



MindWalk Holdings Corp.

NASDAQ: HYFT

First Quarter Fiscal Year 2027

Earnings Call Transcript

Three months ended July 31, 2026

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All financial figures are in Canadian dollars unless otherwise stated.

mindwalkai.com

Call participants

Management

Dr. Jennifer Bath — President and Chief Executive Officer

R. Scott Areglado — Chief Financial Officer

Analysts

Charles Wallace — H.C. Wainwright & Co.

Danya Ben-Hail — JonesTrading

Prepared remarks

Operator

Hello everyone, thank you for joining us, and welcome to MindWalk Holdings Corp. financial results and recent business highlights for the first quarter of fiscal year 2027. After today's prepared remarks, we will host a question-and-answer session.

Before we begin, I would like to remind listeners that today's discussion contains forward-looking statements. These statements reflect management's current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated, including the Company's history of net losses and the ability to convert platform adoptions into contracted recurring arrangements, market acceptance of ReefIQ and LensAI, intellectual property risks, competition, and capital market conditions. A fuller description of these risks appears in the Company's Annual Report on Form 20-F and other filings available on SEDAR+ and EDGAR.

All financial figures discussed during this call are in Canadian dollars. Financial statements and MD&A are available on the Company's website at mindwalkai.com, as well as sec.gov and SEDAR+. A replay of this call will be available following its conclusion today.

I will now turn the call over to Dr. Jennifer Bath, President and Chief Executive Officer of MindWalk Holdings Corp. Please go ahead, Dr. Bath.

Dr. Jennifer Bath *President and Chief Executive Officer*

Thank you very much. Good afternoon.

In this first quarter of fiscal year 2027, MindWalk advanced toward our goal of becoming the leading bio-native AI drug discovery and development company. In June, we launched ReefIQ, our proprietary data platform, and our focus is now on enterprise adoption.

For those newer to the MindWalk story, ReefIQ is the substrate layer between complex, unstructured biological data and AI models. It turns that data into structured, biologically meaningful representations, so AI models deliver deeper, more actionable insights for our pharmaceutical partners. ReefIQ's commercial model is built around multi-year recurring revenue relationships that can scale as clients expand their use of the platform. Because ReefIQ is integrated directly into a client's biological data and their discovery workflows, these relationships are designed to deepen over time.

As a trusted partner to many of the world's largest pharmaceutical companies, we know how drug discovery works inside these organizations and what they need from a platform like ReefIQ. Those relationships give us a real advantage as we drive adoption.

We have made good progress. We are engaged with multiple large pharmaceutical companies around potential enterprise deployments of ReefIQ. These discussions vary in maturity, and we are encouraged by how the platform is resonating with our clients. We are not yet in a position to announce specific partners or discuss contract values, but the level of engagement reinforces our conviction in the commercial opportunity. We look forward to providing additional updates as these discussions progress.

These opportunities are substantially larger than our historical LensAI recurring revenue agreements. Investors should not use prior LensAI contracts as a benchmark for the size or the scope of ReefIQ enterprise relationships.

We have built a leading wet lab discovery franchise. Our clients include 19 of the top 20 global pharmaceutical companies, and every one of those relationships is a potential opening for ReefIQ. Two decades of biologics discovery work for our clients, across multiple platforms and capabilities, has already contributed to several dozen molecules reaching the clinic. Ten are in active Phase I through Phase III trials today, and four of those are first-in-class molecules.

We are also reshaping how we structure our commercial relationships with our pharmaceutical partners. Increasingly, new engagements are being structured as broader platform partnerships where MindWalk participates in the economics of the assets we help create, rather than simply being paid for discrete projects. This structure aligns our incentives with our partners, has been well received by our clients, and is contributing to increased activity across our commercial funnel. Today, roughly 80% of our current funnel by value is now structured this way, spanning data management, ReefIQ, and multi-target discovery.

We also reached a clear infrastructure milestone with our engineering partners, AMD and Vultr. We validated a production deployment of OpenFold3 on AMD Instinct MI325X GPUs. The first of those results are being published this week. OpenFold3 is open source and any drug discovery team can use it, which is exactly the point. Models commoditize. The layer they run on compounds. Every model run on ReefIQ enriches the biological context for every other program. And LensAI, our reasoning layer, is deliberately model-neutral, so a client can bring their own model, any open source one, or any third

party, and still reason over that same context layer. The compute win simply gives us more room to run discovery and scale ReefIQ. This is a marquee week for that partnership, with much more to come.

Our internal pipeline continues to advance through preclinical development, and we remain excited about the opportunity to drive value in this part of our business. Timelines there are hard to forecast, so we advance multiple programs in parallel and prioritize resources based on the strength of the data. This quarter, we added experienced leaders to accelerate our IND-enabling work and move our best programs toward IND filings and the clinic. We will update the market as they hit scientific, regulatory, and development milestones.

Finally, our capital position. This morning we announced a binding commitment for a USD 30 million unsecured revolving credit facility at a fixed 7% rate, drawn as needed. It gives us financial flexibility without issuing equity, which matters given where our stock trades, set against how AI-enabled discovery platforms are valued in public and private markets. We do not believe our market capitalization reflects what we have built or the scale of what we are pursuing. This informs how we think about financing the business and makes this facility particularly attractive to us.

This is not a response to a step change in our cash needs. Our model is not capital-intensive. The facility gives us the flexibility to invest behind ReefIQ, advance our internal pipeline, and pursue opportunities as they develop, on terms that we believe are very favorable to MindWalk and its shareholders. Our focus is on execution, and we believe sustained delivery will be reflected in the stock over time.

Turning to the quarter, revenue grew 21% year over year, and gross margin expanded to 59% from 48%. The larger loss this quarter reflects deliberate investment behind the commercial opportunity we see ahead of us. Sales and marketing expense increased by \$1.9 million. We are investing to build a larger and more durable revenue base, not simply to support the business we have today. On the bottom line, this quarter is not directly comparable to the same quarter last year, which included income from discontinued operations.

With that, I will turn it over to Scott to take you through the numbers.

R. Scott Areglado *Chief Financial Officer*

Thank you, Jennifer, and good afternoon, everyone. I will take you through our first quarter fiscal year 2027 financial results. As a reminder, all figures are in Canadian dollars.

Revenue for the first quarter of fiscal year 2027 was \$3.8 million versus \$3.2 million in the first quarter of fiscal year 2026. This is an improvement of approximately \$673,000, or 21%. That represents five quarters of consecutive year-over-year revenue growth.

Gross margin was \$2.2 million, or 59%, for the first quarter of fiscal year 2027, as compared to \$1.5 million, or 48%, for the same quarter last year.

Looking at operating expenses. For the quarter ended July 31, 2026, R&D was \$1.3 million compared to \$1.0 million in the same period last year. This increase is due primarily to increased salary costs to support the commercial development of our platform.

Sales and marketing expenses were \$3.2 million for the first quarter of 2027, as compared to \$1.3 million in the first quarter of 2026, which included non-recurring costs incurred in the quarter. As I mentioned on our prior call, these are planned investments in our commercial infrastructure and represent increased headcount to support our commercial initiatives, as well as investments in advertising and promotion.

G&A increased to \$3.9 million for the quarter ended July 31, 2026, as compared to \$3.3 million for the same quarter last year. The increase is due primarily to non-cash stock-based compensation.

Net loss from continuing operations was \$6.1 million for the first quarter of fiscal year 2027, as compared to a net loss from continuing operations of \$4.1 million in the first quarter of 2026. Overall net loss in the prior year was \$3.0 million, which included \$1.1 million of income from discontinued operations.

Turning to the balance sheet. The Company ended the quarter with a cash balance of \$7.6 million as of July 31, 2026. Net cash used in operating activities was \$4.0 million compared to \$4.2 million in the prior year quarter, due in part to non-cash expenses related to share-based payments. Cash was \$11.3 million at April 30.

I am also pleased with our announcement earlier today of a binding commitment for a USD 30 million senior unsecured revolving credit facility. This facility demonstrates confidence in our long-term strategy around our emerging pipeline and anticipated adoption of ReefIQ, and provides the capital necessary to execute on that strategy.

With that, I will turn the call back to Jennifer.

Dr. Jennifer Bath *President and Chief Executive Officer*

Thank you, Scott.

As we mentioned this morning, we announced a binding commitment for USD 30 million of unsecured capital without issuing a single share, and this gives us the runway to execute. The strategy is showing up in the business, with revenue up 21% and gross margin at 59%.

ReefIQ is a recurring revenue business and it compounds as clients adopt and expand. We are in active negotiations with multiple large pharmaceutical companies on ReefIQ enterprise deployments. You will hear from us as those conclude. As mentioned, do not measure them against our historical LensAI agreements. These are a different scale.

On the discovery side, we are moving from discrete projects to platform partnerships where we share in the economics of the assets we help create. Both of these are happening with clients we already have, a distribution advantage that no new entrant can buy. On top of that, our internal pipeline adds upside with catalysts ahead.

The higher loss this quarter is an investment behind a larger opportunity. The market is moving toward exactly what we built, and our job now is to lead it.

Operator, we are ready for questions.

Questions and answers

Operator

Thank you. We will now begin the question-and-answer session. Our first question comes from the line of Charles Wallace with H.C. Wainwright.

Charles Wallace *H.C. Wainwright & Co.*

For my first question, could you maybe help us understand what portion of the \$3.8 million in first quarter revenue was contracted recurring platform revenue?

Dr. Jennifer Bath

Scott, if you have those numbers before you. I do not know that we have those broken out. I can say that if by platform recurring revenue we are referring to ReefIQ, ReefIQ is not a data management program or platform that is currently in place. These are the ones we have just discussed negotiating. That is a whole new level of engagement from clients that you will definitely hear about as we proceed. And this was the platform we released in June, quite recently.

Now, if it is recurring revenue or annual recurring revenue off the SaaS model subscriptions, we do have that, and we have announced that historically. I am not sure that we have it broken out, since we do not break these out by cost centers, but I can have Scott confirm.

Charles Wallace *H.C. Wainwright & Co.*

For the active negotiations you mentioned with multiple large pharmaceutical partners for ReefIQ, which as you mentioned just launched in June, what are the current gating factors in these negotiations, and when do you expect to see these convert in fiscal year 2027?

Dr. Jennifer Bath

Fair question. The gating factors between each group actually differ significantly. What we are seeking are primarily people who are already engaged with MindWalk, who are running different programs with MindWalk already, and primarily starting with those who are also engaged through the SaaS model subscription.

For large pharmaceutical companies, when they are bringing a vendor into their core infrastructure, none of it is really about whether or not the platform works. It falls into three buckets for us.

The first is IT security and data governance review, which is something you have probably heard us talk a lot about over the last six months. ReefIQ is different in the sense that it sits inside a client's biological data and their discovery workflows, so it goes through the same enterprise security, data residency and governance processes as any system of record.

The second is legal and procurement. These are multi-year platform relationships, rather than the project statements of work we have done historically with our large pharmaceutical clients, and they also involve sharing in the economics of different assets during co-development and partnership relationships. So the contract itself is a very new shape. It is very different from the historical contracts we have had, and it is different for their procurement terms as well.

The third component is scoping, and agreeing which programs and which data domains the first deployment will cover, so that it lands cleanly and expands from there. Those are the three core areas, as companies are by and large taking a relatively new and fairly big step in bringing us fully into the data landscape of what exists throughout their company, oftentimes in a multinational setting.

As for when we plan to close our first agreement, I am going to leave that question alone for now. I do not want to create that specific an expectation. What I am comfortable saying is that we have these negotiations occurring at various stages, and that includes groups that have worked with us for many years. It also includes one group that has been with us for many years, has a SaaS model subscription, and has been in negotiations on this particular component across multinational jurisdictions for quite some time. So we have a very good line of sight on where and how this is going and when we anticipate it closing. But of course, not everything is under our control, so I will hold off on giving a more specific timeline.

Charles Wallace *H.C. Wainwright & Co.*

That is very helpful. And then maybe one final question on the \$30 million revolving credit facility. When do you expect the initial draw from this facility, over what timeframe, and how will it be allocated between the ReefIQ commercial rollout and the biologics programs?

R. Scott Areglado

We have 60 days to get the credit agreement drawn up, so we will not be able to do anything until the credit agreement is completed. As far as the investments, we will draw capital as we need it and as we need liquidity, but we still have cash runway in our bank account as well.

Charles Wallace *H.C. Wainwright & Co.*

And maybe one final follow-up to that question. Does this credit facility replace the ring-fenced program-level financing structure that you have in the Cayman asset style of financing?

R. Scott Areglado

That does not.

Dr. Jennifer Bath

Correct, exactly. It absolutely does not replace that. We still have interested parties investing in ring-fenced assets within the Cayman structure, and we are probably 90% to 95% of the way through completing the legal and tax planning efforts that go around setting up those structures.

Operator

Your next question comes from the line of Danya Ben-Hail with JonesTrading. Please go ahead.

Danya Ben-Hail *JonesTrading*

How should investors think about revenue growth over the next 12 months and next two years?

R. Scott Areglado

These initial ReefIQ agreements are probably going to be relatively lumpy. It is just the nature of the structure. They are going to be milestone based, there are engineering efforts at the outset, and then they become annual recurring revenue. So I do think revenue is going to be a little lumpy. It is hard to forecast. It really just depends on how quickly we get adoption of ReefIQ.

Danya Ben-Hail *JonesTrading*

And so we expect it to be around these numbers during the next few quarters, until things settle down and you get more subscriptions annually?

R. Scott Areglado

Once we are in a position to announce an agreement, I think we will take a deeper dive into what the revenue model looks like and what we expect recurring revenue to be, based on the timing of the contract.

Danya Ben-Hail *JonesTrading*

Thank you. And just another question about the discussions with the pharmaceutical and biotech companies. What are they focused on? Are they getting more engaged with ReefIQ, or is it more the subscriptions right now?

Dr. Jennifer Bath

That is a great question, Danya. One of the things we have talked about in the past is that we definitely went about this from a different direction from others. You will see that there are companies that have a technology and some discovery capabilities, and that prepared those offerings for others as a partnership model, a little more on the premise of it being extremely low risk, so we will backload it, but without really having the proof point or the evidence to support the quality of the work. That low risk was given in exchange for not having that type of relationship with those clients.

We have done the exact opposite. We have spent the last five years demonstrating our ability to send really good molecules to the clinic that are quite successful in the clinic, and demonstrating our ability to do that with an understanding of the function of a molecule and its mechanism of action, providing a greater probability of success in later stages of the clinic. That has been a really different approach.

As we enter into these conversations, as we have mentioned before, we are working with hundreds of different clients in building these therapeutic drugs. One of the biggest changes we have had in the last two quarters is that every one of those programs coming in is an integrated lab in the loop, with our in silico work intertwined very directly with our wet lab work, providing clients with data sooner and larger amounts of data for more data-driven decision making.

There are three components of that which address your question. The first is that all of that data is turned back within LensAI. Clients are directly exposed to the SaaS model subscription. They have the opportunity to use base layer applications within LensAI, and that has brought more clients to the table with inquiries around SaaS model subscriptions. It expands their ability to work with the data within the platform in which it is being received.

The second is the conversations around the partnerships, which are backloaded but always include some form of upfront payment, with structures that are milestone and royalty based. That is now a conversation happening with every single client. The fee-for-service option we provided in the past, where we used that opportunity to build a relationship with these clients and become one of their preferred vendors, which is no easy task, and to demonstrate the competencies and I would say superiority we have in our AI and wet lab drug discovery, is what we are building on in those discussions. Every single one of those discussions is now a partnership discussion. There is no longer the opportunity to just walk in the door and put down money for fee for service, so it is a longer negotiation period for us.

Even given that we are still up in revenue with these double digits over last year, where we were up significantly in revenue as well, while backloading approximately 80% of the discussions now in the pipeline as partnership discussions, that brings us additional confidence. These clients are not walking away from that discussion. They are not turning away from it, because we have become the trusted provider we have shown we can be.

And then the third component is ReefIQ. The majority of the earlier adoption interest and communication we are having there is from the larger pharmaceutical companies, which makes sense. These are companies that are often juggling multiple jurisdictions and a lot more siloed data, and are often being asked from the top down to find a solution to help their data make sense and to connect their data. So we are really seeing it across the board in all three areas. If we had to pick the one leading the way, it would be partnership discussions, because again, that is not an option any longer. The second would be ReefIQ, where people are looking for an advantage to find meaning in their data, an

advantage to get away from hallucination and make their AI models better than their competition. We are able to bring that to the table with something we have been building for 20 years and something no one else is able to offer.

Operator

There are no further questions at this time, and this will conclude today's call. Thank you for attending. You may now disconnect.

This transcript has been lightly edited for readability. Speaker names, titles and defined terms have been standardized. In the event of any discrepancy, the audio replay of the call governs. This transcript contains forward-looking statements; please refer to the cautionary language at the beginning of the call and to the Company's filings on SEDAR+ and EDGAR.

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