

NEWS RELEASE



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Revised Financial Forecast for FY2025

Veritas In Silico Inc. (hereafter referred to as “The Company”) has announced Revised Financial Forecast for FY2025, which was previously announced on February 13, 2025, as described below.

1. FY2025 Financial Forecast

Revision of Financial Forecast for FY2025 (From January 1, 2025 to December 31, 2025)

	Business Revenue	Operating Profit	Ordinary Profit	Net Profit	Net Profit per share
Previous Forecast as of February 13, 2025 (A)	Million Yen 788	Million Yen 163	Million Yen 170	Million Yen 168	Yen 26.39
Revised Forecast (B)	91	△ 397	△ 391	△ 394	△ 60.77
Change (B – A)	△ 697	△ 560	△ 562	△ 562	—
Percentage Change (%)	△ 88.4	—	—	—	—
(Ref.) FY2024 Full Year Results	194	△ 212	△ 233	△ 236	△ 37.11

2. Reasons for Revision

The initial earnings forecast, announced on February 13, 2025, estimated Business Revenue budgets, including contract Upfront payments, based on the assumption of concluding four new contracts during the fiscal year ending December 2025.

Of the four contracts anticipated in the initial forecast, two have already been signed. Negotiations are underway for the two remaining contracts, with an objective to finalize them during the fourth quarter of the fiscal year (October to December 2025). While negotiations are ongoing for one of these, no agreement on contract terms has been reached for the other, which had been delayed since fiscal 2024.

Consequently, the anticipated receipt of contract Upfront payments and other revenues, which had been budgeted based on the assumption of closing this deal, is no longer foreseeable.

The Company is currently engaged in negotiations with counterparties with whom it has previously concluded CDAs (Confidential Disclosure Agreements for Contract Negotiations; eight companies as of the end of September 2025) as alternatives to projects where there is no prospect of contract conclusion (hereinafter referred to as "the Relevant projects"). However, as the conclusion of the contract is expected to occur no earlier than the next fiscal year (ending December 2026) or later, it has led to the revision of the earnings forecast for the fiscal year ending December 2025.

■ Forecast of Business Revenue

For the fiscal year 2025, Business Revenue is projected to decrease by approximately ¥700 million from the initial forecast, reaching ¥91 million (initial forecast: ¥788 million). This decrease is primarily due to the absence of anticipated revenue items from the Relevant projects, such as contract Upfront payments (estimated revenue of approximately ¥690 million).

■ Forecast of Operating Profit

It is estimated that Operating Profit for fiscal year 2025 will be resulting in a net loss of ¥397 million (initial forecast: net profit of ¥163 million), approximately ¥560 million lower than initially forecasted. It is also estimated that lower-than-expected selling, general, and administrative expenses (including R&D costs) will have a positive impact of approximately ¥140 million. The combined effect of these factors is expected to reduce the operating profit by approximately ¥560 million compared to the initial forecast.

Research and development expenses are expected to decrease by approximately ¥110 million compared to initial projections, primarily due to the discontinuation of R&D activities related to the project that was anticipated to be secured. Additionally, expenditures for selling, general, and administrative expenses other than R&D expenses are expected to be lower than initially forecasted. This includes expenditures for certain items, such as recruitment-related costs. Consequently, these expenses are projected to decrease by approximately ¥30 million.

3. Awareness of the existing situation and Profit Recovery Measures, etc.

■ Awareness of the existing situation

Regarding the status of the Company's business operations under review, the Company has achieved multiple milestones in the Platform-based business. These milestones include advancements in drug discovery research, such as the screening of compounds, in its ongoing Joint Drug Discovery Research with four domestic pharmaceutical companies. Each initiative is progressing steadily. Furthermore, the Company has successfully obtained the patent for their technological foundation in Japan, Europe, and recently in the United States, thereby consolidating their position in the market.

Furthermore, in the Pipeline-based business the Company has focused on since their listing on Tokyo Stock Exchange, the Company has commenced the creation of their first pipeline: a nucleic acid drug for acute renal failure. The Company has entered into a joint research agreement with Mitsubishi Gas Chemical to create nucleic acid drugs incorporating Quality by Design perspectives ahead of the industry, with the aim of efficient pipeline creation. In line with the growth strategy outlined in "Company Presentation" dated December 13, 2024, both Platform-based business and pipeline-based business are progressing largely according to plan. Furthermore, alongside mRNA-targeted small molecule drugs, the Company has secured contracts with relevant parties for nucleic acid therapeutics, broadening the modalities the Company handles.

After a thorough review of all the facts, the Company has concluded that its business operations remain viable. However, the Company has revised its earnings outlook, recognizing that securing new contracts providing upfront payments is no longer anticipated within the current fiscal year.

■ Profit Recovery Measures

The Company will steadily advance joint drug discovery research through its Platform-based business utilizing the drug discovery platform ibVIS[®], including newly concluded agreements, and will work to expand Business Revenues to be generated over multiple future fiscal years. Concurrently, the Company will focus on creating its own pipeline to enhance future value and generate shareholder value, positioning this as a medium-to-long-term strategy for revenue recovery.

■ Specific policies for medium- and long-term improvement of share value

The Company has set a medium-to-long-term goal to establish itself as a specialty pharmaceutical company by 2030. Its core focus will be on mRNA-related drug discovery, and it will be equipped with R&D and sales capabilities.

As it continues to evolve into a specialty pharmaceutical company, the Company will advance its Platform-based business model to expand revenues from joint research agreements. Concurrently, the Company will continue to develop its proprietary pipeline, which contributes to enhancing shareholder value. The strategy is to drive medium-to-long-term stock value growth through the expected equity value derived from the pipeline. Regarding proprietary pipeline development, the Company has already commenced independent drug discovery research focused on nucleic acid therapeutics. Furthermore, through joint research with Mitsubishi Gas Chemical and academia, we aim to create a continuous pipeline in a short timeframe.

* For your reference *

The Company plans to finalize an updated mid-term management plan for fiscal years 2026-2027, by mid-December 2025, along with policies and specific initiatives (growth strategy) aimed at enhancing long-term shareholder value. The details will be announced as “Company Presentation.” The Company also plans to hold an investor briefing session to communicate this information to investors. The briefing session details will be finalized shortly and announced in a future notice.

» Disclaimer «

These documents include forward-looking statements including current plans, outlooks, estimates and forecasts. Forward-looking statements are based on the intentions of our management based on the information available as of December 13, 2024.

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 Japanese original shall prevail.