INSILICO MEDICINE

InSilico Medicine Cayman TopCo
英矽智能

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3696)

COMPLETION OF THE ISSUE OF US$305,000,000 ZERO COUPON CONVERTIBLE BONDS DUE 2027 UNDER GENERAL MANDATE

Sole Global Coordinator, Sole Lead Manager and Sole Bookrunner

Deutsche Bank

This announcement is issued pursuant to Rule 13.09 of the Listing Rules and under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

References are made to the announcement of the Company on August 28, 2026 in relation to its proposed issue of convertible bonds under the General Mandate and the pricing of US$305,000,000 zero coupon convertible bonds due 2027 (the "**Announcement**"). Unless otherwise defined in this announcement, capitalized terms used herein shall have the same meanings as defined in the Announcement.

COMPLETION OF THE ISSUE OF THE BONDS

The Board is pleased to announce that all the conditions precedent under the Subscription Agreement have been fulfilled and the issue of the Bonds in an aggregate principal amount of US$305,000,000 was completed on September 3, 2026.

The aggregate gross proceeds from the issue of the Bonds are approximately US$305 million, and the net proceeds (after deducting the Manager's commissions and other estimated expenses payable) are approximately US$301.6 million.

An application for the listing of the Bonds has been submitted to the Vienna Stock Exchange. Trading of the Bonds on the Vienna MTF operated by the Vienna Stock Exchange is expected to commence on or around September 4, 2026. The Company has obtained the approval for the listing of, and permission to deal in, the Conversion Shares on the Hong Kong Stock Exchange.

CSRC FILINGS

The Company will subsequently comply with CSRC Filing Rules and complete the CSRC Filings in connection with the issue of the Bonds.

EFFECT ON SHAREHOLDINGS AS A RESULT OF CONVERSION OF THE BONDS

The table below sets out a summary of the shareholdings (excluding treasury shares) in the Company (i) as at the date of this announcement and (ii) upon the exercise in full of the Conversion Rights attached to the Bonds:

	As at the date of this announcement		**Upon full conversion of the Bonds at the initial Conversion Price of HK$58.07 per Share**	
Shareholders	**Number of Shares**	**Approximate % of the total issued share capital**	**Number of Shares**	**Approximate % of the total issued share capital**
Mr. Alex Zhavoronkov, Ph.D.[(1)]	42,583,500	7.30%	42,583,500	6.82%
Other Shareholders	540,431,277	92.70%	540,431,277	86.58%
Bondholders	–	–	41,174,737	6.60%
Total	**583,014,777**	**100%**	**624,189,514**	**100%**

Notes:

1. Pursuant to proxies and powers of attorney dated May 5, 2025 and with effect from April 15, 2025, Mr. Alex Zhavoronkov, Ph.D. is also 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.

2. The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places.

SUPPLEMENTAL INFORMATION

Use of Proceeds from the Issue of the Bonds

The Company would like to provide a breakdown of the allocation of net proceeds and additional information as follows:

Intended use of proceeds		**Allocation**		**Expected timeline for utilization**
		US$	*Approximate %*	
(1)	**Funding the clinical trials of self-developed drug candidates, including different stages of R&D for certain pipeline products in relation to a range of diseases:[(1)]**			
	(a) Funding the R&D of ISM6166, an oral broad-spectrum pan-KRAS ON/OFF inhibitor, is designed to cover multiple KRAS alterations and has the potential to overcome drug resistance associated with current KRAS therapies	51.2 million	17.0%	By December 31, 2030
	(b) Funding the R&D of ISM9077, an AI-empowered small-molecule inhibitor targeting an undisclosed novel mechanism (Target Y) was nominated PCC in July 2026	33.5 million	11.1%	By December 31, 2030
	(c) Funding the R&D of ISM9528, an AI-empowered, brain-penetrant, orally available inhibitor targeting an undisclosed novel mechanism (Target Z) identified by PandaOmics, was nominated PCC in July 2026	30.0 million	9.9%	By December 31, 2030
	(d) Other pipeline products that are not funded by the GO Net Proceeds	6.0 million	2.0%	By December 31, 2030
Subtotal		**120.7 million**	**40%**	

Intended use of proceeds		Allocation		Expected timeline for utilization
		US$	*Approximate %*	
(2)	**Expanding the R&D team of the Group by hiring over 200 innovative R&D experts across four geographical regions including Hong Kong, Boston, Abu Dhabi and Shanghai, who shall serve at various stages of drug development, ranging from discovery and translational to preclinical and clinical development, as well as other functions such as CMC, regulatory and data science**	**90.5 million**	**30%**	By December 31, 2028
(3)	**Funding the development and training of frontier SOTA foundation models for science with a view to establishing biological target-discovery foundation and specific models for longevity-related diseases**	**45.2 million**	**15%**	By December 31, 2027
(4)	**Replenishing working capital and other corporate purposes, including but not limited to expenses for staff salaries and benefits, procurement of supplies, market promotion and brand building, legal and professional fees and other daily operational expenditures**	**45.2 million**	**15%**	By December 31, 2030
Total		**301.6 million**	**100%**	

Note:

(1) For details of ISM6166, ISM9077 and ISM9528, please refer to the 2026 interim report of the Company.

To the extent that the net proceeds from the Bonds are not immediately required for the purposes described above, the Company may hold such unutilized proceeds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) or the applicable laws and regulations in other jurisdictions).

Additional reasons for and benefits of the issue of the Bonds

As of June 30, 2026, the Group had cash and cash equivalents and short-term investments (including financial assets at fair value through profit or loss and term deposits with an initial term of over three months) of approximately US$584.8 million. While the Company maintains a relatively high level of cash and short-term investments, the Board considers the issue of the Bonds in the interest of the Company and the Shareholders as a whole, and that the Company complies with the Listing Rules, having adopted a principle-based approach and taking into account, in particular, the nature of the Company's business, its long-term strategic business plan and R&D plan, and its cash requirement in the ordinary and usual course of business as follows:

(a) the Company has operated and will continue to operate under a project-based business model and derives revenue primarily from out-licensing and collaboration agreements. A vast majority of the Company's revenue was derived from drug discovery and pipeline development. Under this revenue segment, the Company (i) self-develops drug candidates; (ii) co-develops and partially retains certain IP rights for out-licensed drugs; and (iii) collaborates with other pharmaceutical companies without retaining any IP rights. The Company's business model requires significant investments in research and development. In particular, the Company bears the majority of the research and development costs of its pipeline assets before out-licensing, and these early-stage investments are critical for securing high-value licensing partnerships and driving long-term revenue growth. The Company takes a strategic and data-driven approach in determining whether to pursue self-development, out-licensing or co-development for each pipeline drug candidate, with its default position being to self-develop programs that align with its long-term strategy. For drug candidates that the Company elects to develop substantially on its own, it will need to devote substantial resources to advance them, particularly as they progress into late-stage clinical trials. Clinical development involves a lengthy and expensive process;

(b) witnessing the growth in potential of the AI-empowered pharmaceutical market, the Company anticipates that its expenses in relation to research and development expenses will increase substantially in the foreseeable future as it continues to, among others, (i) conduct ongoing and planned research and development of its pipeline programs, including pre-clinical studies and clinical trials; (ii) advance and invest in its integrated technology platform; (iii) expand and improve its drug discovery business; (iv) maintain, expand, enforce and protect its intellectual property portfolio; (v) attract, hire and retain additional scientific, technical, clinical-development, regulatory, management and administrative personnel; (vi) invest in new technologies, products or businesses; and (vii) expand its operations globally. These investments are integral to the Company's unique dual-engine business model, which combines its proprietary end-to-end generative AI platform with deep in-house drug discovery capabilities and creates a continuous reinforcement-learning process that strengthens Pharma. AI and drives scientific innovation;

(c) the Company's relatively high cash level is commensurate with the nature, scale and development stage of its operating business and its ordinary-course funding requirements. The Company generally bears the majority of the research and development costs of its pipeline assets before out-licensing, while candidates selected for self-development require substantial additional resources as they advance into clinical trials. Clinical development is lengthy and expensive, and delays, additional studies or regulatory requirements may increase the cost and duration of a development program. The Company also expects substantial expenditure in connection with its research and development plans and business development plans as mentioned above;

(d) the Company has identified substantive operating uses for its existing cash and short-term investments as well as the net proceeds to be received by the Company from the Subscription. In particular, as disclosed in the Announcement, the Company held approximately HK$2,095.2 million of unutilized GO Net Proceeds as of June 30, 2026, the intended use of which had already been determined and disclosed by the Company. Apart from the GO Net Proceeds, the Company has also determined the specific plans for the utilization of net proceeds to be received by the Company from the Subscription, which are set out in this announcement above. These plans demonstrate that the Company's liquidity is earmarked for identifiable operating and development requirements rather than being accumulated without a commercial purpose; and

(e) the Company's cash and short-term investments provide the financial resilience and flexibility required by its business model. The Company incurs substantial R&D expenditure before commercialization or out-licensing opportunities are realized, and the timing and amount of receipts under out-licensing and collaboration arrangements may not correspond with the timing of its clinical and technology-development expenditure. Maintaining readily available liquidity therefore enables the Company to continue advancing its pipeline and technology platform without interruption, respond to additional clinical or regulatory requirements, and determine whether to self-develop, co-develop or out-license an asset by reference to long-term value creation rather than short-term funding constraints.

Having considered the matters set out above, including the nature, scale and development stage of the Group's substantive operating business, its ordinary-course funding requirements and the identified uses of its existing cash and short-term investments and the net proceeds from the Subscription, the Board is of the view that the Group's level of liquidity is commensurate with its business needs and that the Company complies with the Listing Rules following completion of the Subscription. The Company will continue to monitor the deployment of its funds, its financial position and its compliance with the Listing Rules.

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

Hong Kong, September 3, 2026

As at the date of this announcement, the board of directors of the Company comprises Mr. Aleksandrs Zavoronkovs, Ph.D. and Mr. Feng Ren, Ph.D. as executive directors; Mr. Chuen Yan Leung, Ph.D. as a non-executive director; and Mr. Jingsong Wang, Ph.D., Ms. Denitsa Milanova, Ph.D. and Mr. Roman Kyrychynskyi as independent non-executive directors.