

Non-consolidated Financial Results for the Three Months Ended March 31, 2025 [Under Japanese GAAP]

Company name: Veritas In Silico Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 130A
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 Scheduled date to commence dividend payments: None
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Non-consolidated Financial Results for the Three Months Ended March 31, 2025 (from January 1, 2025 to March 31, 2025)

(1) Non-consolidated Business Results (cumulative)

(Percentages indicate year-on-year changes.)

	Business revenue		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2025	24	(25.0)	(81)	-	(79)	-	(79)	-
March 31, 2024	32	-	(65)	-	(87)	-	(87)	-

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2025	(12.33)	-
March 31, 2024	(14.58)	-

Notes: Diluted earnings per share are not shown in the above table, because, although there are residual shares, earnings per share were ultimately negative.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
March 31, 2025	2,184	2,129	97.5
December 31, 2024	2,248	2,209	98.2

Reference: Equity

As of March 31, 2025: 2,129 Million Yen

As of December 31, 2024: 2,209 Million Yen

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. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	-	0.00	-	0.00	0.00
Fiscal year ending December 31, 2025	-				
Fiscal year ending December 31, 2025 (Forecast)		0.00	-	0.00	0.00

Note: Revisions to the most recently announced forecasts: None

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: Revisions to the most recently announced forecasts: None

* Notes

- (1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: None
- (2) 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
- (3) Number of issued shares (common shares)

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

As of March 31, 2025	6,487,114 shares
Fiscal year ended December 31, 2024	6,487,114 shares

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

As of March 31, 2025	- shares
Fiscal year ended December 31, 2024	- shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2025	6,487,114 shares
Three months ended March 31, 2024	6,021,936 shares

* Review of the Japanese-language originals of the quarterly non-consolidated financial statements by certified public accountant or audit firm: Yes (voluntarily attached only to the Japanese original)

* 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. Qualitative Information on Financial Results (3) Financial Forecasts and Other Forward-Looking Statements” on page 3 of the attached materials for matters related to earnings forecasts.

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1. Qualitative Information on Financial Results

(1) Explanation on Business Results

During the first quarter of the fiscal year under review (from January 1st to March 31st, 2025), conditions in the Japanese economy demonstrated steady growth, propelled by the gradual implementation of wage increases, coupled with rising prices and interest rates. The global economy demonstrated resilience, bolstered by robust domestic demand in the United States and substantial economic measures implemented by the government of China. In the current business environment, global economic trends are challenging to predict due to several key factors. These include heightened geopolitical risks in Europe, triggered by political instability in major countries such as France and Germany. There is also a noticeable deterioration in sentiment in China's real estate market due to excessive inventory. Additionally, the announcement of protectionist Tariff measures implemented by the U.S. government introduces further uncertainties.

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 introduced its platform technology to domestic and international pharmaceutical companies that show interest in mRNA-targeted small molecule drug discovery and continued negotiating with them toward the conclusion of contracts.

With a view to diversifying its line of business in the future, the Company has been promoting initiatives to create its pipeline of mRNA-targeted pharmaceuticals, primarily focusing on nucleic acid drugs. In the creation of nucleic acid drugs, the Company has conducted in-house research to obtain more efficient and highly active antisense oligonucleotides (ASOs), a type of nucleic acid drugs, while continuously discussing the possibility of collaboration with Mitsubishi Gas Chemical Company, Inc. for research, development, and production of ASOs since December 2023.

During the first quarter of the current fiscal year, joint drug discovery research for mRNA-targeted small molecule drugs with each partner progressed as planned. The Company's Business revenue in the period totaled 24,120 thousand yen (down 25.0% year-on-year) from research support funds received regularly under collaborative research agreements. Business expenses totaled 105,176 thousand yen, including R&D expenses of 41,824 thousand yen, resulting in an Operating loss of 81,056 thousand yen (Operating loss of 65,022 thousand yen in the same quarter of the previous year). Non-operating income totaled 1,863 thousand yen, including an interest income of 1,773 thousand yen, resulting in an Ordinary loss of 79,192 thousand yen (Ordinary loss of 87,088 thousand yen in the same quarter of the previous year) and Net loss for the period of 79,979 thousand yen (Net loss of 87,800 thousand yen in the same quarter of the previous year).

(2) Explanation of Financial Position

(Assets)

Total assets at the end of the first quarter of the current fiscal year decreased by 64,568 thousand yen (2.9%) compared to the end of the previous fiscal year to 2,184,390 thousand yen. Current assets decreased by 61,688 thousand yen (2.8%) to 2,170,384 thousand yen, mainly due to a decrease of 60,733 thousand yen in cash and deposits. Non-current assets decreased by 2,879 thousand yen (17.1%) to 14,005 thousand yen, mainly due to a decrease of 2,751 thousand yen in property, plant and equipment resulting from depreciation.

(Liabilities)

Liabilities at the end of the first quarter of the current fiscal year increased by 15,411 thousand yen (39.1%) compared to the end of the previous fiscal year to 54,821 thousand yen. This was mainly due to an increase of 22,000 thousand yen in advances received and a decrease of 6,426 thousand yen in accounts payable under current liabilities.

(Net assets)

Net assets at the end of the first quarter of the current fiscal year decreased by 79,979 thousand yen (3.6%) compared to the end of the previous fiscal year to 2,129,568 thousand yen. This was due to a decrease of 79,979 thousand yen in retained earnings.

As a result of these factors, the equity ratio decreased by 0.8 points from 98.2% at the end of the previous fiscal year to 97.5%.

(3) Financial Forecasts and Other Forward-Looking Statements

The financial forecast for the fiscal year ending December 31, 2025, remains unchanged from the previous announcement on February 13, 2025.

At the time of filing this document, there have been no substantial impacts on our business operations, financial performance, or financial position due to the Tariff measures implemented by the U.S. government in April 2025.

The forecasts and other forward-looking statements in this document are based on certain assumptions that the Company considers reasonable, using the information available as of the date of this document. Please note that actual performance may differ significantly from these forecasts and statements due to various factors that may arise in the future.

2. Quarterly Non-consolidated Financial Statements and Major Notes

(1) Quarterly Balance Sheet

	(Thousands of yen)	
	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	2,173,358	2,112,625
Accounts receivable - trade	21,019	18,282
Supplies	13,350	12,203
Advance payments to suppliers	2,875	4,949
Prepaid expenses	1,662	2,148
Other	19,806	20,175
Total current assets	2,232,073	2,170,384
Non-current assets		
Property, plant and equipment	14,115	11,363
Intangible assets		
Software	325	297
Patent right	758	704
Total intangible assets	1,084	1,001
Investments and other assets	1,685	1,640
Total non-current assets	16,885	14,005
Total assets	2,248,958	2,184,390

(Thousands of yen)

	As of December 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - other	33,664	27,238
Income taxes payable	2,850	712
Advances received	-	22,000
Other	2,895	4,870
Total current liabilities	39,410	54,821
Total liabilities	39,410	54,821
Net assets		
Shareholders' equity		
Share capital	77,175	77,175
Capital surplus	2,335,766	2,335,766
Retained earnings	(203,393)	(283,372)
Total shareholders' equity	2,209,548	2,129,568
Total net assets	2,209,548	2,129,568
Total liabilities and net assets	2,248,958	2,184,390

(2) Quarterly Profit and Loss
Cumulative Period for the First Quarter

	(Thousands of yen)	
	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Business revenue	32,166	24,120
Business expenses		
Research and development expenses	33,649	41,824
Selling, general and administrative expenses	63,539	63,351
Total business expenses	97,189	105,176
Operating loss	(65,022)	(81,056)
Non-operating income		
Interest income	8	1,773
Lecture fee	96	90
Other	1	-
Total non-operating income	105	1,863
Non-operating expenses		
Listing expenses	12,820	-
Share issuance costs	9,351	-
Total non-operating expenses	22,171	-
Ordinary loss	(87,088)	(79,192)
Loss before income taxes	(87,088)	(79,192)
Income taxes - current	712	786
Total income taxes	712	786
Loss	(87,800)	(79,979)

(3) Notes to Quarterly Financial Statements

(Notes on going concern assumption)

Not applicable

(Notes in the case of significant changes in shareholders' equity)

Not applicable

(Segment information, etc.)

Segment information is omitted as the Company operates in a single segment of the “Drug discovery platform business.”

(Notes on cash flow statements)

The Company has not prepared the quarterly cash flow statement for the first quarter of the current fiscal year. The depreciation expenses, including amortization expenses for Intangible assets, for the first quarter of the current and previous fiscal year are as follows.

	Three months ended March 31, 2024	Three months ended March 31, 2025
Depreciation expenses	Thousands of Yen 3,689	Thousands of Yen 2,834

(Significant subsequent events)

(Reduction of capital stock)

The Company stated the reduction of capital stock as a significant subsequent event in the securities report for the previous fiscal year and implemented as of the effective date. As a result, the capital stock decreased by 67,175 thousand yen to 10,000 thousand yen.

(a) Purpose of the reduction of capital stock

The purpose of this capital reduction is to ensure flexibility and agility in future capital policy. In accordance with the provisions of Article 447, Paragraph 1 of the Companies Act, the amount of capital stock was reduced and the entire amount of the reduced capital stock was transferred to other capital surplus.

(b) Outline of the reduction of capital stock

(i) Amount of capital reduced

The amount of capital stock was reduced by 67,175,600 yen from 77,175,600 yen, resulting in a capital stock amount of 10,000,000 yen.

(ii) Method of reducing the capital amount

The total amount of reduced capital was transferred to “Other Capital Surplus,” with the total number of outstanding shares remaining unchanged.

(c) Completed schedule for the reduction of capital stock

Date of Board of Directors' resolution: February 20, 2025

Date of Annual General Shareholders' Meeting: March 27, 2025

Final Date for Creditors' Objections: April 30, 2025

Effective Date for Capital Reduction: May 1, 2025