

Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2024 [Under Japanese GAAP]

Company name: Veritas In Silico Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 130A
 URL: <https://www.veritasinsilico.com/en/>
 Representative: Shingo Nakamura, Representative Director and CEO
 Inquiries: Hiroaki Hagiwara, Director, General Manager of Administrative Division
 Telephone: +81-3-6421-7537
 Scheduled date to commence dividend payments: None
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

1. Non-consolidated financial results for the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(1) Non-consolidated Business Results (cumulative)

(Percentages indicate Year-on-Year changes.)

	Business revenue		Operating profit		Ordinary profit		Net profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	194	(46.0)	(212)	—	(233)	—	(236)	—
December 31, 2023	360	101.5	37	—	35	—	33	—

	Earnings per share	Diluted earnings per share	Return on equity	Return on total assets	Operating profit ratio
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2024	(37.11)	—	(10.7)	(10.4)	(109.4)
December 31, 2023	6.01	—	2.1	2.2	10.4

Reference: Equity in earnings (losses) of affiliates: Fiscal year ended December 31, 2024: — million yen

Fiscal year ended December 31, 2023: — million yen

- Notes: 1. The provisions of the Articles of Incorporation regarding preferred stock were abolished and all preferred stock was converted to common stock on July 31, 2023. In addition, a 2-for-1 stock split was conducted on August 17, 2023. Earnings per share for the fiscal year ended December 31, 2024, and the fiscal year ended December 31, 2023, were calculated based on the assumption that the conversion to common stock and the stock split had occurred at the beginning of the fiscal year ended December 31, 2023.
2. Diluted earnings per share for the fiscal year ended December 31, 2024, and the fiscal year ended December 31, 2023, are not shown although there are residual shares, because the Company recorded a net loss in the fiscal year ended December 31, 2024, and the Company's shares were unlisted in the fiscal year ended December 31, 2023, making it difficult to calculate the average share price during the period.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Book value per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	2,248	2,209	98.2	340.61
December 31, 2023	1,655	1,575	95.2	286.41

Reference: Equity

As of December 31, 2024: 2,209 million yen

As of December 31, 2023: 1,575 million yen

Notes: The provisions of the Articles of Incorporation regarding preferred stock were abolished and all preferred stock was converted to common stock on July 31, 2023. In addition, a 2-for-1 stock split was conducted on August 17, 2023. Book value per share for the fiscal year ended December 31, 2024, and the fiscal year ended December 31, 2023, were calculated based on the assumption that the conversion to common stock and the stock split had occurred at the beginning of the fiscal year ended December 31, 2023.

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2024	(217)	(2,005)	848	173
December 31, 2023	68	(2)	(2)	1,549

2. Cash dividends

	Annual dividends per share					Total dividends	Dividend payout ratio	Dividend on equity ratio
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
December 31, 2023	—	0.00	—	0.00	0.00	—	—	—
December 31, 2024	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending December 31, 2025 (Forecasts)	—	0.00	—	0.00	0.00		—	

3. Forecasts for the Fiscal Year ending December 31, 2025

(Percentages indicate year-on-year changes.)

	Business revenue		Operating profit		Ordinary profit		Net profit		Earnings per share
Fiscal year ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
December 31, 2025	788	305.1	163	—	170	—	168	—	26.39

*** Notes****(1) Changes in accounting policies, changes in accounting estimates, and restatement**

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(2) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

Fiscal year ended December 31, 2024	6,487,114 shares
Fiscal year ended December 31, 2023	5,501,314 shares

(ii) Number of treasury shares at the end of the period

Fiscal year ended December 31, 2024	— shares
Fiscal year ended December 31, 2023	— shares

(iii) Average number of shares outstanding during the period

Nine months ended September 30, 2024	6,371,138 shares
Nine months ended September 30, 2023	5,501,314 shares

Notes: The provisions of the Articles of Incorporation regarding preferred stock were abolished and all preferred stock was converted to common stock on July 31, 2023. In addition, a 2-for-1 stock split was conducted on August 17, 2023. Numbers of issued shares (common shares) were calculated based on the assumption that the conversion to common stock and the stock split had occurred at the beginning of the fiscal year ended December 31, 2023.

* The financial results are not subject to audit by certified public accountants or audit firms

* Proper use of earnings forecasts, and other remarks

(Disclaimer Regarding Forward-Looking Statements, etc.)

The forecasts and other forward-looking statements contained in this document are based on information available to the Company at the time this document was released and on certain assumptions that the Company has regarded as reasonable.

Please refer to “1. Overview of Business Results and Financial Position (4) Forecasts for the Fiscal Year ending December 31, 2025” on page 3 of the attached materials for matters related to earnings forecasts.

○Table of Contents for Appendix

1. Overview of Business Results and Financial Position	2
(1) Overview of Business Results	2
(2) Overview of Financial Position	2
(3) Overview of Cash Flows	3
(4) Forecasts for the Fiscal Year ending December 31, 2025	3
2. Basic Approach to Accounting Standards	4
3. Non-consolidated Financial Statements and Major Notes	5
(1) Non-consolidated Balance Sheet	5
(2) Non-consolidated Profit and Loss	7
(3) Non-consolidated Statement of Changes in Equity	8
(4) Non-consolidated Statement of Cash Flows	10
(5) Notes to Financial Statements	11
(Notes on going concern assumption)	11
(Segment information, etc.)	11
(Per share information).....	11
(Significant subsequent events)	11

1. Overview of Business Results and Financial Position

(1) Overview of Business Results

During the fiscal year ended December 31, 2024, Japan's economy showed some signs of improvement mainly driven by individual consumer spending with the economic activity increasing after the COVID-19 pandemic. The status of the pharmaceutical industry is largely returning to normal as well, although the growth of the medical pharmaceutical market has remained limited. As for the global trends, the pharmaceutical market is expected to continue expanding with demands for healthcare and robust anticipation for new drugs remaining strong.

In the mRNA-targeted small molecule drug discovery business, the Company is conducting joint drug discovery research with Toray Industries, Inc., Shionogi & Co., Ltd., RaQualia Pharma Inc., and Takeda Pharmaceutical Company Limited, utilizing its drug discovery platform, ibVIS[®]. In order to expand our network of joint drug discovery partners, the Company has been reaching out to domestic and international pharmaceutical companies that show interest in mRNA-targeted small molecule drug discovery, introducing its platform technology to them. In addition, a patent covering the drug discovery platform, ibVIS[®], was granted to the Company in Europe on January 1, 2025.

In parallel with the efforts in the mRNA-targeted small molecule drug discovery, the Company promoted initiatives on creating its own pipeline of mRNA-targeted pharmaceuticals, primarily focusing on nucleic acid drugs that can be implemented within the Company. In the creation of nucleic acid drugs, the Company has already identified antisense oligonucleotides (ASOs), a type of nucleic acid drug, that suppress the expression of disease-causing protein by decreasing the amount of p53 mRNA, and obtained a substance patent for these ASOs in Japan. Research activities are also underway to obtain more efficient and active ASOs. The Company has been continuously discussing the possibility of collaboration with Mitsubishi Gas Chemical Company, Inc. since December 2023 for research, development, and production of ASOs. In the creation of small molecule drugs, the Company agreed to form a strategic partnership with Liverpool ChiroChem Ltd. for the discovery of mRNA-targeted small molecule drugs in October 2024 and then entered into a collaboration development & commercialisation agreement in December 2024.

The achievement status of KPIs, the main indicators of management objectives, during the current fiscal year resulted as follows. The number of new contracts signed during the fiscal year was one (Liverpool ChiroChem in the U.K.), compared to the annual target of two. The business revenue was in the red, compared to the target of securing profitability, mainly because the contracts that the Company expected to be signed during the current fiscal year were extended to the following fiscal year.

Business revenue and other business performance indicators for the current fiscal year are as follows. Business revenue totaled 194,643 thousand yen (down 46.0% year-on-year), including periodic research support funds and contingency fees received on a spot basis such as milestone payments, received under the joint drug discovery research agreements. Business expenses totaled 407,494 thousand yen, including R&D expenses of 172,475 thousand yen, resulting in an operating loss of 212,851 thousand yen (operating profit of 37,623 thousand yen during the previous fiscal year). Non-operating expenses included 12,820 thousand yen related to the listing of the Company's shares on the Growth Market of the Tokyo Stock Exchange and 9,351 thousand yen for issuing new shares in connection with the public offering, resulting in an ordinary loss of 233,562 thousand yen (ordinary profit of 35,898 thousand yen during the previous fiscal year) and net loss of 236,422 thousand yen (net profit of 33,048 thousand yen during the previous fiscal year).

(2) Overview of Financial Position

(Assets)

Total assets at the end of the current fiscal year increased by 593,426 thousand yen (35.9%) compared to the end of the previous fiscal year to 2,248,958 thousand yen. Current assets increased by 602,865 thousand yen (37.0%) to 2,232,073 thousand yen, mainly due to an increase of 624,247 thousand

yen in cash and deposits. Non-current assets decreased by 9,438 thousand yen (35.9%) to 16,885 thousand yen, mainly due to a decrease of 9,530 thousand yen in property, plant and equipment caused by depreciation.

(Liabilities)

Liabilities at the end of the current fiscal year decreased by 40,482 thousand yen (50.7%) compared to the end of the previous fiscal year to 39,410 thousand yen. This was mainly due to a decrease of 26,143 thousand yen in advances received and a decrease of 23,753 thousand yen in accrued consumption tax included in other current liabilities.

(Net assets)

Net assets at the end of the current fiscal year increased by 633,909 thousand yen (40.2%) compared to the end of the previous fiscal year to 2,209,548 thousand yen. This was due to an increase of 870,351 thousand yen in share capital and capital reserves as a result of a public offering and other measures implemented between February and March 2024, and a decrease in share capital of 448,000 thousand yen and an increase in capital surplus of 448,000 thousand yen as a result of a capital reduction implemented in April of the same year, and a decrease in retained earnings of 236,422 thousand yen.

As a result of these factors, the equity ratio increased by 3.0 points from 95.2% at the end of the previous fiscal year to 98.2%.

(3) Overview of Cash Flows

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the current fiscal year decreased by 1,375,752 thousand yen compared to the end of the previous fiscal year to 173,358 thousand yen. The status of cash flows during the current fiscal year is as follows.

(Cash flows from operating activities)

Net cash used in operating activities during the current fiscal year was 217,944 thousand yen. This was mainly due to a loss before income taxes of 233,562 thousand yen, an increase in trade receivable of 38,050 thousand yen, and a decrease in advances received of 26,143 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities during the current fiscal year was 2,005,988 thousand yen. This was mainly due to payments into time deposits of 2,000,000 thousand yen and purchases of property, plant and equipment of 5,702 thousand yen.

(Cash flows from financing activities)

Net cash provided by financing activities during the current fiscal year was 848,179 thousand yen. This was due to payments of listing expenses of 12,820 thousand yen and proceeds from issuance of shares of 860,999 thousand yen.

(4) Forecasts for the Fiscal Year ending December 31, 2025

Business revenue for the next fiscal year (ending December 31, 2025) is expected to increase by 593 million yen (305.1%) compared to the current fiscal year (ending December 31, 2024), due to upfront payments associated with new joint drug discovery research agreements with pharmaceutical companies and research support funds and milestone payments, etc. associated with the ongoing joint drug discovery research projects and these progressions. Business expenses are expected to increase by 217 million yen (53.4%) compared to the current fiscal year, due to an increase in personnel expenses and payments of fees, etc.

Taken together, the Company estimates business revenue of 788 million yen, operating profit of 163 million yen, ordinary profit of 170 million yen, and net profit of 168 million yen for the next fiscal year.

Please note that the forecasts for the next fiscal year in this document, are based on information available to the Company at the time this document was released and on certain assumptions that the Company has regarded as reasonable, and that actual results could differ materially from those projected as a result of changes in various factors. The Company will disclose promptly if any events arise that require revisions to the forecasts.

2. Basic Approach to Accounting Standards

The Company plans to apply Japanese GAAP for the time being to ensure the comparability of financial statements over time and between companies.

3. Non-consolidated Financial Statements and Major Notes

(1) Non-consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2023	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	1,549,111	2,173,358
Accounts receivable - trade	59,070	21,019
Supplies	16,318	13,350
Advance payments to suppliers	1,522	2,875
Prepaid expenses	1,645	1,662
Other	1,539	19,806
Total current assets	1,629,208	2,232,073
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures, net	23,645	14,115
Total property, plant and equipment	23,645	14,115
Intangible assets		
Software	440	325
Patent right	973	758
Total intangible assets	1,414	1,084
Investments and other assets		
Guarantee deposits	1,067	1,463
Others	196	222
Total investments and other assets	1,263	1,685
Total non-current assets	26,323	16,885
Total assets	1,655,531	2,248,958

(Thousands of yen)

	As of December 31, 2023	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - other	24,464	33,664
Income taxes payable	2,850	2,850
Advances received	26,143	-
Other	26,434	2,895
Total current liabilities	79,892	39,410
Total liabilities	79,892	39,410
Net assets		
Shareholders' equity		
Share capital	90,000	77,175
Capital surplus		
Legal capital surplus	1,364,999	1,800,174
Other capital surplus	87,591	535,591
Total capital surplus	1,452,590	2,335,766
Retained earnings		
Other retained earnings		
Retained earnings brought forward	33,048	(203,393)
Total retained earnings	33,048	(203,393)
Total shareholders' equity	1,575,639	2,209,548
Total net assets	1,575,639	2,209,548
Total liabilities and net assets	1,655,531	2,248,958

(2) Non-consolidated Profit and Loss

	(Thousands of yen)	
	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Business revenue	360,356	194,643
Business expenses		
Research and development expenses	136,552	172,475
Selling, general and administrative expenses	186,181	235,018
Total business expenses	322,733	407,494
Operating profit (loss)	37,623	(212,851)
Non-operating income		
Interest income	14	1,013
Grants	-	110
Lecture fee	199	338
Other	60	3
Total non-operating income	275	1,465
Non-operating expenses		
Listing expenses	2,000	12,820
Share issuance costs	-	9,351
Other	-	5
Total non-operating expenses	2,000	22,176
Ordinary profit (loss)	35,898	(233,562)
Profit (loss) before income taxes	35,898	(233,562)
Income taxes - current	2,850	2,879
Total income taxes	2,850	2,879
Profit (loss)	33,048	(236,442)

(3) Non-consolidated Statement of Changes in Equity

For the fiscal year ended December 31, 2023

(Thousands of yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	90,000	1,364,999	228,972	1,593,971
Changes during period				
Deficit disposition			(141,381)	(141,381)
Profit (loss)				
Total changes during period			(141,381)	(141,381)
Balance at end of period	90,000	1,364,999	87,591	1,452,590

	Shareholders' equity			Total net assets
	Retained earnings		Total shareholders' equity	
	Other retained earnings	Total retained earnings		
	Retained earnings brought forward			
Balance at beginning of period	(141,381)	(141,381)	1,542,590	1,542,590
Changes during period				
Deficit disposition	141,381	141,381	-	-
Profit (loss)	33,048	33,048	33,048	33,048
Total changes during period	174,429	174,429	33,048	33,048
Balance at end of period	33,048	33,048	1,575,639	1,575,639

For the fiscal year ended December 31, 2024

(Thousands of yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	90,000	1,364,999	87,591	1,452,590
Changes during period				
Issuance of new shares	435,175	435,175		435,175
Capital reduction	(448,000)		448,000	448,000
Profit (loss)				
Total changes during period	(12,824)	435,175	448,000	883,175
Balance at end of period	77,175	1,800,174	535,591	2,335,766

	Shareholders' equity			Total net assets
	Retained earnings		Total shareholders' equity	
	Other retained earnings	Total retained earnings		
	Retained earnings brought forward			
Balance at beginning of period	33,048	33,048	1,575,639	1,575,639
Changes during period				
Issuance of new shares			870,351	870,351
Capital reduction			-	-
Profit (loss)	(236,442)	(236,442)	(236,442)	(236,442)
Total changes during period	(236,442)	(236,442)	633,909	633,909
Balance at end of period	(203,393)	(203,393)	2,209,548	2,209,548

(4) Non-consolidated Statement of Cash Flows

	(Thousands of yen)	
	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	35,898	(233,562)
Depreciation	26,943	15,562
Interest income	(14)	(1,013)
Grants	-	(110)
Listing expenses	2,000	12,820
Share issuance costs	-	9,351
Decrease (increase) in trade receivables	(23,286)	38,050
Decrease (increase) in advance payments to suppliers	(520)	(1,352)
Decrease (increase) accrued consumption tax refund	-	(16,863)
Increase (decrease) in accounts payable - other	283	9,200
Increase (decrease) in advances received	1,723	(26,143)
Other, net	28,518	(21,197)
Subtotal	71,545	(215,258)
Interest received	14	194
Income taxes paid	(2,850)	(2,879)
Net cash provided by (used in) operating activities	68,710	(217,944)
Cash flows from investing activities		
Grants	-	110
Payments into time deposits	-	(2,000,000)
Purchase of property, plant and equipment	(2,031)	(5,702)
Other, net	-	(396)
Net cash provided by (used in) investing activities	(2,031)	(2,005,988)
Cash flows from financing activities		
Payments of listing expenses	(2,000)	(12,820)
Proceeds from issuance of shares	-	860,999
Net cash provided by (used in) financing activities	(2,000)	848,179
Net increase (decrease) in cash and cash equivalents	64,679	(1,375,752)
Cash and cash equivalents at beginning of period	1,484,432	1,549,111
Cash and cash equivalents at end of period	1,549,111	173,358

(5) Notes to Non-consolidated Financial Statements

(Notes on going concern assumption)

Not applicable

(Segment information, etc.)

Segment information is omitted as the Company operates in a single drug discovery platform business segment.

(Per share information)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Book value per share	286.41 yen	340.61 yen
Earnings (loss) per share	6.01 yen	(37.11) yen

Notes: 1. Diluted earnings per share are not shown for the fiscal year ended December 2024 and the fiscal year ended December 2023 because, although there are residual shares. The Company recorded a net loss in the fiscal year ended December 2024 and the Company's shares were unlisted in the fiscal year ended December 2023, making it difficult to calculate the average share price during the period.

2. The provisions of the Articles of Incorporation regarding preferred stock were abolished and all preferred stock was converted to common stock on July 31, 2023. Book value per share and earnings per share were calculated based on the assumption that the conversion to common stock had occurred at the beginning of the fiscal year ended December 31, 2023.

3. Based on the resolution of the extraordinary board of directors meeting held on July 31, 2023, a 2-for-1 stock split was conducted on August 17, 2023. Book value per share and earnings per share were calculated based on the assumption that the stock split had occurred at the beginning of the previous fiscal year,

4. Earnings per share are calculated based on the following basis:

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Earnings per share		
Net profit (loss) (thousands of yen)	33,048	(236,442)
Amount not attributable to common stock (thousands of yen)	-	-
Net profit (loss) related to common stock (thousands of yen)	33,048	(236,442)
Average number of shares during period (shares)	5,501,314	6,371,138

(Significant subsequent events)

Not applicable