MANAGEMENT SERIES REPORT

TECHNOLOGY

Ainos, Inc.

AIMD: SmellTech Expansion and Value-Creation Strategy

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KEY POINTS

- **We hosted a fireside chat with Director of Corporate Development Jack Lu on January 26, 2026.** Our discussion highlighted the scaling of Ainos' dual architecture AI Nose platform and a strategic expansion from back-end into front-end semiconductor fabs through new partnerships and committed orders. The discussion also underscored early momentum in robotics and key 2026 priorities focused on large-scale deployments, data flywheel growth, and continued platform scaling. This report contains a transcript of the conversation, which can be accessed on demand.
- **AI Nose positions Ainos as an AI perception platform, not a point solution.** Ainos is enabling AI with the sense of smell by converting scent into standardized "Smell IDs" and training a proprietary Smell Language Model (SLM), effectively adding a new, structured input layer for AI to interpret the physical world. Around 13 years of development in high-precision healthcare use cases have demonstrated that smell can be learned over time, providing the technical foundation for expansion into continuous, high-throughput industrial environments.
- **Dual-engine architecture underpins scalability and monetization.** Ainos controls the physical data entry point (sensing hardware and data generation), while its wholly owned subsidiary ScentAI is positioned to deliver the intelligence layer as a service. This separation supports platform scaling, recurring subscription economics, and long-term control of smell data.
- **Semiconductors provide early commercial proof and a large expansion pathway.** Ainos has secured multi-year orders (~$2.1 million for ~1,400 units) with the world's largest semiconductor back-end player and is expanding upstream into front-end fabs via partnerships with Trusval (minimum 600 units commitment) and Topco, positioning the AI Nose platform as an integrated intelligence layer spanning the entire semiconductor production supply chain.
- **Key priorities in 2026.** These include scaling the AI Nose platform through live deployments in semiconductor front- and back-end semiconductor operations, expanding robotics partnerships, and growing the data flywheel to drive broader industrial adoption and long-term platform compounding. Lu believes that 2026 will mark the beginning of a meaningful platform scale-up, driven by increasing traction across multi-industrial environments.
- **FSC postscript.** On February 2, 2026, Ainos announced a technology partnership with Taiwan-based Mirle Automation Corporation to integrate its AI Nose platform into both robots and quadruped robotic systems. The collaboration enables these machines to detect and interpret environmental cues through scent, marking another step in Ainos' strategy to position AI Nose as scalable infrastructure for real-world AI by embedding scent intelligence directly into robotic platforms.

KEY STATISTICS

Ticker:Exchange	AIMD:NASDAQ
Current Price	$2.00
52-Week Range	$1.61-$4.50
Average Volume (30-Day)	1,246,680
Shares Outstanding (MM)	7.0
Enterprise Value ($MM)	$23.9
Market Cap ($MM)	$14.0
Fiscal Year-End	December

PRICE PERFORMANCE

ABOUT THE EXECUTIVE

Jack Lu
Director of Corporate Development

Jack Lu joined Ainos as the Director of Corporate Development in 2021. He is responsible for the company's corporate development, capital markets and investor relations. Prior to joining the corporate world, Jack was a senior research analyst covering Asian technology companies and institutional equity sales in European and Asian financial institutions.

EXECUTIVE DISCUSSION

Robert Sassoon: I'm Robert Sassoon, Senior Analyst at Water Tower Research, and I have the pleasure again of hosting Ainos' Director of Corporate Development Jack Lu for this fireside chat. Ainos is an AI-driven company considered to be a pioneer in scent-digitalization through the development and commercialization of its proprietary AI Nose platform. I should mention that the company's safe harbor statements can be found on its website. This fireside chat may not be reproduced or a written transcript distributed without the express written consent of Water Tower Research.

Ainos' AI Nose technology was initially developed for healthcare applications as a natural extension to the company's biotech roots. But 2025 saw a major strategic pivot toward expanding Ainos as a critical SmellTech provider to other verticals, specifically semiconductors and robotics transitioning Ainos into a foundational AI technology company.

Without further ado, let me welcome, Jack, and thank you for joining us today for this fireside chat. It's good to speak with you again.

Jack Lu: Good morning, Robert. Good to be back.

Robert Sassoon: Jack, let's start with this question. Since the middle of 2025, Ainos' expansion beyond healthcare and the growth of your industrial ecosystem have become more visible shifting how some investors think about the company more as a technology platform than a traditional healthcare story. Before we dive into the specifics, how should investors frame AI Nose at the highest level today?

Jack Lu: Thanks, Robert. At the highest level, AI Nose should be viewed as an emerging AI perception platform enabling AI the sense of smell. We have been saying this for a long time. AI has advanced by teaching machines to understand text, images, and sound, but what has largely been missing is smell, one of the most fundamental human senses and one of the richest signals in the physical world. Our technology, AI Nose, adds that missing perception layer.

What investors are seeing today is an AI platform beginning to scale by giving machines a new way to understand the physical environment through smell. In industrial settings, such as semiconductors and robotics, are where the platform is scaling first, but they are not the endpoint of this platform.

Robert Sassoon: Where does smell fit into the evolution of AI and why does it matter now?

Jack Lu: Smell is one of the last major human senses that AI really hasn't learned to skill in the real world. Scent often provides early signals of risk, change, quality, or anomaly before visuals or mechanical indicators appear. The challenge historically of sensing smell wasn't importance, but structure. Smell data was inconsistent and very difficult for AI to learn from. Our AI Nose addresses this by converting scent into what we call a Smell ID. It's a standardized machine-readable format.

On top of the Smell IDs, we build our smell language model, or we call it SLM for short, which learns patterns over time. In many ways we see smell becoming AI's next token. It's kind of like a new form of structured input that allows AI to better understand the physical world. Simply put, we're teaching AI the ability to smell.

Robert Sassoon: Now, you describe AI Nose as a platform rather than a product. What is the distinction here?

Jack Lu: Most of the existing gas sensing solutions in the market, they really just focus on detections essentially acting like an alert system. The AI Nose is fundamentally different, in our opinion. It is a trainable platform designed to learn continuously from real-world data, not a static detection system. This means the system gets smarter over time. Our goal is when a customer trains AI Nose in one environment, the new intelligence can be applied across their other AI Nose systems in the field.

We believe this design allows the platform to scale more quickly and easily for our clients. That's why the AI Nose platform has two complementary layers. On one end, Ainos focuses on sensing and data generation, ensuring accuracy and consistency across environments. You can think of Ainos as the nose in the AI Nose platform. On the other hand, ScentAI, our 100% owned subsidiary, will focus on the intelligence part, which is the AI models and analytics built on Smell IDs. ScentAI doesn't build hardware. You can simply think of ScentAI as the AI in the AI Nose platform.

What customers will get is access to intelligence through the platform' services rather than owning the underlying models. We think this structure allows the intelligence layer to scale as deployments grow. Over time, we expect ScentAI to evolve into a smell intelligence operating layer, while Ainos controls the physical world data entry point. Together, we think that positions Ainos, the company, as the gatekeeper of real-world smell data and supports a scalable subscription-based platform.

Robert Sassoon: That's the dual-engine architecture that your platform has.

Jack Lu: Exactly.

Robert Sassoon: Ainos began in healthcare, including pneumonia, women's health, and senior care, so why was that the right place to start?

Jack Lu: Healthcare demands precision. Pneumonia, women's health, and senior care involve subtle scent changes that develop over time. These use cases have allowed us to calibrate the AI Nose system, improve signal quality, and validate that smell can be learned not just detected. I think the work we have done over the

past 13 years has created a strong foundation for the platform enabling reliable expansion into more complex, larger-scale environments like the industrials.

Robert Sassoon: How did the healthcare foundation lead to your expansion into industrial environments like factories and infrastructure?

Jack Lu: We think the industrial environment operates continuously and generates repeatable patterns. This kind of scenario is really ideal for Ainos. Factories, semiconductor fabs, and infrastructure systems produce large amounts of scent data tied directly to the processes. That's an ideal environment for scaling the perception platform like our AI Nose. Pretty much since the back half of 2025, we've been building a strong ecosystem to support our industrial expansions. Our ecosystem partners now include paying customers, integration partners, and distribution partners. Each of them contributes to specific capacities that help us scale AI Nose efficiently.

Robert Sassoon: You've established commercial traction in semiconductor back-end operations thus far, including working with a leading back-end player. What does that tell investors?

Jack Lu: We think this agreement with the world's largest back-end player in the semiconductor field is really a clear and early validation of the AI Nose platform in a highly automated industry. Our customers already operate large clusters of lights-out fully automated factories. That means the factory is completely run by machines, no humans are involved. You can imagine they put a lot of sensors into that, and smell is really one of the perception layers that has been missing in these fully automated factories.

We have a multi-year order of ~$2.1 million that covers about 1,400 AI Nose units to be deployed across this customer' major facilities in Taiwan. There is also an opportunity for us, together, to further scale this relationship, if everything goes well, to a substantial bigger size.

Robert Sassoon: Front-end wafer fabrication is a much larger part of the semiconductor value chain. Your recent agreement with Trusval, another Taiwanese company, basically moves you upstream. How does that change the opportunity for Ainos?

Jack Lu: Front-end fabs have always been one of our targets because they are fully automated, they run 24/7. They use all kinds of sensors, and it's a very chemical-intensive process. We have a really good opportunity to get into front-end fabs. For us, expanding from back-end to front-end fabs extends where the intelligence layer sits, not what it replaces. Front-end fabs already have many advanced sensing systems, so we're not replacing them. What they're really lacking is continuous smell intelligence, kind of like a structured way to learn from the chemical signals they produce over time. By adding that layer into the manufacturing process, we think AI Nose complements the existing systems and fills a critical gap.

As our platform spans both the front-end and the back-end environment, we think AI Nose can become a cross-stage intelligence layer within the semiconductor supply chains. I think once embedded into the chipmaker's workflows, we believe AI Nose can build data depth, strengthen customer stickiness, and really contribute to competitive differentiation over time.

Robert Sassoon: In that partnership with Trusval Technology, which you recently announced, you have 600 sets of committed orders for Ainos and a few months ago you also announced an agreement with Topco Scientific. How should investors think about what these relationships mean for your access to front-end and semiconductor customers?

Jack Lu: That's a good question. We have been engaged with a front-end semiconductor company for several months since some time last year. Then through that process one thing becomes very clear, right? These front-end fab environments are very complex, and they depend on multiple specialized relationships and capacities because each module is kind of like its own ecosystem within the fabs. That's why partnerships matter so much in this part of the value chain.

Our relationships with Topco and Trusval really strengthen our access because they both already operate deep inside front-end semiconductor fabs. For example, Topco has been around for more than 30 years now. It works closely with the chipmakers on materials, process-related solutions, and ongoing technical support. It gives us a practical entry point into front-end fabs operations.

On the other hand, Trusval specializes in front-end fab infrastructure and system integrations. You can think of them as the provider of all those critical infrastructures that these fabs use every day. They are very important, so they really get us into the fabs. They have direct responsibilities for deployment and ongoing operations inside these fabs. This minimum order commitment of 600 AI Nose sets really underscores a high level of confidence in the commercial opportunity of AI Nose in the front-end environment.

The use cases we are discussing with the front-end makers. range from environmental safety to production processes. Now because both partners already manage customer service and on-site integrations, they have a large workforce, so their teams effectively serve as a natural extension of our workforce, which means this allows us to scale efficiently while maintaining capital-light operating models. We're very excited to have them as our ecosystem partners.

Importantly, Ainos retains full control over the core technology, over the data, and the platform's directions, while partners like Topco and Trusval manage the customer-facing executions within their established relationships.

Robert Sassoon: That's interesting. Thank you very much for that. How does robotics fit into the AI Nose platform strategy?

Jack Lu: Robots are one of our key focuses for 2026 aside from semiconductors. It's a natural extension of the AI Nose perception platform. Most of the robots today see, hear, and speak, but they generally lack the ability to smell. We think adding scent really enables a new layer of awareness, improving the robot's capabilities in areas like inspection, safety, and environmental monitoring, and really complements what we're doing with the semiconductor fabs, whether it's back-end and front-end.

When you think about it from the platform perspective, robotics is attractive to us because robots operate, again, continuously. They constantly generate data. That creates a steady stream of real-world data that we can analyze, which strengthens the learning process and reinforces the data flywheels behind the AI Nose platform. I think robotics for us is a huge long-term opportunity, especially as labor shortages continue to increase globally and automation becomes more and more critical.

We have been working with a robot developer in Japan with multiple pilot programs underway. But, in addition to that, we are now also currently engaged in additional partnership discussions as we expand this part of the pipeline. We'll continue to share updates when we're ready.

Robert Sassoon: We look forward to hearing from you on that as well in the coming weeks and months. Based on what Ainos is executing right now, what should investors focus on as they look forward to 2026?

Jack Lu: I think the key point for 2026 is that execution commenced. In the second half of 2025, we did a lot of deployment preparations trying to understand how AI Nose fits into our semiconductor customers' workflows. We've done most of that. Starting this year, beginning January this month, we're starting live deployments tied to our ~$2.1 million semiconductor back-end orders. After several months of early engagement, we are now kicking off a pilot with a front-end semiconductor company, and that really marks our first step upstream in the chip value chain.

On the robotics side, our pipeline continues to expand beyond our current relationship in Japan. All of this fits into the data flywheel. More Smell ID data, a stronger SLM, and a platform that compounds as it scales.

WTR comment: *The agreement with Taiwan-based Mirle Automation Corporation announced on February 2, 2026, supports Ainos' targeted expansion on the robotics side in 2026 as mentioned by Jack Lu. Mirle Automation Corporation is a long-established automation and robotics system integrator with extensive experience delivering turnkey solutions across semiconductor manufacturing, electronics, logistics, and industrial environments.*

Robert Sassoon: Right. There's been quite a bit of volatility in the Ainos share price, but do you have any final thoughts for long-term investors?

Jack Lu: I think AI Nose the platform is about giving AI a new sense, which is the sense of smell. As this perception layer scales, we think AI Nose will enable smarter decisions across many environments. We believe smell intelligence, powered by our AI Nose platform, represents significant long-term scaling opportunities. Ainos, the company, and ScentAI, our subsidiary, are really positioned to lead this emerging multi-year cycle. I think 2026 will mark the beginning of a meaningful platform scale up driven by increasing traction across industrials, semiconductors and robotics environments.

Robert Sassoon: Well, thank you for that. We'll wrap it up there. Definitely busy and exciting times ahead for Ainos and its SmellTech platform and definitely looking forward to watching your progress. Thanks to everybody for joining this chat.

If you have any additional questions for Jack, please send them through to me and I will be sure to pass them on. For analysis of Ainos, please refer to our open-access website at www.watertowerresearch.com.

ABOUT THE ANALYST

Robert Sassoon
Managing Director – Healthcare, Emerging Growth & Special Situations, Neurosciences

Robert Sassoon has been an equity analyst for more than three decades, focusing primarily on global special situations. During his career, Robert has worked for several sell-side institutions in London, Hong Kong, and New York, including Credit Suisse, NatWest Capital Markets, and Societe Generale. In 2017, Robert founded AlphaSituations, an independent idea-generating event driven/special situations investment research service, which produced comprehensive research on early stage/emerging publicly traded and privately owned companies with the goal of telling an underappreciated or unknown story to relevant investors.

Robert has developed a uniquely broad and deep knowledge base in multiple industries from a global perspective and has achieved top five rankings in various analyst surveys, including the Extel and Greenwich surveys. Robert holds an MSc in Economics from the London School of Economics and Political Science, and has held FINRA licenses Series 7, 63, 86, 87, and 24.

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