemistry teams, allowing for real-time feedback loops that enhance the platform's learning and performance. The platform receives data inputs from our pipeline development progress and strategic collaborations, creating a flywheel effect that enhances its machine learning capabilities and drives continuous improvement of our end-to-end capabilities. Additionally, Pharma.AI can integrate with external tools to leverage the latest technological breakthroughs and create customized solutions for different customer needs.

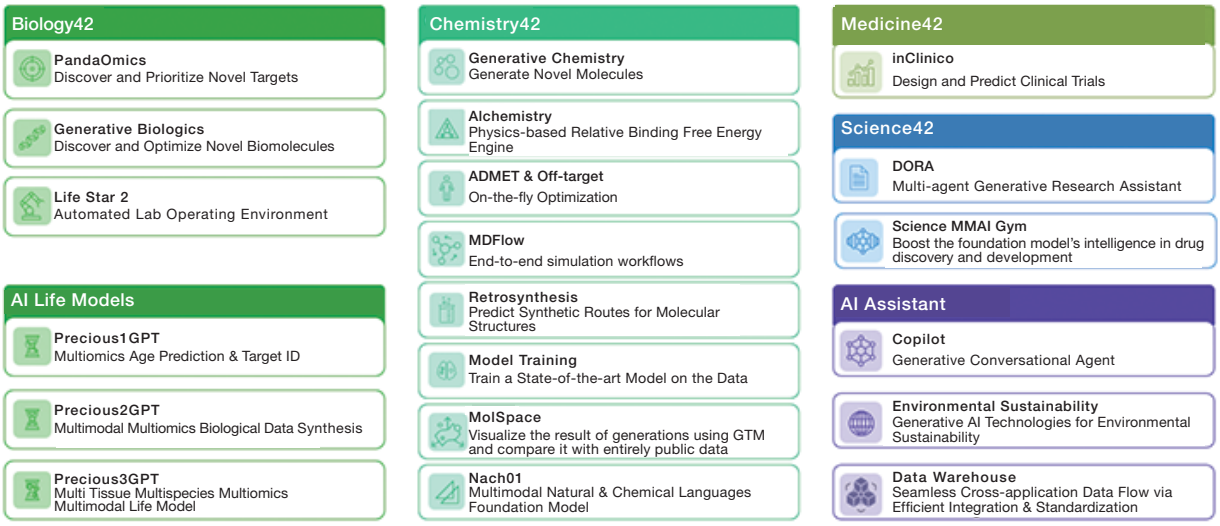
In 2025, Pharma.AI platform continued to solidify its position as a leading end-to-end generative AI engine for drug discovery, delivering breakthrough capabilities across biology, chemistry, and science. Throughout the year, we implemented comprehensive upgrades across Biology42, Chemistry42, and Science42, advancing toward its vision of pharmaceutical superintelligence.

Biology42: Biology42 delivered substantial progress across target discovery and generative protein design. PandaOmics, our AI platform for disease target and biomarker discovery, had substantial upgrades in 2025. It introduced four new scoring metrics: confidence, commercial tractability, druggability, and mechanism clarity, designed to generate a more balanced, clinically relevant selection. These refinements strengthen PandaOmics as a cornerstone tool for identifying high-value targets across therapeutic areas. Complementing this, TargetPro, a

disease-specific predictive model, and TargetBench 1.0, the industry's first standardized benchmarking suite for drug target discovery were launched this year. TargetPro delivered a 71.6% retrieval rate of known clinical targets, outperforming public platforms such as Open Targets by two – to three-fold. TargetPro's predicted novel targets demonstrated 95.7% structure availability, 86.5% druggability, and 46% repurposing potential, outperforming competing systems on all measures. Furthermore, Generative Biologics introduced multiple innovations, including template-based peptide screening, improved 3D-augmented models, a new diffusion model-based antibody design engine, and PDB structure integration.

Chemistry42 & Nach01: Chemistry42 had major functional enhancements in generative design, physics-based prediction, ADMET and off-target prediction powers. Generative Chemistry incorporated protein-based pharmacophore points, enabling diverse, protein-informed pharmacophore-guided generation. Alchemistry 2.0 introduced a two-stage RBFE engine combining equilibrium MD and non-equilibrium switching, achieving industry-level accuracy with a two to four times speed-up compared to prior versions. Meanwhile, MDFlow added configurable MD simulations, richer trajectory analytics, and multi-format export. ADMET Profiling improved key regression endpoints and off-target safety assessment, thereby extending Chemistry42's predictive power into more complex pharmacological spaces. Alongside this, Nach01, a multimodal foundation model for chemistry and drug discovery trained on billions of molecular and textual data points were launched on AWS Marketplace. It combines language understanding and chemical intelligence for property prediction, molecular design, and scientific reasoning extending Pharma.AI's capabilities into foundation-model workflows.

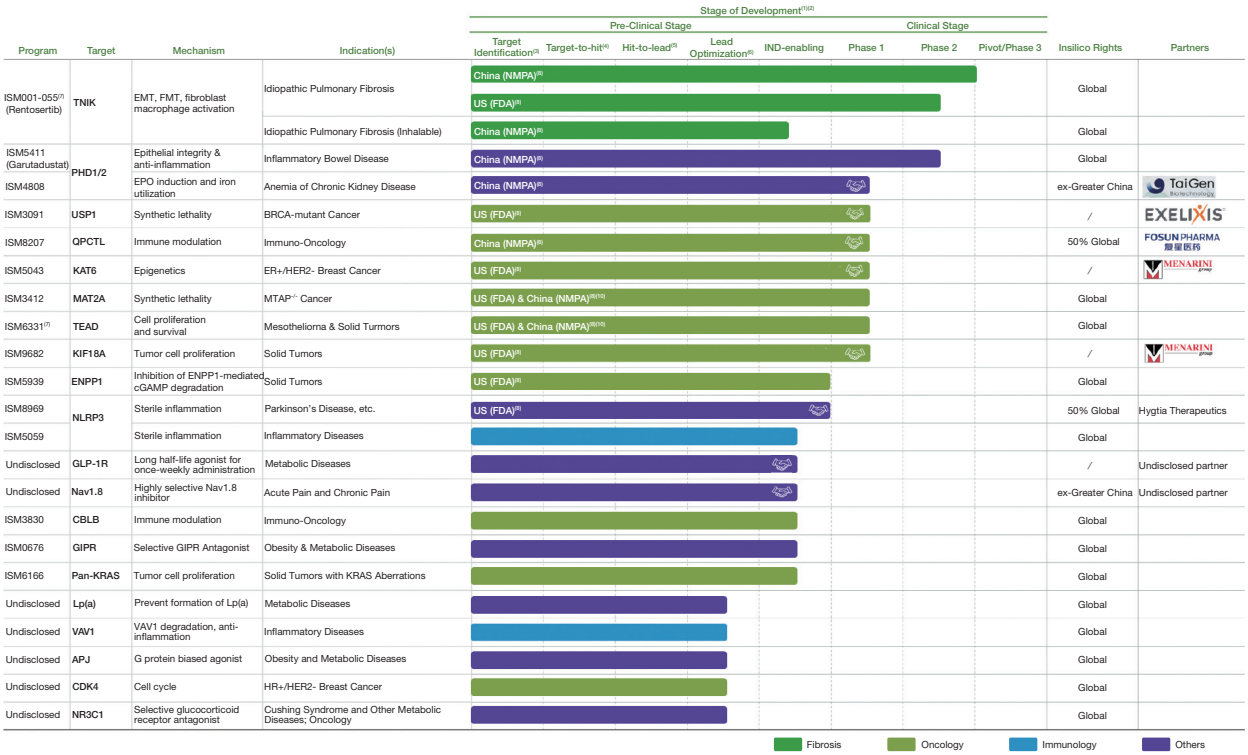
Science42: Science42 continued to enhance scientific content generation through upgrades to the DORA research assistant. The new Deep Research module integrates intelligent planning and high-quality source retrieval to transform simple prompts into structured, traceable research summaries within minutes. To address the limitations of general-purpose artificial intelligence, particularly foundation models, in pharmaceutical research, we developed Science MMAI Gym (Multi-Modal AI Gym), a domain-specific AI training environment designed to systematically adapt foundation models for drug discovery and development. We apply structured training programs that combine proprietary scientific datasets, multi-modal tasks, fine-tuning, reinforcement learning, and rigorous benchmarking to enhance models' chemical, biological, and clinical reasoning capabilities.



Pipeline Development

Leveraging our generative AI platform, we have developed a robust pipeline that covering fibrosis, oncology, immunology, metabolic, anti-pain and other therapeutic areas. We chose these disease areas because they have highly unmet medical needs and a high amount of available patient omics data, allowing us to fully utilize Pharma.AI to identify potentially new targets and rapidly progress new drug candidates to IND enabling stage.

The following chart summarizes the development status of selected clinical and pre-clinical stage drug candidates as of the Latest Practicable Date:



Notes:

1. All programs are designed for oral administration unless otherwise indicated.
2. All pipeline is entirely the product of internal generation, and no targets or compounds in-licensed from pharmaceutical companies.
3. Target Identification: The process of identifying and validating a biological target (e.g., protein, RNA) that plays a key role in a disease pathway. The target must be capable of binding to a drug molecule to modulate its activity.
4. Target-to-hit: Screening molecules that show measurable activity against the target (e.g., binding affinity), these compounds are called "hits".
5. Hit-to-lead: Optimizing "hits" to improve their potency, selectivity, and pharmacokinetic properties, yielding "lead" compounds.
6. Lead Optimization: Further refining "leads" to select a clinical candidate with optimal efficacy, safety, and manufacturability.
7. FDA granted ISM001-055 the orphan drug designation for IPF indication and granted ISM6331 for Mesothelioma.
8. Regulatory authorities with IND submitted.
9. Out-licensed drug candidates' clinical progress is subject to partners' development plan.
10. Global multi-regional clinical trial (MRCT).

During the year ended December 31, 2025, and as of the Latest Practicable Date, we continue to expand our pipeline, by adding six AI-empowered PCC with clearly differentiated profiles bringing our total PCC count to 28. Among them, ISM6166, an oral broad-spectrum pan-KRAS ON/OFF inhibitor, designed to cover multiple KRAS alterations and has the potential to overcome drug resistance associated with current KRAS therapies. ISM6166 showed not only tumor growth inhibition but also pronounced tumor regression, along with strong selectivity and favorable PK profiles in preclinical study. ISM5059, an AI-empowered, peripherally restricted small molecule inhibitor targeting NLRP3 was nominated PCC in February 2026. In preclinical studies, ISM5059 has demonstrated high potency and selectivity, favorable safety profiles and excellent *in vivo* efficacy across animal disease models, supporting broad indication potential expanding into autoimmune and inflammatory diseases, metabolic diseases, cardiovascular diseases and ophthalmology diseases. Moreover, ISM5059 is predicted to be efficacious at a low dose in humans, providing a high safety margin for future validation. Additionally, we nominated ISM0676, a novel, oral available GIPR antagonist with both monotherapy and combination potential. Preclinical studies have highlighted up to 31.3% body weight loss in diet-induced obese (DIO) humanized GIPR mice when co-administered with semaglutide. ISM0676 also demonstrated excellent *in vivo* metabolic stability, low drug-drug interaction risk, favorable safety profiles, and low predicted human efficacious dose, supporting future development.

ISM001-055 (Rentosertib): A Small Molecule Inhibitor of TNIK for the Potential Treatment of IPF

ISM001-055 (Rentosertib) is an effective and selective small molecule inhibitor of TNIK with high affinity as a potential treatment of IPF, which is a fatal lung disease characterized by distorted lung architecture and progressive loss of respiratory function. In May 2025, ISM001-055 received the breakthrough therapy designation from the CDE for the treatment of IPF. This regulatory momentum was supported by the landmark publication of our Phase IIa results in Nature Medicine, providing definitive clinical evidence of the efficacy of our AI-driven approach. Data from the GENESIS-IPF trial demonstrated that patients treated with a 60 mg QD dose of Rentosertib experienced a significant mean improvement in lung function, achieving a +98.4 mL change in forced vital capacity (FVC) compared to a 20.3 mL decline in the placebo group. Those exciting data were presented at the American Thoracic Society International Conference and the PFF Summit 2025.

ISM001-055 (Inhalation)

Compared to oral administration, inhaled ISM001-055 can achieve higher lung exposure with lower systemic exposure (AUC lung/plasma 50). Therefore, inhalation may deliver ISM001-055 directly into the deep lung, which offers a more targeted approach that may reduce the amount of drug required and thus reduce potential side effects while achieving fast and effective local therapeutic effects.

Inhalation delivery of ISM001-055 is considered one route of drug delivery to the targeted area of the lungs. In addition, the inhalation route of administration is a complex drug delivery technology that requires a combination of formulations and devices and thus presents higher technical barriers for generics. The effects of lung function improvement, anti-fibrosis and anti-inflammatory effects of inhaled ISM001-055 were validated in the bleomycin-induced lung fibrosis rat model. We submitted the IND application to CDE for a Phase I clinical trial of inhaled ISM001-055 in January 2026.

ISM5411 (Garutadustat): A Small Molecule Inhibitor of PHD1/2 as Potential Treatments of Inflammatory Bowel Disease (IBD)

ISM5411 (Garutadustat) is a wholly-owned small molecule inhibitor of prolyl hydroxylase (PHD) 1 and 2. The identification of the compound was achieved within 12 months and the compound received an official preclinical candidate nomination in November 2021 as a potential treatment for patients with IBD. ISM5411 could stabilize HIFα and promote intestinal barrier protection. The mechanism of action of ISM5411 enables potential combination therapies with available anti-inflammatory drugs. We complete a Phase I clinical trial in Australia and another Phase I clinical trial in China in December 2024 and January 2025 respectively. We initiated a Phase IIa clinical trial in China for the treatment of ulcerative colitis in November 2025, and dosed the first patient in December 2025.

ISM4808: A Small Molecule Inhibitor of PHD as a Potential Treatment of Anemia of Chronic Kidney Disease (CKD)

ISM4808 is a novel oral small molecule inhibitor of prolyl hydroxylase (PHD) targeting the HIF-α pathway for the treatment of CKD-related anemia. By inhibiting PHD, it stabilizes HIF-α to induce endogenous erythropoietin (EPO) and improve iron utilization for red blood cell production. Preclinical studies demonstrated potent efficacy in CKD models, favorable oral PK/ADME profiles, and broad safety margins. In December 2025, the Company granted the exclusive rights of ISM4808 in Greater China area to TaiGen Biotechnology. Our partner TaiGen Biotechnology announced in March 2026, it has successfully completed the enrollment and dosing of the first subject in the Phase I clinical trial. The Phase I clinical study is a randomized, double-blind, placebo-controlled trial comprising both single-ascending-dose (SAD) and multiple-ascending-dose (MAD) cohorts, designed to evaluate the safety, tolerability, and pharmacokinetic profile of ISM4808 in healthy adults.

ISM3412: A Small Molecule Inhibitor of MAT2A as a Potential Treatment of MTAP-deleted Cancers

ISM3412 is an orally available effective and selective small molecule inhibitor of MAT2A, a synthetic lethal target in MTAP-deleted cancers. ISM3412 functions through the suppression of S-adenosylmethionine ("**SAM**") production, leading to the loss of methylation function of the major SAM-utilizing type II arginine methyltransferase (also known as protein arginine methyltransferase 5, the "**PRMT5**"). Following FDA IND approval in April 2024, we advanced ISM3412 into clinical validation and successfully completed the first-in-patient dosing and announced such achievement in June 2025 as part of a global multicenter Phase I clinical trial. The Phase I study aiming to evaluate the safety, tolerability, PK/PD profiles and preliminary efficacy in patients.

ISM6331: A Small Molecule TEAD Inhibitor for the Treatment of Mesothelioma and Other Solid Tumor

ISM6331 is a small molecule pan-TEAD1/2/3/4 inhibitor that blocks the transcriptional activity of the TEAD-YAP/TAZ complex for the treatment of Hippo pathway dysregulated solid tumors. ISM6331 has demonstrated equipotent inhibition against TEAD1/2/3/4, along with a favorable safety profile and effective anti-tumor activity in preclinical studies. In January 2025, we announced the global multicenter Phase I clinical trial of ISM6331 that is enrolling patients in China and the United States had advanced with the dosing of the first patient in this study for the treatment of mesothelioma and other solid tumors. The Phase I clinical trial was designed to evaluate the safety, tolerability, pharmacokinetics, pharmacodynamics and preliminary anti-tumor activity of ISM6331 as a single agent in patients with advanced or metastatic malignant mesothelioma or other solid tumors.

ISM9682: A Small Molecule KIF18A Inhibitor for the Treatment of Chromosomally Unstable Solid Tumors

ISM9682 is a highly differentiated oral small molecule inhibitor of kinesin KIF18A motor protein, empowered by our generative AI engine for the treatment of solid tumors with chromosomal instability. Preclinical studies demonstrated its potent activity against KIF18A and favorable drug-like properties. We have out-licensed ISM9682 to Stemline Therapeutics Inc. Following IND approval, the molecule advanced into Phase I clinical trial and we received the first-in-patient milestone payment.

ISM8969: CNS-penetrant NLRP3 Inhibitor for Inflammatory Diseases

ISM8969 is an orally available, brain penetrant small molecule inhibitor of NLRP3 enabled by our generative AI platform – Chemistry42 for the treatment of neurodegenerative diseases such as Parkinson's disease. By inhibiting the NLRP3 inflammasome, a key driver of neuroinflammation, ISM8969 addresses a critical pathway in CNS pathology. Preclinical studies demonstrated robust anti-inflammatory activity, favorable safety, and desirable blood-brain barrier penetration across multiple disease models. We entered into a global co-development collaboration with Hygtia Therapeutics for ISM8969, under which both parties hold 50% worldwide rights and the Company is eligible for up to US$66 million in upfront and milestone payments. We received IND approval from the FDA in December 2025 and are advancing toward clinical trials.

Undisclosed: Nav1.8 Program

We are developing a highly selective Nav1.8 inhibitor for the treatment of both acute and chronic pain. Nav1.8 is predominantly expressed in peripheral nociceptors, particularly C-fibers and Aδ-fibers, which mediate pain signaling. It facilitates action potential propagation and contributes to neuronal hyperexcitability in pathological states. By specifically targeting Nav1.8, our drug candidate has the potential to treat both acute and chronic pain without abuse liability. Preclinical data demonstrated strong *in vitro* and *in vivo* efficacy, high selectivity, favorable ADME and safety profiles. We had nominated the PCC in December 2025. In 2025, exclusive Greater China rights of this program were out-licensed to an undisclosed partner.

Business Model

Our business model consists of drug discovery and pipeline development, software solutions and other discovery business related to non-pharma sectors. We have made significant investments in building our generative AI-based drug discovery and development platform and have generated a rich pipeline targeting areas of unmet needs in oncology, immunology, fibrosis and other therapeutic areas. As our pipeline candidates mature and grow in potential value, we consider out-licensing them to pharmaceutical companies. We also enter into strategic drug discovery and development collaborations with pharmaceutical companies to explore potential targets and drug candidates that have the potential to become part of our drug development pipeline. We currently collaborate with 13 of the top 20 largest global pharmaceutical companies in terms of reported sales in 2024. These collaborations typically leverage our technology and development capabilities to accelerate drug discovery efforts, with deal structures including upfront payments, success-based development milestones, regulatory and commercial milestones, and royalties. Our software licensing activities involve out-licensing one or more components of the entire Pharma.AI platform (Biology42, Chemistry42, Medicine42 and Science42) for target discovery, small molecule and biologics generation, clinical trial prediction and optimization and streamlining the process of drafting academic papers and other related documents. While primarily focused on the pharmaceutical industry, our generative AI platform has broad potential applications, such as advanced materials, agriculture, nutritional products, and veterinary medicine.

Drug discovery and development

During the Reporting Period and as of the Latest Practicable Date, we achieved several landmark out-licensing and research collaboration deals that validate the industry's profound confidence in our generative AI platform while creating sustainable, diversified revenue streams.

Our business development results saw exceptional growth through high-value partnerships with global and domestic pharmaceutical leaders. We entered into a research collaboration with Lilly in 2025, combining our Pharma.AI platform with their disease expertise in a deal eligible for receiving over $100 million including an upfront, milestone payments, and tiered royalties on net sales upon commercialization of any resulting drug products. Building on this collaboration, we further expanded our partnership with Lilly through a global AI-driven R&D collaboration in March 2026. The agreement of this collaboration grants Lilly an exclusive worldwide license for the development, manufacturing, and commercialization of potentially best-in-class, novel oral therapeutics in preclinical development for certain indications. In addition, we and Lilly will collaborate on multiple R&D programs focused on targets selected by Lilly, by combining Insilico's state-of-the-art Pharma.AI platforms with Lilly's development capabilities and deep disease-area expertise. We are eligible to receive an upfront payment of US$115 million, with the total potential deal value up to approximately US$2.75 billion. This expanded partnership underscores the strong and growing confidence of leading global pharmaceutical companies in the scalability and commercial relevance of our AI-driven drug discovery platform. Furthermore, we secured a multi-year oncology collaboration with Servier valued at up to US$888.0 million, focusing on the discovery of novel oncology therapies. On the collaboration with domestic pharmaceutical companies, we established a strategic partnership with Qilu Pharmaceutical to accelerate novel cardiometabolic therapies, and expanded our cooperation with China Medical System Holdings Limited (CMS) to advance multiple AI-enabled candidates in the fields in central nervous system and autoimmune diseases. Additionally, we have partnered with Tenacia Biotechnology to explore several potential Central Nervous System (CNS) therapeutic targets in 2025 and further expanded the collaboration with deal value up to US$94.75 million in March 2026.

We reached an agreement with TaiGen Biotechnology, granting them exclusive rights to develop and commercialize ISM4808 in Greater China. This AI-empowered, potentially best-in-class oral PHD inhibitor is targeted at treating anemia associated with CKD. Under the terms of the deal, we are eligible for payments including one-time upfront, development and sales-based milestone payments, as well as tiered royalties on net sales, with a total size of two-digit million dollars.

To accelerate our promising candidate, we also entered into strategic co-development agreement with Hygtia Therapeutics, to advance ISM8969, our AI-empowered, brain-penetrant NLRP3 inhibitor for Parkinson's disease. This 50/50 global rights-sharing collaboration allows both parties to leverage their respective strengths in clinical development and commercialization. We are eligible to receive up to US$66.0 million in upfront and milestone payments as part of this partnership, reflecting the high potential of this best-in-class candidate for neurodegenerative disorders.

Software solution

During the Reporting Period, we generated revenue by granting our customers access to four components of our Pharma.AI, namely Biology42, Chemistry42, Medicine42 and Science42. We entered into subscription agreements with our customers and collected subscription fees.

Our revenue from software solutions increased from US$4.0 million in 2024 to US$4.9 million in 2025, representing a 23.8% year-on-year growth and demonstrating strong and sustained momentum in the commercialization of our AI-driven drug discovery platform. This growth reflects rising global demand for our next-generation Pharma.AI platform and broader adoption of our modular software offerings. We provided two types of arrangements to our customers, for access to our Pharma.AI, or by granting right to use Chemistry42 and/or PandaOmics installed on the customer's premise. Our subscription customer base expanded from 153 in 2024 to 181 by 2025, underscoring the growing recognition of our platform's capabilities and the increasing integration of AI into global drug R&D workflows.

R&D collaboration in non-pharma sectors

We will continue expanding our strategic collaborations beyond the pharmaceutical sector to fully unlock the application potential and commercial opportunities of our Pharma.AI platform. By leveraging the versatility of our platform, we aim to address complex challenges and deliver innovative solutions across a broad spectrum of industries. This strategic shift not only diversifies our revenue streams but also enhances the adaptability and scalability of our technologies, allowing us to capitalize on emerging opportunities in both pharmaceutical and non-pharmaceutical markets.

Our current non-pharma partnerships extended to a diverse range of industries, such as advanced materials, agriculture, nutritional products, and veterinary medicine, showcasing the wide-reaching applicability of our platform. These collaborations have already demonstrated the value of our technologies in solving industry-specific problems and driving innovation. We have expanded our non-pharma collaborations across diverse sectors including nutraceuticals, sustainable fuels, materials science, and agriculture. As of the Latest Practicable Date, we collaborated with 5 customers for other discovery. Moving forward, we plan to further expand into additional verticals, exploring untapped markets where our expertise and technology can create transformative impact. By broadening our reach and fostering cross-industry partnerships, we aim to establish Pharma.AI as a leading solution across multiple industries, driving long-term growth and value creation.

CAUTIONARY STATEMENT: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP OR MARKET THE RELEVANT PRODUCTS, OR ANY OF OUR PIPELINE PRODUCTS, SUCCESSFULLY.

FINANCIAL REVIEW

The following discussion is based on, and should be read in conjunction with, the financial information and notes included elsewhere in this report.

Revenue

During the Reporting Period, we generated revenue from drug discovery and pipeline development, software solution and other discovery. The following table sets forth a breakdown of our revenue in absolute amount and as a percentage of our total revenue for the periods indicated:

	Year ended December 31,			
	2025		2024	
	US$'000	%	US$'000	%
Drug discovery	24,952	44.4	3,144	3.7
Pipeline development	23,885	42.5	76,589	89.2
Software solution	4,913	8.7	3,970	4.6
Other discovery	2,489	4.4	2,131	2.5
Total	56,239	100.0	85,834	100.0

Our revenue decreased by US$29.6 million or 34.5% from US$85.8 million in 2024 to US$56.2 million in 2025. Such decrease was primarily attributable to the decline in revenue generated from pipeline development and was partially offset by the increase in revenue generated from drug discovery. The pipeline development revenue from upfront payments in 2025 was US$15.3 million, which was comparably lower than that in 2024 (2024: US$58.0 million) due to the influence caused by the progress of new deal negotiation and the research and development progress of licensed-out pipelines at customers' end.

Cost of Revenue

During the Reporting Period, our cost of revenue mainly consisted of third-party CRO costs and labor costs in relation to pipeline development business, drug discovery and other discovery. Our cost of revenue increased by US$2.1 million or 25.8% from US$8.3 million in 2024 to US$10.4 million in 2025, which was primarily attributable to the change in revenue composition during the Reporting Period as more third-party CRO costs and labor costs incurred under drug discovery business.

Gross Profit and Gross Profit Margin

Our gross profit decreased by US$31.7 million or 40.9% from US$77.6 million in 2024 to US$45.8 million in 2025, which was primarily attributable to the decreased revenue and increased cost of revenue due to the change in revenue composition.

Our gross profit margin decreased by 8.9 percentage points from 90.4% in 2024 to 81.5% in 2025, which was primary attributable to a higher proportion of revenue contributed by the drug discovery business, which has a lower gross profit margin compared to our pipeline development business.

Other Income

During the Reporting Period, our other income consisted of bank interest income, subsidy income and others. Bank interest income includes interests generated from our bank deposits. Subsidy income includes expense reimbursement and project-related funding. Our subsidy income is all non-recurring in nature.

Our other income decreased by US$2.6 million or 24.8% from US$10.6 million in 2024 to US$8.0 million in 2025, which was primarily attributable to a decrease in bank interest income resulting from lower deposit rates, as well as a decrease in subsidy income due to the absence of one-time government subsidies recorded in the first half of 2024 and the completion of the Gates Foundation grant project in Canada in 2024.

Selling and Marketing Expenses

During the Reporting Period, our selling and marketing expenses consisted of labor costs, marketing costs, share-based compensation expenses and others. Our labor costs primarily consist of salaries, welfare and other benefits for our selling and marketing staff. Marketing costs primarily consist of marketing related expenses. Others include depreciation and amortization, travel expenses, information technology and office supplies expenses, and rental and utilities expenses. The table below sets forth a breakdown of our selling and marketing expenses for the periods indicated:

	Year ended December 31,	
	2025	2024
	US$'000	US$'000
Labor costs	3,837	4,488
Marketing costs	649	200
Share-based compensation expenses	702	20
Others	1,140	824
Total	6,328	5,532

Our selling and marketing expenses increased by US$0.8 million or 14.4% from US$5.5 million in 2024 to US$6.3 million in 2025, which was primarily attributable to the increase in share-based compensation expense derived from the option and RSU granted to our business development team for motivation and retention.

Research and Development Expenses

During the Reporting Period, our research and development expenses were incurred in connection with carrying out the research and development activities of our product candidates and continuously upgrading and training our Pharma.AI. Our research and development expenses consist of third-party contracting costs for discovery and development business and clinical trial related services provided by CROs and CDMOs, labor costs, share-based compensation expenses and others. The table below sets forth a breakdown of our research and development expenses for the periods indicated:

	Year ended December 31,	
	2025	2024
	US$'000	US$'000
Third-party contracting costs	47,130	57,123
Labor costs	26,293	27,239
Share-based compensation expenses	3,200	1,284
Others	4,756	6,249
Total	81,379	91,895

Our research and development expenses decreased by US$10.5 million or 11.4% from US$91.9 million in 2024 to US$81.4 million in 2025, which was primarily attributable to a decrease in third-party CRO expense, resulting from enhanced efficiency in resource allocation for internal pipelines, higher CRO discounts obtained in 2024 and lower clinical costs for the ISM001-055 project following the completion of its Phase IIa clinical trial in 2024.

Administrative Expenses

During the Reporting Period, our administrative expenses consisted of labor costs, professional and consultation fees, share-based compensation expenses and others. Our labor costs primarily consist of salaries, welfare and other benefits for our administrative staff. Our professional and consultation fees primarily represent the fees paid to professionals, such as legal advisors, intellectual property agents, accounting firm and other professional services. Others include depreciation and amortization, travel expenses, information technology and office supplies expenses, rental and utilities expenses. The table below sets forth a breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,	
	2025	2024
	US$'000	US$'000
Labor costs	7,937	6,751
Professional and consultation fees	2,426	5,551
Share-based compensation expenses	2,605	1,955
Others	4,448	3,230
Total	17,416	17,487

Our administrative expenses decreased by US$0.1 million or 0.4% from US$17.5 million in 2024 to US$17.4 million in 2025. Such decrease was primarily attributable to the decrease in professional and consultation fees, and partly offset by the increase in share-based compensation expenses and rental and utilities fees.

Other Gains and Losses, Net

Our other gains and losses, net increased by US$0.9 million or 86.6% from other gains, net at US$1.0 million in 2024 to other gains, net at US$1.9 million in 2025, which was primarily attributable to the increase in gain from changes in fair value of financial assets at FVTPL.

Finance Costs

Our financial costs increased by US$0.1 million from US$0.1 million in 2024 to US$0.2 million in 2025, which was primarily attributable to the increase in lease interests due to the renew and expansion of lease contracts.

(Loss) Gain from Changes in Fair Value of Financial Liabilities at FVTPL

We recorded a loss of US$296.7 million from changes in the fair value of financial liabilities at FVTPL in 2025, compared to a gain of US$9.0 million in 2024, which was primarily attributable to the significant losses incurred in the conversion of preferred shares issued in previous financing series into ordinary shares based on the share price upon our Listing.

Impairment Losses (Including Reversals of Impairment Losses or Impairment Gains) on Financial Assets

Our impairment losses on financial assets was US$0.7 million in 2025, compared to US$7,000 reversals of impairment or impairment gains in 2024. The change was primarily attributable to the increase in trade receivables from third-party customers.

Loss Before Tax

Our loss before tax increased by US$335.3 million from loss before tax at US$16.9 million in 2024 to US$352.3 million in 2025, which was primarily attributable to increase in loss from changes in fair value of financial liabilities at FVTPL and decrease in revenue.

Income Tax Expense

Our income tax expenses decrease by US$0.1 million from US$0.2 million in 2024 to US$0.1 million in 2025, which was primarily attributable to the decrease in taxable income.

Loss for the Reporting Period

Our loss for the Reporting Period increased by US$335.2 million from loss for the Reporting Period at US$17.1 million in 2024 to US$352.3 million in 2025, which was primarily attributable to decrease in revenue and the loss from changes in fair value of financial liabilities at FVTPL.

Financial Position

As of December 31, 2025, our Company recorded net assets of US$452.0 million, compared to net liabilities of US$663.9 million as of December 31, 2024. The change was mainly attributable to the Group's Listing on December 30, 2025, which increased the balance of bank balances and cash as well as share capital and share premium and reserves, while the conversion of preferred shares from previous financing series into ordinary shares based on the share price caused a significant decrease in financial liabilities at FVTPL.

As of December 31, 2025, our Company has recorded net current assets of US$440.4 million, compared to net current liabilities of US$673.5 million as of December 31, 2024, for the reasons stated above.

Trade and Other Receivables

Our trade and other receivables increased from US$7.5 million as of December 31, 2024 to US$27.0 million as of December 31, 2025. In particular, our trade receivables primarily represent the balances due from certain customers. Our trade receivables from contracts with customers increased from US$0.9 million as of December 31, 2024 to US$21.3 million as of December 31, 2025, which was primarily attributable to the revenue we recognized at year-end but for which the payment has not been due yet.

Trade and Other Payables

Our trade and other payables primarily consist of trade payables for research and development expenses, payroll and related liabilities, professional service fees and share issue costs and accrued office expenses. Trade payables mainly consist of balances due to our trade payables for research and development expenses, payroll and related liabilities, and professional service fees and share issue costs.

Our trade and other payables increased from US$28.0 million as of December 31, 2024 to US$29.7 million as of December 31, 2025, which was primarily attributable to the increase in listing expenses.

Liquidity and Financial Resource

During the Reporting Period, we relied on capital contributions by our Shareholders and operating revenues as the major sources of liquidity. As our business develops and expands, we expect to generate more net cash from our operating activities, namely drug discovery, pipeline development, software solutions, and sales of other discovery services, as a result of the accumulation of our self-developed pipeline, broader market acceptance of our existing services and our continued efforts in marketing and expansion, improving cost control and operating efficiency and accelerating the turnover of trade receivables by tightening our credit policy.

With respect to cash management, our objective is to optimize liquidity to secure a stable return for Shareholders in a risk-averse manner. Specifically, we have policies in place to monitor and manage the settlement of trade receivables. When determining the credit term of a customer, we consider a number of factors, including its cash flow conditions and creditworthiness. To monitor the settlement of our trade receivables and avoid credit losses, we conduct annual review of each customer's financial performance, which is primarily based on the amount and aging of the trade receivables due from such customer in the respective period.

During the Reporting Period, our Company recorded net operating cash outflows of US$76.8 million in 2025, representing an increase of US$19.4 million as compared to US$57.4 million in 2024, which was mainly attributable to the decrease in cash received from customers.

Bank Balances and Cash

Our bank balances and cash primarily consisted of time deposits with original maturity of less than one year when acquired. Our bank balances and cash increased by US$267.4 million in 2025 from US$125.9 million in 2024 to US$393.3 million in 2025, which was primarily attributable to the completion of the Global Offering in December 2025.

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy, aiming to maintain an optimal financial position and minimal financial risks. We have formulated internal control measures to control our process of investment in wealth management products. Prior to making an investment, we ensure that there remains sufficient working capital for our business needs, operating activities, research and development and capital expenditures. In 2025, we funded our operations primarily through equity financing and cash collection from customers. With the continuing expansion of our business and development of new drug candidates, we will use the net proceeds raised from the Global Offering and may require further funding through public or private equity offerings, debt financing and other sources.

Lease Liabilities

Our lease liabilities increased by US$3.4 million or 132.7% from US$2.6 million in 2024 to US$6.0 million in 2025, which was primarily attributable to the renewal and expansion of lease agreement.

Financial Liabilities at FVTPL

Our financial liabilities at FVTPL decreased by 100.0% from US$766.1 million in 2024 to nil in 2025, which was primarily attributable to the fact that all preferred shares issued in previous financing series have been converted into ordinary shares based on the share price upon our Listing.

Contract Liabilities

Our contract liabilities decreased by US$4.8 million or 69.3% from US$6.9 million in 2024 to US$2.1 million in 2025, which was primarily attributable to the Group having satisfied most of the performance obligations for services prepaid by customers.

Current Ratio

Current ratio (calculated by current assets divided by current liabilities) of the Group as of December 31, 2025, was 1,399.3% (December 31, 2024: 16.5%).

Gearing Ratio

Gearing ratio is calculated as total debt divided by total assets. As of December 31, 2025, the Group had no bank borrowings (December 31, 2024: nil), the Group's gearing ratio was 0% (December 31, 2024: 0%).

Foreign Currency Risk

Certain financial assets and liabilities are denominated in foreign currency of respective group entities which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities

As of December 31, 2025, we did not have any material contingent liabilities.

Significant Investment Held

As of 31 December 2025, save as disclosed in this report, we did not hold any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of 31 December 2025).

Wealth management products

The financial assets that we invested mainly include investments in wealth management products.

During the Reporting Period, the Group subscribed for certain wealth management products. The exact returns on all these wealth management products are not guaranteed; hence their contractual cash flow does not qualify for solely payments of principal and interests. Therefore, they are measured at fair value through profit or loss. As of 31 December 2025, the aggregated outstanding principal amount of the Group's wealth management products was USD53.9 million, and the wealth management products (measured at fair value through profit or loss) as a percentage to the Group's total asset was 11.0%. As of 31 December 2025, the outstanding principal amount of certain wealth management product subscribed by the Group from CMB International Securities Limited was USD30.0 million, and the fair value of which was USD30.8 million, which accounted for 6.3% of the Group's total assets, the expected return rate for the product subscribed from CMB International Securities Limited was from 4.11% to 4.57%. As of 31 December 2025, there were no other outstanding wealth management products (in aggregate) subscribed from any single licensed bank that exceed 5% of the Group's total assets.

The following outstanding wealth management products (in aggregate) subscribed from each of the licensed banks had a percentage of over 5% of the Group's total assets as of 31 December 2025.

Subscription Date	Maturity Date	Name of Product	Name of Bank	Principal amount of subscription	Type of product and risk rating	Expected return rate	Investment scope of product	Fair value and relative size to the Group's total assets as of 31 December 2025
2025-04-09	Redeem at any business day	ChinaAMC Select USD Money Market Fund[1]	CMB International Securities Limited	USD30.0 million	Non-principal guaranteed with variable return	4.11%~4.57%	Invests primarily in USD-denominated short-term deposits and high-quality money market instruments, with an emphasis on liquidity, capital preservation and low risk	USD30.8 million; 6.3%

Note:

(1) managed by China Asset Management (Hong Kong) Limited

The Group's investment strategy with respect to these wealth management products focuses on prudently mitigating financial risk by aligning the maturity profile of the investment portfolio with anticipated operating cash requirements, while generating attractive returns for the benefit of the Group. To effectively manage the Group's idle cash resources, the Group invests in short-term wealth management products that offer better returns compared to current deposits or fixed deposits which are typically offered by commercial banks. These products carry a low risk profile and generally comprise underlying assets with high liquidity and strong market credit ratings, including RMB Structured Deposit and other money market instruments denominated in USD. All money market funds are redeemable on demand or within three business days, thereby achieving an optimal balance among principal preservation, liquidity, and yield.

During the Reporting Period, all the products subscribed by the Group aligned with the Group's investment policy which was approved by the Board. The Group established a comprehensive set of investment policies to monitor and control the investment risks associated with these wealth management products. The Company primarily invests in wealth management products issued and/or guaranteed by reputable licensed banks or financial institutions that exhibit relatively low risk profiles. The finance department, led by the Head of Finance, is responsible for overseeing the Group's investment portfolio. Its duties include: (i) continuously tracking the maturity date of each wealth management product and the Company's maximum exposure per issuer to achieve risk diversification; and (ii) requesting account statements from issuers at least on a monthly basis to monitor the returns on such products.

The Company makes investment decisions regarding wealth management products on a case-by-case basis, following a thorough assessment of multiple factors, including but not limited to the macro-economic environment, prevailing market conditions, the risk control and credit rating of the issuer, the Company's own working capital position, the expected cash collection or financing funds, and the expected profit or potential loss of the investment. Specifically, the finance department identifies potential investment targets based on, among other considerations: (i) the amount of the Company's cash surplus, (ii) short- to medium-term working capital requirements, and (iii) recommendations from the Group's relationship managers and account managers at reputable banks or financial institutions. The Group may early-redeem an investment or decide not to renew it in the event of over-concentration risk or where the realized return falls below the expected level.

Pledge of Assets

As of December 31, 2025, we did not pledge any of our assets.

Non-IFRS Measure

We adopt the adjusted loss for the year (non-IFRS measure), which is not required by or presented in accordance with IFRS as an additional financial measure to supplement our consolidated financial statements. We believe that the non-IFRS measure facilitates comparisons of operating performance from period to period and company to company. We believe that the non-IFRS measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management.

We recorded adjusted loss (non-IFRS measure) of US$43.8 million for the year ended December 31, 2025 and US$22.7 million for the year ended December 31, 2024. We define adjusted loss (non-IFRS measure) as loss for the year adjusted by adding back (gain)/loss from changes in fair value of financial liabilities at FVTPL, share-based compensation expenses and listing expenses. The following table reconciles our adjusted loss (non-IFRS measure) for the years presented in accordance with IFRSs, which is loss for the periods indicated:

	Year ended December 31,	
	2025	2024
	US$000	US$000
Loss for the year	(352,316)	(17,096)
Add:		
(Gain) loss from changes in fair value of financial liabilities at FVTPL	296,701	(9,004)
Share-based compensation expenses	6,507	3,259
Listing expenses	5,274	176
Adjusted loss (non-IFRS measure)	(43,834)	(22,665)

(Gain)/loss from changes in fair value of financial liabilities at FVTPL represent the fair value changes of convertible redeemable preferred shares we issued. The convertible redeemable preferred shares have automatically converted into ordinary shares upon the completion of the Global Offering, which are non-cash in nature, and no further loss or gain on fair value changes is expected to be recognized afterwards. Our share-based compensation expenses represent expenses associated with equity compensation to retain and reward people performing services to us, which are non-cash in nature. Listing expenses relate to Global Offering of the Company. We therefore believe that these items should be adjusted for when calculating our adjusted loss (non-IFRS measure). However, our presentation of such non-IFRS measure may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and Shareholders and potential investors should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

Employees and Remuneration Policies

As of December 31, 2025, the Group had 317 employees and consultants, including a total of 247 professionals. The total employee benefit expenses during the Reporting Period, including share-based payment expenses, were US$43.4 million, as compared to US$41.7 million for 2024.

Our employees' remuneration comprises salaries, bonuses, provident funds, social security contributions, and other welfare payments. We have made contributions and benefits to our employees pursuant to applicable laws and regulations. During the Reporting Period, we did not experience any strikes, work stoppages, labor disputes or other actions which had a material adverse effect on our business and operations. We also provided external and internal training programs to our employees.

We adopted the Pre-IPO Equity Incentive Plans, which include: (i) the 2019 Share Plan; (ii) the 2019 Equity Incentive Plan; (iii) the 2021 Equity Incentive Plan; and (iv) the 2022 Equity Incentive Plan. The terms of the Pre-IPO Equity Incentive Plans are not subject to the provisions of Chapter 17 of the Listing Rules, given none of them involves any grant of options or awards by the Company after the Listing.

We also adopted the Post-IPO Equity Incentive Plans, which include: (i) the Post-IPO RSU Scheme; and (ii) the Post-IPO Share Option Scheme. Each of the schemes constitutes a share scheme governed by Chapter 17 of the Listing Rules.

Material Acquisitions and Disposals

During the Reporting Period, the Group did not have any material acquisition or disposal of its subsidiaries, associates and joint ventures.

Use of Net Proceeds from the Global Offering

On December 30, 2025, 94,690,500 Shares were issued at a price of HK$24.05 per share in connection with the Global Offering.

Reference is made to the announcement of the Company dated January 16, 2026, in relation to the full exercise of the Over-allotment Option. The Over-allotment Option, in respect of an aggregate of 14,203,500 Shares, representing approximately 15% of the total number of the offer shares initially available under the Global Offering (before any exercise of the Over-allotment Option) has been fully exercised. The Over-allotment Shares were issued and allotted by the Company at HK$24.05 per Share, being the offer price per Share under the Global Offering.

Due to the exercise of the Over-allotment Option, the Net Proceeds have increased from HK$2,025.8 million to HK$2,350.3 million. The net proceeds (“**Net Proceeds**”) raised from the Global Offering will be utilized in accordance with the plans disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, namely:

Intended use of Net Proceeds	Net Proceeds from the Global Offering (HK$ million)	Approximate % of total Net Proceeds	Utilized Net Proceeds during the Reporting Period (HK$ million)	Unutilized Net Proceeds from the Global Offering as of December 31, 2025 (HK$ million)	Expected timeline of full utilization of the unutilized Net Proceeds[1]
(1) Funding for further clinical research and development of our key clinical-stage pipeline drug candidates	1,128.14	48.0%	–	1,128.14	Within the next three to four years
(a) Funding for research and development	940.12	40.0%	–	940.12	Within the next three to four years
i. Funding for the Phase IIb/III clinical trial of ISM001-055 for IPF in China	390.15	16.6%	–	390.15	Within the next three to four years
ii. Funding for the research and development of Phase IIb/III clinical trial of ISM001-055 in the U.S.	493.56	21.0%	–	493.56	Within the next three to four years
iii. Funding for the research and development of IPF inhalable	56.41	2.4%	–	56.41	Within the next three to four years
(b) Funding for the research and development of clinical trials of our pipeline products	188.02	8.0%	–	188.02	Within the next three to four years

Intended use of Net Proceeds	Net Proceeds from the Global Offering (HK$ million)	Approximate % of total Net Proceeds	Utilized Net Proceeds during the Reporting Period (HK$ million)	Unutilized Net Proceeds from the Global Offering as of December 31, 2025 (HK$ million)	Expected timeline of full utilization of the unutilized Net Proceeds[1]
(2) Development of new generative AI models and the associated validation research work	352.55	15.0%	–	352.55	Within the next two to three years
(3) Further development and expansion of our automated lab	282.04	12.0%	–	282.04	Within the next three to four years
(4) Funding for the research and development, for early-stage drug discovery and development, including preclinical and clinical of our other pipeline drug candidates	470.06	20.0%	–	470.06	Within the next two to three years
(5) Working capital and other general corporate purposes	117.52	5.0%	–	117.52	Within the next three to four years
Total	**2,350.30**	**100%**	**–**	**2,350.30**	

Note:

(1) The expected timeline is based on the best estimation made by the Group on future market condition and may change with the future market condition and future development.

FUTURE DEVELOPMENT

Following our successful listing, we entered 2026 with sustained momentum and a clear strategic roadmap centered on three core pillars: (i) business development; (ii) clinical execution; and (iii) AI platform commercialization.

- **Business Development:** We will build on the robust early-year deal flow, continuing to secure out-licensing and collaboration agreements with global and domestic partners. In parallel, we expect to continuously receive milestone payments from our out-licensed and collaborative projects, thereby diversifying and strengthening our revenue streams.
- **Clinical Execution:** We plan to initiate the Phase III clinical trial of ISM001-055 for IPF in China in 2026 – a watershed milestone for one of the most advanced AI-enabled drug candidates in clinical development globally. We also anticipate data readouts from the Phase I clinical trials of ISM6331, and plan to initiate Phase I clinical trials of ISM8969 (NLRP3) in Australia and China. Additionally, we anticipate receiving IND approval of Rentosertib (Inhalable) for the treatment of IPF in China. We will continue to nominate new PCC throughout 2026 to complement our existing pipeline.
- **AI Platform Commercialization:** By leveraging Science MMAI Gym – our first-of-its-kind, membership-based training and benchmarking environment – we aim to create recurring revenue through strategic collaborations with frontier foundation models.

As of the date of this annual report, the Board consists of two executive Directors, three non-executive Directors and three independent non-executive Directors.

DIRECTORS

Executive Directors

Mr. Alex Zhavoronkov, Ph.D. ("**Mr. Zhavoronkov**"), aged 47, is the founder of our Company and has served as the chairman of the Board, our Director, CEO and CBO. He was re-designated as our executive Director in June 2023.

Mr. Zhavoronkov served as an advisor and director of Deep Longevity, Inc from March 2020 to January 2023. Prior to founding the Group, Mr. Zhavoronkov worked in the Biogerontology Research Foundation from May 2008 to June 2018. He has published over 300 research papers and three books including "The Ageless Generation: How Biomedical Advances Will Transform the Global Economy." Mr. Zhavoronkov is also the co-organizer of the Annual Aging Research and Drug Discovery Meeting, one of Europe's largest industry events in aging research and drug discovery.

Mr. Zhavoronkov received two bachelor's degrees in commerce and science from Queen's University in Canada in May and June 2001, respectively, a master's degree in biotechnology from Johns Hopkins University in the United States in May 2007, and a Ph.D. in physics and mathematics from Moscow State University in Russia in October 2008.

Mr. Feng Ren, Ph.D. (任峰) ("**Mr. Ren**"), aged 51, has served as our CSO since February 2021, as our Director since June 2021 and as our CEO since June 2022. He was re-designated as our executive Director in June 2023.

Prior to joining our Group, Mr. Ren was senior vice president, head of chemistry and biology of Shanghai Medicilon Inc., a company listed on the Shanghai Stock Exchange (SSE: 688202) which is a contract research organization, from February 2018 to January 2021. From February 2007 to January 2018, Mr. Ren worked in GlaxoSmithKline PLC, a global pharmaceutical company listed on the London Stock Exchange (LSE: GSK), with his final position being director, head of chemistry in neurodegeneration DPU. Mr. Ren has published approximately 80 peer-reviewed research papers and holds approximately 120 patents.

Mr. Ren received his bachelor's degree in polymer science from the University of Science and Technology of China in July 1998, a master's degree in science from the National University of Singapore in March 2004, and a Ph.D. in organic chemistry from Harvard University in the United States in June 2007.

Non-executive Directors

Mr. Chuen Yan Leung, Ph.D. (梁傳昕) ("**Mr. Leung**"), aged 36, has served as our Director since February 2025 and was re-designated as our non-executive Director in May 2025.

Mr. Leung has served as a partner, healthcare investment at Value Partners Private Equity Limited since June 2023. Previously, Mr. Leung served as a vice president at EQT Partners Shanghai Ltd from May 2020 to June 2022, and as a Croucher Research Fellow and post-doctoral researcher at the Karolinska Institutet from January 2015 to January 2019.

Mr. Leung received a bachelor of science degree in biochemistry and research abroad from Imperial College London in August 2011, and a Ph.D. degree in physiology, development and neuroscience from the University of Cambridge in May 2015. Mr. Leung is also an associate of the Royal College of Science.

Mr. Kan Chen, Ph.D. (陳侃) ("**Mr. Chen**"), aged 44, has served as our Director since August 2021 and was re-designated as our non-executive Director in June 2023.

Previously, Mr. Chen served as a director of Abbisko Cayman Limited, a company listed on the Hong Kong Stock Exchange (HKEx: 2256), which is principally engaged in research of small molecule new drugs, from February 2020 to June 2021, a director of Jiangsu Yahong Pharmaceutical Technology Co., Ltd. (江蘇亞虹醫藥科技股份有限公司), a company listed on the Shanghai Stock Exchange STAR Market (SSE: 688176), which is principally engaged in drug innovation with a focus on urinary system tumors and other serious diseases, from October 2020 to December 2023, a non-executive director of Antengene Corporation Limited, a company listed on the Hong Kong Stock Exchange (HKEx: 6996), from March 2021 to June 2024, a non-executive director of CANbridge Pharmaceuticals Inc., a company listed on the Hong Kong Stock Exchange (HKEx: 1228), from December 2020 to September 2024, and a non-executive director of Connect Biopharma Holdings Limited, a company listed on the NASDAQ (NASDAQ: CNTB), since December 2020 to December 2025.

Mr. Chen joined Qiming Venture Partners since February 2016 and currently serves as a partner, focusing on healthcare management.

Mr. Chen received a bachelor of science degree in biological sciences from Fudan University in July 2004 and a Ph.D. degree in cell biology from Case Western Reserve University in January 2009.

Mr. Long Shi (施瓏) ("**Mr. Shi**"), aged 46, has served as our Director since March 2025 and was re-designated as our non-executive Director in May 2025. Mr. Shi participates in key decision-making process in respect of major matters of the Company such as formulating overall corporate and business strategies.

He first joined the Shanghai branch of Beijing Warburg Pincus Investment Consulting Co., Ltd.* (北京華平投資諮詢有限公司上海分公司) in November 2011 and served as an investment director focusing on investments in the healthcare sector in Asia until June 2014. From January 2015 to November 2019, he served as a director of Temasek Holdings Consulting (Shanghai) Co., Ltd., focusing on healthcare and consumer investments. He returned to the Shanghai branch of Beijing Warburg Pincus Investment Consulting Co., Ltd.* (北京華平投資諮詢有限公司上海分公司) and served as an executive director since November 2019 and later transferred to Shanghai Warburg Pincus Private Equity Management Co., Ltd.* (上海華平私募基金管理有限公司) in January 2020. Mr. Shi has served as a managing director of Shanghai Warburg Pincus Private Equity Management Co., Ltd. since January 2021, focusing on investments in the healthcare sector in Asia.

Mr. Shi currently serves on the boards of HTDK, Insilico Medicine, Haihe Biopharma and Zhenshiming Pharmaceutical, where he participated in the formulation of the companies' corporate and business strategies.

Mr. Shi received his bachelor's degree in economics (international finance) from Fudan University (復旦大學) in the PRC in 2002.

Independent Non-executive Directors

Ms. Denitsa Milanova, Ph.D. ("**Ms. Milanova**"), aged 41, was appointed as our independent non-executive Director in June 2023 with effect from the Listing Date.

Ms. Milanova is a founder and chief executive officer of Medici Therapeutics, Inc., an immuno-oncology company based in Boston, San Francisco and Emeryville, since October 2022. Prior to founding Medici, Ms. Milanova served as a Technology Development Fellow and Principal Investigator at Wyss Institute for Biologically Inspired Engineering of Harvard University from April 2018 to October 2022, and as a Postdoctoral Fellow in the Genetics Department of Harvard Medical School working with Prof. George Church from December 2015 to April 2018. Ms. Milanova also served as a business consultant at Ohana Biosciences (a subsidiary of Flagship Pioneering), a Boston-based life science company incubator, from April 2016 to November 2017.

Ms. Milanova became a Doctoral Fellow of the Stanford Microfluidics Laboratory under Prof. Juan Santiago at Stanford University School of Engineering in August 2008. In 2010, Ms. Milanova continued her degree while also collaborating with Profs. Annelise Barron in Molecular Bioengineering for Medicine and Biotechnology and Michael Snyder at Stanford University School of Medicine from January 2015 to January 2016. Prior to that, Ms. Milanova served as an undergraduate researcher at the Nanofluids and Two-Phase Flow Laboratory during her studies at University of Central Florida.

Ms. Milanova received her B.S. in Mechanical Engineering at University of Central Florida in the United States in May 2008. Ms. Milanova received her M.Sc. in Mechanical Engineering in June 2010, her M.Sc. in Management Science and Engineering (an executive business degree with a focus on entrepreneurship) in June 2013, and her Ph.D. in Mechanical Engineering in January 2016, all from Stanford University in the United States. During her studies, Ms. Milanova was awarded a Stanford Graduate School of Engineering Fellowship in 2008, and a Stanford Bio-X Medtronic Fellowship in 2011, both of which provided outstanding young researchers with full financial support.

Mr. Jingsong Wang, Ph.D. (王勁松) ("**Mr. Wang**"), aged 61, was appointed as our independent non-executive Director in June 2023 with effect from the Listing Date.

Mr. Wang has served as an executive director, the chief executive officer and chairman of the board of HBM Holdings Limited, a company listed on the Hong Kong Stock Exchange (HKEx: 2142), since July 2016. Mr. Wang is the principal founder of HBM Holdings Limited. From November 2011 to December 2015, Mr. Wang served as the head of China research and development at Sanofi.

Mr. Wang has served as an independent non-executive director of Frontage Holdings Corporation, a company listed on the Hong Kong Stock Exchange (HKEx: 1521), since April 2018. Previously, he was an independent non-executive director of Xinjiang Bai Hua Cun Pharma Tech Co., Ltd. (新疆百花村醫藥集團股份有限公司), a company listed on the Shanghai Stock Exchange (SSE: 600721), from September 2021 to August 2024.

Mr. Wang received his M.D. in clinical medicine from Xuzhou Medical College in China in June 1986, his master's degree in medical science (immunology) from Jilin University (formerly known as Norman Bethune University of Medical Science before the combination with Jilin University) in China in July 1989, and his Ph.D. in molecular pharmacology from China Pharmaceutical University in China in July 2011. Mr. Wang also obtained a physician qualification awarded by the Commonwealth of Massachusetts Board of Registration in Medicine in May 2002, as well as a Diplomate in Internal Medicine and a Diplomate in Rheumatology, both awarded by the American Board of Internal Medicine in 2003 and 2004 respectively. He obtained Medical Physician and Surgeon certificate from the State Board of Medicine of the Commonwealth of Pennsylvania in 2006. From June 2001 to June 2005, Mr. Wang served as a research/clinical fellow in rheumatology at Brigham and Women's Hospital and Harvard Medical School.

Mr. Roman Kyrychynskyi ("**Mr. Kyrychynskyi**"), aged 50, was appointed as our independent non-executive Director in June 2023 with effect from the Listing Date.

Mr. Kyrychynskyi is a senior technology and product executive with more than two decades of experience at AMD, where he currently serves as Corporate Vice President, Product Management. His current and past responsibilities span leadership of the Memory Business Unit, AMD's global memory procurement organization, as well as product management, business planning and analysis, finance controllership, and supply chain functions.

He is known for strong initiative, entrepreneurship, and execution, with a track record of success built over his 25 year tenure at AMD. Notably, Mr. Kyrychynskyi founded AMD's Memory Business Unit from the ground up and has been instrumental in shaping the company's product, supply chain, and business strategy.

Mr. Kyrychynskyi is a member of the Chartered Professional Accountants of Canada and holds a Bachelor of Commerce (Honours) degree from Queen's University in Canada.

SENIOR MANAGEMENT

Mr. Alex Zhavoronkov, Ph.D., aged 47, is the chairman of the Board, our executive Director, founder, CEO and CBO. Please refer to the paragraph headed "— Directors — Executive Directors" above for his biographical details.

Mr. Feng Ren, Ph.D. (任峰), aged 51, is our executive Director, CEO and CSO. Please refer to the paragraph headed "— Directors — Executive Directors" above for his biographical details.

Mr. Aleksandr Aliper, Ph.D. ("Mr. Aliper"), aged 36, has joined our Group in February 2014 as our scientific co-founder and was appointed as our president in November 2018.

Prior to joining our Group, Mr. Aliper worked in the field of bioinformatics and analytics holding a senior bioinformatics scientist position at National Medical Research Center of Pediatric Hematology, Oncology and Immunology.

Mr. Aliper received his specialist degree in bioengineering from Moscow State University in Russia in June 2011 and a Ph.D. from Federal State Institution A.I. Burnazyan Federal Medical and Biophysical Center (SRC IBR) in Russia in June 2019.

Mr. Peng Dai (戴鵬) ("**Mr. Dai**"), aged 41, has served as our Head of Finance and Vice President since November 2023. He first joined the Company as a director in financial planning and analysis in June 2021 and served as a senior director from September 2022 to October 2023.

Prior to joining our Group, Mr. Dai served successively as a director in the finance department at WuXi AppTec (Shanghai) Co., Ltd. (上海藥明康德新藥開發有限公司), a wholly-owned subsidiary of WuXi AppTec Co., Ltd. (無錫藥明康德新藥開發股份有限公司), a company listed on the Stock Exchange (HKEx: 2359) and the Shanghai Stock Exchange (SSE: 603259), from August 2017 to May 2021, where he was responsible for providing financial analysis and advices on business operations of the company. Prior to joining WuXi AppTec (Shanghai) Co., Ltd. (上海藥明康德新藥開發有限公司), Mr. Dai served successively as a senior finance planning analyst at Thermo Fisher Scientific (China) Co., Ltd. (賽默飛世爾科技（中國）有限公司) from June 2013 to August 2017. Mr. Dai also worked as a senior auditor at Deloitte Touche Tohmatsu Certified Public Accountants LLP from September 2010 to April 2013, where he led a number of audit projects.

Mr. Dai received his bachelor's degree in commerce (accounting and corporate finance) from the University of Adelaide in Australia in August 2009 and his master's degree in commerce (applied finance) from the University of Adelaide in Australia in July 2010. Mr. Dai has been awarded Deloitte Green Dot Award in November 2012, WuXi AppTec Group A+ Employee in 2017, 2018 and 2019, and he is also a member of Certified Practising Accountant Australia.

COMPANY SECRETARY

Ms. Leung Kwan Wai (梁君慧) ("**Ms. Leung**") was appointed as our company secretary in March 2023. Ms. Leung is a Senior Manager of Company Secretarial Services of Tricor Services Limited.

Ms. Leung has over 15 years of experience in the corporate secretarial and compliance service field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Leung is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute (CGI). Ms. Leung obtained her master's degree of Corporate Governance from Hong Kong Metropolitan University.

CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

Save as disclosed in this annual report, there has been no change in the information of Directors and chief executives required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the issue of the Prospectus.

REPORT OF DIRECTORS

The Board is pleased to present this report of Directors together with the audited consolidated financial statements of the Group for the year ended December 31, 2025.

PRINCIPAL ACTIVITIES

The Company is incorporated in the Cayman Islands on November 19, 2018 with limited liability. Founded in 2014, we are a reputable and global AI-driven drug discovery and development company. The principal activities and other particulars of the subsidiaries are set out in Note 34 to the consolidated financial statements.

BOARD OF DIRECTORS

The Directors who held office during the Reporting Period and as of the date of this annual report were:

Executive Directors

Mr. Alex Zhavoronkov, Ph.D. *(Chairman and CEO and CBO)*
Mr. Feng Ren, Ph.D. (任峰) *(CEO and CSO)*

Non-executive Directors

Mr. Chuen Yan Leung, Ph.D. (梁傳昕)
Mr. Kan Chen, Ph.D. (陳侃)
Mr. Long Shi (施瓏)

Independent Non-executive Directors

Ms. Denitsa Milanova, Ph.D.
Mr. Jingsong Wang, Ph.D. (王勁松)
Mr. Roman Kyrychynskyi

Directors' and Senior Management's Biographies

Biographical details of the Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 41 to 45 of this annual report.

The Company had received from each of the independent non-executive Directors the respective annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent.

According to Article 122 of the Articles of Association and paragraph B.2.2 of the CG Code, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

According to Article 126 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his/her appointment and be subject to re-election at such meeting.

In accordance with the Articles of Association, Mr. Aleksandrs Zavoronkovs, Ph.D., Mr. Feng Ren, Ph.D., Ms. Denitsa Milanova, Ph. D., Mr. Jingsong Wang, Ph.D. and Mr. Roman Kyrychynskyi will retire from directorship at the forthcoming AGM and, being eligible, offer themselves for re-election. Biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 41 to 45 in this annual report.

RESULTS

The results of the Group for the Reporting Period are set out in the audited consolidated statement of profit or loss and other comprehensive income on page 136 of this annual report.

BUSINESS REVIEW

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance, an indication of likely future developments in the Group's business is set out in the section headed "Management Discussion and Analysis" of this annual report. These discussions form part of this annual report. The Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends is set out in the section headed "Key Relationship with Stakeholders" in this annual report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Events after the Reporting Period" in this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced by the Group, some of which are beyond our control:

- A significant portion of revenue comes from drug discovery business. There is inherent uncertainty in the timing and probability of our future milestone payments as such payments are highly dependent on the nature of the underlying drug candidates and their clinical development progress, and the loss of which could result in a significant decrease in our revenues.
- We rely on securing out-licensing collaborations for certain of our drug candidates, and our cash flow may be materially and adversely affected if such collaborations cannot be achieved as planned. In particular, without upfront and milestone payments from out-licensing, our cash flow may become more volatile and heavily dependent on other sources such as financing activities, which may not always be available or may be available only on unfavorable terms.

- We derive a significant portion of our revenues from project-based arrangements, including out-licensing and collaboration agreements. Such agreements typically involve upfront payments, research funding and potential milestone or royalty payments that are contingent on the achievement of specified development, regulatory or commercial objectives. Accordingly, our revenue is inherently volatile, irregular and difficult to forecast. We cannot guarantee that we will be able to enter into new collaboration or licensing agreements on favorable terms, or at all. Even where such agreements are entered into, there is no assurance that the counterparties will continue to perform their contractual obligations, achieve development or regulatory milestones, or successfully commercialize product candidates. As a result, we may experience periods with limited or no revenue, which could adversely affect our business, financial condition, results of operations and growth prospects.
- Our commercial success depends on our Pharma.AI and its development and technological capabilities. Our financial performance may be adversely affected if by leveraging our AI platform, the developments of our internal drug candidates and drug candidates are not successful.
- We face intense competition in our businesses, which may result in our competitors developing superior products or services, or bringing their products or services to market faster or more successfully than we do. If we fail to compete successfully against our current or future competitors, our business, financial condition and results of operations may be materially and adversely affected.
- We may fail to sufficiently and promptly respond to rapid scientific and technological changes, clinical demand and market changes in the pharmaceutical industry.
- If the commercialization of AI and automation technologies does not meet our expectation, our business, growth and prospects may be significantly affected.
- Any flaws or misuse of AI technologies, whether actual or perceived, intended or inadvertent, committed by us or by other third parties, could have a material adverse effect on our reputation, business, financial condition, results of operations and prospects.
- We use third-party providers of cloud-based infrastructure to enable our AI-driven drug discovery solutions. Disruption in the operations of these third-party providers, limitations on capacity, or interference with our use could adversely affect our business, financial condition, and results of operations. If we fail to manage our technology infrastructure, our internal drug discovery team may experience service outages and our existing or future customers and collaborators may experience delays in the deployment of our solutions.
- Clinical development involves a lengthy and expensive process with uncertain outcomes. If our pre-clinical studies and clinical trials are not sufficient to support regulatory approval of any of our drug candidates, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development of such drug candidates.

- Many of our product candidates are still in the preclinical development stage, and the risk of failure of preclinical programs is high. Before we can commence clinical trials for a product candidate, we must complete extensive preclinical testing and studies to obtain regulatory clearance to initiate human clinical trials, including based on IND applications in the United States, Investigational Medicinal Product ("**IMP**") application in Australia and Clinical Trial Applications ("**CTAs**") in China, New Zealand and the European Union. We cannot be certain of the timely completion or outcome of our preclinical testing and studies and cannot predict if the FDA, the NMPA, the EMA, the Medsafe, the TGA or other regulatory authorities will accept our proposed clinical programs or if the outcome of our preclinical testing and studies will ultimately support the further development of our programs. As a result, we cannot be sure that we will be able to submit IND applications or similar applications for our preclinical programs on the timelines we expect, if at all, and we cannot be sure that submission of IND applications or similar applications will result in the FDA, the NMPA, the EMA, the Medsafe, the TGA or other regulatory authorities allowing clinical trials to begin.
- The market opportunities for our drug candidates may be small and the potential could be minimal. Clinical trials can be difficult to set up due to the limited number of possible participants and their disparate locations. Additionally, regulatory authorities may establish narrower definitions around when a patient is eligible for treatment using our drug candidates than we have used in our projections and the number of addressable patients may turn out to be lower than expected.

FINANCIAL STATEMENTS

The summary of the results, assets and liabilities of the Group for the Reporting Period and the state of the Company's and the Group's affairs as of December 31, 2025 are set out in the consolidated financial statements on pages 136 to 220 of this annual report.

SUBSIDIARIES

Details of the subsidiaries of the Group as of December 31, 2025 are set out in Note 34 to the consolidated financial statements in this annual report.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Reporting Period are set out in Note 26 to the consolidated financial statements in this annual report.

REPORT OF DIRECTORS

RESERVES

Details of movements in reserves of the Group and the Company for the Reporting Period are set out in the consolidated statement of changes in equity and Note 37 to the consolidated financial statements in this annual report, respectively.

As of December 31, 2025, the Group has no distributable reserves.

DIVIDENDS

The Board does not declare the payment of any final dividend for the year ended December 31, 2025 (2024: nil).

PROPERTY AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2025 are set out in Note 15 to the consolidated financial statements in this annual report.

BANK LOANS

During the Reporting Period, the Company had no bank borrowings (2024: nil).

FINANCIAL SUMMARY

The Shares were listed on the Stock Exchange on December 30, 2025. A summary of the results and of the assets, liabilities and equity of the Group for the last four financial years ended December 31, 2025 is set out on page 16 of this annual report. This summary does not form part of the audited consolidated financial statements.

CHARITABLE DONATIONS

During the Reporting Period, the Group and its employees actively participated in different social welfare activities and donations. For details, please refer to the ESG report of the Company for the Reporting Period as set out on pages 86 to 129 of this annual report.

During the year ended December 31, 2025, the Group made a charitable contribution of approximately US$7,000.

SUFFICIENCY OF PUBLIC FLOAT

From the Listing Date and up to the date of this annual report, based on the information available to the Company and to the knowledge of the Directors, the Company's public float complies with the requirements of Rule 8.08 of the Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Director or an entity connected with a Director was materially interested, either directly or indirectly, in any transaction, arrangement or contract which is significant in relation to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party subsisting for the Reporting Period or as of December 31, 2025.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Alex Zhavoronkov, Ph.D. and Mr. Feng Ren, Ph.D., being our executive Directors, has entered into a service agreement with us for an initial term of three years commencing from the Listing Date, which may be terminated by not less than two months' notice in writing served by either the executive Director or our Company.

Each of Mr. Kan Chen, Ph.D., Mr. Chuen Yan Leung, Ph.D. and Mr. Long Shi, being our non-executive Directors, has entered into a letter of appointment with us for an initial term of three years or until the third annual general meeting of the Company from Listing Date (whichever is earlier), which may be terminated by not less than one month's notice in writing served by either the non-executive Director or our Company.

Each of Mr. Jingsong Wang, Ph.D., Ms. Denitsa Milanova, Ph.D. and Mr. Roman Kyrychynskyi, being our independent non-executive Directors, has entered into a letter of appointment with us for an initial term of three years or until the third annual general meeting of the Company from Listing Date (whichever is earlier), which may be terminated by not less than one month' notice in writing served by either the independent non-executive Director or our Company.

The above service contracts and appointment letters are subject to retirement by rotation and re-election at an annual general meeting of the Company at least once every three years in accordance with the Articles of Association.

Save as disclosed above, none of our Directors has entered, or has proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As far as the Company is aware, as of December 31, 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Position	Nature of Interest	Number of Shares[1]	Approximate percentage of interest in our Company[2]
Mr. Alex Zhavoronkov, Ph.D.	Chairman of the Board, executive Director, founder, CEO and CBO	Beneficial owner	42,583,500 (L)	7.64%
		Interest held through voting powers entrusted by other persons[3]	4,060,000 (L)	0.73%
Mr. Feng Ren, Ph.D.[4]	Executive Director, CEO and CSO	Beneficial owner	8,740,820 (L)	1.57%

Notes:

(1) "L" denotes long positions.

(2) The calculation is based on the total number of 557,418,500 Shares in issue as of December 31, 2025.

(3) Pursuant to proxies and powers of attorney dated May 5, 2025 and with effect from April 15, 2025, Mr. Alex Zhavoronkov, Ph.D. is entitled to exercise the voting rights of 4,060,000 shares held by Mr. Aleksandr Aliper, Ph.D., Mr. Ivan Ozerov and Mr. Eugene Lane. So, Mr. Alex Zhavoronkov, Ph.D. is deemed to be interested in the shares held by Mr. Aleksandr Aliper, Ph.D., Mr. Ivan Ozerov and Mr. Eugene Lane under the Securities and Futures Ordinance.

(4) This includes (i) 475,400 Shares held by Mr. Feng Ren, Ph. D. through his wholly-owned company; (ii) 5,065,420 shares to be subscribed upon full exercise of options granted under Pre-IPO Equity Incentive Plans; and (iii) 3,200,000 shares to be issued upon vesting of share awards granted under Pre-IPO Equity Incentive Plans.

Save as disclosed above and to the best knowledge of our Directors, as of December 31, 2025, none of the Directors or chief executive of our Company had the interests and short positions in the Shares, underlying Shares and debentures of our Company or any of its associated corporation (within the meaning of Part XV of the SFO) which shall be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which shall be recorded in the register required to be kept by our Company under Section 352 of the SFO, or which shall be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of December 31, 2025, to the best of the knowledge of the Company and the Directors or chief executive of our Company, the followings are the persons, other than the Directors or chief executive of the Company, who had interests or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

Name of Shareholder	Capacity/Nature of Interest	Number of Shares[1]	Approximate percentage of interests in our Company[2]
Mesolite[3]	Beneficial interest	46,383,400 (L)	8.32%
Temasek Holdings (Private) Limited ("**Temasek**")[4]	Interest in controlled corporations	32,332,720 (L)	5.80%

Notes:

(1) "L" denotes long positions.

(2) The calculation is based on the total number of 557,418,500 Shares in issue as of December 31, 2025.

(3) Mesolite Gem Investments Ltd ("**Mesolite**") is an exempted company incorporated under the laws of the Cayman Islands with limited liability on March 12, 2021. Mesolite is wholly owned by certain investment funds managed by their fund manager, Warburg Pincus LLC, among which, approximately 52.10% of Mesolite is owned by Warburg Pincus China-Southeast Asia II (Cayman), L.P. ("**WPC-SEA II Cayman**"). The general partner of WPC-SEA II Cayman is Warburg Pincus (Cayman) China-Southeast Asia II GP, L.P. ("**WPC-SEA II Cayman GP**"), the general partner of which is Warburg Pincus (Cayman) China-Southeast Asia II GP LLC ("**WPC-SEA II Cayman GP LLC**"). The managing member of WPC-SEA II Cayman GP LLC is Warburg Pincus Partners II (Cayman), L.P. ("**WPP II Cayman**"), which is 90% owned by Warburg Pincus Partners II Holdings (Cayman), L.P. ("**WPP II Holdings**"). WPP II Holdings is wholly owned by Warburg Pincus (Cayman) Private Equity, L.P ("**WP Cayman PE**"), the general partner of which is Warburg Pincus (Bermuda) Private Equity GP Ltd ("**WP Bermuda GP**"). The general partner of WPP II Holdings is WPP II Administrative (Cayman), LLC ("**WPP II Administrative**"), which is in turn wholly owned by WP Bermuda GP. Based on the above, under the SFO, each of WPC-SEA II Cayman, WPC-SEA II Cayman GP, WPC-SEA II Cayman GP LLC, WPP II Cayman and WP Bermuda GP is deemed interested in the 46,383,400 Shares held by Mesolite Gem, WPP II Holdings, WP Cayman PE, WPP II Administrative.

(4) This includes the (i) Shares held by Palace Investments Pte. Ltd. ("**Palace Investments**") as an existing Shareholder, and (ii) Shares subscribed by TAIBAI INVESTMENTS PTE. LTD. ("**Taibai Investments**") through its investment as a cornerstone investor. Palace Investments is a direct wholly-owned subsidiary of PavCap Fund I, which is in turn wholly-owned by PavCap I Feeder No. 1 LP. PavCap I Feeder No. 1 LP. is directly wholly-owned by Pavilion Capital Holdings Pte. Ltd., which is in turn wholly-owned by Seviora Holdings Pte. Ltd.. Seviora Holdings Pte. Ltd. is directly wholly-owned by Pilatus Investments Pte. Ltd., which is in turn wholly-owned by Tembusu Capital Pte. Ltd.. Tembusu Capital Pte. Ltd. is directly wholly-owned by Temasek. TaiBai Investments is an indirect wholly-owned subsidiary of Temasek.

Save as disclosed above and to the best knowledge of our Directors, as of December 31, 2025, no person (other than the Directors and chief executive of the Company) had or was deemed to have any interests or short positions in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company or the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DEBENTURES IN ISSUE

The Company did not have any debentures in issue during the Reporting Period.

EQUITY-LINKED AGREEMENT

Save as disclosed in the section headed "Share Incentive Plans" in this annual report, there was no equity-linked agreement entered into by the Company during or subsisting at the end of the Reporting Period.

RELATED PARTY TRANSACTION, CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the Reporting Period, our related party transactions were the CRO services provided by WuXi Group* and the key management personnel remuneration as set out in Note 29 to the consolidated financial statements in this annual report, which do not constitute a connected transaction or a continuing connected transaction as defined in Chapter 14A of the Listing Rules. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

During the Reporting Period, there were no non-exempt connected and continuing connected transactions of the Company.

Note *: The WuXi Group is no longer considered a related party of the Group with effect from December 30, 2025, as it no longer has the ability to exercise significant influence over the Group's operations.

PERMITTED INDEMNITY

Pursuant to the Articles of Association, every Director shall be indemnified and secured harmless out of the assets and funds of the Company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such Indemnified Person, other than by reason of such Indemnified Person's own dishonesty, willful default or fraud as determined by a court of competent jurisdiction, in or about the conduct of the Company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of their duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such Indemnified Person in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.

The Company has purchased appropriate liability insurance for our Directors. The permitted indemnity provision is set out in such liability insurance, which is currently in force and has been in force since the Listing Date.

SHARE INCENTIVE PLANS

Pre-IPO Equity Incentive Plans

We adopted the Pre-IPO Equity Incentive Plans, which include:

(i) 2019 Share Plan (as amended and restated on December 31, 2019) adopted on March 15, 2019;

(ii) 2019 Equity Incentive Plan adopted on December 31, 2019;

(iii) 2021 Equity Incentive Plan adopted on June 30, 2021; and

(iv) 2022 Equity Incentive Plan adopted on November 25, 2022, as amended on February 21, 2025.

The terms of the Pre-IPO Equity Incentive Plans are not subject to the provisions of Chapter 17 of the Listing Rules, given none of them involves any grant of options or awards by our Company after the Listing.

1. Terms of the 2019 Share Plan

The purpose of the 2019 Share Plan is to advance the interest of our Group and the Shareholders by providing an incentive to attract, retain and reward persons performing services for our Group and by motivating such persons to contribute to the growth and profitability of our Group. The Board, in accordance with all questions of interpretations of the 2019 Share Plan, may at its absolute discretion, grant options under the 2019 Share Plan to any eligible employee, consultants and Directors.

The options granted under the 2019 Share Plan shall be terminated 10 years after the effective date of the grant of the options, unless earlier terminated in accordance with its provisions in the award agreement evidencing such grant. The options shall be exercisable at such times, or upon the occurrence of such events, and subject to such terms, conditions, performance criteria and restrictions as shall be determined by the Board and set forth in the award agreement evidencing such grant, however, that (a) no option shall be exercisable after the expiration of 10 years after the effective date of grant of such option, (b) no incentive option (as defined in the 2019 Share Plan) granted to a 10% Shareholder shall be exercisable after the expiration of five years after the effective date of grant of such option, and (c) no option granted to an employee who is a non-exempt employee for purposes of the relevant laws and regulations, as amended, shall be first exercisable until at least six months following the date of grant of such option (except in the event of such employee's death, disability or retirement, upon a change in control, or as otherwise permitted by the relevant laws and regulations).

The exercise price for each option shall be established in the discretion of the Board and (a) the exercise price per Share shall be not less than the fair market value of a Share on the effective date of grant; or (b) no incentive share option granted to a 10% Shareholder shall have an exercise price per Share less than 110% of the fair market value of a Share on the effective date of grant.

2. Terms of the 2019 Equity Incentive Plan

The purpose of the 2019 Equity Incentive Plan is to promote the success of our Company and the interests of our Shareholders by providing a means through which our Company may grant equity-based incentives to attract, motivate, retain and reward the certain officers, employees, directors, consultants and other eligible persons and to further link the interests of award recipients with those of our Shareholders generally. The eligible participants under the 2019 Equity Incentive Plan include any person who qualifies as one of the following at the time of grant of the respective award: (a) an officer (whether or not a director) or employee of our Company or any of our affiliates; (b) any member of the Board; or (c) any director of one of our Company's affiliates, or any individual consultant or advisor who renders or has rendered bona fide services to our Company or one of our affiliates.

The 2019 Equity Incentive Plan is administered by the administer, being (a) the Board, or (b) one or more committees appointed by the Board or another committee (within its delegated authority). The administrator will determine and impose the terms, provisions or restrictions on the options or any Ordinary Shares as applicable under the 2019 Equity Incentive Plan.

Each option shall expire not more than 10 years after its date of grant. The administrator will determine the purchase price per share of the Ordinary Shares covered by each option (the "exercise price" of the option) at the time of the grant of the option, which exercise price will be set forth in the applicable award agreement. In no case will the exercise price of an option be less than the greatest of: (a) the par value of an Ordinary Share; (b) subject to clause (c) below, 100% of the fair market value of an Ordinary Share on the date of grant; or (c) in the case of an incentive stock option granted to a participant, 110% of the fair market value of an ordinary Share on the date of grant.

The vesting conditions applicable to each RSU are based on performance criteria, passage of time or other factors or any combination thereof as set forth in the applicable award agreement.

3. Terms of the 2021 Equity Incentive Plan

The purpose of the 2021 Equity Incentive Plan is to attract and retain the best available personnel for positions of substantial responsibility, to promote the success of our Company's business, and to provide additional incentive to the eligible participants, including employees, directors and consultants of the Group.

The 2021 Equity Incentive Plan is administered by the administer, being (a) the Board or (b) a committee, which will be constituted to satisfy the Articles of Association and applicable laws.

The options granted will expire in 10 years from the date of grant. The per Share exercise price for the Shares to be issued pursuant to the exercise of an option will be determined by the administrator, and will be no less than 100% of the fair market value per Share on the date of grant save for exceptions provided in the 2021 Equity Incentive Plan. In the case of an incentive share option granted to an employee who owns shares representing more than 10% of the Shares, the per Share exercise price will be no less than 110% of the fair market value per Share on the date of grant.

RSUs may be granted at any time and from time to time as determined by the administrator. The administrator will advise the eligible participants the number of the RSUs to be granted, the terms, conditions and restrictions related to the grant and set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of RSUs that will be paid out to the participant. The vesting criteria will be based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment or service), or any other basis determined by the administrator in its discretion.

4. Terms of the 2022 Equity Incentive Plan

The purpose of the 2022 Equity Incentive Plan is to attract and retain the best available personnel for positions of substantial responsibility, to promote the success of our Company's business and to provide additional incentive to the eligible participants, including employees, directors and consultants of the Group.

The 2022 Equity Incentive Plan is administered by the administrator, being (a) the Board or (b) a committee, which will be constituted to satisfy the Articles of Association and applicable laws.

The options granted will expire in 10 years from the date of grant. In the case of an incentive share option granted to a participant who, at the time the incentive share option is granted, owns Shares representing more than 10% of the total combined voting power of all classes of Shares or any parent, subsidiary or affiliate, the term of the incentive share option will be five years from the date of grant or such shorter term as may be provided in the award agreement.

The per Share exercise price for the Shares to be issued pursuant to the exercise of an option will be determined by the administrator, and will be no less than 100% of the fair market value per Share on the date of grant save for exceptions provided in the 2022 Equity Incentive Plan.

RSUs may be granted at any time and from time to time as determined by the administrator. The administrator will advise the eligible participants the number of the RSUs to be granted, the terms, conditions and restrictions related to the grant and set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of RSUs that will be paid out to the participant. The vesting criteria will be based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment or service), or any other basis determined by the administrator in its discretion.

5. Outstanding Grants under the Pre-IPO Equity Incentive Plans

(i) Options

As of the end of the Reporting Period, the outstanding options to subscribe for an aggregate of 31,595,520 Shares, representing approximately 5.52% of the total issued Shares (excluding treasury Shares) of the Company as of the Latest Practicable Date. From the Listing Date to the end of the Reporting Period, none of such outstanding options granted under the Pre-IPO Equity Incentive Plans have been exercised. Our Company will not grant further options under the Pre-IPO Equity Incentive Plans after the Listing.

The following table sets out the number of outstanding options under the Pre-IPO Equity Incentive Plans, as of the Listing Date and December 31, 2025, and the movement in such share during the Relevant Period:

Name or category of grantee	Position held at our Group	Number of Shares underlying the options outstanding as at the Listing Date	Granted during the Relevant Period	Exercised during the Relevant Period	Cancelled during the Relevant Period	Lapsed during the Relevant Period	Number of Shares underlying the options outstanding as at December 31, 2025	Date of Grant	Exercise price (US$ per share)	Exercise period Vesting period
Director										
Mr. Feng Ren, Ph.D.	Executive Director, CEO, CSO	5,065,420	–	–	–	–	5,065,420	February 14, 2021, February 21, 2022 and December 1, 2025	0.42 1.08 2.12	Note 1
Senior Management										
Mr. Aleksandr Aliper, Ph.D.	President	3,000,000	–	–	–	–	3,000,000	September 1, 2016, May 18, 2018, April 18, 2020 and April 26, 2021	0.01 0.29 0.42 0.42	Note 2
Mr. Peng Dai	Head of Finance, Vice President	399,900	–	–	–	–	399,900	November 15, 2021 and December 1, 2025	1.08 2.12	Note 3
Connected Persons	—	1,649,800	–	–	–	–	1,649,800	From August 18, 2020 to December 1, 2025	0.42 1.08 2.12	Note 4 or Note 5
Employee and Consultants[13]	—	21,480,400	–	–	–	–	21,480,400	From April 28, 2014 to December 1, 2025	0.01 to 2.12	Fully vested upon grant, Note 4 or Note 5 or Note 6 or Note 7 or Note 8 or Note 9 or Note 10 or Note 11 or Note 12
Total		31,595,520	–	–	–	–	31,595,520			

Notes:

(1) The vesting schedules for these grants are: (i) vested upon one-year anniversary of the on-boarding date; (ii) 1/4 to be vested one year from the vesting commencement date and 1/48 to be vested every month thereafter; and (iii) 1/3 to be vested on the Listing Date after the vesting commencement date as stipulated in the respective grant notices, and the remaining 2/3 to be vested in 24 equal monthly installments from the Listing Date.

(2) The vesting schedules for these grants are: (i) 1/10 to be vested every year from the vesting commencement date; (ii) 1/36 to be vested every month from the vesting commencement date; (iii) 1/4 to be vested one year from the vesting commencement date and 1/48 to be vested every month thereafter; and (iv) 1/4 to be vested one year from the vesting commencement date and 1/48 to be vested every month thereafter.

(3) The vesting schedule for these grants are: (i) 1/4 to be vested one year from the vesting commencement date and 1/48 to be vested every month thereafter; and (ii) 1/3 to be vested on the Listing Date after the vesting commencement date as stipulated in the respective grant notices, and the remaining 2/3 to be vested in 24 equal monthly installments from the Listing Date.

(4) The vesting schedules for these grants are 1/4 to be vested one year from the vesting commencement date and 1/48 to be vested every month thereafter.

(5) The vesting schedule for these grants are 1/3 to be vested on the Listing Date after the vesting commencement date as stipulated in the respective grant notices, and the remaining 2/3 to be vested in 24 equal monthly installments from the Listing Date.

(6) The vesting schedule for these grants are 1/3 to be vested every year from the vesting commencement date.

(7) The vesting schedule for these grants are 1/6 to be vested every year from the vesting commencement date.

(8) The vesting schedule for these grants are 1/36 to be vested every month from the vesting commencement date.

(9) The vesting schedule for these grants are 1/3 to be vested one year from the vesting commencement date and 1/36 to be vested every month thereafter.

(10) The vesting schedule for these grants are 1/5 to be vested every year from the vesting commencement date.

(11) The vesting schedule for these grants are 1/5 to be vested one year from the vesting commencement date and 1/60 to be vested every month thereafter.

(12) The vesting schedule for these grants are 1/2 to be vested two years from the vesting commencement date and 1/48 to be vested every month thereafter.

(13) The consultants provide services to the Company related to drug development, computational chemistry, and advisory services in the field of AI, as well as business planning.

(14) All options listed in the table above were granted for nil consideration.

(15) Provided that the options have been vested according to their respective vesting periods, all options listed in the table may be exercised within 10 years after the date of grant, subject to certain customary exceptions for circumstances where the grantee no longer works at the Company as provided under the relevant grant letters.

The vesting criteria under the Pre-IPO Equity Plans may be established based on the achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment or service), or any basis determined by the Administrators in its discretion.

Details of the fair value of the Options at the date of grant and the accounting standards and policy adopted are set out in Note 28 to the consolidated financial statements.

The percentage of the number of Shares that may be issued in respect of the options granted under the Pre-IPO Equity Incentive Plans during the Reporting Period divided by the weighted average number of Shares of the relevant classes in issue (excluding treasury Shares) during the Reporting Period was approximately 7.02%.

(ii) RSUs

As of the end of the Reporting Period, RSUs corresponding to 5,406,720 Shares have been granted under the Pre-IPO Equity Incentive Plans, representing 0.94% of the total issued Shares (excluding treasury Shares) of our Company as of the Latest Practicable Date. 1,802,023 RSUs were vested on the Listing Date. From the Listing Date to the end of the Reporting Period, none of the RSUs granted under the Pre-IPO Equity Incentive Plans have been vested. No further RSUs will be granted by the Company under the Pre-IPO Equity Incentive Plans after the Listing.

The following table sets out the number of unvested RSUs under the Pre-IPO Equity Incentive Plans, as of the Listing Date and December 31, 2025, and the movement in such share during the Relevant Period:

Name or category of grantee	Position held at our Group	Number of Shares underlying the RSUs unvested as at the Listing Date	Granted during the Relevant Period	Vested during the Relevant Period	Cancelled during the Relevant Period	Lapsed during the Relevant Period	Number of Shares underlying the RSUs unvested as at December 31, 2025	Date of Grant	Purchase Price (US$ per share)	Vesting period
Director										
Mr. Feng Ren, Ph.D.	Executive Director, CEO, CSO	2,133,440	-	-	-	-	2,133,440	Note 1	nil	Note 2
Senior Management										
Mr. Peng Dai	Head of Finance, Vice President	172,209	-	-	-	-	172,209	August 23, 2023 and December 1, 2025	nil	Note 2
Connected Persons	—	86,671	-	-	-	-	86,671	August 23, 2023 or December 1, 2025	nil	Note 2
Employee and Consultant[3]	—	1,212,377	-	-	-	-	1,212,377	August 23, 2023 or April 23, 2025 or December 1, 2025	nil	Note 2
Total		3,604,697	-	-	-	-	3,604,697			

Notes:

(1) The RSUs granted to Mr. Feng Ren, Ph.D. includes 800,000 RSUs as adjusted after the Share Split granted on November 25, 2022, 1,200,000 RSUs as adjusted after the Share Split granted on August 23, 2023, 600,000 RSUs as adjusted after the Share Split granted on December 1, 2023 and 600,000 RSUs as adjusted after the Share Split granted on August 26, 2024.

(2) The vesting schedule for these grants are 1/3 to be vested on the Listing Date after the vesting commencement date as stipulated in the respective grant notices, and the remaining 2/3 to be vested in 24 equal monthly installments from the Listing Date, subject to any applicable lock-up period restrictions.

(3) The consultant provides AI related technical development services to the Company.

Details of the fair value of the Options at the date of grant and the accounting standards and policy adopted are set out in Note 28 to the consolidated financial statements.

The percentage of the number of Shares that may be issued in respect of the RSUs granted under the Pre-IPO Equity Incentive Plans during the Reporting Period divided by the weighted average number of Shares of the relevant classes in issue (excluding treasury Shares) during the Reporting Period was approximately 1.20%.

As of the Latest Practicable Date, the total number of shares available for issue under the Pre-IPO Equity Incentive Plans is 33,360,194, representing 5.83% of the total number of Shares in issue (excluding treasury shares);

Post-IPO Equity Incentive Plans

We adopted the Post-IPO Equity Incentive Plans, which include:

(i) the Post-IPO RSU Scheme adopted on December 15, 2025; and

(ii) the Post-IPO Share Option Scheme adopted on December 15, 2025.

Each of the schemes constitutes a share scheme governed by Chapter 17 of the Listing Rules.

The Company shall not make any further grant of options or RSUs which will result in the aggregate number of Shares to be issued or transferred by the Company under the Post-IPO Equity Incentive Plans and any other share schemes adopted by the Company to exceed 5% of the total number of Shares in issue as of the Listing Date, being 27,870,925 Shares. Furthermore, the total number of new Shares which may be issued and/or transferred pursuant to the options or RSUs granted and to be granted to Service Providers under the Post-IPO Equity Incentive Plans and any other share schemes shall not exceed 0.5% of the total number of Shares in issue as of the Listing Date (the "**Service Provider Sublimit**"), being 2,787,092 Shares.

The number of Shares available for grant under the Post-IPO Equity Incentive Plans at the beginning of the Reporting Period is not applicable as the Post-IPO Equity Incentive Plans were adopted after the beginning of the Reporting Period. As of the Latest Practicable Date, the number of Shares available for grant and issuance under the Post-IPO Equity Incentive Plans, including any other share schemes adopted by the Company, as of December 31, 2025 is 27,870,925, representing 4.87% of the total number of Shares in issue (excluding treasury Shares).

As of the Latest Practicable Date, the number of Shares available for grant and issuance under the service provider sublimit was 2,787,092 as of December 31, 2025, representing 0.49% of the total number of Shares in issue (excluding treasury Shares).

1. Terms of Post-IPO RSU Scheme

The Post-IPO RSU Scheme is valid and effective for 10 years (after which no further RSUs will be granted) commencing on the date of adoption. As of the date of this annual report, the remaining life of the Post-IPO RSU Scheme was approximately nine years and eight months.

The purpose of the Post-IPO RSU Scheme is to align the interests of eligible persons with those of the Group and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group.

The Remuneration Committee (which expression shall, for the purpose of this section, include the Remuneration Committee or such duly authorized person(s) by the Remuneration Committee) may, at its absolute discretion, offer to grant RSUs to an eligible person, namely (i) an "Employee Participant", i.e. any person who is an employee (whether full-time or part-time employee) or a director (including any executive director, non-executive director or independent non-executive director) of any member of the Group; (ii) a "Related Entity Participant", i.e. any person who is an employee or a director of any of the holding companies, fellow subsidiaries (other than members of the Group) or associated companies of the Company; and (iii) a "Service Provider", i.e. any person or corporate entity (other than an employee or a director of any member of the Group) who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group.

The total number of Shares issued and to be issued or transferred and to be transferred pursuant to grants made and to be made under the Post-IPO RSU Scheme and other shares schemes of the Company to each grantee (excluding RSUs lapsed in accordance with the Post-IPO RSU Scheme) in any 12-month period up to (and including) the date of the latest grant shall not exceed 1% of the total number of Shares in issue (excluding any treasury shares) at the relevant time (the "**Individual Limit**"). Any further grant of RSUs to a grantee which would exceed the Individual Limit shall be subject to separate approval of the Shareholders in general meeting in accordance with the Listing Rules, including that at such general meeting such participant and his/her close associates (or associates if the participant is a connected person as defined under the Listing Rules) shall abstain from voting.

Any grant of RSUs or other form of awards to any Director, chief executive or substantial Shareholder of the Company or any of their respective associates shall be subject to the prior approval of the Remuneration Committee and the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the grant of RSUs). Furthermore, where:

(1) any grant of RSUs or other form of awards to any Director (other than an independent non-executive Director) or chief executive of the Company would result in the Shares issued and to be issued or transferred and to be transferred in respect of all RSUs granted (excluding RSUs lapsed in accordance with the terms of the Post-IPO RSU Scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding any treasury shares); or

(2) any grant of RSUs, options, or other form of awards pursuant to the Post-IPO RSU Scheme or any other concurrent share schemes to an independent non-executive Director or substantial Shareholder or any of their respective associates would result in the number of Shares issued and to be issued or transferred and to be transferred (excluding RSUs lapsed in accordance with the terms of the Post-IPO RSU Scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding any treasury shares),

such further grant of RSUs must be approved by the Remuneration Committee and the Shareholders in general meeting in the manner required and subject to the requirements set out in the Listing Rules.

The Remuneration Committee may from time to time while the Post-IPO RSU Scheme is in force and subject to all applicable laws, rules and regulations, determine such vesting criteria and conditions or periods for the RSU to be vested hereunder.

However, the vesting period in respect of any RSU shall not be less than 12 months from the grant date, except that with respect to a grantee who is an Employee Participant, a shorter vesting period may be permitted in circumstances set out below:

(i) grants as "make whole" RSUs to a new Employee Participant upon joining the Group to replace the share awards such grantee forfeited when leaving his/her previous employer;

(ii) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;

(iii) grants of RSUs which are subject to the fulfilment of performance targets as determined in the conditions of his/her grant;

(iv) grants of RSUs the timing of which is set due to administrative and/or compliance reasons unrelated to the performance of the Employee Participant, in which case the vesting date may be adjusted to take account of the time from which the RSU would have been granted if not for such administrative and/or compliance reasons;

(v) grants of RSUs with a mixed vesting schedule such that the RSUs may vest evenly over a period of 12 months; or

(vi) grants of RSUs with a total vesting and holding period of more than 12 months, such as where the RSUs may vest by several batches with the first batch to vest within 12 months of the grant date and the last batch to vest 12 months after the grant date.

The Remuneration Committee may from time to time determine, specifying the grant date, the period within which it must be accepted before lapsing (if any), the number of RSU Shares underlying the RSU, the vesting criteria and conditions, the purchase price (if any) for the RSU Shares (including the method of payment and the period(s) within which any such Purchase Price must be made), and the vesting date and such other details as the they may consider appropriate and necessary. Vesting of RSUs shall be subject to performance targets, if any, to be satisfied by the grantees as determined by the Remuneration Committee from time to time.

2. Terms of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme is valid and effective for 10 years commencing on the date of adoption. As of the date of this annual report, the remaining life of the Post-IPO Share Option Scheme was approximately nine years and eight months.

The purpose of the Post-IPO Share Option Scheme is to align the interests of eligible persons with those of the Group and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group.

The Remuneration Committee (which expression shall, for the purpose of this section, include the Remuneration Committee or such duly authorized person(s) by the Remuneration Committee) may, at its absolute discretion, offer to grant options to an eligible person, namely (i) an "Employee Participant", i.e. any person who is an employee (whether full-time or part-time employee) or a director (including any executive director, non-executive director or independent non-executive director) of any member of the Group; (ii) a "Related Entity Participant", i.e. any person who is an employee or a director of any of the holding companies, fellow subsidiaries (other than members of the Group) or associated companies of the Company; and (iii) a "Service Provider", i.e. any person or corporate entity (other than an employee or a director of any member of the Group) who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group.

No options or awards (if applicable) may be granted to any eligible person which, if exercised or vested in full, would result in the total number of Shares issued and to be issued (or transferred and to be transferred, in the case of treasury shares) in respect of all options and awards granted or to be granted to such eligible person under the Post-IPO Share Option Scheme and other share schemes of the Company (excluding any Options lapsed in accordance with the Post-IPO Share Option Scheme) in the 12-month period up to and including the grant date of such new grant exceeding 1% in aggregate of the issued share capital (excluding any treasury shares) of the Company as at the grant date of such new grant (the "**Post IPO Share Option Scheme Individual Limit**"). Any grant of further options which would exceed the Post IPO Share Option Scheme Individual Limit shall be subject to the requirements provided under the Listing Rules, including (1) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of the Shareholders in general meeting, at which the relevant eligible person and his close associates (or his associates if the relevant eligible person is a connected person (as defined under the Listing Rules)) shall abstain from voting; (2) a circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules; and (3) the number and terms (including the exercise price) of such share option are fixed before the general meeting of the Company at which the same are approved.

If options, any other awards pursuant to the Post-IPO Share Option Scheme or any other concurrent share schemes of the Company are granted to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates, such grant shall be subject to the approval by the independent non-executive Directors (and in the event that the Remuneration Committee offers to grant options to an independent non-executive Director, the vote of such independent non-executive Director shall not be counted for the purposes of approving such grant).

If options, any other awards pursuant to the Post-IPO Share Option Scheme or any other concurrent share schemes of the Company are granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates and that grant would result in the Shares issued and to be issued (or transferred and to be transferred, in the case of treasury shares) (excluding any options lapsed in accordance with terms of the Post-IPO Share Option Scheme) to such person under the Post-IPO Share Option Scheme and any other schemes by the Company in the 12-month period up to and including the grant date, representing in aggregate over 0.1%, or such other percentage as may from time to time be provided under the Listing Rules, of the Shares in issue on the grant date, such grant shall be subject to, in addition to the approval of the independent non-executive Directors, the issue of a circular by the Company to the Shareholders and the approval of the independent Shareholders in general meeting by way of a poll convened and held in accordance with the Articles and the Listing Rules at which general meeting the grantee, their associate(s) and all core connected persons (as defined under the Listing Rules) of the Company shall abstain from voting in favor of the resolution concerning the grant of such options at the general meeting, and/or such other requirements prescribed under the Listing Rules from time to time.

Unless otherwise determined by the Remuneration Committee, the options granted shall vest 25% per year within four anniversary years, and the vesting period shall commence on the grant date and shall last for no less than 12 months, except that any options granted to a grantee who is an Employee Participant may be subject to a shorter vesting period, which may be permitted in circumstances set out below:

(i) grants of "make whole" options to a new Employee Participant upon joining the Group to replace the options such grantee forfeited when leaving his/her previous employer;

(ii) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;

(iii) grants of options which are subject to the fulfilment of performance targets as determined in the conditions of his/her grant;

(iv) grants of options the timing of which is set due to administrative and/or compliance reasons unrelated to the performance of the Employee Participant, in which case the vesting date may be adjusted to take account of the time from which the option would have been granted if not for such administrative and/or compliance reasons;

(v) grants of options with a mixed vesting schedule such that the options may vest evenly over a period of 12 months; or

(vi) grants of options with a total vesting and holding period of more than 12 months, such as where the options may vest by several batches with the first batch to vest within 12 months of the grant date and the last batch to vest 12 months after the grant date.

The exercise price shall be a price determined by the Remuneration Committee and notified to any grantee and will be the highest of: (a) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the grant date of the relevant options, which must be a business day; (b) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five (5) business days immediately preceding the grant date of the relevant options; and (c) the nominal value per Share on the grant date.

The Remuneration Committee may specify the exercise period of the options and in all circumstances the exercise period shall not expire later than 10 years from the grant date.

As of the Listing Date and December 31, 2025, there was no outstanding option or RSUs granted under the Post-IPO Equity Incentive Plans. During the Relevant Period, no options or RSUs were granted, vested, cancelled or lapsed under the Post-IPO Equity Incentive Plans. The percentage of the number of Shares that may be issued in respect of the options and RSUs granted under the Post-IPO Equity Incentive Plans during the Reporting Period divided by the weighted average number of Shares of the relevant classes in issue (excluding treasury Shares) during the Reporting Period was 0%.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, during the Reporting Period and up to the date of this annual report, none of the Company or any of its subsidiaries was a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in this annual report, each of the Directors confirmed that as of December 31, 2025 he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules.

From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are not members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which these Directors may hold directorships from time to time.

MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, during the Reporting Period, the Company did not enter into any contract in respect of the management or administration of the whole or any significant part of the business of the Company nor any such contract subsisted.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

As of December 31, 2025, the Company had no controlling Shareholder and therefore contract of significance entered into among the Company or any of its subsidiaries and the controlling Shareholders during the Reporting Period or subsisted at the end of the Reporting Period are not applicable.

EMPLOYEES

As of December 31, 2025, the Group had 317 employees and consultants. We have entered into individual employment contracts with our employees and separate confidentiality and non-competition agreements with our senior management, certain key members of our R&D team, and other employees who have access to trade secrets or confidential information about our business. Human resources are one of the greatest assets of the Group and the Group regards the personal development of its employees as highly important. Remuneration of our employees is determined with reference to market conditions and individual employees' performance, qualification and experience. Our employees' remuneration comprises salaries, bonuses, provident funds, social security contributions and other welfare payments. During the Reporting Period, the relationship between the Group and our employees has been stable. We had not experienced any strikes work stoppages, labor disputes or other actions which had a material adverse effect on our business and operations. To maintain our workforce's quality, knowledge, and skill levels, we provide continuing education and training programs, including internal and external training, to improve their technical, professional or management skills. We also provide training programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects. The Group has also adopted the Pre-IPO Equity Incentive Plans and the Post-IPO Equity Incentive Plans to recognize and reward the contribution of our employees to the growth and development of the Group.

REMUNERATION POLICY

The Group's emolument policies are based on the merit, qualifications and competence of individual employees and are reviewed by the Remuneration Committee periodically. The Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics, decides the emoluments of the Directors. No Director, or any of his or her close associates, and executive, is involved in dealing with his or her own remuneration.

Details of Directors' remuneration and the five highest paid individuals are set out in Note 12 to the consolidated financial statements in this annual report. The Company has adopted the Pre-IPO Equity Incentive Plans and the Post-IPO Equity Incentive Plans to motivate and reward its Directors and eligible employees. Details of these schemes are set out in the section headed "Share Incentive Plans" above. For the Reporting Period, no emoluments were paid by the Group to or receivable by any Director or any of the five highest paid individual as an inducement to join or upon joining the Group or as compensation for loss of office and no consideration was paid by the Group to any third parties for making available Directors' services. None of the Directors has waived or agreed to waive any emoluments for the year ended December 31, 2025.

Except as disclosed above, no other payments have been made or are payable, for the year ended December 31, 2025, by the Group to or on behalf of any of the Directors.

RETIREMENT BENEFITS PLANS AND PENSION BENEFITS

Full time employees of the Group in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to employees. Chinese labour regulations require that the Group's PRC subsidiaries make contributions to the government for these benefits based on certain percentages of the employees' salaries.

In Taiwan, the government also mandated defined contribution plan including certain pension benefits, medical care, unemployment insurance and other welfare benefits, to be provided to full time employees of the Group. The local regulations require that the Group's Taiwan subsidiary make contributions to the government for these benefits based on certain percentage of the employee's salaries.

In United States, the Group sponsors a defined contribution plan under Section 401(k) of the Internal Revenue Code, which covers US employees who are 21 years of age and above. Under this plan, the Group matches voluntary employee contributions from their annual compensation.

The Group has no legal obligation for the benefits beyond the above-mentioned contributions made under the retirement schemes.

During the Reporting Period, (i) there were no contributions forfeited by the Group on behalf of its employees who leave the plan prior to vesting fully in such contribution, (ii) there had been no utilization of such forfeited contributions to reduce future contributions, and (iii) no forfeited contributions had been used by the Group to reduce the existing level of contributions.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, our major customers are pharmaceutical/biotech companies. The total revenue generated from the Groups' five largest customers and the largest customer accounted for approximately 74.2% and 42.0% of the Group's total revenue amount for the same period, respectively.

During the Reporting Period, our purchases mainly included third-party contracting services for preclinical evaluation and clinical trials of our drug candidates, reagents and consumables, machines and equipment and professional service. The purchases from the Groups' five largest suppliers and the largest supplier accounted for approximately 37.9% and 12.8% of the Group's total purchase amount for the same period, respectively.

During the Reporting Period, none of the Directors, their respective close associates, or any Shareholders who, to the knowledge of the Directors, owns more than 5% of the Company's issued capital, has any interest in any of the Group's five largest customers or suppliers.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their respective holding of the Company's securities.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognizes the importance of environmental protection and has adopted stringent measures for environmental protection in order to ensure our compliance to the prevailing environmental protection laws and regulations.

The Group has established the ESG Committee to formulate and review the Company's ESG responsibilities, vision, strategy, framework, principles and policies and to monitor the implementation of the ESG policies passed by the Board. The ESG Committee will meet at least twice a year to review the effectiveness of the ESG policies in the Group.

The Group has had in place a set of environmental, social and governance policies ("**ESG Policy**") which are in line with relevant international standards. To reduce the negative impact on the environment, it is committed to energy conservation and sustainable development. The Group has adopted governance measures which are in compliance with all ESG-related laws and regulations, and to monitor and collect ESG-related data. The Group has also prepared and formulated our ESG policies in accordance with the standards under Appendix C2 of the Listing Rules, which outlines, among other things, (i) establishing a green management system; (ii) strict rules on waste disposal; (iii) resources efficiency; and (iv) responses to climate change. Going forward, the Group will continue to develop sustainable policies and designs to reduce its environmental impact.

Further details of the Company's environmental policies and performance are disclosed in the "Environmental, Social and Governance Report" of the Company for the Reporting Period as set out on pages 86 to 129 in this annual report.

KEY RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes the importance of maintaining a good relationship with its stakeholders, including Shareholders, employees, customers, suppliers, medical experts, patients, collaborators and other business associates. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Details of an account of the Company's key relationships with its Shareholders, employees, customers, suppliers, medical experts, patients, collaborators and other business associates that have a significant impact on the Company are set out in the "Environmental, Social and Governance Report" of the Company for the Reporting Period as set out on pages 86 to 129 in this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. The Group has put in place compliance policies and procedures and would seek professional legal advice from its legal advisers to ensure that transactions and business to be performed by the Group are in compliance with the applicable laws and regulations. During the Reporting Period, there was no material breach of, or non-compliance, with applicable laws and regulations by the Group.

SIGNIFICANT LEGAL PROCEEDINGS

During the Reporting Period and up to the date of this annual report, the Company was not engaged in any litigation, arbitration, administrative proceedings or claims of material importance and no litigation, arbitration, administrative proceedings or claim of material importance is known to the Directors to be pending or threatened against the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Shares were listed on the Main Board of the Stock Exchange on December 30, 2025. During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company (including sale or transfer of treasury shares as defined under the Listing Rules). As of December 31, 2025, the Company did not hold any treasury Shares.

AUDITOR

During the Reporting Period, the Company's reporting accountants and independent auditor is Deloitte. There has been no change in auditor of the Company in the preceding three years and since the Listing Date.

The consolidated financial statements for the Reporting Period have been audited by Deloitte, Certified Public Accountants and Registered Public Interest Entity Auditor, who is proposed for re-appointment at the AGM.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

On January 16, 2026, the Over-allotment Option was fully exercised, in respect of an aggregate of 14,203,500 Shares, representing approximately 15% of the total number of the offer shares initially available under the Global Offering (before any exercise of the Over-allotment Option). The Over-allotment Shares were issued and allotted by the Company at HK$24.05 per Share being the offer price per Share under the Global Offering.

Save as disclosed above, there were no material subsequent events from December 31, 2025 to the date of this annual report.

ANNUAL GENERAL MEETING

The notice of the AGM will be published and dispatched (if requested) to the Shareholders in due course.

By order of the Board
InSilico Medicine Cayman TopCo
Mr. Aleksandrs Zavoronkovs, Ph.D.
Chairman, Executive Director, CEO and CBO

Hong Kong, April 28, 2026

The Board is pleased to present the Corporate Governance Report contained in the Company's annual report for the year ended December 31, 2025.

CORPORATE GOVERNANCE PRACTICES

The Board has committed to maintaining good corporate governance standards. The Board believes that good corporate governance standards are essential in providing framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.

Save for the deviation from code provision C.2.1 as set out in the Corporate Governance Code, which is explained in paragraph headed "Chairman and Chief Executive Officer" in this report, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code during the period from the Listing Date and up to the date of this report.

The Board has established the Group's purpose, values and strategy, and satisfy itself that these and the Group's culture are aligned. All Directors must act with integrity, lead by example, and promote the desired culture. The Board should instil such culture into the Company and continuously reinforces our Company's values of acting lawfully, ethically and responsibly.

A healthy corporate culture set up by the Group, including integrity and accountability, is vital for the Company to achieve its vision and mission towards sustainable growth. It is the Board's role to foster a corporate culture with core principles to guide the behaviours of its employees, and ensure that the Company's vision, values and business strategies are aligned to it.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiry of all the Directors, all Directors confirmed that they have complied with the provisions of the Model Code during the period from the Listing Date and up to the date of this report.

The Company has also established written guidelines for securities transactions by employees who are likely to be in possession of inside information of the Company on terms no less exacting than the Model Code. No incident of non-compliance of the written guidelines by the employees has been noted by the Company.

In case the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees in advance.

CORPORATE GOVERNANCE REPORT

THE BOARD

Responsibilities, Accountabilities and Contributions of the Board and management

The Board is responsible for the leadership, control and management of the Company and overseeing the Group's business, strategic decision and performances in the attainment of the objective of ensuring effective functioning and growth of the Group and enhancing value to investors. All the Directors carry out their duties in good faith, take decisions objectively and act in the interests of the Company and Shareholders as a whole at all times.

The Board is responsible for making decisions on all major matters of the Company, including the approval and monitoring of material policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors to fill a casual vacancy or as an additional Director in compliance with the Articles of Association, and other significant financial and operational matters.

All Directors have timely access to all relevant information as well as the advice and services of the senior management and the company secretary, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any Director may request independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The senior management is delegated the authority and responsibilities with clear directions by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the senior management. The Board has the full support of the senior management to discharge its responsibilities.

According to the code provision D.1.2 of the Corporate Governance Code, the management shall provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. The Company has provided all members of the Board monthly updates of financial, compliance and operation matters to enhance the corporate governance of the Group and provide more adequate and complete information to the Board in a timely manner.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities and will conduct annual review on such insurance coverage.

Board Composition

The composition of the Board as at the date of this annual report is as follows:

Name	Date of appointment
Executive Directors:	
Mr. Aleksandrs Zavoronkovs, Ph.D. *(Chairman of the Board, CEO and CBO)*	January 2019
Mr. Feng Ren, Ph.D. *(CEO and CSO)*	June 2021
Non-executive Directors:	
Mr. Chuen Yan Leung, Ph.D.	February 2025
Mr. Kan Chen, Ph.D.	August 2021
Mr. Long Shi	March 2025
Independent non-executive Directors:	
Ms. Denitsa Milanova, Ph.D.	Listing Date
Mr. Jingsong Wang, Ph.D.	Listing Date
Mr. Roman Kyrychynskyi	Listing Date

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The biographical details of the Directors are set out in the section headed "Directors and Senior Management" of this annual report. To the best knowledge of the Directors, the Directors and senior management have no financial, business, family or other material/relevant relationships with one another.

During the period from the Listing Date and up to the Latest Practicable Date, the Board has met the requirements of the Listing Rules 3.10 and 3.10A of having a minimum of three independent non-executive Directors (representing at least one-third of the Board) with one of them possessing appropriate professional qualifications and accounting and related financial management expertise.

The members of the Board have a balance of skills, experience and diversity appropriate for the business requirements and objectives of the Group. The executive Directors are responsible for overall strategic planning, business direction and day-to-day operational management of the Group. The non-executive Directors are participating in key decision-making process in respect of major matters such as formulating overall corporate and business strategies of the Group. The independent non-executive Directors bring different businesses and financial expertise, experiences and are supervising and providing independent judgment to the Board and they constitute the majority of the Board Committees of the Company. Through participation in Board meetings and taking the lead in managing issues involving potential conflicts of interests, the independent non-executive Directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the Shareholders.

The Company has received a written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. Each independent non-executive Director has complied with Rule 3.12A and Rule 3.13A of the Listing Rules.

The Company has implementable and effective mechanisms to ensure independent views and input are available to the Board. All Directors have timely access to all relevant information as well as the advice and services of the company secretary and senior management of the Company, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Any Director may seek independent professional advice in appropriate circumstances at the Company's expenses, upon reasonable request made to the Board. During the period from the Listing Date and up to the Latest Practicable Date, the Board has reviewed the board independence mechanisms and considered that the implementation of the mechanisms was effective.

Chairman and Chief Executive Officer

Code provision C.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. To achieve clear division of responsibilities between the management of the Board and day-to-day management of the business and hence to ensure balance of power and authority, there is separation of duties for the Chairman and Chief Executive Officer of the Company.

Currently Mr. Aleksandrs Zavoronkovs, Ph.D., the Chairman of the Board, also performs as the CEO. The Board believes that, in view of his experience, personal profile and his roles in the Company as mentioned above, Mr. Aleksandrs Zavoronkovs, Ph.D. is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as the founder and the CEO. The Board also believes that the combined role of Chairman of the Board and the CEO can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. The Board will continue to review and consider splitting the roles of Chairman of the Board and the CEO at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and succession planning for Directors and assessing the independence of independent non-executive Directors.

In accordance with the Articles of Association, all the Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy or as an addition to the Board shall submit himself for re-election by the Shareholders at the first annual general meeting after appointment.

Under the Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election. Any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting. Any further Director who is subject to retirement by rotation shall be those who have been the longest in office since their last reelection or appointment and those who were re-elected or appointed on the same days shall (unless they agree among themselves) be determined by lot.

Each Director (including the non-executive Directors and independent non-executive Directors) is engaged for an initial term of three years or until the third annual general meeting of the Company from the Listing Date. They are subject to retirement and re-election in accordance with the provisions of the Articles of Association as mentioned above.

Accordingly, the following Directors, Mr. Aleksandrs Zavoronkovs, Ph.D., Mr. Feng Ren, Ph.D., Ms. Denitsa Milanova, Ph.D., Mr. Jingsong Wang, Ph.D. and Mr. Roman Kyrychynskyi shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Training and Continuing Professional Development of Directors

The Directors keep abreast of regulatory developments and changes and of the conduct, business activities and development of the Company in order to effectively perform their responsibilities.

Every newly appointed Directors has received a comprehensive, formal and tailored induction on his/her appointment to ensure appropriate understanding of the business and operations of the Group and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction is normally supplemented with meetings with the senior management of the Company.

The Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Continuing briefings and professional development for the Directors are arranged whenever necessary. In addition, reading materials relating to the Company's business or Directors' duties and responsibilities, updates on salient laws, corporate governance, regulations applicable to the Group are provided to the Directors from time to time for their studying and reference. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The Directors are required to submit to the Company details of the training they received in each financial year for the Company's maintenance of proper training records of the Directors. Prior to the Listing Date and during the year ended December 31, 2025, Mr. Aleksandrs Zavoronkovs, Ph.D., Mr. Feng Ren, Ph.D., Mr. Chuen Yan Leung, Ph.D., Mr. Kan Chen, Ph.D., Mr. Long Shi, Ms. Denitsa Milanova, Ph.D., Mr. Jingsong Wang, Ph.D. and Mr. Roman Kyrychynskyi attended training sessions on regulatory development, directors' duties or other relevant topics.

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on one of the following dates, namely March 17, 2023, March 20, 2023 or April 28, 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Board Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to the Directors in advance. Notice of a regular Board meeting is served on all the Directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least three days before each Board meeting or committee meeting to keep Directors apprised of the latest development and financial position of the Company and to enable them to make decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

The senior management normally will attend regular Board meetings and where necessary, other Board and committee meetings, to advise on business development, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company. The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at the meetings for approving transactions in which such Directors or any of their associates have a material interest.

The secretary of the meetings is responsible for taking and keeping minutes of all Board meetings and committee meetings. Minutes of Board meetings and committee meetings record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed.

Draft minutes are normally circulated to all the Directors for comment within a reasonable time after each meeting. Final versions of the minutes are sent to the Directors for their records and are open for their inspection.

Attendance Records of Directors

Pursuant to code provision C.5.1 of the Corporate Governance Code, Board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communication.

The attendance records of each Director at the Board and Board Committee meetings of the Company held during the period from the Listing Date and up to the Latest Practicable Date are set out in the table below:

	Attendance/Number of Meetings				
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	ESG Committee
Mr. Aleksandrs Zavoronkovs, Ph.D.	2/2	–	–	1/1	1/1
Mr. Feng Ren, Ph.D.	2/2	–	1/1	–	1/1
Mr. Chuen Yan Leung, Ph.D.	2/2	1/1	–	–	–
Mr. Kan Chen, Ph.D.	2/2	–	–	1/1	–
Mr. Long Shi	2/2	–	1/1	–	–
Ms. Denitsa Milanova, Ph.D.*	2/2	1/1	1/1	1/1	1/1
Mr. Jingsong Wang, Ph.D.*	2/2	1/1	1/1	1/1	1/1
Mr. Roman Kyrychynskyi*	2/2	1/1	1/1	1/1	1/1

(Note *: appointed on Listing Date)

The Company was listed on the Stock Exchange on December 30, 2025. During the period from the Listing Date up to December 31, 2025, the Company did not hold any general meetings. The Board will disclose the relevant meetings in the next annual report as required by the Corporate Governance Code.

In addition, the Chairman of the Board held a meeting with the independent non-executive Directors without the presence of other Directors during the period from the Listing Date and up to the Latest Practicable Date.

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS

The Board has established the Audit Committee, the Remuneration Committee, the Nomination Committee and the Environmental, Social and Governance (ESG) Committee for overseeing particular aspects of the Company's affairs. The Board committees have sufficient resources to execute their requisite duties. All the Board committees should report to the Board on their decisions or recommendations made. The terms of reference of the Audit Committee, Remuneration Committee, Nomination Committee and ESG Committee are published on the websites of the Stock Exchange and the Company and are available to Shareholders upon request.

Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The Audit Committee comprises four members, namely Mr. Roman Kyrychynskyi, Mr. Chuen Yan Leung, Ph.D., Ms. Denitsa Milanova, Ph.D. and Mr. Jingsong Wang, Ph.D., with Mr. Roman Kyrychynskyi, being the independent non-executive Director with the appropriate professional qualifications or accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules, as chairman of the Audit Committee. None of the members of the Audit Committee is a former partner of the Company's existing external auditors. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal controls system of the Group, review and approve connected transactions and provide advice and comments to the Board.

During the period from the Listing Date and up to the Latest Practicable Date, the Audit Committee held one meeting to review the annual financial results and report for the year ended December 31, 2025, major audit findings, significant issues on the financial reporting and compliance procedures, internal control and risk management systems, the effectiveness of the Company's internal audit function, the annual internal audit work plan, the Internal Audit Charter, scope of works and re-appointment of external auditors and arrangements for employees to raise concerns about possible improprieties, and to make relevant recommendations to the Board.

The external auditors were invited to attend the Audit Committee meetings to discuss with the Audit Committee issues arising from the audit and financial reporting matters. There is no disagreement between the Board and the Audit Committee regarding the re-appointment of external auditors.

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The Remuneration Committee comprises five members, namely Mr. Jingsong Wang, Ph.D., Ms. Denitsa Milanova, Ph.D., Mr. Feng Ren, Ph.D., Mr. Long Shi and Mr. Roman Kyrychynskyi, with Mr. Jingsong Wang, Ph.D. as chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to the Directors and other senior management (i.e. the model described in the code provision E.1.2(c)(ii) of the Corporate Governance Code is adopted).

During the period from the Listing Date and up to the Latest Practicable Date, the Remuneration Committee held one meeting to review and discuss matters relating to the Company's equity incentive plans.

Pursuant to code provision E.1.5 of the Corporate Governance Code, the annual remuneration of the members of senior management, including those members of senior management who are also the executive Directors, by band for the year ended December 31, 2025 is set out below:

Remuneration Band	Number of senior management
HK$4,000,001 to HK$5,000,000	1
HK$5,000,001 to HK$6,000,000	1
HK$8,000,001 to HK$9,000,000	1
HK$33,000,001 to HK$34,000,000	1

Details of the remuneration of each director of the Company for the year ended December 31, 2025 are set out in Note 12 to the consolidated financial statements contained in this annual report.

Nomination Committee

The Company established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The Nomination Committee comprises five members, namely Mr. Aleksandrs Zavoronkovs, Ph.D., Ms. Denitsa Milanova, Ph.D., Mr. Jingsong Wang, Ph.D., Mr. Kan Chen, Ph.D. and Mr. Roman Kyrychynskyi, with Mr. Aleksandrs Zavoronkovs, Ph.D. as chairman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession.

The Company has adopted the director nomination policy. Such policy provides guidance to the Board on the nomination, appointment and re-election of Directors. In designing the Board's composition, the Nomination Committee and the Board take into account a wide range of aspects, including but not limited to age, cultural and educational background, gender and race diversity, professional experience, skills, knowledge, length of service and any other factors that the Board may consider relevant and applicable from time to time. The policy aims to ensure a balanced composition of skills and experience at the Board level in order to provide a range of perspectives and insights that enable the Board to discharge its duties and responsibilities effectively, support good decision making in view of the core businesses and strategy of the Group, and support succession planning and development of the Board. The Board believes that the defined selection process is good for corporate governance in ensuring the Board continuity and appropriate leadership at Board level, and enhancing better Board effectiveness and diversity as well as in compliance with the applicable rules and regulations.

During the period from the Listing Date and up to the Latest Practicable Date, the Nomination Committee held one meeting to review the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group and to consider the diversity of the Board; consider and recommended the re-election of the retiring Directors standing for re-election at the annual general meeting; assess the independence of the independent non-executive Directors.

ESG Committee

The Company has established the ESG Committee which comprises five members, namely Mr. Feng Ren, Ph.D., Mr. Aleksandrs Zavoronkovs, Ph.D., Ms. Denitsa Milanova, Ph.D., Mr. Jingsong Wang, Ph.D. and Mr. Roman Kyrychynskyi, with Mr. Feng Ren, Ph.D. as chairman of the ESG Committee. The primary duties of the ESG Committee are to formulate and review the Company's ESG responsibilities, vision, strategy, framework, principles and policies and to monitor the implementations of the ESG policies passed by the Board.

During the period from the Listing Date and up to the Latest Practicable Date, the ESG Committee held one meeting to review the ESG report of the Company as well as review and discuss the ESG performance and management as reflected in the ESG report.

Corporate Governance Functions

The Board would review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the Corporate Governance Code and disclosure in its Corporate Governance Report. The Board, assisted and advised by the Audit Committee, has performed the above duties during the period from the Listing Date and up to the Latest Practicable Date.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company may from time to time and as the circumstances require provide updated written training materials relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended December 31, 2025.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements. The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The management provides all members of the Board with monthly updates on the Company's performance, positions and prospects.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing the effectiveness of the Company's risk management and internal control systems as set out in Principle D2 of the Corporate Governance Code on an ongoing basis. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is fully responsible for evaluating and determining the nature and extent of the risks it is willing to take to achieve the Company's strategic objectives, and for establishing and maintaining appropriate and effective risk management and internal control systems to safeguard Shareholders' investments and the Group's assets.

The Audit Committee assists the Board in overseeing the design and implementation of the risk management and internal control systems. The Company has developed and adopted different risk management procedures and guidelines. Self-evaluation would be conducted each year to confirm that the Company has properly complied with the risk management and internal control policy. All divisions would conduct internal control assessment to identify risks factors with potential impact on the Group's business. The management would assess the likelihood of risk occurrence, monitor the progress of risk management and report to the Board and the Audit Committee on the findings and effectiveness of the systems.

The Group has developed its disclosure policy to provide a general guide to the Company's directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

The Company has recruited experienced personnel for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee. The Company has established standard operating procedures to regulate its procurement activities, which are conducted through the procurement module of its OA platform. The module comprises two core functions: supplier management and procurement request management. The supplier management function oversees the entire supplier lifecycle, including supplier registration and onboarding, maintenance of supplier information, and annual performance evaluations. The procurement request management function governs the submission and approval of purchase requisitions, as well as the execution of sourcing activities and supplier selection. In addition, relevant training on the standard operating procedures and the operation of the OA system is provided to employees to ensure that procurement activities are carried out in accordance with the Company's established internal control framework.

The management considers it is important to establish and continue to improve its risk management and internal control systems, and has strengthened internal control, internal audit and compliance functions of the Company during the year ended December 31, 2025. The Company's risk management and internal control systems have been developed with the following principles, features and processes:

- The Company has established policies and procedures for major business operations, including research and development, revenue, procurement, financial reporting, intellectual property protection, expenditure, environmental protection and occupational health and safety, IT operations and security, asset management, and tax. The internal audit department continuously monitors the effectiveness of these policies and procedures.

- The Company policy requires business departments to regularly review and update policies or standard operating procedures (SOPs) to streamline processes and mitigate risks arising from changes in laws, regulations, or the internal and external environment.
- The Company has established an Anti-Corruption Policy to protect against corruption and bribery within the organization. Information about the whistleblowing channel is available to both internal and external stakeholders.
- The Company has established a clear mechanism for investigating and handling whistleblowers and anti-fraud investigations. The relevant policy explicitly prohibits retaliation against whistleblowers. The investigation team will coordinate all investigative efforts, report the findings, and provide remediation recommendations.
- The Company has a written policy on handling inside information that provides clear guidance to all employees regarding confidentiality obligations and reporting procedures.

The Board, as assisted by the Audit Committee and the management, has reviewed the report from the management and the internal audit findings, and reviewed the effectiveness of the risk management and internal control systems of the Company and its subsidiaries, including the financial, operational and compliance controls for the year ended December 31, 2025. The annual review also covered areas on the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting functions as well as those relating to the Company's environmental, social and governance performance and reporting. The Board considered that such systems are adequate and effective and ongoing review of the same nature would be conducted in subsequent years.

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the external auditors of the Company about their reporting responsibilities for the Company's financial statements for the year ended December 31, 2025 is set out in the section headed "Independent Auditor's Report" in this annual report.

The external auditor of the Company will be invited to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report and auditor's independence.

During the year ended December 31, 2025, the remuneration paid/payable to the Company's external auditors, Deloitte Touche Tohmatsu, is set out below:

Nature of Services	Remuneration (HK$'000)
Audit services	3,112
Non-audit services[(Note)]	175
TOTAL:	3,287

Note: The non-audit services provided mainly included tax consultation services.

DIVERSITY

Board Diversity

The Company is committed to promoting the culture of diversity in the Company. The Company have strived to promote diversity to the extent practicable by taking into consideration a number of factors in the Group's corporate governance structure.

The Board has adopted a board diversity policy which sets out the objective and approach to achieve and maintain diversity of the Board in order to enhance the effectiveness of the Board. Pursuant to the board diversity policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, educational background, industry experience and professional experience. The Directors have balanced mix of gender, knowledge, skills and experiences, including management, finance, law, investment and biotechnology industries. They obtained degrees in various areas such as biology, bioengineering, pharmacy, business administration, law, and economics. The Company has also taken, and will continue to take steps to promote gender diversity at the Board level of the Company. The Nomination Committee will revisit the board diversity policy and monitor its implementation from time to time, and monitor the progress on achieving these measurable objectives in order to ensure that the policy remains effective. The Nomination Committee will also use their best efforts to identify and recommend suitable female candidates for the Board's consideration in the future to ensure that gender diversity can be maintained. With reference to the board diversity policy, the Company will also ensure that there is gender diversity when recruiting staff at mid to senior level so that the Company will have a pipeline of female senior management and potential successors to the Board in due time to ensure gender diversity of the Board. The Group will continue to emphasize training of female talent and providing long-term development opportunities for our female staff.

The Board currently has one female Director, and thus has achieved its goal to have at least one female Director in the Board. The Board also has achieved gender diversity and thus fulfills the requirement under Rule 13.92 of the Listing Rules. The Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that the Company will have a pipeline of female senior management and potential successors to the Board. The Company plans to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development. The Company is of the view that such strategy will offer chances for the Board to identify capable female employees to be nominated as a member of the Board in the future with an aim to providing the Board with a pipeline of female candidates to achieve gender diversity in the Board in the long run.

Diversity of Employees

The Company strives to enhance gender diversity of staff and management to create a fair, diverse and inclusive workplace. As of December 31, 2025, the gender ratio of the Group's workforce (including the Company's senior management) was approximately 51.7% male to 48.3% female.

To achieve the goal of improving fairness and create more opportunities for female employees, the Group has put in place recruitment and hiring, training and promotion measures such that a diverse range of candidates are considered. The Group also provides physical and mental health, care and benefits, safe workplace environment and communication channels to empower our female employees. More details of the Group's diversity practices for employees are set forth in the section headed "Environmental, Social and Governance Report" of this annual report.

COMPANY SECRETARY

Ms. Leung Kwan Wai of Tricor Services Limited ("**Ms. Leung**"), our external service provider of company secretarial services, is company secretary and authorized representative of the Company. Ms. Leung's primary contact person at the Company is Ms. Wang Jun, General Counsel and Board Secretary of the Company. Ms. Leung has taken not less than 15 hours of relevant professional training and comply with the requirement under Rule 3.29 of the Listing Rules for the year ended December 31, 2025.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company has in place a shareholders' communication policy which aims at promoting channels for shareholders to communicate their views on various matters affecting the Company and how the Company solicits and understand the views of Shareholders and stakeholders. The Board had reviewed the policy annually and considered that the implementation of the policy was effective.

The Company has used the following methods to communicate with Shareholders:

- publication of announcements, interim reports and annual reports
- publication of key corporate governance policies on the Company's website
- holding of annual general meeting and other general meetings of the Company

The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the forthcoming annual general meeting, Directors (or their delegates as appropriate), appropriate management executives and external auditor will use all reasonable endeavors to attend and answer enquiries from the Shareholders.

To promote effective communication, the Company maintains a website at insilico.com, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and does not contain any material omission, thereby enabling Shareholders, investors as well as the public to make rational and informed decisions.

SHAREHOLDER RIGHTS

As one of the measures to safeguard Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings for each substantially separate issue, including the election of individual Directors, for Shareholders' consideration and voting. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange and the Company immediately after the relevant general meetings.

Convening of Extraordinary General Meetings ("EGM") By Shareholders

All general meetings other than annual general meetings shall be called extraordinary general meetings. Pursuant to Article 75 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two Months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. The requisitionist(s) may add resolutions to the agenda of a general meeting requisitioned under Article 75 of the Articles of Association.

For the avoidance of doubt, except where otherwise expressly stated, any notice or document to be given to or by any person pursuant to the Articles of Association shall be in writing or, to the extent permitted by the Cayman Companies Act and the Listing Rules from time to time and subject to the Articles of Association, contained in an electronic communication. Any notice or document required to be sent to or served upon the Company, or upon any officer of the Company, may be sent or served by leaving the same or sending it through the post in a prepaid envelope or wrapper addressed to the Company or to such officer at the principal office of the Company or Cayman Islands registered office. The requisition, notice or statement (as the case may be) of the Shareholders must provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Procedures for Shareholders to Put Forward Proposals at General Meetings

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Companies Act or the Articles of Association. However, shareholders who wish to put forward proposals at general meetings may achieve so by means of convening an extraordinary general meeting following the procedures set out in the Articles of Association as briefly summarised in the paragraph above. Detailed procedures for Shareholders to propose a person for election as a director of the Company are published on the Company's website.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries. The Shareholders may send written enquiries to the Company, for the attention of the Board of Directors to 9F, Chamtime Plaza Block C, Lane 2889, Jinke Road, Pudong New Area, Shanghai, PRC by post or by email to ir@insilico.ai. Shareholders' information may be disclosed as required by law.

CONSTITUTIONAL DOCUMENTS

During the period from the Listing Date and up to the Latest Practicable Date, the Company has not made any changes to its constitutional documents. An up-to-date version of the Articles of Association is available on both the websites of the Company and the Stock Exchange.

DIVIDEND

The Company currently does not have a formal dividend policy or pre-determined dividend payout ratio. This approach is intended to preserve flexibility in determining the declaration and payment of dividends, which will be considered by the Board based on the Group's prevailing financial position, future working capital requirements, business needs, and other factors that the Board may deem relevant from time to time. Any declaration and payment as well as the amount of dividends will be subject to our Articles of Association and the Cayman Companies Act. The declaration and payment of dividends in the future will be determined by the Board, in its discretion, or the Shareholders in a general meeting. As advised by the Company's Cayman counsel, under the Cayman Companies Act, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business (i.e. the solvency test as provided in the Cayman Companies Act). As advised by the Company's Cayman counsel, the financial position of accumulated losses does not prohibit us from declaring and paying dividends to our Shareholders, as dividends may still be declared and paid out of the Company's share premium account notwithstanding our profitability, provided that we satisfy the solvency test set out in the Cayman Companies Act.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

This Environmental, Social and Governance Report (the "**Report**") is the inaugural ESG report published by **InSilico Medicine Cayman TopCo**. It aims to disclose information regarding the ESG management of the Company and its subsidiaries (collectively, "**Insilico Medicine**", the "**Group**", or "**we**"), responding comprehensively to the concerns and expectations of stakeholders regarding the Group's ESG management.

Basis of Preparation

The Report is prepared in compliance with all provisions of the **Environmental, Social and Governance Reporting Code** (the "**ESG Reporting Code**") set out in **Appendix C2** to the Rules Governing the Listing of Securities on **The Stock Exchange of Hong Kong Limited** ("**HKEX**"). We have reported against all recommended disclosures therein. The preparation process included identifying and prioritizing stakeholders, identifying and prioritizing material ESG issues, determining reporting boundaries, collecting relevant materials and data, drafting the Report based on information gathered, and conducting reviews.

Reporting Scope and Boundary

Unless otherwise specified, the scope of the Report covers the Company and its subsidiaries. Data cited is derived from internal statistics, and financial figures are presented in U.S. Dollars (USD) unless stated otherwise.

The reporting period is from **January 1, 2025, to December 31, 2025** (the "**Reporting Period**").

Reporting Principles

The preparation of the Report follows these fundamental principles:

- **Materiality:** The Group identified and prioritized ESG issues significant to or related to stakeholders and the Group through communication and assessment.
- **Quantitative:** Information regarding standards, methodologies, assumptions, and/or calculation tools used for emissions and energy consumption data, as well as the sources of conversion factors, are disclosed in relevant sections.
- **Balance:** The Report follows the principle of balance to objectively reflect the Group's ESG management status.
- **Consistency:** As the Group's inaugural ESG report, the statistical methodologies established have been confirmed and will remain consistent in future years to ensure meaningful comparison.

Data Reliability Assurance

Data and case studies in the Report are primarily derived from the Group's statistical reports and relevant documents. The **Board of Directors** (the "**Board**") guarantees that the Report contains no false records or misleading statements and assumes responsibility for the truthfulness, accuracy, and completeness of its contents.

BOARD STATEMENT

The Group attaches great importance to the management of ESG matters. The Board serves as the highest governance body for ESG, holding full responsibility for overseeing, monitoring, and identifying risks and opportunities related to Environmental, Social and Governance ("**ESG**") issues. The Board formulates and adopts our ESG policies and targets and reviews management effectiveness and progress against these targets annually.

The Board is responsible for the continuous monitoring of ESG risks and opportunities (including climate-related risks and opportunities) and management approaches. Under the Board, an ESG Committee has been established, comprising five experienced directors. The ESG Committee meets at least twice a year to provide guidance and recommendations to the Board on ESG strategy formulation, ensuring the Group implements effective risk management measures and adjusts strategies in response to the changing internal and external environments.

During the oversight of the Group's overall strategy, major transaction decisions, and risk management procedures and policies thereof, the Board considers ESG risks and opportunities (including climate change-related risks and opportunities) that may have a significant impact on the Group and weighs these factors as necessary.

ESG GOVERNANCE

ESG Governance Structure

Insilico Medicine fully recognizes its responsibilities in Environmental, Social and Governance (ESG) dimensions and is aware that ESG-related issues may impact the sustainability of our business operations. Consequently, we have established a top-down three-tier ESG management structure consisting of the Board, the ESG Committee, and the ESG Work Group. Clear responsibilities are defined at each level to ensure systematic planning, effective execution, and comprehensive implementation of ESG initiatives. We have established a sound communication and reporting mechanism. The ESG Committee meets at least twice a year, and the ESG Work Group reports material ESG matters to the ESG Committee at least quarterly to ensure information reaches the decision-making level in a timely and accurate manner and supports the formulation of ESG strategy and risk management. Furthermore, we have formulated a set of ESG policies aligned with international standards to ensure the development of the Group complies with domestic and international regulatory requirements.

The Board	Guiding overall ESG development; overseeing and managing ESG risks and opportunities (including climate change-related risks and opportunities); reviewing and evaluating the Group's ESG performance.
ESG Committee	Formulating and reviewing the Group's ESG accountability, vision, strategy, frameworks, principles, and policies; setting ESG goals; conducting industry research; making decisions on material ESG matters (including climate change-related risks and opportunities).
ESG Work Group	Executing and implementing the Group's ESG strategies, including but not limited to identifying, assessing, prioritizing, and managing potential ESG risks and opportunities (including climate change-related risks and opportunities); identifying and confirming key ESG issues; coordinating, managing, communicating on, and disclosing ESG matters, etc.

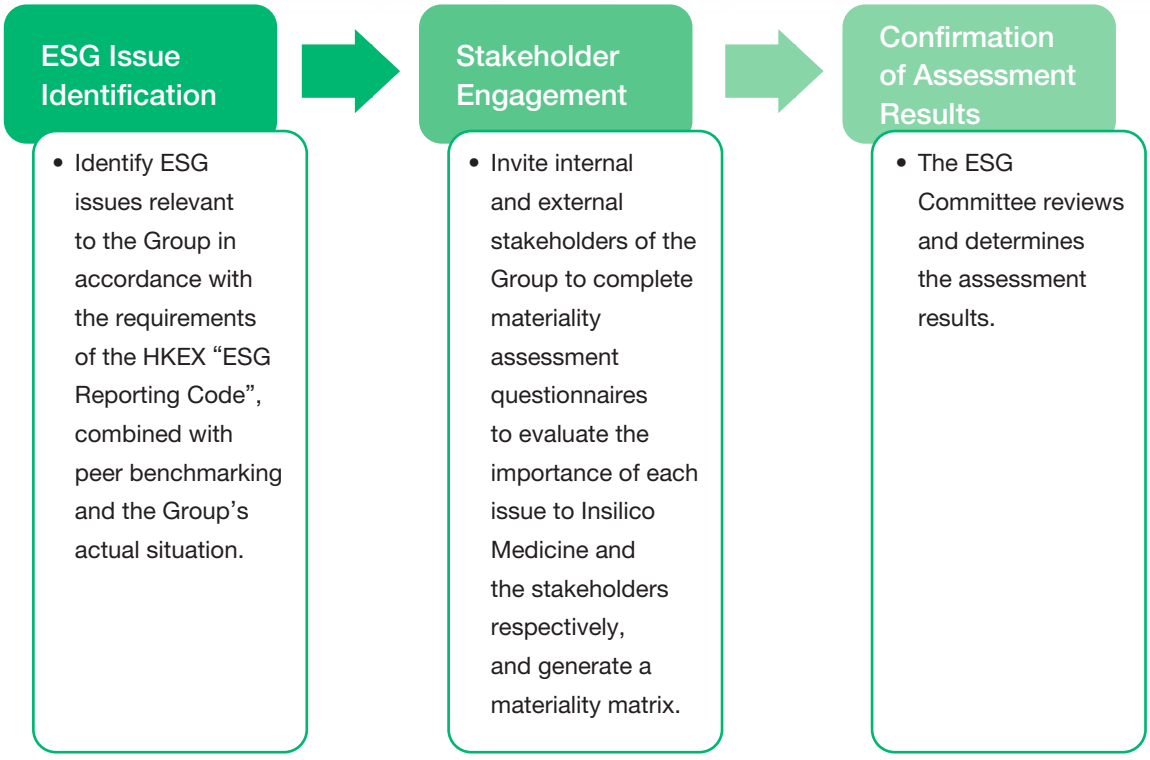
Stakeholder Engagement

Open and transparent communication with the stakeholder is the foundation of sustainable development. Insilico Medicine has established regular, multi-channel communication mechanisms. Through regular dialogues, survey feedback, and information disclosure, among other means, we actively respond to stakeholder concerns and integrate their feedback into our ESG governance and practice.

Stakeholder	Key Issues	Communication Channels
Government and Regulatory Authorities	Business ethics and compliance R&D and innovation Product safety and quality	Institutional inspections Official correspondence Policy implementation Information disclosure
Shareholders and Investors	Investment returns Information disclosure R&D and innovation Product safety and quality Intellectual property protection	Investor relations website General meetings Information disclosure relevant management personnel Correspondence Conference calls Reception of visits Roadshows
Customers	Information security and privacy protection Product safety and quality Customer service Industry cooperation and development	Customer surveys Customer visits Technical seminars Platform customer service Customer satisfaction surveys
Employees	Employee rights and interests Training and development Diversity, equity and inclusion Occupational health and safety	Employee training Employee surveys and exchanges Career development communication Internal mailboxes
Suppliers	Product safety and quality Supply chain management Intellectual property protection	Supplier reviews Supplier communication and training
Media	R&D and innovation Compliant employment	Media interviews Official website
Industry Associations	Industry cooperation and development Intellectual property protection	Industry conferences Industry exchanges
Public	Social public welfare	Public welfare activities

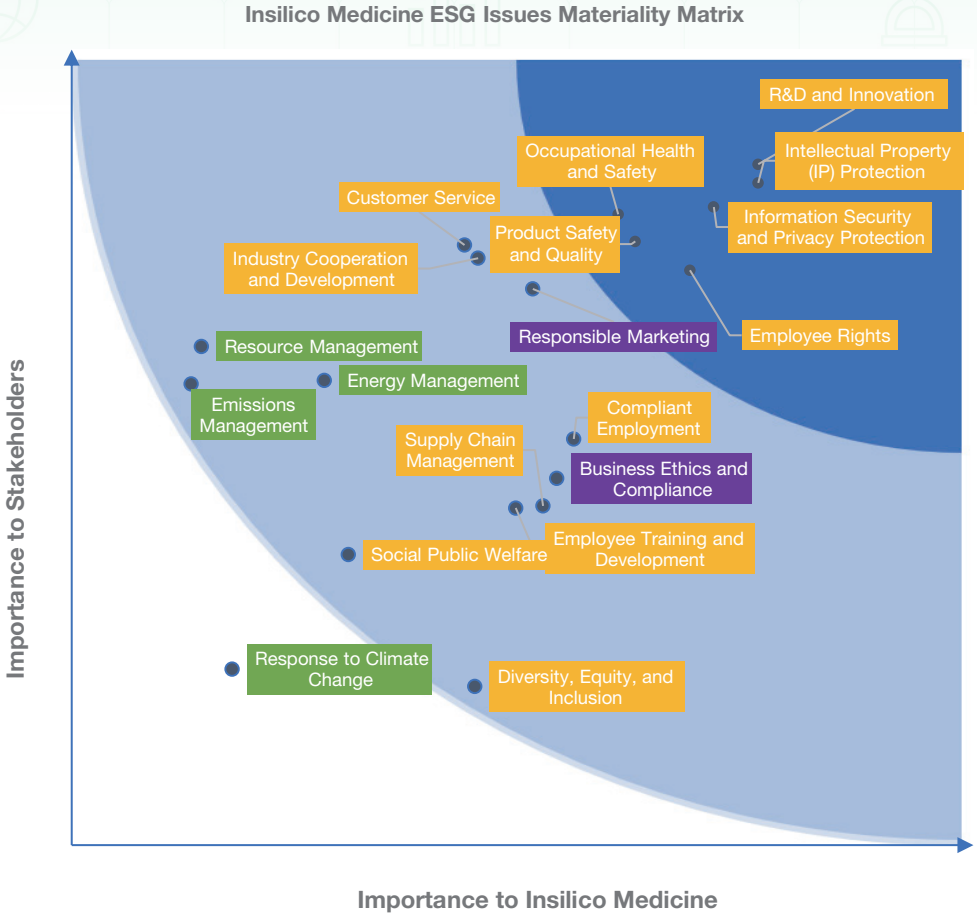
Materiality Assessment

The Group clarifies its focus areas on future ESG work through materiality assessments. The specific steps for our materiality assessment are as follows:



During the Reporting Period, we identified **19 ESG issues**. Through assessment, **6 issues** were identified with **High Materiality**: R&D and Innovation, Intellectual Property Protection, Information Security and Privacy Protection, Occupational Health and Safety, Product Safety and Quality, Employee Rights. Insilico Medicine will focus on these six areas to continuously improve its ESG management by conducting relevant practices.

The Group's ESG issues materiality matrix is shown in the figure below:



1. COMPREHENSIVE COMPLIANT OPERATIONS

Business Ethics and Anti-Corruption

Insilico Medicine strictly upholds business ethics and complies with all laws and regulations governing ethical business conduct, anti-corruption, and anti-bribery in all jurisdictions where we operate. These include, but are not limited to, the U.S. *Foreign Corrupt Practices Act (FCPA)*, the UK *Bribery Act*, the *Criminal Code of the Federal Republic of Germany*, the PRC *Anti-Unfair Competition Law*, and the *RDPAC Code of Practice* issued by the China Association of Enterprises with Foreign Investment. We have formulated an Anti-Corruption Policy applicable to all employees, directors, senior management, individual shareholders, officers, and contractors, as well as any third-party intermediaries assisting or acting on behalf of the Company. We are committed to operating with the highest ethical standards and full legal compliance. We prohibit the direct or indirect offering, promising, paying, giving, or authorizing of any "items of value" (such as gifts, business entertainment, discounts, meals, travel, goods, services, employment for relatives, or charitable donations) to any government official or any person to influence commercial or business decisions and/or obtain or preserve businesses or any improper advantages.

The Group has established a *Code of Conduct* applicable to the entire Group, overseen by the Chief Executive Officer (CEO). This code guides all personnel in adhering to high standards of commercial behavior, covering categories of business ethics, relevant rules and regulations, reporting procedures, and consequences of violating business ethics to ensure actions of employee are free from the effects of conflicts of interest. All employees are required to familiarize themselves with and complete electronic sign-offs of the *Code of Conduct* and *Anti-Corruption Policy*, to ensure that they comply with company standards during their service at Insilico Medicine.

In terms of healthcare anti-corruption, we have formulated the *External Interaction Policy*. This policy refines requirements for interactions with Healthcare Professionals (HCPs), Government Officials (GOs), and Healthcare Organizations (HCOs), covering meeting management, business interactions, HCP collaborations, and commercial sponsorships to ensure transparency and integrity during cooperation.

We extend our business ethics management to third-party partners, ensuring they understand and adhere to our *Anti-Corruption Policy*. We also include anti-corruption compliance clauses in agreements with suppliers or partners. These clauses require them to strictly abide by all applicable anti-corruption, anti-bribery laws, regulations and industry standards throughout the term of the agreement, define corrupt or fraudulent acts, and clarify disciplinary mechanisms for corrupt practices, so as to ensure the integrity and compliance of cooperation processes.

As of the end of the Reporting Period, there were no concluded legal cases regarding corruption brought against the Group or its employees.

- **Whistleblowing Procedures**

  The Group places significant emphasis on all reports of suspected violations and encourages employees, consultants, or third-party contractors to report suspected violations of the *Anti-Corruption Policy* to line managers, the HR Department, or the Legal and Compliance Department. Upon receiving a report, the Legal and Compliance Department will promptly contact the whistleblower to understand the relevant circumstances and conduct an investigation and determine corrective or disciplinary actions based on applicable policies should any of the violations exist. Violation acts will be reported to relevant regulatory authorities once determined to be illegal in nature.

  Whistleblowing Channels:

  - HR Department: HR@insilico.ai
  - Legal Department: legal@insilico.ai
  - Compliance Department: compliance@insilico.ai

  We prioritize the protection of whistleblowers' identities and information in the course of investigation. The whistleblower's identity will only be disclosed to relevant personnel on a strict need-to-know basis, limited to the minimum scope necessary. All personnel involved in investigations are obligated to maintain confidentiality to prevent retaliation. We strictly prohibit any form of discrimination or adverse treatment against whistleblowers in performance evaluations or career advancement.

- **Business Ethics Training**

  The Group conducts compliance advocacy and training for all employees with an aim to ensure that every employee fully understands and complies with the Group's internal compliance requirements. Courses include *External Interaction Policy*, *Conflict of Interest Management*, and *Anti-Money Laundering and Trade Compliance* will be delivered to employees via online platform, strengthening their compliance awarenesses. Our internal compliance portal also provides materials as well as compliance content and Q&A sections covering reporting channels, investigation procedures, gift and hospitality expenses and HCP interaction details. The portal also provides practical tools such as whistleblowing forms and conflict of interest declaration templates, allowing employees to easily access relevant information at any time during their daily work.

  For high-risk departments, we organize specialized offline training, such as HCP engagement guidance for the Clinical Operations Department and sponsorship regulations and procedure requirements for the Business Development and PR Departments, to effectively enhance the compliance response capabilities of front-line business personnel.

  In addition, we have delivered anti-corruption and anti-bribery training to Board members via email and in-person meetings. The training includes an in-depth breakdown of common compliance behaviors and requirements related to anti-corruption and anti-bribery, as well as a systematic interpretation of recurring high-risk incidents and relevant legal obligations. This ensures all directors fulfill their duties in strict compliance with applicable regulations.

Responsible Marketing

We strictly comply with the ***PRC Advertising Law*** and other relevant global regulations as we highly value our brand image and the long-term establishment of our business reputation. We uphold the concept of responsible marketing, ensuring integrity across the entire business process so as to tangibly safeguard the legal rights and interests of our clients and partners.

Content Compliance: We only use public or formally reviewed information according to our strict policy and prohibit absolute or exaggerated terms as so forbidden in the Advertising Law to prevent false or misleading publicity and guarantee the accuracy and reliability of all marketing and promotional materials.

Process Compliance: We have established a hierarchical, scientific and rigorous review process for promotional materials of different types and priorities. This process ensures that information initiators and designated managers participate in review and confirmation at appropriate stages, so as to ensure the legal compliance of information disclosure and the accuracy of content. We implement a rigorous review process: "Initiate by Public Relations (PR), Preliminary Review by Business Units, Review by Legal and Compliance, Final review by senior management team and Finalize and publish by Public Relations (PR)". All brand-related materials and campaign informations (including websites, brochures, booths, posters, videos, advertisements, event proposal, etc.) must be approved through this process before production and release. The Group explicitly requires that relevant application materials be submitted at least five working days in advance, and subject to standardized filing and record-keeping management in accordance with internal regulations.

Marketing Activity Compliance: External publicity is managed by specialists. Prior to publishing any information containing references to the Group, partners and suppliers must obtain internal approval and written confirmation from the Group's PR Department. By enforcing confidentiality management protocols and pre-publication approval requirements, we aim to mitigate compliance risks arising from unauthorized dissemination and inconsistent information. All new media accounts that are registered under the Company's legal credentials shall follow the same "Business Unit + Legal + PR" approval flow, so as to ensure the consistency and standardization of external information.

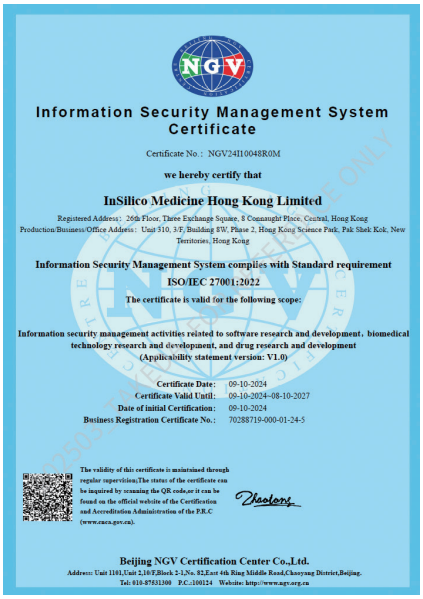
Information Security and Privacy Protection

- **Management System**

  The Group strictly follows applicable domestic and international laws and regulations such as the ***PRC Cybersecurity Law*** and ***Data Security Law***, establishing a series of management policies such as the *Information Security Guidelines for Project Management*, *Privacy and Personal Data Protection Policy*, and *Event Response Procedures*, which provide solid policy support for information security and privacy protection.

  Meanwhile, the Group has established an Information Security Management Team composed of IT Security Specialists and relevant management personnel. The IT Security Specialists are responsible for developing and promulgating security policies, conducting security awareness training, performing regular access reviews and compliance audits, monitoring cybersecurity incidents, and escalating security events promptly when they occur. The person in charge of information security is responsible for setting global information security objectives and priorities, supervising the promotion and implementation of overall information security activities, and fully ensuring the security, compliance, stability, and controllability of the Group's data and information management.

As of the end of the Reporting Period, the Group has obtained **ISO/IEC 27001** Information Security Management System certification. The **Pharma.AI platform** has passed the **National Cybersecurity Multi-Level Protection Scheme (MLPS) Level 3** assessment and shall be subject to periodic external audits and oversight assessments to ensure the ongoing applicability and effectiveness of the management system.



Information Security Management System Certificate

Certificate No.: NGV24I10048R0M

we hereby certify that

InSilico Medicine Hong Kong Limited

Registered Address: 26th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong
Production/Business/Office Address: Unit 510, 3/F, Building 8W, Phase 2, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong

Information Security Management System complies with Standard requirement ISO/IEC 27001:2022

The certificate is valid for the following scope:

Information security management activities related to software research and development, biomedical technology research and development, and drug research and development
(Applicability statement version: V1.0)

Certificate Date: 09-10-2024
Certificate Valid Until: 09-10-2024-08-10-2027
Date of initial Certification: 09-10-2024
Business Registration Certificate No.: 70288719-000-01-24-5

The validity of this certificate is maintained through regular supervision;The status of the certificate can be inquired by scanning the QR code,or it can be found on the official website of the Certification and Accreditation Administration of the P.R.C (www.cnca.gov.cn).

Beijing NGV Certification Center Co.,Ltd.
Address: Unit 1101,Unit 2,10/F,Block 2-1,No. 82,East 4th Ring Middle Road,Chaoyang District,Beijing.
Tel: 010-87531369 P.C.:100124 Website: http://www.ngv.ac.cn

信息系统安全等级保护备案证明

依据《信息安全等级保护管理办法》的有关规定，英砂智能科技（上海）有限公司 单位的：

第三级 PHARMA.AI 系统

予以备案。

证书编号：31011550159-23001

中华人民共和国公安部监制

备案公安机关公章

2023年10月27日

ISO/IEC 27001 Information Security Management System certification	National Cybersecurity Multi-Level Protection Scheme (MLPS) Level 3 Certification for Pharma.AI Platform

- **Management Measures**

We have continuously deepened our measures related to information security and privacy protection, focusing on dimensions such as data security protection, network security protection, and privacy security protection to persistently enhance our information security governance and privacy assurance levels. All of our data collection, usage, and management practices comply with applicable laws and regulations. Reaching agreements with our business partners and customers regarding data collection, usage, and management is our top priority before engaging in cooperation.

Data Security Protection

- **Data Authorization:** We implement categorized and hierarchical management based on data sensitivity, setting differentiated access permissions and approval processes for different levels of data. Simultaneously, we have established a sound internal authentication and authorization system to ensure that confidential data is only accessible to authorized personnel from the compliant equipment or a secure and compliant network environment, with all data access activities being fully recorded and monitored.

- **Data Storage:** The Company has established strict backup strategies based on the nature of different data. For core system data such as Pharma. AI, high-frequency daily backups are implemented, and all data is encrypted and stored in a strictly managed cloud resource pool. For employee work terminals, endpoint management software and data loss prevention (DLP) policies are uniformly deployed, and core working directories are synchronized to the company's managed secure cloud drive for backup. When customers install our Pharma.AI platform locally in a privatized environment, all data is stored on the customer's private cloud, and all monitoring and early warning tools are provided for the customer's exclusive use.

- **Data Encryption**: Encryption technology is adopted throughout the entire process of data collection, transmission, and storage. We strictly follow the Group's specified data security disposal procedures during the data deletion and destruction processes.

- **Customer Data Isolation:** We have isolated our own data from customer data in accordance with subscription agreements. The Pharma.AI platform used internally is isolated from the version used by customers. Furthermore, Role-Based Access Control (RBAC) enables fine-grained separation of data usage and access permissions, ensuring that all customers are only granted access to their own data and to conduct relevant trials.

- **Clinical Data Transmission:** We ensure that the cross-border transmission of clinical data and related materials complies with regulatory requirements, obtaining necessary approvals and authorizations according to law. We complete filings with competent authorities in accordance with relevant laws and regulations to ensure that cross-border data flows are compliant, traceable, and controllable.

- **Vulnerability Management:** We regularly conduct security vulnerability scanning and system baseline checks. For important systems, automated security scans are performed weekly, and relevant patches are repaired promptly. In addition, for the Pharma.AI platform, an independent third-party security agency is regularly engaged annually to conduct in-depth penetration testing, continuously eliminating potential security risks.

- **Disaster Recovery Drills:** We regularly organize disaster recovery drills to verify the effectiveness of data backup strategies and emergency response plans.

Network Security Protection

- **System Technical Protection:** Multi-layer security protection (including Internal and external network boundary firewalls, Web Application Firewall (WAF)) is adopted to protect the Pharma.AI platform and information technology systems from hacking, abnormal traffic, and/or unauthorized access. Simultaneously, we conduct real-time monitoring of key network equipment and system operational status through log monitoring to timely identify abnormal behaviors and potential attacks, reducing the risks of network intrusion and service interruption.

- **System Access Control:** We have established information security-related processes for business employee account opening, permission changes, and account retention to strictly control the Company's data accounts. All employees are required to mandatory enable multi-factor authentication (MFA) and perform trusted access through the company's unified identity authentication platform or secure VPN before they can access internal network resources.

Privacy Security Protection

We use the *General Data Protection Regulation (GDPR)* as a benchmark to achieve cross-regional privacy compliance management covering Chinese Mainland, Hong Kong, Taiwan, the United States, and other regions. Meanwhile, we follow the GDPR's "six principles" and accountability mechanisms to ensure that all personal data processing is conducted within a framework of lawfulness, fairness, transparency, purpose limitation, and data minimization. We have established mechanisms for data subject rights response, authorization management, and data breach notification, and we conduct Privacy Impact Assessments (PIA) for new systems and projects. We implement protection measures such as data minimization and pseudonymization to provide comprehensive protection for personal privacy information.

- **Employee Training**

  The Group continuously strengthens employee security awareness education and privacy protection. In 2025, we conducted the "2025 Mandatory Security Awareness Training for All" online compulsory course. The training content focused on dimensions such as network attack methods and prevention essentials, popularization of basic data protection knowledge, and security operation standards and risk identification in daily office work, effectively enhancing employee responsibility awareness and practical capabilities regarding information security and privacy protection.

  Simultaneously, we launched the "2025 Secure Application Development" training project for the software R&D and related technical teams, focusing on thematic learning of secure coding and application security design, helping the Group enhance the security compliance capabilities of products and systems from the R&D source.

2. EMPOWERING PRODUCT R&D

The Group focuses on a "three-in-one" synergy of innovation-driven development, quality assurance, and intellectual property protection to empower full-chain product R&D. This approach supports the efficient, compliant, and high-quality advancement of innovative drug R&D, providing the market with safe, reliable, and competitive breakthrough solutions.

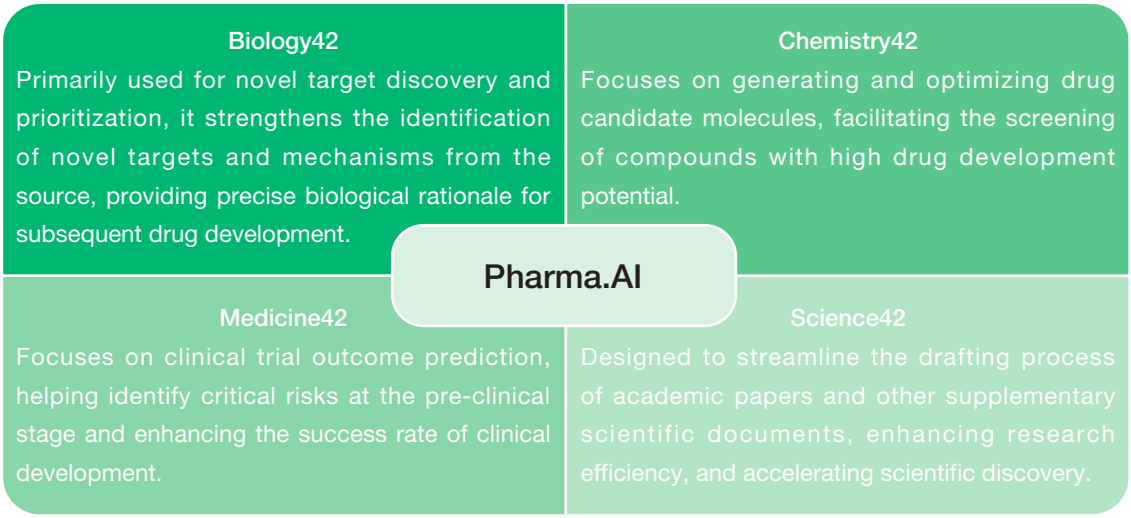
Innovation-Driven

We are committed to empowering drug discovery and development through AI. By leveraging our proprietary generative AI platform, Pharma.AI, an experienced R&D team, and advanced automated laboratories, we continuously improve the efficiency and success rate of new drug R&D. We accelerate the layout of innovative drug pipelines and the transformation of results through industry-university-research cooperation to meet clinical needs.

- **Innovation Capability Building**

  Pharma.AI Platform

  We have independently developed the Pharma.AI platform, successfully integrating advanced algorithms and deep learning models into multiple stages of the entire drug discovery and development life cycle. This includes target identification, molecule generation, lead optimization, biomarker discovery, and clinical trial prediction, significantly shortening R&D cycles, reducing R&D costs, and consistently delivering efficient and precise AI-powered intelligent solutions to support innovative drug development. Pharma.AI consists of four modules: Biology42, Chemistry42, Medicine42, and Science42:



  By streamlining traditionally labor-intensive processes, we significantly increase the probability of drug candidates entering clinical trials, shortening the overall development cycle. With Pharma.AI, the average time from target discovery to Pre-clinical Candidate (PCC) confirmation is only 12 to 18 months, which is substantially shorter than the industry average of 4.5 years.

Meanwhile, Pharma.AI can achieve full integration with our biological teams to build a real-time feedback loop, thereby continuously enhancing the platform's learning capabilities and operational performance. By receiving data inputs from pipeline development processes and strategic collaborations, the platform iteratively updates its models and feeds back its enhanced capabilities into subsequent projects. This improves R&D speed, increases hit rates, and drives continuous optimization of drug development capabilities. As of the end of the Reporting Period, we have generated over 20 assets currently in the clinical or Investigational New Drug (IND) application stage through Pharma.AI.

R&D Team and Laboratories

We continue to strengthen our R&D team and laboratory infrastructure with an aim to constantly fortify our R&D foundation. Our R&D global team consists of experienced scientists, AI engineers, and business leaders. During the Reporting Period, the number of scientists reached **249**, with over **87%** holding master's or doctoral degrees. The majority of core R&D team members, team leads, and project heads are recruited from world-renowned universities and research institutions, providing solid academic support for our research and development initiatives.

We have established the "**Life Star**" automated laboratory, which couples the Pharma.AI system with laboratory capabilities to automate drug R&D processes and reduce experimental bias, providing scientific support for R&D decision-making. This laboratory significantly empowers internal drug R&D, particularly in target validation, target biology, biomarker analysis, indication selection, and combination therapy strategy analysis. It has significantly enhanced our ability to translate scientific discoveries into drug candidates.

- **Innovation Ecosystem Co-construction**

  During the Reporting Period, we established several strategic partnerships with global healthcare and pharmaceutical companies drawing on our long-standing expertise in AI-driven drug discovery. Collaboration areas include next-generation **Antibody-Drug Conjugates (ADC)**, early discovery of small molecule inhibitors for Central Nervous System (CNS) diseases, and new target identification for liver fibrosis, empowering collaborative breakthroughs in AI-driven frontier drug discovery. Meanwhile, through continuous deep cultivation and extensive R&D, we have also expanded Pharma.AI's capabilities into non-pharmaceutical sectors such as agriculture and nutritional supplements, further unleashing the great potential of the Pharma.AI platform in co-building an innovation ecosystem.

- **Innovation Achievement Display**

  Since our founding in 2014, the Group has shared cutting-edge research in international peer-reviewed journals, showing our commitment to lower the innovation threshold for drug discovery. Our research spans multiple core disciplines, including generative biology, generative chemistry, computational biology, and experimental biology. As of the end of the Reporting Period, Insilico Medicine has published over **300 academic papers**. In 2025 alone, we published over **50 peer-reviewed papers**, including 9 studies in *Nature* portfolio and 10 papers in top American Chemical Society (ACS) journals.

Furthermore, leveraging our robust R&D capabilities in drug discovery and pipeline development, the Group has achieved key progress in multiple core technology areas:

Case: ISM001-055 (Oral): A TNIK small molecule inhibitor for the treatment of Idiopathic Pulmonary Fibrosis (IPF)

ISM001-055 (Oral) is a potent selective oral small-molecule inhibitor, intended for the treatment of idiopathic pulmonary fibrosis (IPF), a life-threatening lung disease. Its mechanism of action involves targeted inhibition of the TNIK kinase, which regulates key pro-fibrotic signaling pathways such as Transforming Growth Factor-beta 1 (TGF-β1) and Nuclear Factor-kappa B (NF-kB). This reduces fibrotic progression, downregulates inflammatory cytokine expression, and alleviates deterioration of pulmonary function. It has received **Orphan Drug Designation** from the U.S. FDA and **Breakthrough Therapy Designation** from the NMPA (China) from the initiation of this drug's development in 2019 to date. We plan to advance to **Phase III** clinical studies in China in the first half of 2026.

Case: ISM5411 (Oral): A PHD1/2 small molecule inhibitor for Inflammatory Bowel Disease (IBD)

ISM5411 is an oral, gut-restricted small-molecule inhibitor of Prolyl Hydroxylase Domain-containing proteins 1 and 2 (PHD1/2), intended for the treatment of Inflammatory Bowel Disease (IBD). Its core mechanism of action involves targeted inhibition of the PHD1/2 targets, which modulates gut inflammation-related signaling pathways, alleviates chronic inflammatory responses in the gastrointestinal tract, and thereby exerts therapeutic effects. A Phase IIa clinical trial for ulcerative colitis was launched in China in November 2025, with the first patient dosed in December 2025.

Case: ISM3412: A MAT2A small molecule inhibitor for the treatment of MTAP-deficient solid tumors

ISM3412 is a potent selective oral small-molecule inhibitor of Methionine Adenosyltransferase 2A (MAT2A), intended for the potential treatment of locally advanced/metastatic solid tumors with MTAP deficiency (MTAP: Methylthioadenosine Phosphorylase). Its mechanism of action involves targeted inhibition of MAT2A, which reduces the production of S-Adenosylmethionine (SAM), leading to the loss of methyltransferase activity of SAM-dependent Protein Arginine Methyltransferase 5 (PRMT5). This harnesses the principle of synthetic lethality to exert anti-tumor effects. It has received IND approval from both the U.S. FDA and NMPA. A global multicenter Phase I first-in-human clinical trial is currently underway, which consists of two parts: a dose-escalation part (Part 1) and a dose-selection optimization part (Part 2). The trial is currently ongoing with Part 1, with the first research center launched in December 2024 and the first patient enrolled in April 2025.

In 2025, our R&D capabilities were widely recognized through several prestigious awards based on the above R&D achievements:

Award Name	Awarding Institution
50 Smart Companies (TR 50)	MIT Technology Review
2025 VENTURE50 & Life Science 50	Zero2IPO Group, Pedaily
2025 Future Healthcare 100 – China Innovative Medicine	VCBeat, VB100
BostInno 2025 Fire Award	BostInno
2025 Nature Index Global Bio-Science Industry Ranking	Springer Nature

Quality Assurance

The Group has established a comprehensive quality assurance mechanism covering the entire process of clinical trials, third-party collaborations, regulatory filings, and the licensing of pipeline products. Through strict compliance control, professional oversight, scientific process management and rigorous partner screening, we profoundly ensure the standardization, scientific integrity, and reliability of drug R&D, clinical stages and follow-on development.

- **Clinical Trial Quality Control**

  Our clinical trials strictly follow the Investigational New Drug (IND) approval requirements of regulatory agencies such as the NMPA (China), FDA (U.S.), and Medsafe (New Zealand). All clinical research activities are conducted in accordance with Good Clinical Practice (GCP) standards so as to ensure full compliance with regulatory requirements and industry standards throughout the entire process.

  Each trial is led by a Principal Investigator (PI) who ensures adherence to the protocol and GCP. With the assistance of Contract Research Organizations (CROs) and Contract Development and Manufacturing Organizations (CDMOs), closely monitor trial-related activities, we conduct site audits, constantly implement risk assessments and safety assessments, review protocol deviations and clinical data verification in the full course of clinical trials to protect subject safety and ensure data integrity.

- **CRO and CDMO Management**

  The Group maintains stable partnerships with professional and compliant CROs and CDMOs equipped with well-established service capability and solid industry reputation, screening them based on key factors such as qualifications, expertise, and industry reputation to further safeguard the quality of the clinical trial. As of the end of the Reporting Period, we have established collaborations with over 40 institutions. Except for certain specified partners, none of these institutions have a related party relationship with the Group, its directors, shareholders, or senior management, thereby ensuring the independence and impartiality of our collaborations.

Pre-clinical CROs and CDMOs are required to provide services including compound synthesis, laboratory testing, preclinical pharmacology, toxicology, and safety evaluation in strict accordance with research plans, under the centralized oversight of the Group. This lays a solid scientific foundation for subsequent clinical trials. Clinical CROs offer full-process services such as trial preparation, source data verification, clinical safety management, data management, and report writing in line with trial protocols, supporting the standardized implementation of clinical trials. CDMOs strictly follow product specifications, current Good Manufacturing Practice (cGMP), the Group's quality standards and relevant laws and regulations in the production stage to ensure the stable and compliant quality of drugs used in trials.

- **Product Registration**

  The Group has established a standardized filing process for candidate drugs to align with regulatory approval requirements. Focusing on **Investigational New Drug (IND)** and **New Drug Applications (NDA)**, we coordinate the collection of application materials, responses to regulatory inquiries, and the monitoring of R&D project compliance. We ensure that all clinical trials and R&D activities strictly adhere to relevant laws and regulations. Furthermore, the Group maintains full-process control over the regulatory submission of candidate drugs, ensuring that all clinical trials complete filings with relevant regulatory authorities and obtain formal approval before commencement, thereby safeguarding the legal and compliant initiation of trials from the source.

- **Quality Assurance for Pipeline Product Licensing**

  During the outward licensing of pipeline products, we conduct rigorous due diligence on potential partners, prioritizing those with mature development capabilities, robust commercial infrastructure, and strong commercial channels. This ensures that subsequent development, production, and commercialization stages maintain high-standard quality requirements. For joint development projects, we take the lead in executing core R&D work while partners provide financial support, ensuring that the R&D process and quality standards remain consistently controllable.

Intellectual Property Protection

The Group strictly complies with domestic and international laws and regulations, including the ***Patent Law of the PRC*** and the ***Trademark Law of the PRC***, and has constructed an internal-external collaboration, professional and efficient intellectual property ("**IP**") protection system. Internally, we implement a dedicated management mechanism where IP experts are responsible for daily maintenance and management; externally, we collaborate with professional IP lawyers and service agencies to strengthen the external risk prevention and rights protection system. Additionally, we intend to issue a *Patent Application Policy* to provide institutionalized and standardized guidance for the application, management, and protection of IP, continuously consolidating the core protection for innovation achievements.

The Group's labor contracts clearly define IP clauses, stipulating that employees must not infringe upon third-party IP rights, must strictly fulfill confidentiality obligations, and clearly defining service-related inventions. Furthermore, our commercial contracts with partners explicitly state that employees involved in relevant work must bear strict confidentiality and non-infringement obligations. In daily IP work, we utilize a coordination mechanism between internal and external IP experts to continuously monitor patent layouts and potential infringements, establishing a timely feedback and processing mechanism for any identified risks to minimize the occurrence of external IP infringement.

Beyond strengthening our IP management system, we foster an innovation culture through corporate culture building and policy guidance. We also take employees' efforts in IP invention into account during performance evaluations. The Group is progressively advancing the establishment of the *Service Invention Reward and Remuneration Management Policy* and related auxiliary policies to incentivize innovation through a long-term mechanism. As of the end of the **Reporting Period**, the Group possessed **100 registered trademarks**, **79 authorized patents**, **22 copyrights**, and **64 domain names**, building a solid IP foundation for core business development and market competitiveness.

3. WIN-WIN COOPERATION

Client Empowerment

We have implemented a comprehensive strategy focused on identifying and capturing high-value partnerships, rigorously evaluating new business opportunities, and deploying precise marketing models to enhance customer service quality and market penetration. We continuously monitor and respond to evolving customer needs by providing customized products and services, while persistently innovating and refining our offerings to ensure they remain at the forefront of the industry and are aligned with customers' evolving needs.

Our **Pharma.AI** platform is a key driver in attracting a broad and diverse global client base across multiple industries. The platform is supported by an **Application Scientist** team and an online inquiry system for timely responses and updates. In R&D collaborations and pipeline licensing negotiations, "Joint Committees" are established between the Group and the client to discuss, coordinate, and update the progress of cooperation to better fulfill customer service requirements.

Insilico Medicine regularly empowers clients by providing comprehensive technical support services. We hold online webinars every quarter to introduce completed platform updates and upcoming major features. Furthermore, we send platform update emails to all software subscribers at least once per quarter to ensure they are aware of the latest functions. In addition, we offer customer training, interactive Q&A, and other support services to timely resolve user issues, introduce new platform functions, and provide operational guidance. This helps users make better use of the platform, improving their efficiency and satisfaction.

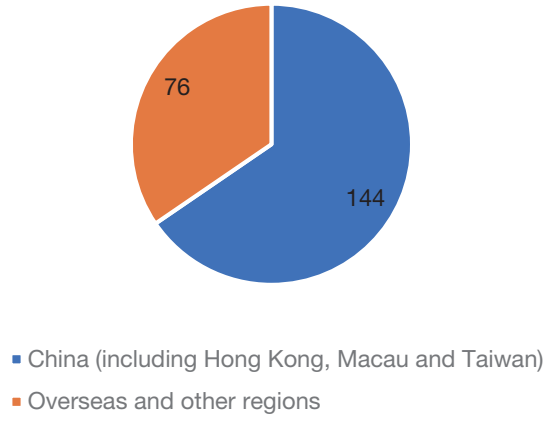
Regarding after-sales service, we have formulated the *Support and Maintenance Policy* within our platform subscription agreements. We respond promptly to any user inquiries or issues, confirming receipt and providing a preliminary action plan. Solutions are provided based on the severity and complexity of the issue, with continuous follow-up until resolution. During the **Reporting Period**, the Group received **zero complaints** or negative comments regarding customer service.

Supply Chain Management

A safe and stable supply chain is vital for business stability. To strengthen procurement management and standardize procurement processes for goods and services, Insilico Medicine has formulated the *Procurement Management Process*, clearly defining applicable scope, departmental responsibilities and procedures. We utilize a digital **OA system** for full life-cycle supplier management, covering registration, admission, information changes, performance evaluation, and category adjustment. Through differentiated and tiered control strategies, we have effectively enhanced the standardization and professional level of supplier management.

Supplier Admission: All new suppliers must submit four basic materials: company introduction, business license, financial statement, and bank information. Additional relevant materials are required according to specific procurement categories. Suppliers in clinical categories involving **GXP** (Good Practice) testing or services must additionally submit **ISO/GXP** certifications and laboratory qualifications such as **CNAS**, **CMA**, or **CAP, ensuring that its quality management system and professional technical capabilities comply with industry regulations and the Group's standards.**. In 2025, we added **220 new suppliers**, with **171** passing the admission process.

Number of new suppliers by region in 2025*



Note: The Group's supplier management system only records the regional distribution of new suppliers added during the Reporting Period and has not yet completed the statistics for the regional distribution of all suppliers in the database. Subsequently, we will continue to optimize the system functions to achieve data statistics for all existing active suppliers.

The Group conducts annual multi-dimensional performance evaluations for key suppliers in core categories, covering five key dimensions: quality, cost, delivery, service, and innovation. We have developed detailed scoring indicators tailored to different sub-categories to establish a more granular and objective supplier evaluation system. Upon completion of the evaluation, the system automatically collects and aggregates data from all stages and classifies suppliers into four levels – **Strategic, Preferred, General, or Unqualified** – based on their specific category and comprehensive scores. This full-process digital management ensures that the evaluation process is scientific, transparent, and traceable, while simultaneously enhancing the flexibility and refinement of our supply chain management.

For core suppliers, the procurement and user departments provide performance feedback on an irregular basis according to business requirements to drive targeted improvements and enhancements by the suppliers. For unqualified suppliers, the Group may conduct a re-evaluation based on their latest performance data should new business needs arise. If the re-evaluation is passed, the supplier's eligibility may be restored and integrated into the supplier management process for subsequent tracking. Through this closed-loop management, the Group effectively ensures the dynamic optimization and stability of its supply chain.

In terms of supplier risk management, we have conducted supply continuity risk assessments to identify critical materials and potential risks of supply interruption. We integrate supply chain risk management into the entire supplier life-cycle, achieving full-process risk prevention and control – from development and admission to performance appraisal – thereby effectively diversifying supply chain risks. Furthermore, based on actual business needs, we organize collaborative communication and information exchanges with suppliers on an irregular basis to respond promptly to market and business changes. We also establish corresponding approval processes and management nodes based on the classification and risk identification of different suppliers to achieve differentiated and refined control. Additionally, we formulate alternative procurement strategies for suppliers to safeguard the security and stability of our supply chain.

Furthermore, based on actual business needs, we organize collaborative communication and information exchanges with suppliers on an irregular basis to respond promptly to market and business changes. We also establish corresponding approval processes and management nodes based on the classification and risk identification of different suppliers to achieve differentiated and refined control. Additionally, we formulate alternative procurement strategies for suppliers to safeguard the security and stability of our supply chain.

Supplier Development	Supplier Admission	Performance Evaluation
• Continuously expand and introduce new suppliers that meet requirements to maintain the diversity and competitiveness of the supplier pool and diversify risks at the source.	• Strengthen auditing and screening to ensure early-stage risks are controllable. • Review data and reports from third-party platforms during registration to effectively evaluate the operational status of suppliers.	• Regularly conduct annual supplier performance evaluations to promptly identify and handle underperforming or high-risk suppliers, promoting continuous improvement.

Supply Chain Risk Management Measures

The Group attaches great importance to the ESG performance of suppliers and is committed to building a sustainable supply chain. We incorporate suppliers' ESG responsibilities into contractual agreements, stipulating that suppliers shall comply with all applicable environmental, health, and personal safety laws, including but not limited to all laws prohibiting child labor, human trafficking, and slavery. Suppliers agree not to employ child labor or forced labor in the performance of their obligations under the agreement. Furthermore, if a supplier involves the care, handling, and use of non-human animals in the performance of the agreement, the supplier shall comply with (and ensure that any of its subcontractors comply with) applicable laws, rules, and regulations, as well as the latest market practices regarding the proper care, handling, and use of animals in biopharmaceutical research activities.

Industry Exchanges and Cooperation

Insilico Medicine actively organizes and participates in various industry exchange activities to continuously build an open and collaborative innovation ecosystem, accelerate the transformation of pharmaceutical innovation achievements, and promote cross-border integration and common progress in the fields of AI and biomedicine. In 2025, we participated in industry exhibitions such as the China International Import Expo (CIIE) and the Hong Kong International Biotechnology Convention & Exhibition (BIOHK), as well as industry academic conferences including the American Thoracic Society (ATS) 2025 International Conference, the American Association for Cancer Research (AACR) Annual Meeting 2025, and the 39th Conference on Neural Information Processing Systems (NeurIPS 2025). We were also invited to Harvard Business School for case study sharing, where we used keynote speeches, high-level dialogues, and round-table discussions to showcase our latest innovative achievements and share industry insights and experiences with global partners and industry experts. Additionally, we actively participated in sustainability-related exchange activities such as the 2025 Fortune Sustainability Forum and the Conference on Artificial Intelligence and Materials for Sustainability (AIMS 2025) to engage in in-depth dialogues with various sectors of society and jointly explore innovative paths and practice models for the sustainable development of the pharmaceutical industry in the intelligent era.

Case: China International Import Expo (CIIE 2025)

In November 2025, at the 8th China International Import Expo, Insilico Medicine comprehensively showcased its proprietary end-to-end platform Pharma.AI and a diversified pipeline driven by generative AI, among which the most advanced project, Rentosertib, completed proof-of-concept (PoC) in a Phase IIa clinical study.

Case: American Association for Cancer Research (AACR) Annual Meeting 2025

In April 2025, at the AACR Annual Meeting held in Chicago, USA, Insilico Medicine presented its latest progress in AI-driven oncology treatment and shared several key academic achievements, including potential cancer treatment strategies discovered with AI assistance (published in *npj Aging*); a novel CDK7 inhibitor with superior drug-like properties driven by AI (published in the *Journal of Medicinal Chemistry*); and the discovery process of an innovative KRAS inhibitor enhanced by quantum computing algorithms (published in *Nature Biotechnology*), aiming to fully leverage the potential of generative AI, drive scientific breakthroughs, and lower R&D barriers.

Case: Harvard Business School Case Study Analysis

In October 2025, Dr. Alex Zhavoronkov, Founder and CEO of Insilico Medicine, along with the Company's Business Development team, was invited to present the Rentosertib pipeline R&D case study to students at Harvard Business School. The case study aimed to introduce the development history of Insilico Medicine and the rapidly innovating AI-driven drug discovery industry. It highlighted typical operational models for out-licensing partnerships and explored how to enhance early-stage R&D efficiency as proprietary pipelines enter the clinical stage. By presenting real-world validation results, it provided Harvard Business School students with a strategic reference that combined theoretical depth with practical value.

4. ADHERING TO A PEOPLE-ORIENTED APPROACH

Protection of Employee Rights

We value the development of a diverse corporate culture and continuously implement management practices that support diversity, providing fair treatment and employment opportunities for all employees. We strictly comply with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Provisions on the Prohibition of Child Labor*, and all other applicable laws and regulations in our operating locations. We have formulated an *Employee Handbook* to resolutely safeguard the various legal rights and interests of our employees. We do not discriminate against job applicants or employees based on ethnicity, race, nationality, social background, disability, religious belief, gender, marital status, or age. As of the end of the Reporting Period, approximately 48% of our employees were female, and the proportion of female managers in senior management exceeded 50%.

In terms of employee recruitment, Insilico Medicine adheres to the principles of open recruitment, fair competition, and merit-based selection. We have formulated the *Insilico Medicine Talent Recruitment and Cultivation System* and refined recruitment and employment procedures. We utilize a unified recruitment process and interview evaluation system to ensure that all recruitment processes are fair and impartial, meeting the Group's needs for talent development. We employ multiple recruitment channels to attract global talent, including campus recruitment, social recruitment, and headhunting. We have also established an internal referral system to encourage and reward employee referrals, and built an internal talent pool to integrate talent resources and continuously optimize our talent structure.

The Group resolutely resists the employment of child labor and forced labor. To ensure that employment complies with the *Provisions on the Prohibition of Child Labor*, we conduct background checks during the hiring process to verify the age and relevant identity information of candidates. We explicitly require all recruitment processes to strictly adhere to national laws, regulations, and international labor standards to eliminate any form of non-compliant employment. If an employee is found to have concealed information or committed fraud, we reserve the right to terminate the labor contract. As of the end of the Reporting Period, no incidents of child labor or forced labor occurred within the Group.

As of December 31, 2025, we had a total of 317 employees and consultants, all of whom were full-time employees. The specific distribution is as follows:

	Category	Number of Employees
Gender	Male	164
	Female	153
Age	Under 30	59
	30-50 years old	253
	Over 50	5
Region	China	202
	Other regions	115

During the Reporting Period, the employee turnover rate of the Group was 15.92%[1]. The specific distribution is as follows:

	Category	Employee Turnover Rate
Gender	Male	12.77%
	Female	19.05%
Age	Under 30	23.38%
	30-50 years old	12.15%
	Over 50	58.33%
Region	China	15.48%
	Other regions	16.67%

Notes:

1. Employee turnover rate = Number of employee turnovers during the year/(Number of employee turnovers during the year + Total number of employees at the end of the year).

- Remuneration and Benefits

  We have established a performance-based remuneration system that provides positive incentives for top performers and urges those who fail to meet expectations to improve immediately. The Group has set up differentiated bonus and incentive plans for different employee groups to effectively drive individuals

to achieve professional goals and stimulate their potential. To attract, motivate, retain, and reward core talent, the Group implements a long-term equity incentive plan, promoting the common development of employees and the company through forms such as stock options. We have also established the CEO Award to recognize employees who perform excellently in R&D, collaboration, and breakthroughs. The Group conducts an annual remuneration review, considering factors such as the economic environment, market levels, job grades, and individual performance to ensure the remuneration structure remains market-competitive and fair.

We provide various benefit plans to support employees' work-life balance and personal development. We implement a flexible working policy, granting employees the autonomy to arrange their working hours and locations flexibly while ensuring work efficiency and team collaboration. We provide all employees with paid leave, including national statutory holidays, annual leave, bereavement leave, marriage leave, maternity leave, sick leave, childcare leave, paternity leave, and breastfeeding leave, along with group benefits such as annual physical examinations based on their respective regions. We pay special attention to the health of female employees, providing specialized screening items in their physical examinations. We also extend health plans to employees seconded to other countries at the Group's expense, stipulating that their family members (spouse and children) can enjoy the same health plans with costs covered by the Group. We also continue to create a positive and harmonious organizational atmosphere through diverse employee activities such as birthday parties, sports activities, and team-building events, constantly enhancing employees' sense of belonging and team cohesion.

We have established smooth employee communication channels, listening to their voices and building an open and equal communication culture. The CEO regularly shares strategic progress and latest updates through all-staff emails and encourages employees to actively raise questions. Simultaneously, the Group has set up a dedicated internal complaint mailbox, where employees can submit appeals and expected solutions anonymously or using their real names. Every year, the HR Department organizes one-on-one career development communications between employees and line managers to understand employees' career aspirations and needs, providing them with career development advice and resource support.

We conduct an annual employee satisfaction survey to systematically collect feedback and continuously optimize human resource management practices. In 2025, Insilico Medicine was honored with the "Outstanding Employer Award in the Great Health Sector".

Employee Birthday Party

Women's Day Benefits

Team Building Activities

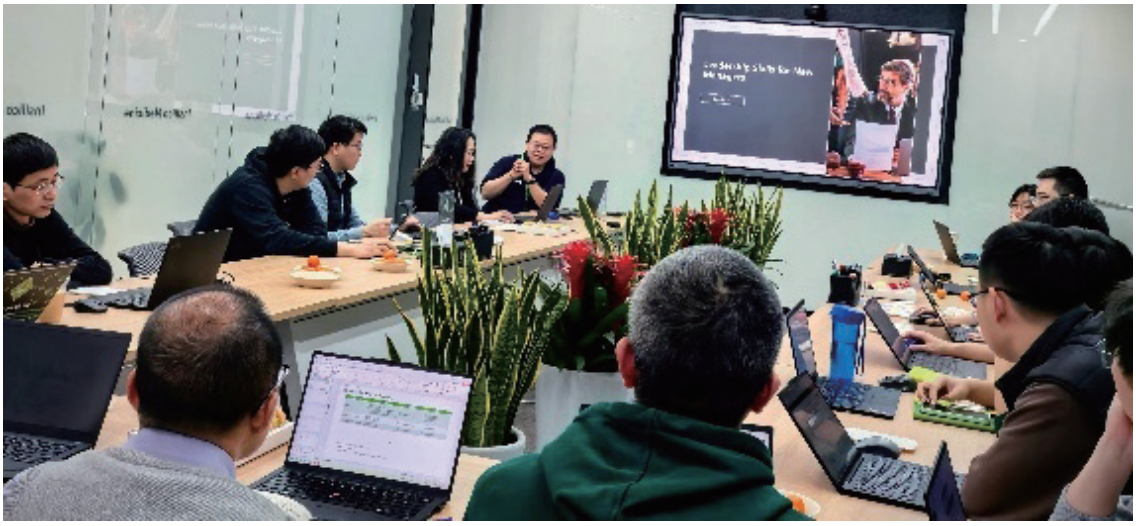
Annual Party

Training and Development

Insilico Medicine has established a performance evaluation system and a transparent employee promotion system to reasonably plan employees' career development. We conduct an annual performance evaluation, which includes self-assessment, supervisor assessment of duty fulfillment, employee development plans, individual goal setting, and job performance. The evaluation results are linked to future promotions and remuneration adjustments.

The Group attaches great importance to employee cultivation. In accordance with the *Insilico Medicine Talent Recruitment and Cultivation System*, we have established a sound cultivation system to fully implement the development requirements of an innovative enterprise. We fully mobilize the enthusiasm of employees for self-improvement and independent innovation, providing a strong talent guarantee for the Group's rapid, sustainable, and healthy development. Training types primarily include orientation for new employees and Individual Development Plans (IDP). New employee training mainly covers corporate culture and values, employee benefits, cybersecurity management, and other important rules and regulations, helping employees quickly understand the Company and integrate into the team. Furthermore, based on the Company's development strategy and individual development needs, we formulate targeted IDPs, enhancing employees' professional capabilities and comprehensive strength through a combination of on-the-job, internal, and external training.

On-the-job training	Internal training	External training
• Provide systematic professional job training to help employees quickly familiarize themselves with the Company's working environment and job responsibilities, efficiently master key job elements, and achieve high-quality output. • The Company implements a mentorship system where senior scientists provide guidance. Through setting stage-by-stage goals, holding regular review meetings, and providing professional guidance, young scientists can quickly navigate the learning curve and apply what they have learned to projects.	• Led by the respective departments and based on actual R&D needs and Individual Development Plans (IDPs), we organize internal training courses, professional seminars, and expert sharing sessions (both internal and external) to continuously enhance employees' professional capabilities and professional literacy.	• The company supports employees in participating in external training programs (such as industry seminars, collaborative research projects, university courses, or professional qualification courses) to keep pace with industry developments and cutting-edge R&D trends. • External training is applied for by the employees. Upon approval, the company may provide a certain proportion of financial subsidies.



Leadership Training

During the Reporting Period, 100% of the Group's employees received training, with an average of 6.26 training hours per employee. The specific training data is as follows:

	Category	Percentage of Trained Employees (%)	Average Training Hours (Hours)
Gender	Male	50.16%	5.82
	Female	49.84%	7.21
Employment Type	Senior Management	3.47%	4.45
	Middle Management	40.06%	7.84
	General Employees	56.47%	5.16

Occupational Health and Safety

We have adopted and maintained a series of rules, standard operating procedures (SOPs), and measures, such as the *Occupational Health and Safety Management Document*, *Biosafety Management Manual*, and *Occupational Health Management Procedures*. These provide detailed regulations on the prevention and control of occupational hazards, laboratory safety, and chemical safety, and clarify the responsibilities of all parties to ensure a hygienic work environment and the safety and health of employees. We conduct occupational health check-ups for employees exposed to occupational hazard factors and equip laboratories with sufficient Personal Protective Equipment (PPE) to ensure employees can access effective protection at any time. Simultaneously, conspicuous risk warning signs are posted at work sites to clearly indicate operational risks and PPE requirements.

We require new employees to participate in safety training to familiarize themselves with relevant safety rules and procedures. In 2025, we conducted specialized safety and health education for employees exposed to occupational hazard factors, covering occupational health laws and regulations, occupational health surveillance, fire safety, laboratory safety standards, engineering protection measures, hazardous chemical usage, emergency response procedures, and biosafety. We also invited fire safety experts for training and regularly conducted emergency evacuation drills to reduce risks related to potential fire accidents. In 2025, we organized fire drills for all staff and conducted specialized drills, such as hazardous waste leakage and biosafety contingency plans, for the scientist teams in our R&D laboratories, effectively enhancing employees' emergency awareness and capabilities.

Over the past three years, the Group has had no work-related fatalities. During the Reporting Period, the number of lost workdays due to work-related injuries was 0.

Fire drill

Chemical spill drill

Community Investment

Regarding social investment, Insilico Medicine carries out multiple activities in the fields of talent education and healthcare. We provide support and assistance to the public, university students, and patients through various channels such as online platforms, research collaborations, social welfare organizations, and science courses, aiming to deeply understand and resolve key social issues.

We actively participate in activities organized by the China Serious Diseases Foundation. Through channels established by the foundation, we connect with patients, listen to their needs, and collaborate with the foundation and other medical research institutions to develop targeted drugs. We also provide a rich talent pool for the AI pharmaceutical industry. By establishing scholarships, hosting various scientific seminars, and opening the PandaOmics platform, we provide professional guidance to university students and encourage them to participate in AI biopharmaceutical R&D projects, cultivating talent for the industry's future. Additionally, we actively engage in social practice public welfare projects for middle school students, supporting future talent cultivation and continuously promoting the extension of industry-university-research integration toward broader social value.

To raise public awareness, we initiated a pioneering documentary project on AI-driven drug discovery, inviting global filmmakers to submit their work. From over 90 entries across 14 countries, 5 winning works were selected. These efforts reflect our dual focus on scientific education and global cooperation, aiming to attract top talent while promoting public understanding of AI's role in healthcare innovation.

Case: Providing Practical Training and Employment Opportunities for Faculty and Students of United Arab Emirates University (UAEU)

In June 2025, Insilico Medicine signed a strategic cooperation agreement with United Arab Emirates University (UAEU) to engage in deep collaboration on scientific talent cultivation and biotechnology innovation in the Middle East. This partnership focuses not only on joint research projects and academic exchanges but also includes providing practical training, internships, and employment opportunities in the fields of AI and drug discovery for UAEU students and faculty. Furthermore, the parties plan to co-publish innovative research and host various educational seminars and activities such as expert lectures and hackathons, building a bridge between academia and industry. Both parties look forward to leveraging Insilico Medicine's advanced Pharma.AI platform and automation technologies to embed AI workflows into local research and education, facilitating the integration of industry, university, and research, and driving the transformation and upgrading of the local biopharmaceutical sector.

Case: Shanghai High School Student Practice Activity

In May 2025, Insilico Medicine organized a one-week internship and scientific research practice for a student group from the International Division of Shanghai High School. We adopted a phased teaching model, guiding students through AI knowledge learning while integrating theoretical studies with hands-on project operations. This initiative provided students with an immersive office environment experience and professional guidance, with ongoing Q&A support to facilitate their growth. The internship significantly enhanced students' understanding and application capabilities regarding AI-driven pharmaceutical development, the entire process of innovative drug R&D, and AI engineering practices, accumulating valuable experience for their future career development.

5. PRACTICING GREEN DEVELOPMENT

The Group consistently upholds the philosophy of green and low-carbon development, strictly implements pollution prevention and control, and continuously promotes energy conservation, emission reduction, and efficient resource utilization to enhance its environmental management level. Meanwhile, the Group actively responds to the global call for climate change governance, integrates climate-related risks and opportunities into its overall strategic planning, and steadily carries out climate response actions to promote sustainable and high-quality corporate development.

Green Operations

- **Environmental Management**

  The Group strictly complies with environmental protection laws and regulations in the locations where it operates, such as the *Environmental Protection Law of the People's Republic of China* and the *Environmental Impact Assessment Law of the People's Republic of China*. We have formulated the *Environmental Protection Management Manual*, strictly implemented compliant pollutant discharge and pollution prevention throughout the entire operational process, and actively promoted energy saving and emission reduction to protect the ecological environment through responsible development. In 2025, the Group's total expenditure on environmental protection was USD13,152.81.

  We have established the EHS Department as the primary department responsible for environmental management, conducting regular environmental risk assessments to accurately identify potential risks and taking corresponding measures to mitigate or eliminate them. Additionally, the EHS Department formulates environmental management plans based on the results of these risk assessments, continuously improving environmental governance measures and emergency response plans to ensure that environmental management work is compliant, controllable, and carried out in an orderly manner. During the Reporting Period, there were no major accidents involving violations of environmental laws or impacts on the environment and natural resources, nor were there any penalties or litigations related to environmental protection.

- **Emissions Management**

The Group has established a standardized and regulated emissions management system to ensure 100% compliant discharge of wastewater, exhaust gases, and solid waste, earnestly fulfilling its corporate ecological protection responsibilities.

Wastewater and exhaust gases generated from R&D activities are centrally treated by the laboratory park, and we implement dynamic monitoring throughout the process to strictly ensure compliant discharge. For solid waste, we implement a classified management system: general solid waste (such as pure water filter elements) is collected and stored in designated areas for recycling and disposal by suppliers; hazardous waste is collected by category and handled by qualified units; and medical waste is sterilized before being collected and transported by professional agencies with medical waste disposal qualifications, minimizing the negative environmental impact of our R&D and operational activities.

During the Reporting Period, the Group's solid waste discharge volume and density were as follows:

Solid Waste	Unit	2025
Hazardous waste	tonnes	3.33
Hazardous waste density	tonnes per person	0.01

Note: As the Group's current operational premises are primarily offices and laboratories, the assessed environmental impact is relatively small. Therefore, Key Performance Indicators A1.1 (types of emissions and related emission data) and A1.4 (total non-hazardous waste produced and density) have no material impact on the Group's operations and are not disclosed in this ESG report. The Group will continue to monitor its environmental performance and disclose relevant environmental data at an appropriate time.

- **Resource Management**

The Group attaches great importance to resource conservation and efficient utilization, continuously promoting energy saving and water conservation to improve the usage efficiency of energy and water resources as a management objective, steadily advancing its green and low-carbon transition.

Our direct energy consumption mainly includes gasoline, while indirect energy consumption primarily consists of purchased electricity and heating. Water used for our R&D and operations is sourced from the municipal water supply, and there are no issues regarding water sourcing. Due to our business characteristics, we do not use packaging materials in our operations.

Regarding energy management, to reduce electricity consumption, we utilize LED energy-saving lighting in laboratories and adjust fresh air heating and air conditioning operation times based on weather conditions. In office areas, on the premise of ensuring normal operations, we timely adjust air conditioning usage and assign personnel to conduct daily inspections to ensure lights are turned off by zone, avoiding power waste. For water management, we regularly monitor water usage and have installed water treatment and disinfection systems for laboratory air conditioning to reduce the frequency of water replacement, thereby reducing water consumption. Simultaneously, we actively advocate for a green office by implementing double-sided printing and paperless office practices to reduce the environmental impact of office supplies.

During the Reporting Period, the Group's resource usage and density were as follows:

Resource Usage	Unit	2025
Total energy consumption	MWh	1,301.13
Direct energy consumption	MWh	35.59
Gasoline	MWh	35.59
Indirect energy consumption	MWh	1,265.54
Purchased electricity	MWh	1,262.07
Purchased heating	MWh	3.47
Energy consumption density	MWh per person	4.10
Total water consumption	tonnes	8,370.42
Water consumption density	tonnes per person	26.41

Note: The energy consumption of gasoline is calculated with reference to the default values of common fossil fuel characteristic parameters in Schedule 2 of the *Guidelines for Accounting and Reporting of Greenhouse Gas Emissions from Enterprises in Other Industrial Sectors (Trial)* issued by the National Development and Reform Commission.

Climate Change

We attach great importance to the impact of climate change on the value chain, actively respond to the national "carbon peak" and "carbon neutrality" strategies, continuously improve climate change governance, and proactively identify climate-related risks and opportunities. We integrate climate risk management into the entire process of operation and development to enhance our climate response capabilities.

Governance

We continue to deepen the internal governance of climate change by fully integrating climate management responsibilities into our ESG governance framework. The Board of Directors serves as the highest governing body for supervising climate-related matters, with the ESG Committee assisting the Board in management and supervision. The ESG Working Group is responsible for implementing specific climate management tasks. This top-down approach builds a climate governance system featuring clear roles and responsibilities, efficient operation, and multi-level implementation.

Note: Please refer to the ESG Governance Structure section for specific governance responsibilities at each level.

Strategy

Recognizing the risks and opportunities climate change presents to the entire value chain, we have conducted a comprehensive assessment of short-, medium-, and long-term climate-related risks and opportunities based on our industry characteristics and business model. We have formulated targeted response measures to mitigate climate risks and proactively seize opportunities. We have determined the time horizons as short-term (1 year), medium-term (2-5 years), and long-term (over 5 years), considering our business planning and climate policy requirements in our operating regions or countries.

Type		Name	Description	Time Frame			Value Chain Stage	Financial Impact	Adaptation and Mitigation Efforts
				Short-term	Mid-term	Long-term			
Physical Risk	Acute Risk	Extreme weather such as typhoons, rainstorms, and floods	Extreme weather such as typhoons, rainstorms, and floods may cause direct damage to assets, delays in the R&D process of drug pipelines, business disruptions, and supply chain interruptions.	Low	Low	Medium	Upstream, Own operations	Increase in operating costs, Decrease in revenue	• Closely monitor catastrophic weather, refine extreme weather emergency plans, and integrate extreme weather risk responses into daily operational management. • Strengthen reserves of emergency supplies and conduct regular emergency drills.
	Chronic Risk	Rising average temperatures	Rising average temperatures will lead to increased cooling demand in laboratories and office areas, increasing electricity consumption.	Low	Low	Medium	Own operations	Increase in operating costs	• Implement office energy-saving measures such as turning off lights when leaving. • Promote high-efficiency energy-using and cooling equipment, and strengthen the monitoring of energy usage.

Type		Name	Description	Time Frame			Value Chain Stage	Financial Impact	Adaptation and Mitigation Efforts
				Short-term	Mid-term	Long-term			
Transition Risk	Policy & Legal Risk	Carbon emissions and regulatory supervision	Stricter policies related to carbon emissions and environmental protection; violations of relevant regulations may result in warnings, fines, etc.	Low	Medium	Medium	Own operations	Increase in operating costs	• Track the latest regulatory requirements in operating locations, strengthen energy management and carbon emission accounting, and ensure the compliance of business activities.
	Reputation Risk	Increasing market attention to the company's climate performance	Stakeholders' requirements for the company's climate performance are increasing; climate disclosure and response may affect corporate reputation and investor decisions.	Medium	Medium	High	Own operations, Downstream	Increase in operating costs	• Regularly disclose the Group's climate management performance through the official website, ESG reports, and other channels, and promptly respond to stakeholder concerns and demands.
Opportunity	Resource Efficiency Opportunity	Green office	Promote energy conservation and carbon reduction in laboratories and office areas to reduce daily operating costs.	Low	Low	Medium	Own operations	Decrease in operating costs	• Strengthen the publicity and education of employees' energy-saving and environmental protection awareness. • Gradually phase out high-energy-consuming equipment in laboratories and office areas.

Type		Name	Description	Time Frame			Value Chain Stage	Financial Impact	Adaptation and Mitigation Efforts
				Short-term	Mid-term	Long-term			
	Market Opportunity	Empowering advanced materials, agriculture, nutritional products, and veterinary medicine, etc.	Utilizing the Pharma.AI platform can accelerate the R&D for advanced materials, agriculture, nutritional products, and veterinary medicine, etc..	Low	Medium	High	Downstream	Increase in revenue	• We initiated the Generative AI for Environmental Sustainability (AIMS) consortium, aiming to apply our generative AI technology to fields beyond biomedicine through the Pharma.AI platform, helping the Group cultivate new business growth points.

Notes:

1. Given our business characteristics, the Group has not identified climate risks or opportunities in the short or medium term that significantly impact our existing business, financial position, or cash flows. Thus, under Appendix D "Comply or Explain" of the ESG Reporting Code, we are not required to provide quantitative analysis for climate-related transition risks, physical risks, or opportunities in this Reporting Period.

2. Since the expected financial impact cannot be reliably quantified at this stage, we have applied "Financial Effects Relief" for the quantitative analysis of climate risks and opportunities, disclosing the financial impacts qualitatively.

3. As the impact of climate risks and opportunities on our financial position, performance, cash flows, financing channels, cost of capital, business model (including resource allocation), and operational status is limited in the short to medium term, we have not yet developed a climate transition plan. We commit to monitoring external changes and will adjust our strategy or develop a plan if necessary.

4. Due to the Group's current data preparedness, conducting climate scenario analysis would require disproportionate cost and effort. Thus, we have adopted "Reasonable Information Relief" for scenario analysis disclosure in this report. We commit to promoting energy-saving measures to enhance our climate resilience in the future.

Risk Management

We integrate climate-related risk and opportunity management into the Group's overall risk management process. We have established a comprehensive management mechanism for identifying, assessing, and responding to climate risks and opportunities to enhance our overall resilience.

Climate Risk and Opportunity Identification	Climate Risk and Opportunity Assessment	Climate Risk and Opportunity Response
• Identify climate-related risks and opportunities based on the *Implementation Guidance on Climate Disclosures under the Environmental, Social and Governance Framework* of the Hong Kong Stock Exchange, combined with peer practices, expert opinions, and internal management realities.	• Formulate a list of climate risks and opportunities. Conduct a comprehensive evaluation and analysis regarding the likelihood of occurrence and the degree of impact. Prioritize climate-related risks and opportunities relative to other types of risks and opportunities based on the impact level.	• Develop response measures for each climate risk and opportunity based on the assessment results. Regularly monitor the progress of relevant measures, and proactively seize climate opportunities while ensuring that risks are under control.

Climate Risk and Opportunity Management Process

Metrics and Targets

To continuously reduce GHG emissions from our operations, we conduct annual GHG emission accounting and regularly monitor fluctuations to strengthen emission management. Our Scope 1 GHG emissions mainly stem from the use of gasoline; Scope 2 GHG emissions are primarily from purchased electricity and heating; and Scope 3 GHG emissions mainly result from employee business travel.

During the Reporting Period, the Group's GHG emissions and density were as follows:

GHG Emissions	Unit	2025
Scope 1 GHG emissions	tCO_2e	8.70
Scope 2 GHG emissions (location-based)	tCO_2e	469.97
Scope 3 GHG emissions (business travel)	tCO_2e	378.92
Total GHG emissions (Scope 1+2)	tCO_2e	478.67
GHG emission density (Scope 1+2)	tCO_2e per person	1.51

Notes:

1. GHG emissions are presented in carbon dioxide equivalents (CO_2e). Scope 1 and Scope 2 GHG emissions are calculated based on the GHG Protocol. Scope 3 emissions currently only include employee travel (Category 6: Business Travel). Due to internal data constraints, calculating all Scope 3 categories would require extreme cost to obtain all reasonable and substantiated information; thus, "Reasonable Information Relief" is applied to other Scope 3 categories during the Reporting Period.

2. As no climate risks or opportunities significantly affecting operational decisions were identified during the Reporting Period, no independent capital expenditure, financing, or investment arrangements were made during the period.

3. Calculating cross-industry and industry-specific climate disclosure metrics would require excessive cost to obtain all reasonable and substantiated information; therefore, "Reasonable Information Relief" is adopted for this Reporting Period.

4. The Group has not yet established an internal carbon pricing mechanism or integrated climate factors into remuneration incentive systems (for directors or employees), nor have we set quantitative climate management targets. We commit to tracking updates in climate disclosure requirements and optimizing our disclosures based on regulatory dynamics, business needs and internal management capacity building.

APPENDIX: HKEX ESG REPORTING CODE CONTENT INDEX

Part B: Mandatory Disclosure Requirements

Mandatory Disclosure Requirements		Corresponding Section
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	**ESG Governance Structure**
Reporting Principles	A description of, or an explanation on, how the following reporting principles are applied in the preparation of the ESG report: **Materiality**: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified and the process and results of the issuer's stakeholder engagement. **Quantitative**: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. **Consistency**: The issuer should disclose in the ESG report the statistical methods or key performance indicators used (if any), or any other relevant factors affecting a meaningful comparison.	**About This Report**
Reporting Scope	A narrative explaining the reporting boundary of the ESG report and describing the process used to identify which entities or businesses are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and the reason for the change.	**About This Report**

Part C: "Comply or Explain" Provisions

Subject Areas	Disclosure Items	Corresponding Section
A Environmental		
Aspect A1:	Emissions	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Operations
A1.1	The types of emissions and respective emission data.	Green Operations
A1.3	Total hazardous waste produced (in tonnes) where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operations
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operations
A1.5	Description of emission target(s) set and steps taken to achieve them.	Green Operations
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Operations
Aspect A2	Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operations
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green Operations
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Operations
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Operations
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green Operations

Subject Areas	Disclosure Items	Corresponding Section
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable, as the Group's core business does not involve the use of packaging materials
Aspect A3	**The Environment and Natural Resources**	
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Green Operations
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Not applicable, as the Group's activities have no significant environmental impact.
B. Social		
Aspect B1	**Employment**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Protection of Employee Rights
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Protection of Employee Rights
B1.2	Employee turnover rate by gender, age group and geographical region.	Protection of Employee Rights
Aspect B2	**Health and Safety**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety

Subject Areas	Disclosure Items	Corresponding Section
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety
B2.2	Lost days due to work injury.	Occupational Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety
Aspect B3	**Development and Training**	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Training and Development
B3.2	The average training hours completed per employee by gender and employee category.	Training and Development
Aspect B4	**Labor Standards**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Protection of Employee Rights
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Protection of Employee Rights
B4.2	Description of steps to eliminate such practices when discovered.	Protection of Employee Rights
Aspect B5	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
B5.1	Number of suppliers by geographical region.	Supply Chain Management

Subject Areas	Disclosure Items	Corresponding Section
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6	**Product Responsibility**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Responsible Marketing, Quality Assurance
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not Applicable
B6.2	Number of products and services related complaints received and how they are dealt with.	Customer Empowerment
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Protection
B6.4	Description of quality assurance process and recall procedures.	Quality Assurance
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Information Security and Privacy Protection
Aspect B7	**Anti-corruption**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business Ethics and Anti-Corruption

Subject Areas	Disclosure Items	Corresponding Section
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Business Ethics and Anti-Corruption
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Business Ethics and Anti-Corruption
B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics and Anti-Corruption
Aspect B8	**Community Investment**	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Investment
B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

Part D: Climate-related Disclosures

Climate-related Disclosures	Description of Requirements	Corresponding Section
Governance	(a) The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate related risks and opportunities.	ESG Governance Structure
	(b) Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	ESG Governance Structure

Climate-related Disclosures	Description of Requirements	Corresponding Section
Strategy	Climate-related risks and opportunities	Climate Change — Strategy
	Business model and value chain	Climate Change — Strategy
	Strategy and decision-making	Climate Change — Strategy
	Financial position, financial performance and cash flows	Implement Financial Effects Relief in response to the anticipated financial impact
	Climate resilience	Implement Reasonable Information Relief for climate scenario analysis
Risk Management	(a) The processes and related policies the issuer uses to identify, assess, prioritize and monitor climate-related risks.	Climate Change — Risk Management
	(b) The processes the issuer uses to identify, assess, prioritize and monitor climate related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities).	Climate Change — Risk Management
	(c) The extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Climate Change — Risk Management

Climate-related Disclosures	Description of Requirements	Corresponding Section
Metrics and Targets	Greenhouse gas emissions	Climate Change — Metrics and Targets
	Climate-related transition risks	Reasonable Information Relief
	Climate-related physical risks	Reasonable Information Relief
	Climate-related opportunities	Reasonable Information Relief
	Capital deployment	Climate Change — Metrics and Targets
	Internal carbon prices	Not yet implemented
	Remuneration	Not yet implemented
	Industry-based metrics	Reasonable Information Relief
	Climate-related targets	Not yet set

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of InSilico Medicine Cayman TopCo
(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of InSilico Medicine Cayman TopCo (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 136 to 220, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Cutoff of research and development expenses The Group incurred significant research and development ("R&D") expenses of USD81,379,000 as disclosed in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2025. In addition, R&D expenses of USD13,616,000 were accrued as at December 31, 2025 as set out in Note 22 to the consolidated financial statements. A large portion of these accrued R&D expenses were service fees payable to outsourced service providers including contract research organisations and clinical site management operators (collectively referred to as the "Outsourced Service Providers"). We identified the cut-off of R&D expenses as a key audit matter due to its significant amount and risk of not accruing R&D costs incurred for services provided by the Outsourced Service Providers in the appropriate reporting period.	Our procedures in relation to the cut-off of R&D expenses included: • Obtaining an understanding of key controls relevant to the cut-off of R&D expense process, including service fees paid and payable to Outsourced Service Providers, evaluating design and implementation of these controls; and • For the service fee paid and payable to Outsourced Service Providers, reviewing the key terms set out in service agreements and evaluating the completing status with reference to the progress reported by the relevant Outsourced Service Providers's representative, on a sample basis, to determine whether the service fee were recorded according to the progress and/or relevant milestone achieved.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition of drug discovery and pipeline development The Group recorded revenue for drug discovery income of USD24,952,000, Pipeline development income of USD23,885,000, as disclosed in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2025. Revenue has a significant impact on the Group's consolidated financial statements. Therefore, we identify the occurrence of revenue recognition for the sales of drug discovery and pipeline development as a key audit matter.	Our procedures in relation to this matter included: • Obtaining an understanding of key controls relevant to the occurrence of revenue recognition process, evaluating design and implementation of these controls and performing operating effectiveness test; • Inquiring the management of the Group on its revenue recognition policy. Based on the key terms stipulated in the sales contracts obtained, evaluating whether the revenue recognition policy of the Group complies with IFRS 15 Revenue from Contracts with Customers; • Performing confirmation procedures for the balances of accounts receivables and the transaction amount of customers and relevant key contract terms on a sampling basis, checked the discrepancy and examined evidence supporting documents of the recognition of revenue for being not responded confirmations letters; and • Checking the supporting documents for revenue recognition on a sampling basis, including sales contracts and orders, reconciliation records, underlying invoices or evidence of cash receipts.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is KAY, Man Wo (practising certificate number: P04540).

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
March 27, 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,	
	NOTES	2025 USD'000	2024 USD'000
Revenue	5	56,239	85,834
Cost of revenue		(10,391)	(8,257)
Gross profit		45,848	77,577
Selling and marketing expenses		(6,328)	(5,532)
Research and development expenses		(81,379)	(91,895)
Administrative expenses		(17,416)	(17,487)
Listing expenses		(5,274)	(176)
Other income	7	8,001	10,633
Other gains and losses, net	8	1,913	1,025
Finance costs	9	(209)	(91)
(Loss) gain from changes in fair value of financial liabilities at fair value through profit or loss ("FVTPL")	24	(296,701)	9,004
Impairment losses (including reversals of impairment losses or impairment gains) on financial assets		(711)	7
Loss before tax	10	(352,256)	(16,935)
Income tax expense	11	(60)	(161)
Loss for the year		(352,316)	(17,096)
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		780	(333)
Total comprehensive expense for the year		(351,536)	(17,429)
Loss per share	13		
– Basic and diluted (USD)		(4.48)	(0.24)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	As at December 31, 2025 USD'000	2024 USD'000
Non-current assets			
Property and equipment	15	7,402	6,979
Right-of-use assets	16	5,766	2,459
Other intangible assets		267	274
Financial assets at FVTPL	17	718	246
Other non-current assets	18	1,552	635
		15,705	10,593
Current assets			
Financial assets at FVTPL	17	53,933	–
Trade and other receivables	19	27,007	7,467
Bank balances and cash	21	393,338	125,942
		474,278	133,409
Current liabilities			
Trade and other payables	22	29,686	28,002
Amount due to a related party	20	–	4,176
Lease liabilities	23	1,895	1,503
Financial liabilities at FVTPL	24	–	766,107
Contract liabilities	5	2,109	6,864
Deferred income	25	203	215
		33,893	806,867
Net current assets (liabilities)		440,385	(673,458)
Total assets less current liabilities		456,090	(662,865)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at December 31,	
	NOTES	2025 USD'000	2024 USD'000
Non-current liability			
Lease liabilities	23	4,064	1,058
Net assets (liabilities)		452,026	(663,923)
Capital and reserves			
Share capital	26	–*	–*
Treasury shares	27	–	(2,047)
Share premium and reserves		452,026	(661,876)
Total equity (deficits)		452,026	(663,923)

* Amount is less than USD1,000.

The consolidated financial statements on pages 136 to 220 were approved and authorised for issue by the board of directors on 3/27/2026 and are signed on its behalf by:

Aleksandrs Zavoronkovs
Director

Feng Ren
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital USD'000	Share premium USD'000	Treasury shares USD'000	Share-based payments reserve USD'000	Other reserve USD'000	Foreign exchange reserve USD'000	Accumulated losses USD'000	Total USD'000
As at January 1, 2024	–*	214	(11,346)	21,829	1,770	838	(663,463)	(650,158)
Loss and total other comprehensive expense for the year	–	–	–	–	–	(333)	(17,096)	(17,429)
Exercise of share options	–*	405	–	(590)	590	–	–	405
Vested restricted shares from the ordinary shares contributed by Founder	–	–	9,299	(9,299)	–	–	–	–
Recognition of share-based compensation	–	–	–	3,259	–	–	–	3,259
As at December 31, 2024	–*	619	(2,047)	15,199	2,360	505	(680,559)	(663,923)
Profit (loss) and total other comprehensive income (expense) for the year	–	–	–	–	–	780	(352,316)	(351,536)
Exercise of share options	–*	413	–	(325)	325	–	–	413
Vested restricted shares from the ordinary shares contributed by Founder	–	–	2,047	(2,047)	–	–	–	–
Vested restricted shares from RSU	–	–	–	(7,862)	7,862	–	–	–
Issuance of ordinary shares by initial public offering, net of issuing costs	–	274,984	–	–	–	–	–	274,984
Reclassification of financial liabilities recognized for preferential rights issued to investors to equity	–	1,185,581	–	–	–	–	–	1,185,581
Recognition of share-based compensation	–	–	–	6,507	–	–	–	6,507
As at December 31, 2025	–*	1,461,597	–	11,472	10,547	1,285	(1,032,875)	452,026

* Amount is less than USD1,000.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended December 31,	
	2025	2024
	USD'000	USD'000
OPERATING ACTIVITIES		
Loss for the year	(352,316)	(17,096)
Adjustments for:		
Bank interest income	(5,545)	(6,528)
Finance costs	209	91
Depreciation of property and equipment	2,579	4,285
Depreciation of right-of-use assets	2,073	1,579
Amortization of other intangible assets	122	181
Impairment losses under ECL model, net of reversal	711	(7)
Share-based payment expenses	6,507	3,259
Net foreign exchange losses (gains)	257	(466)
Loss on disposal of property and equipment	117	–
Loss on disposal of intangible assets	11	–
Issuance cost of convertible redeemable preferred shares	1,677	–
Gain from changes in fair value of financial assets at FVTPL	(2,298)	(559)
Loss (gain) from changes in fair value of financial liabilities at FVTPL	296,701	(9,004)
Operating cash flow before movements in working capital	(49,195)	(24,265)
(Increase) decrease in trade and other receivables	(19,841)	2,864
(Decrease) increase in trade and other payables	(1,246)	291
Decrease in amount due to a related party	(1,717)	(727)
Decrease in contract liabilities	(4,755)	(35,278)
Decrease in deferred income	(12)	(286)
NET CASH USED IN OPERATING ACTIVITIES	(76,766)	(57,401)
INVESTING ACTIVITIES		
Bank interest received	5,699	7,692
Investment income received from Money Market Fund	1,125	727
Withdrawal of Money Market Fund	180,510	138,050
Payments for lease deposits	(917)	(73)
Purchase of property and equipment	(2,856)	(844)
Purchase of other intangible assets	(119)	(81)
Payments of purchase Money Market Fund	(233,737)	(138,050)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(50,295)	7,421

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended December 31,	
	2025	2024
	USD'000	USD'000
FINANCING ACTIVITIES		
Repayments of lease liabilities	(2,077)	(1,559)
Interests paid	(209)	(91)
Net proceeds from issuance of convertible redeemable preferred shares	121,096	–
Accrued issue costs paid	(463)	(293)
Net proceeds from issuance of ordinary shares upon exercise of options	413	405
Proceeds from issuance of ordinary shares by IPO, net of issuing costs	274,984	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	393,744	(1,538)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	266,683	(51,518)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	125,942	177,181
Effect of foreign exchange rate changes	713	279
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	393,338	125,942

1. GENERAL INFORMATION

InSilico Medicine Cayman TopCo (the "Company") is a public limited liability company incorporated in Cayman and its shares are listed on Main Board The Stock Exchange of Hong Kong Limited since December 30, 2025 (stock code: 03696.HK). The founder of the Company is Dr. Aleksandrs Zavoronkovs, who is the chairman of the Board, executive Director, CEO and CBO. The addresses of the registered office and principal place of business of the Company is 190 Elgin Avenue, George Town, Grand Cayman, KY1-9008, Cayman Islands.

The principal activity of the Company and its subsidiaries (collectively referred to as "Group") are primarily engaged in applying innovative artificial intelligence (AI) solutions to drug discovery and development by leveraging its proprietary platforms.

The consolidated financial statements are presented in US dollar ("USD"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an IFRS Accounting Standard as issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the Group's annual periods beginning on January 1, 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability

The application of the amendments to an IFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency (Note iii)
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments (Note ii)
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-Dependent Electricity (Note ii)
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Note i)
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 (Note ii)
IFRS 18	Presentation and Disclosure in Financial Statements (Note iii)

Notes:

i: Effective for annual periods beginning on or after a date to be determined.

ii: Effective for annual periods beginning on or after January 1, 2026.

iii: Effective for annual periods beginning on or after January 1, 2027.

Except for IFRS 18, the directors of the Company anticipate that application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 *Presentation and Disclosure in Financial Statements*

IFRS 18 *Presentation and Disclosure in Financial Statement*s, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (referred to as the "Listing Rules") and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The material accounting policy information are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the reporting period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Investments in subsidiaries

Investments in subsidiaries are included in the statement of financial position of the Company accounted using equity method as described in IAS 28 *Investments in Associates*. Under the equity method, investment in subsidiaries is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiaries. Dividends received reduce the carrying amount of the investment.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Note 5.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use assets included:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

The lease payments included fixed payments less any lease incentives receivable

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. USD) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Employee benefits

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its staff's wages as contributions to the plans. Payments to such retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Share options and restricted shares granted to employees and others providing similar services

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For share options and restricted shares that vest immediately at the date of grant, the fair value of the share options and restricted shares granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognized in share-based payments reserve will be transferred to other reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payments reserve will continue to be held in share-based payments reserve.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Share-based payments (Continued)

Equity-settled share-based payment transactions (Continued)

Share options and restricted shares granted to employees and others providing similar services (Continued)

When the restricted shares are forfeited after the vesting date, the amount previously recognized in share-based payments reserve will continue to be held in share-based payments reserve.

When restricted shares granted are vested, the amount previously recognized in share-based payments reserve will be transferred to other reserve.

Modification to the terms and conditions of the share-based payment arrangements

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognizes, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from modification date until the date when the modified equity instruments are vested, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period.

Taxation

Income tax expense represents the sum of the tax currently and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “loss before tax” because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liabilities for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation (Continued)

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied to the same taxable entity by the same taxation authority.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property and equipment

Property and equipment are tangible assets that are held for use in the supply of services, or for administrative purposes other than construction in progress. Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties, including leasehold improvement in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives of 3 years. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Intangible assets

Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

The intangible assets of the Company as of December 31, 2025 and 2024 pertained to acquired software.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment on property and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash;

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivable arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributed to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place concerned.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets the Group hold are subsequently measured at FVTPL.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost and calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or fair value through other comprehensive income are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest earned on the financial asset and is included in the "other gains and losses, net" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group performs impairment assessment under ECL model on financial assets (including trade receivables and other receivables and other non-current assets and bank balances and cash) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after each reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at each reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL (Continued)

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables, where the corresponding adjustment is recognized through a loss allowance account.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the assets expire.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other gains and losses" line item (Note 8) as part of the net foreign exchange gain;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other gains and losses" line item as part of the gain/(loss) from changes in fair value of financial assets (Note 8).

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity interests is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity interests.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial liabilities and equity (Continued)

Financial liabilities (Continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

A financial liability may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

Financial liabilities at amortized cost

Financial liabilities including trade and other payables and amount due to a related party are subsequently measured at amortized cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "Other gains and losses" line item in profit or loss (Note 8) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial liabilities and equity (Continued)

Financial liabilities (Continued)

Foreign exchange gains and losses (Continued)

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Capitalization of research and development expenditure

Development expenditures incurred on the Group's drug product pipelines are capitalised and deferred only when the Group could demonstrate (i) the technical feasibility of completing the development of the relevant intangible asset so that it will be available for use or sale; (ii) the Group's intention to complete and the Group's ability to use or sell the asset; (iii) how the asset will generate future economic benefits; (iv) the availability of resources to complete the pipeline; and (v) the ability to measure reliably the expenditure during the development. Development expenditures which do not meet these criteria are expensed when incurred. Management assesses the progress of each of the research and development projects and determine whether the criteria are met for capitalisation. During the year, all research and development expenditures are expensed when incurred.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the coming twelve months, are described below.

Impairment of property and equipment and right-of-use assets

Property and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

At the end of reporting period, the management of the Group assessed whether an event has occurred or any indicators that may affect the asset value. At the end of reporting period, according to IAS 36 Impairment of Assets, the Group reviews its property and equipment and right-of-use assets to determine whether there is any indication that an impairment loss may have occurred. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss.

Revenue recognition of drug discovery and pipeline development

Revenue from drug discovery and pipeline development is recognized over time, typically based on either hours expended relative total estimated hours or progress towards contractual milestones to measure the extent of performance satisfied. Consideration for drug discovery and pipeline development is generally payable upon achievement of contractually stated milestones, upfront at contract inception, or upon consumption of resources. Revenue may at times include variable consideration in the way of milestone payments and royalty payments. The Group has estimated the amount of consideration that is variable using the most likely amount method. The Group identified the services promised in the service contracts as performance obligations and recognized revenue based on the service progress of the contract. These estimates and judgements involve significant estimates uncertainty, as they rely on the probability of achieving milestones, the assessment of progress towards satisfactory of performance obligations, the estimation of total effort required to complete the promised services. Changes in these estimations could significantly affect the amount of revenue the Group recognize in the consolidated financial statements.

5. REVENUE

Disaggregation of revenue from contracts with the customers of the Group:

	Year ended December 31,	
	2025	2024
	USD'000	USD'000
Types of revenue		
Drug discovery	24,952	3,144
Pipeline development	23,885	76,589
Software solution	4,913	3,970
Other discovery	2,489	2,131
	56,239	85,834

	Year ended December 31,	
	2025	2024
	USD'000	USD'000
Geographical market (Note i)		
United States	31,572	79,383
Chinese Mainland	17,529	2,140
Kingdom of Saudi Arabia	1,822	1,901
France	1,540	–
Hong Kong	1,053	28
Japan	620	699
United Kingdom	483	151
Denmark	360	600
United Arab Emirates	276	–
Korea	222	284
Germany	77	32
Switzerland	54	242
Taiwan	13	112
Others (Note ii)	618	262
	56,239	85,834
Timing of revenue recognition		
Over time	55,134	85,261
At a point in time	1,105	573
	56,239	85,834

5. REVENUE (Continued)

Notes:

i The Group is divided into geographic markets based on the country/region where each client is located.

ii Other geographical markets include Italy, Belgium, Poland, Netherlands, Finland, Canada, Turkey, Chile, Estonia, India, Ireland, Kazakhstan, Kyrgyzstan, Latvia, Romania, Spain, Sweden, Austria, Brazil, Portugal, Singapore, Croatia, Australia, Georgia, Indonesia, Israel, Mexico, Czechia and Slovakia.

Performance obligations for contracts with customers and revenue recognition policies

Drug discovery and pipeline development revenue

Revenue from drug discovery and pipeline development is mainly engaged by the Company to utilize its AI-powered technology to identify suitable or new targets of interest or uncover potent drug candidates with desired drug-like properties for its customers. Revenue from our pipeline drug development business primarily consists of out-licensing income generated from drug candidates. Revenue from our drug discovery business mainly comprises income derived from collaborative arrangements with third parties, where we leverage our Pharma AI platform to identify and advance drug candidates.

Drug discovery and pipeline development revenue is recognized over time, as these services met one of the following criteria. The customers simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Progress is typically measured based on actual costs incurred or milestones achieved. Payments for drug discovery and pipeline development are generally due upon achieving milestones stated in a contract, upfront at the start of a contract, or upon consumption of resources. Revenue may at times include variable consideration in the way of milestone payments and royalty payments. The Company generally grants customers a credit period of 30 to 60 days.

The Group has estimated the amount of consideration that is variable using the most likely amount method. The Group evaluates milestones on a case by case basis, including whether there are factors outside the Group's control that could result in a significant reversal of revenue, and the likelihood and magnitude of a potential reversal. If achievement of a milestone is not considered probable, the Group constrains (reduces) variable consideration to exclude the milestone payment until it is probable to be achieved.

For the years ended December 31, 2025, USD18,000 were recognized as revenue from performance obligations satisfied in prior (2024: USD30,000).

Software solution revenue

Revenue from software solution is mainly formed from subscription fees for its proprietary drug discovery software, Biology42, Chemistry42, Medicine42 and for its generative research assistant software, Science42. For the software solution services, the Group grant its customers with access to its proprietary drug discovery assistant software and generative research assistant software for a period of time based on the subscription agreement.

5. REVENUE (Continued)

Performance obligations for contracts with customers and revenue recognition policies (Continued)

Software solution revenue (Continued)

The Group's software solution services is provided to a specified customer in one of the two types of arrangements: (1) by providing access to its hosted software platform ("hosted software"), or (2) by granting right to use software installed on the customer's premise ("on-premise software").

Under the hosted software arrangements, the Group charges subscription fees from providing the Group's customers with access to its hosted software and recognizes the fees ratably over the term of the subscription agreement. The subscription agreement is typically of a one-year term, with fees collected upfront. The Group recognized hosted software revenue of USD3,808,000 for the years ended December 31, 2025 (2024: USD3,397,000).

Under the on-premise software license arrangements, the Group grants customers the right to use its software on the device or cloud specified and controlled by the customer for a specified term, typically for one year. Revenue from on-premise software is recognized upon completion of software installation, as evidenced by receipt of acceptance by customers. Revenue recognized on-premise software service of USD1,105,000 for the years ended December 31, 2025 (2024: USD573,000).

Other discovery revenue

Revenue from other discovery is mainly formed from collaborations with non-pharmaceutical industries.

Under the discovery and collaboration arrangement, the Group receive fees in the form of upfront payments, research period regular payment, milestone payments, cost reimbursement and royalties, among others, in connection with the Group's other discovery business. Other discovery revenue is recognized over time, typically by using hours expended or milestone reached to measure progress.

Transaction price allocated to the remaining performance obligation for contracts with customers

As at December 31, 2025, the Group may receive remaining payments up to an aggregate amount of USD189,687,000 (2024: USD155,506,000) (excluding sales-based royalty arrangement and contingent milestone payments in accordance with relevant contracts), which is expected to be realized at certain milestone as agreed in the contract. The expected amount of revenue recognized in respect of the remaining payments that may receive in aggregate within one year after December 31, 2025 is USD4,717,000. The management of the Group expects the majority of the transaction price allocated to the unsatisfied contracts as of each reporting date during the reporting period will be recognized as revenue within nine years from the reporting date.

As variable considerations are recognized only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future, sales-based royalty arrangement and contingent milestone payments are not included in the transaction price in accordance with the requirements for constraining estimates of variable consideration.

5. REVENUE (Continued)

Contract liabilities

When a customer pays consideration before the Group provide services, the Group records its obligation as a contract liability. The Group expects to recognize all of this balance as revenue over the next 12 months.

The contract liabilities of the Group are listed in the table below.

	As at December 31,	
	2025 USD'000	2024 USD'000
Types of revenue		
Drug discovery	1,094	697
Pipeline development	–	5,000
Software solution	926	682
Other discovery	89	485
	2,109	6,864

The balance of contract liabilities represents the transaction price allocated to the remaining performance obligations as the service fees for outstanding contracts were charged up-front.

As at January 1, 2025, contract liabilities amounted to USD6,864,000, in which USD6,756,000 were recognized as revenue during the years ended December 31, 2025 (2024: USD42,050,000). The contract liabilities of USD2,109,000 as of December 31, 2025 is expected to be recognized within one year after December 31, 2025.

The compensation paid to obtain the contracts were immaterial, therefore, the Group has not capitalized any costs for the years ended December 31, 2025 (2024: nil).

6. SEGMENTS INFORMATION

Operating segments are identified on the basis of the Group's internal reports that are regularly reviewed by the chief operating decision maker ("CODM"), which is also identified as the chief executive officers of the Group, in order to allocate resources to segments and to assess their performance.

During the year, the CODM reviews the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies as set out in Note 3. Accordingly, the Group has only one single segment and no further analysis of the single segment is presented.

Geographical information

Information about the Group's non-current assets is presented based on the geographical location of the assets. As of December 31, 2025, the Group had non-current assets of USD13,578,000 located in Chinese Mainland (2024: USD8,524,000), respectively. The remaining ones are located in other locations.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group during the year are as follows:

			Year ended December 31,	
	Relationship	Nature	2025 USD'000	2024 USD'000
Customer A	Third-party	Drug discovery and pipeline development revenue	23,602	24,594
Customer B	Third-party	Drug discovery and pipeline development revenue	–	51,995
Customer C	Third-party	Drug discovery and pipeline development revenue	9,434	–

7. OTHER INCOME

	Year ended December 31,	
	2025	2024
	USD'000	USD'000
Bank interest income	5,545	6,528
Subsidy income (Note)	2,503	4,117
Other expense	(47)	(12)
	8,001	10,633

Note: The Group's subsidies primarily comprise government grants related to capital expenditures for the acquisition of plant and equipment, which are recognised in other income over the estimated useful lives of the related assets, as well as various forms of support for research and development (R&D) activities and one-off grants awarded to high-tech enterprises, which are recognised in other income either when the relevant conditions are met or immediately upon receipt if no conditions apply.

8. OTHER GAINS AND LOSSES, NET

	Year ended December 31,	
	2025	2024
	USD'000	USD'000
Net foreign exchange (losses) gains	(257)	466
Loss on disposal of property and equipment	(117)	–
Loss on disposal of intangible assets	(11)	–
Gain from changes in fair value of financial assets at FVTPL	2,298	559
	1,913	1,025

9. FINANCE COSTS

	Year ended December 31,	
	2025	2024
	USD'000	USD'000
Interest on lease liabilities	(209)	(91)

10. LOSS BEFORE TAX

	Year ended December 31,	
	2025	2024
	USD'000	USD'000
Loss before tax for the year has been arrived at after charging:		
Depreciation of property and equipment	2,579	4,285
Depreciation of right-of-use assets	2,073	1,579
Amortization of other intangible assets	122	181
Total depreciation and amortization	4,774	6,045
Listing expenses	5,274	176
Directors' emoluments (Note 12(a))	5,423	4,074
Other staff costs:		
– salaries and other benefits	25,569	24,379
– discretionary bonuses (Note)	5,013	7,977
– retirement benefit scheme contributions	4,094	3,954
– share-based payments	3,310	1,281
Total other staff costs:	37,986	37,591
	43,409	41,665

Note: Discretionary bonuses are determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

11. INCOME TAX EXPENSE

	Year ended December 31,	
	2025	2024
	USD'000	USD'000
Income tax expense	60	161

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

11. INCOME TAX EXPENSE (Continued)

Cayman Islands ("Cayman")

The Company and Subco are incorporated in the Cayman. Under the current laws of the Cayman, The Company and Subco are not subject to tax on income or capital gain. Additionally, the Cayman does not impose a withholding tax on payments of dividends to shareholders.

United States. ("U.S.")

InSilico Medicine US Inc. ("InSilico US") is incorporated in U.S. and is subject to U.S. federal corporate income tax at a rate of 21%. InSilico US is also subject to state income tax in some states, such as California, Massachusetts, North Carolina and etc. InSilico US has no taxable income for the years ended December 31, 2025 (2024: nil), however generated income tax of USD2,525 (USD2,000) in the years ended December 31, 2025 according to the US government's minimum tax requirement.

Hong Kong ("HK")

InSilico Medicine Hong Kong Limited ("InSilico HK"), InSilico Medicine IP Limited ("InSilico IP") and Mir Pharma Innovation Limited ("Mir Pharma") are incorporated in Hong Kong. Companies registered in Hong Kong are subject to Hong Kong profits tax on the taxable income as reported in their respective statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. For the years ended December 31, 2025, InSilico HK, InSilico IP and Mir Pharma did not make any provisions for Hong Kong profit tax as there were no assessable profits derived from or earned in Hong Kong for any of the periods presented (2024: nil).

Under the Hong Kong tax law, InSilico HK and InSilico IP are partly exempted from income tax on its foreign-derived income and there are no withholding taxes in Hong Kong on remittance of dividends.

PRC

InSilico Medicine Ltd. ("InSilico SH"), InSilico Medicine Suzhou Ltd. ("InSilico SZ"), InSilico Medicine Beijing Ltd. ("InSilico BJ"), InSilico Medicine (Shanghai) Investment Co., Ltd. ("InSilico SHPD") and InSilico Medicine Yixing Ltd. ("InSilico YX") are incorporated under PRC's Enterprise Income Tax Law ("EIT Law"), and the statutory income tax rate is 25%. Insilico SH obtained High-New Technology Enterprise Certificate in 2024, which is valid through 2026. So far, the entity is in accumulated loss status and has not enjoyed any income tax benefits from the high and new technology enterprises status.

11. INCOME TAX EXPENSE (Continued)

Taiwan

InSilico Taiwan LTD ("InSilico TW") is incorporated in Taiwan, and is subject to Taiwan income tax at a rate of 20%. Insilico TW has no taxable income for the years ended December 31, 2025, therefore, no provision for income taxes is required (2024: nil).

Canada

InSilico Medicine Canada Inc ("InSilico Canada") is incorporated in Canada and is subject to Canada federal corporate income tax at a rate of 15% plus province corporate income tax at a rate ranging from 8%-16%. InSilico Canada has no taxable income for the year ended December 31, 2025 (2024: nil).

United Arab Emirates

InSilico Medicine AI Limited ("InSilico AI") is incorporated in United Arab Emirates. United Arab Emirates Ministry of Finance enact a Federal corporate tax regime, and will become effective for accounting periods beginning on and after June 1, 2023. InSilico AI is in accumulated loss position and not subject to income tax under the current laws of the United Arab Emirates. Therefore, no provision for income taxes is required.

The income tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31,	
	2025 USD'000	2024 USD'000
Loss before tax	(352,256)	(16,935)
Tax at the applicable tax rate of 16.5% (Note i)	(58,122)	(2,794)
Tax effect of expenses that are not deductible for tax purpose	1,209	664
Tax effect of non-taxable income	(465)	(266)
Tax effect of super deduction on research and development expenses (Note ii)	(3,096)	(5,936)
Tax effect of tax losses not recognized	60,374	8,297
Tax effect of deductible temporary differences not recognized	118	1
Withholding tax on license fee income	(92)	(90)
Utilisation of tax losses not recognized in prior years	(17)	–
Adjust provision in prior years	31	(37)
Income tax expense	(60)	(161)

11. INCOME TAX EXPENSE (Continued)

United Arab Emirates (Continued)

Notes:

i. The domestic tax rate in the jurisdiction where the operation of the Company is substantially based (which is Hong Kong) is used.

ii. Pursuant to Caishui [2023] circular No. 7, InSilico SH and InSilico SZ enjoy super deduction of 200% on qualified research and development expenditures for the years ended December 31, 2025 and 2024.

As at December 31, 2025, the Group has unused tax losses of USD316,492,000 (2024: USD276,596,000), and deductible temporary differences of USD880,000 (2024: USD255,000). No deferred tax asset has been recognized in respect of the tax losses or temporary differences due to the unpredictability of future profit streams.

The unused tax losses will be carried forward and expire in years as follows:

	As at December 31,	
	2025 USD'000	2024 USD'000
2024	22	22
2025	537	537
2026	8,511	8,511
2027	24,675	24,675
2028	53,705	53,705
2029	18,441	18,441
2030	16,155	–
2031 and indefinite	194,446	170,705
	316,492	276,596

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Executive and non-executive directors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

(a) Executive and non-executive directors

	Date of appointment	Director fees USD'000	Salaries and other benefits USD'000	Discretionary bonuses USD'000	Retirement benefit scheme contributions USD'000	Share-based payments USD'000	Total USD'000
For the year ended December 31, 2025							
Executive director and chief executive officer:							
Dr. Aleksandrs Zavoronkovs	January 29, 2019	–	500	600	2	–	1,102
Executive director:							
Dr. Feng Ren (任峰)	June 30, 2021	–	499	599	26	3,197	4,321
Non-Executive directors:							
Mr. Min Fang (方敏) (Note v)	June 30, 2021	–	–	–	–	–	–
Dr. Kan Chen (陳侃)	August 26, 2021	–	–	–	–	–	–
Mr. Chuen Yan Leung, Ph.D. (梁傳昕)	February 27, 2025	–	–	–	–	–	–
Mr. Long Shi (施瓏)	March 14, 2025	–	–	–	–	–	–
Independent non-executive director:							
Ms. Denitsa Milanova, Ph.D	December 30, 2025	–	–	–	–	–	–
Mr. Jingsong Wang, Ph.D. (王勁松)	December 30, 2025	–	–	–	–	–	–
Mr. Roman Kyrychynskyi	December 30, 2025	–	–	–	–	–	–
		–	999	1,199	28	3,197	5,423

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Executive and non-executive directors (Continued)

	Date of appointment	Director fees USD'000	Salaries and other benefits USD'000	Discretionary bonuses USD'000	Retirement benefit scheme contributions USD'000	Share-based payments USD'000	Total USD'000
For the year ended December 31, 2024							
Executive director and chief executive officer:							
Dr. Aleksandrs Zavoronkovs	January 29, 2019	–	500	500	1	–	1,001
Executive director:							
Dr. Feng Ren (任峰)	June 30, 2021	–	501	570	24	1,978	3,073
Non-Executive directors:							
Mr. Min Fang (方敏)	June 30, 2021	–	–	–	–	–	–
Dr. Kan Chen (陳侃)	August 26, 2021	–	–	–	–	–	–
		–	1,001	1,070	25	1,978	4,074

Notes:

(i) None of the directors of the Company waived or agreed to waive any emoluments during the year.

(ii) During the year, no emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

(iii) The executive directors', non-executive director's emoluments shown above were for their services in connection with the management of the affairs of the Group and the Company, respectively.

(iv) The discretionary bonuses were determined with reference to their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

(v) Min Fang (方敏) was a non-executive director of the Group from June 30, 2021 till March 14, 2025.

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Five Highest Paid Individuals

The five highest paid employees of the Group during the year included two (2024: two) directors, Details of the remuneration for the year of the remaining three (2024: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended December 31,	
	2025 USD'000	2024 USD'000
Salaries and other benefits	1,443	1,634
Retirement benefit scheme contributions	103	96
Discretionary bonuses (Note)	444	287
Share-based payments	1,568	1,289
	3,558	3,306

Note:

(i) Discretionary bonuses were determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

(ii) During the years ended December 31, 2025 and 2024, no emoluments were paid by the Group to any of the directors of the Company nor the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

The emoluments of the five highest paid individuals are within the following bands:

	Year ended December 31,	
	2025 No. of employees	2024 No. of employees
HK$6,000,001 to HK$6,500,000	1	–
HK$6,500,001 to HK$7,000,000	–	1
HK$8,500,001 to HK$9,000,000	1	–
HK$7,500,001 to HK$8,000,000	–	2
HK$9,500,001 to HK$10,000,000	1	–
HK$11,000,001 to HK$11,500,000	–	1
HK$11,500,001 to HK$12,000,000	1	–
HK$23,500,001 to HK$24,000,000	–	1
HK$33,500,001 to HK$34,000,000	1	–

13. LOSS PER SHARE

Pursuant to the written resolutions of the shareholders of the Company passed on December 15, 2025, the shareholders resolved to, among other things, conduct the share split pursuant to which each share in the Company's then issued and unissued share capital with a par value of US$0.00001 was split into 20 shares of the corresponding class with a par value of US$0.0000005 each effective upon the conditions of the Hong Kong public offering and the international offering being fulfilled ("Share Split").

All conditions have been satisfied, and the share split became effective on December 30, 2025. The number of shares has been retrospectively adjusted accordingly. The share split did not affect the aggregate par value of the share capital but resulted in a proportional increase in the number of shares outstanding and a corresponding reduction in the par value per share.

The calculation of the basic and diluted loss per share is based on the following data:

	Year ended December 31,	
	2025	2024
Loss for the purpose of calculating basic and diluted loss per share:		
Loss for the year attributable to the owners of the Company (USD'000)	(352,316)	(17,096)
Effect of dilutive potential ordinary shares (USD'000)	–	(9,004)
Loss for the purpose of calculating diluted loss per share (USD'000)	(352,316)	(26,100)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share ('000) (Note)	78,705	71,845
Effect of dilutive potential ordinary shares	–	16,795
Weighted average number of ordinary shares for the purpose of diluted loss per share (Note)	78,705	88,640
Basic loss per share (USD)	(4.48)	(0.24)
Diluted loss per share (USD)	(4.48)	(0.24)

Note:

The effects of all outstanding Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series C+ Preferred Shares, Series D Preferred Shares, Series E Preferred Shares have been exclude from the computation of diluted loss per share for the year end December 31, 2024 as their effects would be anti-dilutive. All preferred shares are converted into ordinary shares upon listing. The effects of all share options and unvested restricted shares have been excluded from the computation of diluted loss per share for the year ended December 31, 2025 as their effects would be anti-dilutive. Accordingly, diluted loss per share are the same as basic loss per share for the years ended December 31, 2025.

14. DIVIDENDS

No dividend was declared or paid by the Company during the year.

15. PROPERTY AND EQUIPMENT

	Leasehold improvements USD'000	Office equipment USD'000	Machinery USD'000	Construction in process ("CIP") USD'000	Total USD'000
COST					
As at January 1, 2024	3,502	1,834	8,563	90	13,989
Additions	–	–	–	766	766
Transfer from CIP	267	380	114	(798)	(37)
Disposals	–	(4)	–	–	(4)
Exchange adjustments	(52)	(34)	(129)	(6)	(221)
As at December 31, 2024	3,717	2,176	8,548	52	14,493
Additions	–	–	–	2,969	2,969
Transfer from CIP	1,037	973	283	(2,293)	–
Disposals	(2,800)	(152)	(63)	–	(3,015)
Exchange adjustments	101	55	224	–	380
As at December 31, 2025	2,055	3,052	8,992	728	14,827
DEPRECIATION					
As at January 1, 2024	1,630	644	1,048	–	3,322
Provided for the year	2,032	537	1,716	–	4,285
Eliminated on disposals	–	(4)	–	–	(4)
Exchange adjustments	(39)	(17)	(33)	–	(89)
As at December 31, 2024	3,623	1,160	2,731	–	7,514
Provided for the year	270	643	1,666	–	2,579
Eliminated on disposals	(2,759)	(128)	(11)	–	(2,898)
Exchange adjustments	85	31	114	–	230
As at December 31, 2025	1,219	1,706	4,500	–	7,425
CARRYING AMOUNT					
As at December 31, 2025	836	1,346	4,492	728	7,402
As at December 31, 2024	94	1,016	5,817	52	6,979

15. PROPERTY AND EQUIPMENT (Continued)

The above items of property and equipment are depreciated on a straight-line basis, after taking into account of the residual value, over the following period:

Leasehold improvements	Over the shorter of the remaining lease terms or estimated useful lives of 3 years
Office equipment	3 years
Machinery	5 years

No impairment loss on property and equipment was recognized during the year. As the Company's assessment, no indicator was identified at the end of each reporting periods.

16. RIGHT-OF-USE ASSETS

	Leased properties USD'000
Carrying amount	
As at January 1, 2024	2,120
Additions	1,939
Depreciation charge for the year	(1,579)
Exchange adjustments	(21)
As at December 31, 2024	2,459
Additions	5,454
Depreciation charge for the year	(2,073)
Exchange adjustments	(74)
As at December 31, 2025	5,766

	Year ended December 31,	
	2025 USD'000	2024 USD'000
Expenses relating to short-term leases and leases of low-value assets	273	466
Total cash outflow for leases	3,267	2,277

16. RIGHT-OF-USE ASSETS (Continued)

During the year, the Group leases various properties for its operations. Lease contracts are entered into for fixed term of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. There were no extension options in the lease contracts. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The amounts of the Group's lease liabilities and interest on lease liabilities are disclosed in Note 23 and Note 9, respectively. As of December 31, 2025, the Group recognized lease liabilities of USD5,959,000 (2024: USD2,561,000), with corresponding right-of-use assets of USD5,766,000 (2024: USD2,459,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The Group regularly entered into short-term leases for SPF-grade animal facility. As at December 31, 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short term lease expense disclosed above.

No impairment loss on right-of-use assets was recognized during the year. As the Company's assessment, no indicator was identified at the end of each reporting periods.

17. FINANCIAL ASSETS AT FVTPL

	As at December 31,	
	2025	2024
	USD'000	USD'000
Current asset		
Financial assets measured at FVTPL:		
Financial products (Note ii)	53,933	–
Non-current asset		
Financial assets measured at FVTPL		
Equity Investments with Readily Determinable Fair Value:		
Regent Pacific Group Limited (formerly known as Endurance RP Limited) (Note i)	718	246

Note:

i. Regent Pacific (formerly known as Endurance RP Limited, "Regent Pacific") is an investment company focusing on investment in the healthcare, wellness and life sciences sectors. The Group does not have the ability to significantly influence the operations of the investee and records the investment in Regent Pacific using fair value method of accounting. The Group recognized gains and loss from fair value changes amounting to USD472,000 gain for the years ended December 31, 2025 (2024: USD168,000 loss).

ii. During the year ended December 31, 2025, the Group entered into several contracts of money market funds with reputable banks. These investments are classified as financial assets at FVTPL. The money market funds are redeemed on demand or within 3 business days. The profit and loss of this money market fund is linked to the changes in the net asset value of the funds, and Group shall bear the risk of net asset value fluctuation on their own.

18. OTHER NON-CURRENT ASSETS

	As at December 31,	
	2025 USD'000	2024 USD'000
Deposits	1,552	635

19. TRADE AND OTHER RECEIVABLES

	As at December 31,	
	2025 USD'000	2024 USD'000
Trade receivables from contracts with customers – third parties	22,026	883
Less: Allowance for credit losses	(742)	(31)
	21,284	852
Other receivables	97	27
Value added tax recoverable	3,370	3,484
Interest receivables	176	331
Prepayments	2,080	1,699
Deferred issue costs and deferred share issue costs	–	1,074
	5,626	6,588
	27,007	7,467

As at January 1, 2024, trade receivables from contracts with customers amounted to USD1,115,000.

19. TRADE AND OTHER RECEIVABLES (Continued)

The following is an aged analysis of trade receivable net of allowance for credit losses presented based on the date of completion of service at the end of each reporting period:

	As at December 31,	
	2025 USD'000	2024 USD'000
0 – 90 days	21,255	792
91 – 180 days	16	20
Over 180 days	13	40
	21,284	852

The Group normally grants a credit period of 30 days to 60 days effective from the date when the services have been completed and billed to the customer.

Details of impairment assessment of trade and other receivables are set out in Note 32.

20. AMOUNT DUE TO A RELATED PARTY

	As at December 31,	
	2025 USD'000	2024 USD'000
Trade payables		
Amount due to a related party:		
WuXi AppTec Co., Ltd. and subsidiaries ("WuXi Group") (Note 29)	–	4,176

The following is an aged analysis of trade payables due to a related party presented based on the invoice dates, for the trade payables having not received invoice at the end of each reporting period, the aging is within 0-30 days:

	As at December 31,	
	2025 USD'000	2024 USD'000
0 – 30 days	–	3,104
31 – 90 days	–	823
91 – 180 days	–	249
	–	4,176

The average credit period on purchases of goods/services of the Group is 45 days.

21. BANK BALANCES AND CASH

	As at December 31,	
	2025	2024
	USD'000	USD'000
Cash at bank and in hand	393,338	125,942
Cash and cash equivalents	393,338	125,942

The carrying amounts of the Group's bank balances and cash denominated in currencies other than functional currencies of the relevant group entities are as follows:

	As at December 31,	
	2025	2024
	USD'000	USD'000
USD	30,427	359
RMB	225	142
HK$	278,042	13
EUR	7	–

Bank balances held by the Group and the Company carry interests at market rates which ranged from 0.001% to 4.41% at December 31, 2025 (2024: from 0.001% to 4.41%).

22. TRADE AND OTHER PAYABLES

	As at December 31,	
	2025	2024
	USD'000	USD'000
Trade payables for research and development expenses	13,616	13,842
Payroll and related liabilities	9,522	8,910
Professional service fees and share issue costs (Note a)	1,770	3,192
Accrued issue costs	444	86
Accrued listing expenses	3,171	596
Accrued office expenses	628	685
Other taxes and surcharge	291	229
Other payables	244	462
	29,686	28,002

Note:

a. The share issue costs were related to a financing activity in other capital market.

22. TRADE AND OTHER PAYABLES (Continued)

The following is an aged analysis of trade payables presented based on the invoice dates, for the trade payables having not received invoice at the end of each reporting period, the aging is within 0 – 30 days:

	As at December 31,	
	2025 USD'000	2024 USD'000
0 – 30 days	12,693	11,997
31 – 90 days	923	1,618
91 – 180 days	–	227
	13,616	13,842

The average credit period on purchases of goods/services of the Group is 45 days.

23. LEASE LIABILITIES

	As at December 31,	
	2025 USD'000	2024 USD'000
Lease liabilities payable:		
Within one year	1,895	1,503
Within a period of more than one year but not exceeding two years	1,109	935
Within a period of more than two years but not exceeding five years	2,955	123
	5,959	2,561
Less: Amount due for settlement within 12 months shown as current liabilities	(1,895)	(1,503)
Amount due for settlement after 12 months shown as non-current liabilities	4,064	1,058

The weighted average incremental borrowing rates applied to lease liabilities range from 3.32% to 4.45% (2024: from 2.44% to 4.45%) per annum for the year ended December 31, 2025.

24. FINANCIAL LIABILITIES AT FVTPL

24.1 Convertible Redeemable Preferred Shares of the Company

In June 2018, InSilico Inc. issued 904,888 shares of Series A convertible redeemable preferred shares with par value of USD0.00001 per share ("Series A Preferred Shares") to investors ("Series A Preferred Shareholders") with total proceeds of USD6,000,000 at the price of USD6.6306 per share ("Series A Issued Price"). On March 15, 2019, in connection with 2019 Restructuring, the Series A Preferred Shareholders obtained preferred shares in the Company with shareholding ratio and shareholder rights identical to the Series A Preferred Shares issued by InSilico Inc..

On August 12, 2019, the Company issued 4,403,933 shares of Series B convertible redeemable preferred shares with par value of USD0.00001 ("Series B Preferred Shares") for a total cash proceed of USD36,762,000 at USD8.3476 per share ("Series B Issue Price"). In connection with the Series C equity financing, 196,329 Series B Preferred Shares were repurchased and re-designated to Series C Preferred Shares in June 2021.

In June 2021, the Company issued 8,909,665 shares of Series C convertible redeemable preferred shares with par value of USD0.00001 ("Series C Preferred Shares") for a total cash proceeds of USD255,023,000 at USD28.6232 per share ("Series C Issue Price"). The total cash proceeds were fully received in July 2021.

As part of the round C financing arrangements, in order to avoid further dilution, the Company repurchased 2,631,231 ordinary shares, 173,805 Series A Preferred Shares and 196,329 Series B Preferred Shares from the respective shareholders (including Founder and certain employees) and re-designate all these shares to Series C Preferred Shares through retirement of repurchased shares accompanied with issuance of same number of Series C preferred shares. The repurchase price was USD22.1322, USD25.2939, and USD28.4557 per share for ordinary share, Series A and Series B preferred share, respectively. Out of total repurchase price, USD12,625,000 was paid by InSilico Inc. using the proceeds received as a result of redemption of the One Preferred Share of Subco, remaining USD47,310,000 was paid by the Company. The share repurchase price paid by the Company of USD8,282,000 approximated the fair value of Series A and Series B preferred share on the repurchase date. The repurchase and redemption payments were fully settled in July 2021.

In January 2022, the Company issued 524,051 shares of Series C+ convertible redeemable preferred shares with par value of USD0.00001 ("Series C+ Preferred Shares") for a total cash proceeds of USD15,000,000 at USD28.6232 per share ("Series C+ Issue Price") to Fosun Industrial Co., Limited ("Fosun"), of which the major terms are consistent with those of Series C convertible redeemable preferred shares. The total cash proceeds were fully received in January 2022.

In 2022, the Topco issued 2,421,692 shares of Series D convertible redeemable preferred shares with par value of US$0.0001 ("Series D Preferred Shares") for a total cash proceed of US$94,204,000 at US$39.1204 per share ("Series D Issue price"). The total cash proceeds were fully received in July 2022.

In 2025, the Topco issued 2,376,830 shares of Series E convertible redeemable preferred shares with par value of US$0.0001 ("Series E Preferred Shares") for a total cash proceed of US$122,773,000 at US$51.6542 per share ("Series E Issue price"). The total cash proceeds were fully received in May 2025.

24. FINANCIAL LIABILITIES AT FVTPL (Continued)

24.1 Convertible Redeemable Preferred Shares of the Company (Continued)

In connection with the issuance of Series E, the Company and other Series A, B, C, C+ and D Preferred Shareholders agreed to modify certain terms related to shareholders' rights, including the Series B Preferred Shareholders' liquidation price, the updated redemption events, and the definition of a Qualified IPO. The Company deemed the modification did not result in any accounting consequence as it was mainly a transfer of wealth amongst different classes of preferred shareholders and the value transferred between preferred shareholders and ordinary shareholders was not material.

The rights, preferences and privileges of the Series A, Series B, Series C, Series C+, Series D and Series E convertible redeemable preferred shares of the Company (together, "Preferred Shares") after the issuance of Series E Preferred Shares are as follows:

Voting Rights

Preferred shareholders are entitled to vote together with the holders of ordinary shares as a single class and on an as-converted to ordinary shares basis.

Dividends

If the Company declares dividends on any class or series of shares, the sequence of dividend right was as follows:

(1) each holder of the Series E Preferred Shares to receive equal to the Series E Issue Price; (2) each holder of the Series D Preferred Shares to receive equal to the Series D Issue Price; (3) each holder of the Series C and Series C+ Preferred Shares to receive equal to the Series C and Series C+ Issue Price; (4) each holder of the Series B Preferred Shares to receive equal to the Series B Issue Price; (5) each holder of the Series A Preferred Shares to receive equal to the Series A Issue Price;

If there are any dividends remaining after the aggregate dividends have been distributed or paid in full to the applicable holders above, the remaining dividends available for distribution shall be distributed rateably among all shareholders.

Conversion

The holders of the Preferred Shares are entitled to convert into ordinary shares at any time after the issuance date at the then applicable conversion price. The initial conversion ratio shall be 1: 1, and shall be subject to adjustments for diluting issues such as share splits, capital reorganisation or issuance of additional new ordinary stocks. All outstanding Preferred Shares shall automatically be converted, at the applicable conversion ratio at the time of conversion, upon the earlier of a Qualified Public Offering ("Qualified IPO") or the date specified by written consent or agreement approved by holders of the majority of outstanding preferred shares. Qualified IPO means the closing of a firm commitment underwritten public offering of the ordinary shares the Company (or depositary receipts or depositary shares therefor) on the Stock Exchange of Hong Kong Limited, National Association of Securities Dealers Automated Quotation, New York Stock Exchange or another internationally recognized securities exchange with an offering price that implies a market capitalization of the Company immediately prior to such offering of not less than the higher of (1) US$1,200,000,000, multiplied by the sum of (a) one and (b) 10% multiplied by N, where N = (i) the number of full calendar months after the date of the first Closing with any of the Investor(s) in accordance with Purchase Agreement (the "Closing Date") divided by (ii) 12; and (2) US$1,200,000,000 plus the proceeds received by the Company from the issuance of Series E Preferred Shares or the equivalent amount in other currencies.

24. FINANCIAL LIABILITIES AT FVTPL (Continued)

24.1 Convertible Redeemable Preferred Shares of the Company (Continued)

Redemption

Upon the occurrence of any of the following events, the Series B, Series C, Series C+, Series D and Series E Preferred Shares become redeemable:

(a) the Company fails to complete a Qualified IPO by December 31, 2027;

(b) any other Preferred Shares of the Company become redeemable; (c) any material breach or violation by any Group Company or the Founder or the Co-CEO of any of its representations, warranties or covenants contained in the transaction documents; (d) the Company fails to sign, during the 24-month period after the Closing Date, at least one commercial contract in relation to drug pipeline with the total amount of all such contract(s) being at least US$1 billion; (e) the Company fails to, during the 36-month period after the Closing Date, (i) submit four or more Innovative New Drug (IND) applications in any country or region for innovative drug candidates; or (ii) obtain IND approval for two of the foregoing; (f) any Group Company, the Founder or the Co-CEO is subject to criminal investigation, administrative penalties that affect the IPO, or is found to have major integrity issues such as fraud, in each case, which has a material adverse impact on the normal operation of the Group Companies taken as a whole; (g) any Group Company, the Founder or the Co-CEO engages in activities that damage the interests of the Shareholders, such as occupying or misappropriating the assets of the Group Companies, falsifying financial statement or other financial accounting information, engaging in off-book sales or transfer of benefits to related parties or violating Shareholders' information rights, and the aforementioned activities have a material adverse impact on the normal operation of the Group Companies taken as a whole, or the operation and management of the Company is in a deadlock, which has a material adverse impact on the normal operation of the Group Companies taken as a whole and cannot be resolved through a meeting of the Shareholders or meeting of the Directors; or (h) the Company's business license and other licenses related to its principal business are revoked by the governmental authority for any reason (including but not limited to government actions, commercial actions, material lawsuits, other external or internal issues and force majeure), the Company experiences partial or complete suspension of operations, and the normal operation of the Group Companies is materially and adversely affected.

For Series B Preferred Shares, the redemption price for events (a) or (b) is 150% of Series B Issue Price plus declared but unpaid dividends, and for events (c), (d), (e), (f), (g) or (h), the redemption price is 100% of Series B Issue Price plus declared but unpaid dividends. For Series C, Series C+, Series D and Series E Preferred Shares, for all events, the redemption price shall be equal to 100% of the Series C, Series C+, Series D and Series E Issue Price plus all declared but unpaid dividends thereon, plus an additional amount that will result in an annualized rate of return of 8% on the Series C, Series C+, Series D and Series E Issue Price, respectively.

24. FINANCIAL LIABILITIES AT FVTPL (Continued)

24.1 Convertible Redeemable Preferred Shares of the Company (Continued)

Liquidation

In the event of any voluntary or involuntary liquidation, dissolution, winding up or Deemed Liquidation Event of the Company, distributions to the shareholders of the Company out of the assets available for distribution to its shareholders of the Company should be made in the following sequence.

(1) each holder of the Series E Preferred Shares to receive the Series E Issue Price plus an 8% annualized interest on the Series E Issue Price and any declared but unpaid dividends; (2) each holder of the Series D Preferred Shares to receive the Series D Issue Price plus an 8% annualized interest on the Series D Issue Price and any declared but unpaid dividends; (3) each holder of the Series C and Series C+ Preferred Shares to receive the Series C and Series C+ Issue Price plus an 8% annualized interest on the Series C and Series C+ Issue Price and any declared but unpaid dividends; (4) each holder of the Series B Preferred Shares to receive the Series B issue price plus an 8% annualized interest and any declared but unpaid dividends; (5) each holder of the Series A Preferred Shares to receive the Series A issue price.

If there are any dividends remaining after the aggregate dividends have been distributed or paid in full to the applicable holders above, the remaining available for distribution shall be distributed rateably among all Series A, B, C, C+, D and E Preferred Shareholders and ordinary shareholders.

Deemed Liquidation Events of the Company include: (a) merger or consolidation in which the Company (or only if the Company issues shares pursuant to the merger or consolidation, a subsidiary of the Company) is a constituent party; (b) (1) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Company or any Subsidiary of the Company of all or substantially all the assets of the Group Companies taken as a whole or all or substantially all of the intellectual property of the Group Companies taken as a whole, or (2) the sale or disposition (whether by merger, consolidation or otherwise, and whether in a single transaction or a series of related transactions) of one or more Subsidiaries of the Company if substantially all of the assets of the Group Companies taken as a whole are held by such Subsidiary or Subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned Subsidiary of the Company.

24.2 Presentation and Classification

The Company recognized the Convertible Redeemable Preferred Shares of Company as financial liabilities at FVTPL and classified as current liabilities, because not all triggering payment events mentioned in the key terms above were within the control of the Company and these financial instruments did not meet the definition of equity for the Company. Financial liabilities are measured at fair value and any changes in the fair value of the financial liabilities were recorded in "loss on changes in fair value of financial liabilities at FVTPL" in the consolidated statement of profit or loss and other comprehensive income. The directors of the Company considered that the changes in the fair value of the preferred shares attributable to the change in credit risk of the Group is minimal.

24. FINANCIAL LIABILITIES AT FVTPL (Continued)

24.2 Presentation and Classification (Continued)

For the Convertible Redeemable Preferred Shares, the Company used DCF Method to determine the underlying total equity value of the Company at the end of each reporting period and performed an equity allocation method to allocate total equity value to preferred shares and ordinary shares on different bases under three different scenarios: Liquidation Scenario, Redemption Scenario and IPO Scenario. Under the Liquidation Scenario and Redemption Scenario, since the holders of the preferred shares would have priority rights to claim for the equity value over the holders of ordinary shares, the Company applied the option pricing method ("OPM") to allocate the Group's total equity value to these different classes of equity. Under the IPO Scenario, the Group's total equity value is allocated to the ordinary shares and the preferred shares on an as-if-fully-converted basis because all the preferred shares will be converted into ordinary shares upon the consummation of IPO. After deriving the value of the preferred shares and ordinary shares under each of the Liquidation, Redemption and IPO Scenario by the method described above, the Company then assigned the probabilities of each scenario to arrive at the probability weighted average value of each class of equity. The valuation was carried out by the directors of the Company with the assistance of an independent qualified valuer.

The key valuation assumptions used to determine the fair value are as follows:

	As at December 31, 2024
Expected IPO date	31/12/2025
Expected liquidation date	31/12/2027
Expected redemption date	31/12/2027
Risk-free interest	4.27%
Probability of IPO scenario	80%
Probability of liquidation scenario	10%
Probability of redemption scenario	10%
Volatility	70.23%

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Treasury Strips with a maturity life equal to the expected terms for a liquidation or redemption event as of the valuation date, sourced from Bloomberg. Volatility was estimated on the average annualized standard deviation of the historical stock price of listed comparable companies for a period with length commensurate to expected time to a liquidation or redemption event as of the valuation date.

24. FINANCIAL LIABILITIES AT FVTPL (Continued)

24.2 Presentation and Classification (Continued)

The movements of the financial liabilities at FVTPL are set out below:

	Series A USD'000	Series B USD'000	Series C USD'000	Series C+ USD'000	Series D USD'000	Series E USD'000	Total USD'000
As at January 1, 2024	30,206	176,986	420,177	24,598	123,144	–	775,111
Changes in fair value	784	3,097	(11,080)	(602)	(1,203)	–	(9,004)
As at December 31, 2024	30,990	180,083	409,097	23,996	121,941	–	766,107
Issuance	–	–	–	–	–	122,773	122,773
Changes in fair value	14,223	80,127	141,900	8,413	27,822	24,216	296,701
Reclassification of financial liabilities issued to investors to equity	(45,213)	(260,210)	(550,997)	(32,409)	(149,763)	(146,989)	(1,185,581)
As at December 31, 2025	–	–	–	–	–	–	–

As at December 31, 2024, financial liabilities of USD766,107,000 were recognized for the Company's obligation under the preferential rights granted to certain investors, which entitle such investors to require the Company to repurchase its own shares upon occurrence of specified events. These contingent payment obligations are automatically terminated upon the completion of an IPO.

Following the listing of the Company's Ordinary Shares on the Stock Exchange on December 30, 2025, the contingent payment obligation lapsed and this financial liabilities of USD1,185,581,000 recognized for the preferential rights were reclassified to equity.

25. DEFERRED INCOME

	As at December 31,	
	2025 USD'000	2024 USD'000
Government grants related to property and equipment (Note a)	18	34
Other subsidies (Note b)	185	181
	203	215

Notes:

a. The Group received grants for capital expenditure incurred for the acquisition of plant and equipment. The amounts are deferred and amortized over the estimated useful lives of the respective assets.

b. Other subsidies are generally provided in relation to the R&D activities of the Group. The grants were recognized in profit or loss as other income upon the Group complied with the conditions attached to the grants and the acknowledged acceptance of compliance.

26. SHARE CAPITAL

	Number of shares	Nominal value of shares USD'000
Ordinary shares of USD0.0000005 each (before Share Split: USD0.00001 each)		
Authorised		
As at December 31, 2024	45,293,280	–*
Increase in authorised ordinary shares	1,224,706,720	–*
As at December 31, 2025	1,270,000,000	–*
Issued and fully paid		
As at January 1, 2024	3,833,893	–*
Exercise of share options	110,791	–*
As at December 31, 2024	3,944,684	–*
Exercise of share options	20,791	–*
Issuance of financial instruments to investors	19,170,925	–*
As at December 15, 2025	23,136,400	–*
Increase in issued ordinary shares upon Share Split (Note 13)	439,591,600	–*
Issuance of ordinary shares in connection with the IPO	94,690,500	–*
As at December 31, 2025	557,418,500	–*
Vested restricted shares (not issued)	1,802,240	–*
As at December 31, 2025	559,220,740	–*

* Amount is less than USD1,000.

27. TREASURY SHARES

	Number of shares	Treasury shares USD'000
As at January 1, 2024	9,095,400	11,346
Restricted shares vested	(7,440,000)	(9,299)
As at December 31, 2024	1,655,400	2,047
Restricted shares vested	(1,655,400)	(2,047)
As at December 31, 2025	–	–

Treasury shares represented unvested restricted shares granted to the directors, employees and consultants of the Group which are from the ordinary shares contributed by Founder as disclosed in Note 28. The restricted shares have fully vested upon the completion of the IPO.

28. SHARE-BASED COMPENSATION

All share numbers presented below are based on the post-split share capital, as adjusted for the share split disclosed in Note 13, which has been treated as having occurred as of the beginning of the earliest comparative period.

28.1 Share options

In order to provide additional incentives to employees and directors and to promote the success of business, InSilico Inc. had issued several batches of options since 2014 according to the share based compensation plan of InSilico Inc. (collectively called "US plan"). On March 15, 2019, as part of the 2019 Restructuring, the Company became the holding company of the Group and established the InSilico Medicine Cayman Topco 2019 Share Incentive Plan to replace the US plan, with no changes on any of the terms of the options. The new plan was subsequently amended and restated on December 31, 2019 and August 13, 2020, respectively (collectively called "2019 Share Incentive Plan"), which permits the granting of share options and restricted share awards to employees, directors and consultants of the Group. The Company authorized a total of 23,848,460 shares for issuance under the 2019 Share Incentive Plan, including 18,180,000 options inherited from the US plan, and has granted 675,000 share options in 2025 (2024: nil). The options granted expire in ten years from the date of grant.

On December 31, 2019, the Company further established the InSilico Medicine Cayman Topco Equity Incentive Plan as adopted on December 31, 2019 ("2019 Equity Incentive Plan"), which permits the granting of equity-based incentives to attract, motivate, retain and reward certain officers, employees, directors, consultants and other eligible persons. The Company authorized 10,809,680 shares for issuance under the 2019 Equity Incentive Plan and has granted in total of nil share options for the years ended December 31, 2025 (2024: nil). The options granted expire in ten years from the date of grant.

28. SHARE-BASED COMPENSATION (Continued)

28.1 Share options (Continued)

On June 30, 2021, the Company established the InSilico Medicine Cayman Topco 2021 Equity Incentive Plan as adopted on June 30, 2021 ("2021 Equity Incentive Plan"), which permits the granting of incentive share options, nonstatutory share options, share appreciation rights, restricted shares and restricted share units (collectively as "Awards") to attract and retain employees, directors and consultants and to promote the success of the Group's business. The Company authorized 14,017,340 shares for issuance under the 2021 Equity Incentive Plan and has granted in total of 994,000 share options for the years ended December 31, 2025 (2024: nil). The options granted expire in ten years from the date of grant.

On November 25, 2022, the Company established the InSilico Medicine Cayman Topco 2022 Equity Incentive Plan as adopted on November 25, 2022 ("2022 Equity Incentive Plan"), which permits the granting of incentive share options and restricted share units (collectively as "Awards") to attract and retain employees, directors and consultants and to promote the success of the Group's business. The Company authorized 7,200,000 shares for issuance under the 2022 Equity Incentive Plan and has granted in total of 3,496,000 and nil share options for the years ended December 31, 2025 (2024: nil). The options granted expire in ten years from the date of grant.

A total of 50,882,020 options were granted prior to 2025 under the 2019 Share Incentive Plan, 2019 Equity Incentive Plan, 2021 Equity Incentive Plan, and 2022 Equity Incentive Plan, with vesting schedules varying by grant and as specified in individual grant notices. Vesting periods range from 3 to 10 years, with common structures including annual vesting in equal installments over 3 or 4 years, monthly vesting over 36 to 48 months, or hybrid models such as one-third vesting after one year followed by monthly installments over the next two years, or 20% after one year followed by 48 monthly installments for the remaining 80%.

Details of the options granted under 2019 Share Incentive Plan, 2019 Equity Incentive Plan, 2021 Equity Incentive Plan and 2022 Equity Incentive Plan are as follows:

Share award plan	Grantee	Grant during the year of	Vesting schedule defined in contract term	Number of share options granted
2019 Share Incentive Plan	Employee	2025	Note i	675,000
2021 Equity Incentive Plan	Employee	2025	Note ii	102,000
2021 Equity Incentive Plan	Employee	2025	Note iii	215,000
2021 Equity Incentive Plan	Employee	2025	Note i	675,000
2021 Equity Incentive Plan	Consultant	2025	Note ii	2,000
2022 Equity Incentive Plan	Employee	2025	Note ii	2,746,000
2022 Equity Incentive Plan	Employee	2025	Note i	750,000

28. SHARE-BASED COMPENSATION (Continued)

28.1 Share options (Continued)

Notes:

i The vesting schedule is over 4 years with 50% of the options vesting on the two year anniversary of the vesting commencement date as stipulated in respective grant notices and the remaining 50% of the options vesting in 24 equal monthly installments from such one year anniversary of the vesting commencement date.

ii The vesting schedule is over 3 years with 1/3 of the options vesting on the day of an IPO as stipulated in respective grant notices and the remaining 2/3 of the options vesting in 24 equal monthly installments from such IPO date.

iii The vesting schedule is over 4 years with 25% of the options vesting on the one year anniversary of the vesting commencement date as stipulated in respective grant notices and the remaining 75% of the options vesting in 36 equal monthly installments from such one year anniversary of the vesting commencement date.

The following table summarized the Company's share option activities under 2019 Share Incentive Plan, 2019 Equity Incentive Plan, 2021 Equity Incentive Plan and 2022 Equity Incentive Plan for the years ended December 31, 2025:

	Number of options	Weighted average exercise price USD	Weighted average grant date fair value USD	Weighted average remaining contractual life Years
Outstanding as of January 1, 2024	36,596,600	0.65	0.61	6.34
Exercised	(2,215,820)	0.18	0.27	
Forfeited	(3,329,940)	1.15	0.97	
Outstanding as of December 31, 2024	31,050,840	0.63	0.60	5.42
Granted	5,165,000	2.12	1.74	
Exercised	(415,820)	0.99	0.78	
Forfeited	(3,677,980)	0.73	0.63	
Outstanding as of December 31, 2025	32,122,040	0.85	0.78	5.22

A total of 17,992,209 options were exercisable at December 31, 2025 (2024: 18,650,599).

For share options exercised during the years ended December 31, 2025, the weighted average share price at the date of exercise was USD2.106 (2024: USD2.107).

28. SHARE-BASED COMPENSATION (Continued)

28.1 Share options (Continued)

Fair value of share options

Options were granted on April 23, 2025 and December 1, 2025, with estimated fair values ranging from USD1.260 to USD1.919 (2024: nil).

The Company applies the binomial option pricing model in determining the fair value of stock options. The key assumptions used to estimate the fair value of the share options granted are as follows:

	Year ended December 31,	
	2025	2024
Risk-free interest rate	2.93%~4.42%	N/A (Note i)
Expected dividend yield	0.00%	N/A (Note i)
Expected volatility range	64.82%~70.91%	N/A (Note i)
Exercise multiples	2.8	N/A (Note i)
Contractual life	10 Years	N/A (Note i)
Fair value of underlying ordinary shares	USD2.119~ USD2.934	N/A (Note i)

Note:

i The Group did not grant new option in 2024.

The Company estimated expected volatility by reference to the historical price volatilities of ordinary shares of comparable companies over a period close to the contract term of the options. The Company estimated the risk free interest rate based on the yield to maturity of US government bonds at grant date with a maturity period close to the contract term of options. The dividend yield was estimated as zero based on the plan to retain profit for corporate expansion and no dividend will be distributed in the near future. The Company determined the fair value of ordinary shares underlying each share option grant based on estimated equity value and allocation of it to each element of its capital structure. The assumptions used in share-based compensation expenses recognition represent the Company's best estimates, but these estimations involve inherent uncertainties and the application of judgement. If factors change or different assumptions are used, the share-based compensation expenses could be materially different for any period.

28. SHARE-BASED COMPENSATION (Continued)

28.1 Share options (Continued)

Share-based compensation expenses for all share options

Total share-based compensation expenses for all share options recognized were as follows:

	Year ended December 31,	
	2025	2024
	USD'000	USD'000
Research and development expenses	2,200	(557)
General and administrative expenses	(439)	989
Selling and marketing expenses	385	23
Total share-based compensation expenses	2,146	455

28.2 Restricted shares unit under 2019 Equity Incentive Plan

The Company authorized 10,809,680 shares for issuance under the 2019 Equity Incentive Plan and has granted in total of 425,000 restricted shares unit for the years ended December 31, 2025 (2024: nil).

Details of the restricted shares unit granted under 2019 Equity Incentive Plan are as follows:

Share award plan	Grantee	Grant date	Vesting schedule defined in contract term	Subscribe price	Number of restricted shares unit granted
2019 Equity Incentive Plan	Director	23/04/2025	Note i	–	200,000
2019 Equity Incentive Plan	Employee	01/12/2025	Note i	–	25,000
2019 Equity Incentive Plan	Director	01/12/2025	Note i	–	200,000

Note:

i The restricted shares unit will vest with 1/3 vesting on the day of an IPO after the vesting commencement date as stipulated in respective grant notices and the remaining 2/3 vesting in 24 equal monthly installments from such IPO date.

28. SHARE-BASED COMPENSATION (Continued)

28.2 Restricted shares unit under 2019 Equity Incentive Plan (Continued)

The following table summarized the Company's restricted shares unit activities under 2019 Equity Incentive Plan for the years ended December 31, 2025:

	Number of restricted shares unit	Weighted average subscribe price USD	Weighted average grant date fair value USD
Outstanding as of January 1, 2025	–	–	–
Granted	425,000	–	2.55
Vested	(141,667)	–	2.55
Outstanding as of December 31, 2025	283,333	–	–

Fair value of restricted shares under 2019 Equity Incentive Plan

The fair value of the Founder shares granted was determined using the grant date fair value of the underlying ordinary shares of the Company. The Group used the back-solve method or DCF Method to determine the underlying equity fair value of the Company. The foresaid underlying equity fair value of the Company at date of grant was valued by directors of the Company with the assistance of an independent qualified valuer.

Share-based compensation expenses for all restricted shares under 2019 Equity Incentive Plan

Total share-based compensation expenses for all restricted shares under 2019 Equity Incentive Plan recognized were as follows:

	Year ended December 31,	
	2025 USD'000	2024 USD'000
Research and development expenses	539	–
Total share-based compensation expenses	539	–

28. SHARE-BASED COMPENSATION (Continued)

28.3 Restricted shares unit under 2021 Equity Incentive Plan

The Company authorized 14,017,340 shares for issuance under the 2021 Equity Incentive Plan and has granted in total of 661,720 restricted shares unit for the years ended December 31, 2025 (2024: 800,000).

A total of 3,800,000 restricted share units were granted prior to 2025 under the 2021 Equity Incentive Plan, with vesting conditions as set forth in Note i.

Details of the restricted shares unit granted under 2021 Equity Incentive Plan are as follows:

Share award plan	Grantee	Grant date	Vesting schedule defined in contract term	Subscribe price	Number of restricted shares unit granted
2021 Equity Incentive Plan	Director	01/12/2025	Note i	–	178,300
2021 Equity Incentive Plan	Employee	01/12/2025	Note i	–	483,420

Note:

i The restricted shares unit will vest with 1/3 vesting on the day of an IPO after the vesting commencement date as stipulated in respective grant notices and the remaining 2/3 vesting in 24 equal monthly installments from such IPO date.

The following table summarized the Company's restricted shares unit activities under 2021 Equity Incentive Plan:

	Number of restricted shares unit	Weighted average subscribe price USD	Weighted average grant date fair value USD
Outstanding as of January 1, 2024	3,000,000	–	1.96
Granted	800,000	–	2.12
Outstanding as of December 31, 2024	3,800,000	–	1.99
Granted	661,720	–	2.93
Vested	(1,287,240)	–	2.14
Forfeited	(600,000)	–	2.07
Outstanding as of December 31, 2025	2,574,480	–	2.14

28. SHARE-BASED COMPENSATION (Continued)

28.3 Restricted shares unit under 2021 Equity Incentive Plan (Continued)

Fair value of restricted shares under 2021 Equity Incentive Plan

The fair value of the Founder shares granted was determined using the grant date fair value of the underlying ordinary shares of the Company. The Group used the back-solve method or DCF Method to determine the underlying equity fair value of the Company. The foresaid underlying equity fair value of the Company at date of grant was valued by directors of the Company with the assistance of an independent qualified valuer.

Share-based compensation expenses for all restricted shares under 2021 Equity Incentive Plan

Total share-based compensation expenses for all restricted shares under 2021 Equity Incentive Plan recognized were as follows:

	Year ended December 31,	
	2025 USD'000	2024 USD'000
Research and development expenses	(221)	171
General and administrative expenses	2,548	922
Selling and marketing expenses	128	–
Total share-based compensation expenses	2,455	1,093

28.4 Restricted shares unit under 2022 Equity Incentive Plan

The Company authorized 7,200,000 shares for issuance under the 2022 Equity Incentive Plan and has granted in total of 595,000 restricted shares unit for the years ended December 31, 2025 (2024: nil).

A total of 525,000 restricted share units were granted prior to 2025 under the 2022 Equity Incentive Plan, with vesting conditions as set forth in Note i.

Details of the restricted shares unit granted under 2022 Equity Incentive Plan are as follows:

Share award plan	Grantee	Grant date	Vesting schedule defined in contract term	Subscribe price	Number of restricted shares unit granted
2022 Equity Incentive Plan	Employee	01/12/2025	Note i	–	595,000

Note:

i The restricted shares unit will vest with 1/3 vesting on the day of an IPO after the vesting commencement date as stipulated in respective grant notices and the remaining 2/3 vesting in 24 equal monthly installments from such IPO date.

28. SHARE-BASED COMPENSATION (Continued)

28.4 Restricted shares unit under 2022 Equity Incentive Plan (Continued)

The following table summarized the Company's restricted shares unit activities under 2022 Equity Incentive Plan:

	Number of restricted shares unit	Weighted average subscribe price USD	Weighted average grant date fair value USD
Outstanding as of January 1, 2025	525,000	–	2.05
Granted	595,000	–	2.93
Vested	(373,333)	–	2.52
Outstanding as of December 31, 2025	746,667	–	2.52

Fair value of restricted shares under 2022 Equity Incentive Plan

The fair value of the Founder shares granted was determined using the grant date fair value of the underlying ordinary shares of the Company. The Group used the back-solve method or DCF Method to determine the underlying equity fair value of the Company. The foresaid underlying equity fair value of the Company at date of grant was valued by directors of the Company with the assistance of an independent qualified valuer.

Share-based compensation expenses for all restricted shares under 2022 Equity Incentive Plan

Total share-based compensation expenses for all restricted shares under 2022 Equity Incentive Plan recognized were as follows:

	Year ended December 31,	
	2025 USD'000	2024 USD'000
Research and development expenses	628	16
General and administrative expenses	229	25
Selling and marketing expenses	166	7
Total share-based compensation expenses	1,023	48

28. SHARE-BASED COMPENSATION (Continued)

28.5 Restricted shares granted through the ordinary shares contributed by the Founder

To retain the best talents for the Group, and in order to incentivize the directors, employees and non-employee consultants (collectively as "the Purchaser") to provide services of the highest quality to the Group, the Founder of the Company granted nil and nil ordinary shares held by him at par value to the directors, employees and consultants for the years ended December 31, 2025 and 2024, respectively. This transaction is in substance, share-based compensation expenses incurred by the Founder on behalf of the Company, and accounted for as a capital contribution by the Founder to the Company accompanied with a simultaneous grant by the Company. The Group recognized compensation expenses based on the fair value of the shares as of the grant dates with a corresponding increase in share-based payments reserve.

The Group did not grant new Founder shares in 2025.

Fair value of Founder shares grant

The fair value of the Founder shares granted was determined using the grant date fair value of the underlying ordinary shares of the Company. The Group used the back-solve method or DCF Method to determine the underlying equity fair value of the Company. The foresaid underlying equity fair value of the Company at date of grant was valued by directors of the Company with the assistance of an independent qualified valuer.

The following table summarized the restricted shares granted through the ordinary shares contributed by the Founder:

	Number of shares	Weighted average grant date fair value USD
Unvested as of December 31, 2023	9,095,400	1.24
Vested	(7,440,000)	
Unvested as of December 31, 2024	1,655,400	1.21
Vested	(1,655,400)	
Unvested as of December 31, 2025	–	–

Note:

Unvested restricted shares granted to the directors, employees and consultants of the Group which are from the ordinary shares contributed by Founder are recorded in treasury shares as disclosed in Note 27. The restricted shares have fully vested upon the completion of the IPO.

28. SHARE-BASED COMPENSATION (Continued)

28.5 Restricted shares granted through the ordinary shares contributed by the Founder (Continued)

Share-based compensation expenses for Founder shares grant

Total share-based compensation expenses for Founder shares grant recognized were as follows:

	Year ended December 31,	
	2025	2024
	USD'000	USD'000
Research and development expenses	54	1,654
General and administrative expenses	267	19
Selling and marketing expenses	23	(10)
Total share-based compensation expenses	344	1,663

29. RELATED PARTY TRANSACTIONS

Other than as disclosed in Notes 12, 20 and 28 in the report, the Group has the following transactions with its related parties during the year.

(1) Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the year.

Company	Relationship
WuXi Group (Note)	A shareholder of the Group

Note: The WuXi Group is no longer considered a related party of the Group with effect from December 30, 2025, as it no longer has the ability to exercise significant influence over the Group's operations.

(2) Related party transactions:

(a) R&D expense and Cost of revenue for contract research organizations ("CRO") services

	Year ended December 31,	
	2025	2024
	USD'000	USD'000
WuXi Group	9,773	12,690

(3) Related party balances

Related party balances and nature refer to Note 20.

29. RELATED PARTY TRANSACTIONS (Continued)

(4) Compensation of key management personnel

The remuneration of members of key management of the Group during the year were as follows:

	Year ended December 31,	
	2025	2024
	USD'000	USD'000
Salaries and other benefits	2,119	2,547
Retirement benefit scheme contributions	132	147
Discretionary bonuses (Note)	2,105	1,958
Share-based payments	3,621	3,317
	7,977	7,969

Note: Discretionary bonuses is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

30. CAPITAL COMMITMENTS

	As at December 31,	
	2025	2024
	USD'000	USD'000
Capital expenditure contracted for but not provided in the report in respect of:		
– acquisition of intangible assets and equipment	–	–

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to investors through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year.

The capital structure of the Group consists of net debts, which includes lease liabilities disclosed in Note 23 and financial liabilities at FVTPL disclosed in Note 24, net of bank balances and cash disclosed in Note 21 and equity attributable to owners of the Company, comprising share capital, treasury shares, share premium and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendation of the management of the Group, the Group will balance its overall capital structure through the new share issues or issue of new debt.

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at December 31,	
	2025	2024
	USD'000	USD'000
Financial assets		
Amortized cost	416,447	127,787
Financial assets at FVTPL	54,651	246
Financial liabilities		
Amortized cost	19,001	21,892
Financial liabilities at FVTPL	–	766,107
Lease liabilities	5,959	2,561

(b) Financial risk management objectives and policies

The Group's major financial assets and liabilities include trade and other receivables, other non-current assets, financial assets at FVTPL, bank balances and cash, trade and other payables, amount due to a related party, lease liabilities and financial liabilities at FVTPL. Details of these financial assets and liabilities are disclosed in respective notes.

The risks associated with these financial assets and liabilities include market risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to currency risk, interest rate risk. There has been no change in the Group's exposure to these risks or the manner in which it manages and measures the risks.

(i) Currency risk

Certain financial assets and liabilities are denominated in foreign currency of respective group entities which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of each reporting period are as follows:

	As at December 31,	
	2025	2024
	USD'000	USD'000
Assets		
RMB	225	142
HK$	278,042	13
EUR	7	–
USD	30,427	359
Liabilities		
HK$	284	62

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in USD against RMB or HK$, the foreign currency with which the Group may have a material exposure. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rate. A negative/positive number below indicates an increase/decrease in loss where USD strengthens 5% against RMB or HK$. For a 5% weakening of USD against RMB or HK$, there would be an equal and opposite impact on loss for the year.

	Year ended December 31,	
	2025	2024
	USD'000	USD'000
Impact on profit or loss		
The Group		
RMB	(11)	(7)
HK$	(13,888)	2
USD	(1,521)	(18)

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is primarily exposed to fair value interest rate risk in relation to lease liabilities (Note 23) and cash flow interest rate risk in relation to bank balances (Note 21). The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant because the current market interest rates are relatively low and stable.

Credit risk

The carrying amounts of trade receivables, other receivables and other non-current assets, bank balances and cash included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed and approved twice a year by the risk management committee. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk as 45.40% (2024: 59.45%) of the total trade receivables was due from the Group's largest customer. In addition, the Group performs impairment assessment under ECL model on trade receivables with significant balances and credit-impaired individually or collectively. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining trade receivables are grouped based on shared credit risk characteristics by reference to the Group's internal credit ratings/aging of outstanding balances/others to specify.

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Other receivables and other non-current assets

For other receivables and other non-current assets, the Group has applied 12m ECL in IFRS 9 to measure the loss allowance. The ECL on other receivables and other non-current assets are assessed collectively using a provision matrix based on the past default experience of the debtor, adjusted for factors that are specific to the debtors, general economic conditions and industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions. Management considered the ECL provision of other receivables and other non-current assets is insignificant.

Bank balances and cash

The credit risk on bank balances and cash is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Bank balances and cash (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12m or Lifetime ECL	As at December 31, 2025 Gross carrying amount USD'000	2024 Gross carrying amount USD'000
Financial assets at amortized cost					
Accounts Receivable	19	Low risk	Lifetime ECL/ 12m ECL	22,026.00	883.00
Other Receivables	19	Low risk	Lifetime ECL/ 12m ECL	273.00	358.00
Other non-current assets	18	Low risk	12m ECL	1,552	635
Bank balances and cash	21	N/A	12m ECL	393,338	125,942

a) Internal credit rating

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its operation. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis within lifetime ECL (not credit-impaired).

	As at December 31, 2025		As at December 31, 2024	
Internal credit rating	Average loss rate %	Trade receivables USD'000	Average loss rate %	Trade receivables USD'000
Low risk	3.37	22,026	3.51	883

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Bank balances and cash (Continued)

b) The following table shows the movement in lifetime ECL that has been recognized for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) USD'000	Lifetime ECL (credit-impaired) USD'000	Total USD'000
As at January 1, 2024	38	–	38
– Impairment losses reversed	(7)	–	(7)
As at December 31, 2024	31	–	31
– Impairment losses recognized	711	–	711
As at December 31, 2025	742	–	742

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. The Group relies on issuance of preferred shares and ordinary shares as significant sources of liquidity. The directors of the Company are satisfied that the Group will have sufficient financial resource to meet its financial obligation as they fall due and to sustain its operations for the foreseeable future.

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted Average effective interest rate %	Within 1 year and on demand USD'000	1 to 2 years USD'000	2 to 5 years USD'000	Over 5 years USD'000	Total USD'000	Carrying amount USD'000
As at December 31, 2025							
Trade and other payables	–	19,001	–	–	–	19,001	19,001
Lease liabilities	3.32 to 4.45	2,108	1,232	3,127	–	6,467	5,959
		21,109	1,232	3,127	–	25,468	24,960
As at December 31, 2024							
Trade and other payables	–	17,716	–	–	–	17,716	17,716
Amount due to a related party	–	4,176	–	–	–	4,176	4,176
Financial liabilities at FVTPL	–	517,023	–	–	–	517,023	766,107
Lease liabilities	2.44 to 4.45	1,533	952	125	–	2,610	2,561
		540,448	952	125	–	541,525	790,560

32. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the directors of the Company every quarter to explain the cause of fluctuations in the fair value.

Fair values are categorised into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

32. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

	Notes	Fair value As at December 31, 2025 USD'000	2024 USD'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets							
Financial products	17	53,933	–	Level 2	DCF method using the expected return based on expected return	N/A	N/A
Equity Investments with Readily Determinable Fair Value	17	718	246	Level 1	Active market quoted transaction price	N/A	N/A
Financial liabilities							
Financial liabilities at FVTPL	24	–	766,107	Level 3	Backsolve Model – the key inputs are possibilities under different scenarios as disclosed in Note 24 and volatility (As at December 31, 2024 and 2025)	Volatility 2025: N/A 2024: 70.23% Probability of IPO scenario 2025: N/A 2024: 80.00%	The higher the volatility, the lower the fair value (Note i) The higher the probability of IPO scenario, the lower the fair value (Note ii)

Note i: A 5% increase/decrease in volatility, while all other variables keep constant, would decrease/increase the carrying amount of financial liabilities as at December 31, 2024 by USD511,000, increase the carrying amount as at December 31, 2024 by USD509,000. All the financial liabilities at FVTPL were transferred to ordinary shares as of December 30, 2025, no sensitive analysis is required as at December 31, 2025.

Note ii: A 5% increase/decrease in the probability of IPO scenario, while all other variables keep constant, would decrease the carrying amount of financial liabilities as at December 31, 2024 by USD2,574,000, increase the carrying amount as at December 31, 2024 by USD2,574,000. All the financial liabilities at FVTPL were transferred to ordinary shares as of December 30, 2025, no sensitive analysis is required as at December 31, 2025.

There were no transfers between different levels during the year.

32. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's and the Company's financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

(iii) Reconciliation of Level 3 fair value measurements

Details of reconciliation of Level 3 fair value measurement for preferred shares is set out in Note 24. Fair value gains or losses on financial liabilities at FVTPL are included in "other gains and losses, net".

33. RETIREMENT BENEFIT PLANS

Full time employees of the Group in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to employees. Chinese labour regulations require that the Group's PRC subsidiaries make contributions to the government for these benefits based on certain percentages of the employees' salaries. The Group has no legal obligation for the benefits beyond the contributions made. The total amounts for such employee benefits, which were expensed as incurred, were USD3,889,000 for the Group's PRC subsidiaries for the years ended December 31, 2025 (2024: USD3,321,000).

In Taiwan, the government also mandated defined contribution plan including certain pension benefits, medical care, unemployment insurance and other welfare benefits, to be provided to full time employees of the Group. The local regulations require that the Group's Taiwan subsidiary make contributions to the government for these benefits based on certain percentage of the employee's salaries. The Group has no legal obligation for the benefits beyond the contributions made. The total amounts for such employee benefits, which were expensed as incurred, were USD24,000 for the Group's Taiwan subsidiary for the years ended December 31, 2025 (2024: USD88,000).

In United States, the Group sponsors a defined contribution plan under Section 401(k) of the Internal Revenue Code, which covers US employees who are 21 years of age and over. Under this plan, the Group matches voluntary employee contributions from their annual compensation. The total amounts for such employee benefits, which were expensed as incurred, were USD257,000 for the Group's US subsidiary for the years ended December 31, 2025 (2024: USD249,000).

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

34.1 General information of subsidiaries

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiaries	Place and date of establishment and kind of PRC legal entity	Issued and fully Paid-in/ registered capital	Attributable equity interest held by the Company as at As at December 31, 2025 direct	2025 indirect	2024 direct	2024 indirect	Principal activities/ Place of operation
InSilico Medicine Cayman SubCo	Cayman/ November 19, 2018	US$100	100%	–	100%	–	Holding company/ Cayman
InSilico Medicine Hong Kong Limited	Hong Kong/ January 11, 2019	US$100	–	100%	–	100%	R&D collaboration and software solution/Hong Kong
Insilico Medicine Taiwan Limited (英科智能有限公司)	Taiwan/April 16, 2018	TWD29,825,137	–	100%	–	100%	Business development/ Taiwan
InSilico Medicine US Inc.	United States/ February 11, 2019	US$0.001	–	100%	–	100%	BD and New drug discovery/United States
Insilico Medicine IP Limited	Hong Kong/July 21, 2019	US$100	–	100%	–	100%	IP ownership/Hong Kong

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

34.1 General information of subsidiaries (Continued)

Name of subsidiaries	Place and date of establishment and kind of PRC legal entity	Issued and fully Paid-in/ registered capital	Attributable equity interest held by the Company as at As at December 31, 2025 direct	2025 indirect	2024 direct	2024 indirect	Principal activities/ Place of operation
Insilico Medicine Ltd. (英矽智能科技(上海)有限公司)	Chinese Mainland/ June 13, 2019/ Limited liability company	US$50,000,000	–	100%	–	100%	New drug discovery/ Chinese Mainland
Mir Pharma Innovation Limited	Hong Kong/June 1, 2021	US$100	–	100%	–	100%	Holding company/ Hong Kong
InSilico Medicine Suzhou Ltd. (英矽智能科技(蘇州)有限公司)	Chinese Mainland/ September 1, 2021/ Limited liability company	RMB134,500,000	–	100%	–	100%	New drug discovery/ Chinese Mainland
InSilico Medicine Canada Inc.	Canada/June 6, 2022	CAD100	–	100%	–	100%	AI development and Business development/ Canada
Insilico Medicine AI Limited	United Arab Emirates/July 29, 2022	AED44,070,100	–	100%	–	100%	AI development/ United Arab Emirates

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

34.1 General information of subsidiaries (Continued)

Name of subsidiaries	Place and date of establishment and kind of PRC legal entity	Issued and fully Paid-in/ registered capital	Attributable equity interest held by the Company as at As at December 31, 2025 direct	2025 indirect	2024 direct	2024 indirect	Principal activities/ Place of operation
InSilico Medicine Beijing Ltd. (英矽智能科技(北京)有限公司) (Note)	Chinese Mainland/ December 22, 2023/ Limited liability company	–	–	–	–	100%	New drug discovery/ Chinese Mainland
InSilico Medicine Yixing Ltd. (英矽智能科技(宜興)有限公司),	Chinese Mainland/ March 22, 2024/Limited liability company	US$10,000,000	–	100%	–	100%	New drug discovery/ Chinese Mainland
Insilico Medicine (Shanghai) Investment Co., Ltd. (英矽智能(上海)投資有限公司)	Chinese Mainland/ October 14, 2025/ Limited liability company	US$30,000,000	–	100%	–	–	Business development/ Chinese Mainland

Note: On August 4, 2025, Insilico Beijing was deregistered voluntarily as it had no business operations.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities USD'000	Financial liabilities at FVTPL USD'000	Deferred share issue costs and accrued issue costs USD'000	Total USD'000
As at January 1, 2024	2,193	775,111	1,752	779,056
Financing cash flows	(1,650)	–	(293)	(1,943)
Deferred professional service fee accrued	–	–	16	16
Exchange adjustments	(12)	–	–	(12)
Fair value changes	–	(9,004)	–	(9,004)
Finance costs	91	–	–	91
New leases entered	1,939	–	–	1,939
As at December 31, 2024	2,561	766,107	1,475	770,143
Financing cash flows	(2,286)	121,096	(463)	118,347
Deferred professional service fee accrued	–	–	821	821
Exchange adjustments	21	–	–	21
Fair value changes	–	296,701	–	296,701
Finance costs	209	–	–	209
New leases entered	5,454	–	–	5,454
Reclassification of financial liabilities recognized for preferential rights issued to investors to equity	–	(1,183,904)	–	(1,183,904)
As at December 31, 2025	5,959	–	1,833	7,792

36. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into new lease agreements for the use of leased properties. On the lease commencement, the Group recognized right-of-use assets and lease liabilities of USD5,454,000 and USD1,939,000 for the years ended December 31, 2025 respectively.

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at December 31,	
	2025	2024
	USD'000	USD'000
Non-current asset		
Investments in subsidiaries	58,200	584
Current assets		
Financial assets at FVTPL	42,539	–
Trade and other receivables	217	1,379
Amounts due from a subsidiary	10,714	10,714
Bank balances	349,064	94,704
	402,534	106,797
Current liabilities		
Trade and other payables	3,574	1,768
Amounts due to subsidiaries	5,134	3,429
Financial liabilities at FVTPL	–	766,107
	8,708	771,304
Net current assets (liabilities)	393,826	(664,507)
Total assets less current liabilities	452,026	(663,923)
Net assets (liabilities)	452,026	(663,923)
Capital and reserves		
Share capital	–*	–*
Treasury shares	–	(2,047)
Share premium and reserves	452,026	(661,876)
Total equity (deficits)	452,026	(663,923)

* Amount is less than USD1,000.

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

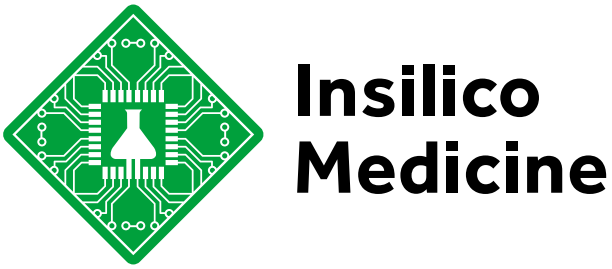
Movement in the Company's reserves

	Share premium USD'000	Share-based compensation reserve USD'000	Other reserve USD'000	Foreign exchange reserve USD'000	Accumulated losses USD'000	Total USD'000
As at January 1, 2024	214	21,829	1,770	838	(663,463)	(638,812)
Loss and total comprehensive expense for the year	–	–	–	(333)	(17,096)	(17,429)
Exercise of share options	405	(590)	590	–	–	405
Vested restricted shares from the ordinary shares contributed by the Founder	–	(9,299)	–	–	–	(9,299)
Recognition of share-based compensation	–	3,259	–	–	–	3,259
As at December 31, 2024	619	15,199	2,360	505	(680,559)	(661,876)
Profit (loss) and total comprehensive income (expense) for the year	–	–	–	780	(352,316)	(351,536)
Exercise of share options	413	(325)	325	–	–	413
Vested restricted shares from the ordinary shares contributed by the Founder	–	(2,047)	–	–	–	(2,047)
Vested restricted shares from RSU	–	(7,862)	7,862	–	–	–
Issue of shares	274,984	–	–	–	–	274,984
Reclassification of financial liabilities recognized for preferential rights issued to investors to equity	1,185,581	–	–	–	–	1,185,581
Recognition of share-based compensation	–	6,507	–	–	–	6,507
As at December 31, 2025	1,461,597	11,472	10,547	1,285	(1,032,875)	452,026

38. SUBSEQUENT EVENTS

Saved as disclosed in the report, subsequent to December 31, 2025, the following significant events took place:

(i) The Company exercised the over-allotment option ("OAO") in connection with its IPO on January 16, 2026. Accordingly, an additional 14,203,500 shares were issued and listed on the Main Board of the Stock Exchange on January 21, 2026 and gross proceeds of approximately HK$341,594,175 were raised. The proceeds will be used for the development of the Company's core business and to supplement working capital.


Insilico
Medicine