



Veritas In Silico

Bringing new hope with mRNA-targeted drugs

Fiscal Year Ending December 2024, 3rd Quarter

Financial Results

Veritas In Silico Inc.

Ticker code: 130A

November 13, 2024



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Highlights during the third quarter of FY2024

Platform business for mRNA-targeted small molecule drug discovery performs well

Joint drug discovery research is underway with four pharmaceutical companies utilizing the ibVIS® drug discovery platform. In the first three quarters of the current fiscal year, the company achieved milestones and obtained several small molecule compounds with targeted profiles through cell-based assay.

Currently developing a structure to create in-house pipelines to transition to a hybrid-type business

We resumed research on our proprietary nucleic acid drugs.
We are working toward creating nucleic acid drug and small molecule drug pipelines

Business revenue for the first three quarters of FY2024 was 165 million yen Net loss was 145 million yen

Business revenue totaled 165 million yen due to research support funds and milestone payment, etc.
Net loss was 145 million yen due to business expenses of 286 million yen, listing-related expenses of 12 million yen, etc.

Forecast for FY2024 remains unchanged

No change from the February 2024 forecast for FY12/2024
Aiming to secure earnings by achieving milestones and acquiring new contracts during the last quarter of the fiscal year

Our founder's background making mRNA-targeted small molecule drug discovery a reality

After the company's establishment, Nakamura fully leveraged his background to launch a full-fledged mRNA-targeted small molecule drug discovery business. He successfully raised three rounds of funding and achieved IPO in February 2024



Representative director and CEO
Shingo Nakamura, PhD

Extensive operational experience ranging from drug research to business development, sales, management, and investment in biotech companies



~2003 Scientific background

Shingo studied **informatics** at Nagoya University and received his PhD in **organic chemistry**. He later studied **RNA biology** during his postdoctoral fellowship at Yale University. The concept of mRNA-targeted small molecule drug discovery was shaped by his diverse scientific background.

2003-2011 Pharmaceutical industry research

Shingo conceived the idea of mRNA-targeted small molecule drug discovery at Takeda in 2003 and led an in-house project for seven years.

He filed the **world's first business model patent for mRNA-targeted small molecule drug discovery** in 2004.

2011-2015 Business background

Shingo gained hands-on business experience working as a sales and marketing manager for Dow Chemical and later as a business development director for Catalent*.

2015-2017 Experience as an investor

Shingo worked as a venture capitalist at the Innovation Network Corporation of Japan (INCJ) and served as a director of the board of biotech companies which he invested in, gaining hands-on experience in company establishment and management.

2016~ Management career

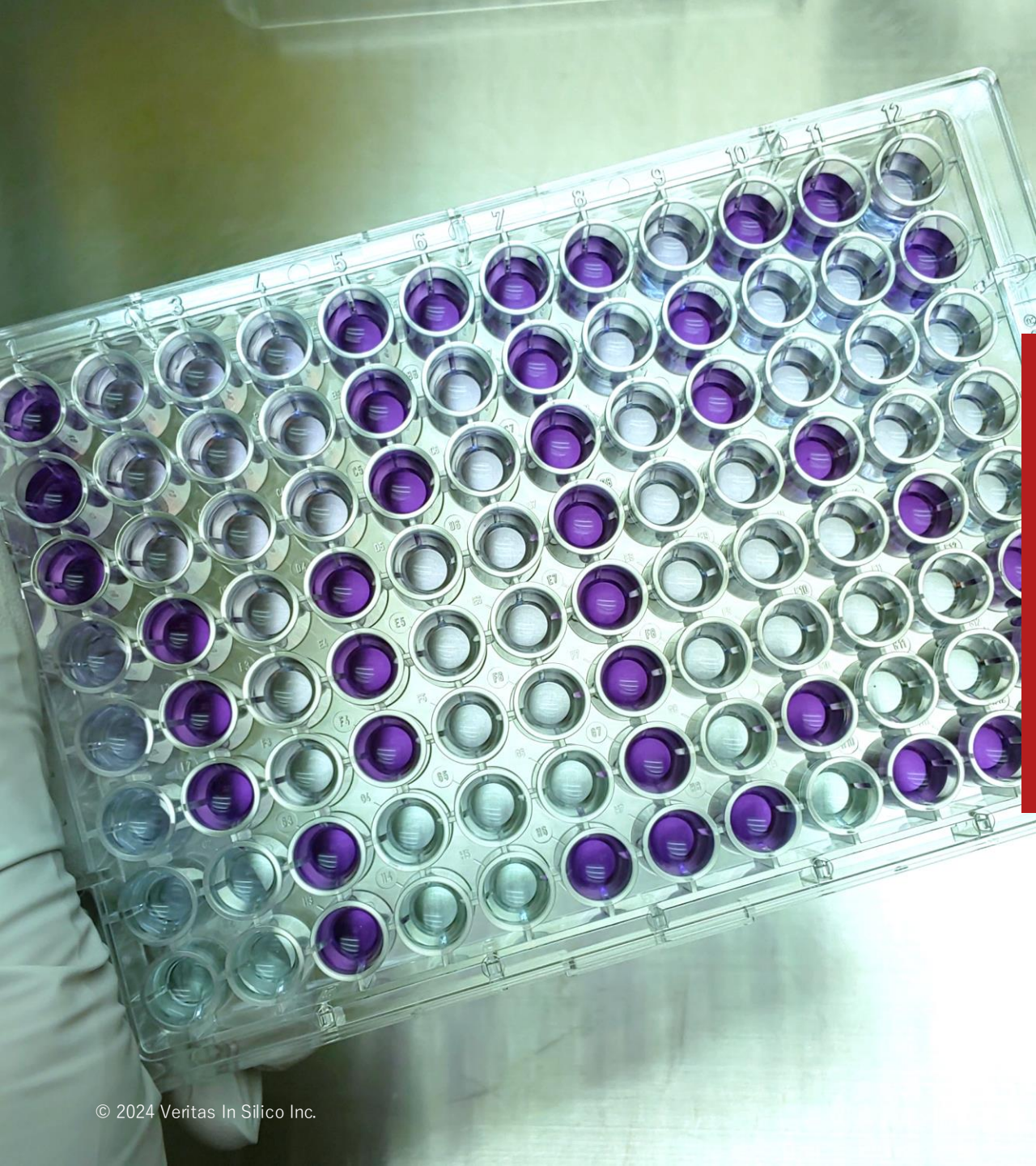
Representative Director and CEO of Veritas In Silico (current position)

*A global contract development and manufacturing organization (CDMO) headquartered in New Jersey, USA, that provides delivery technologies, drug manufacturing, biologics, gene therapies, and consumer health products for pharmaceutical and biotech companies



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1 Business Highlights

Business highlights during the third quarter of FY2024

▼ March



Efforts to Create In-house Pipeline of Nucleic Acid Drugs

Started in-house research to obtain more efficient and effective nucleic acid drugs prior to the joint research with Mitsubishi Gas Chemical

Go to slide No. 28-31

▼ June



Milestone Achieved

Achieved first research milestone in drug discovery collaboration with Takeda to create mRNA-targeted small molecule drugs for multiple diseases

▼ June



Steady Progress in Compound Discovery

Obtained several small molecule compounds with target profiles through cell-based assays in a joint drug discovery project with RaQualia aimed for the discovery of anti-cancer drugs

Go to slide No. 8

▼ September

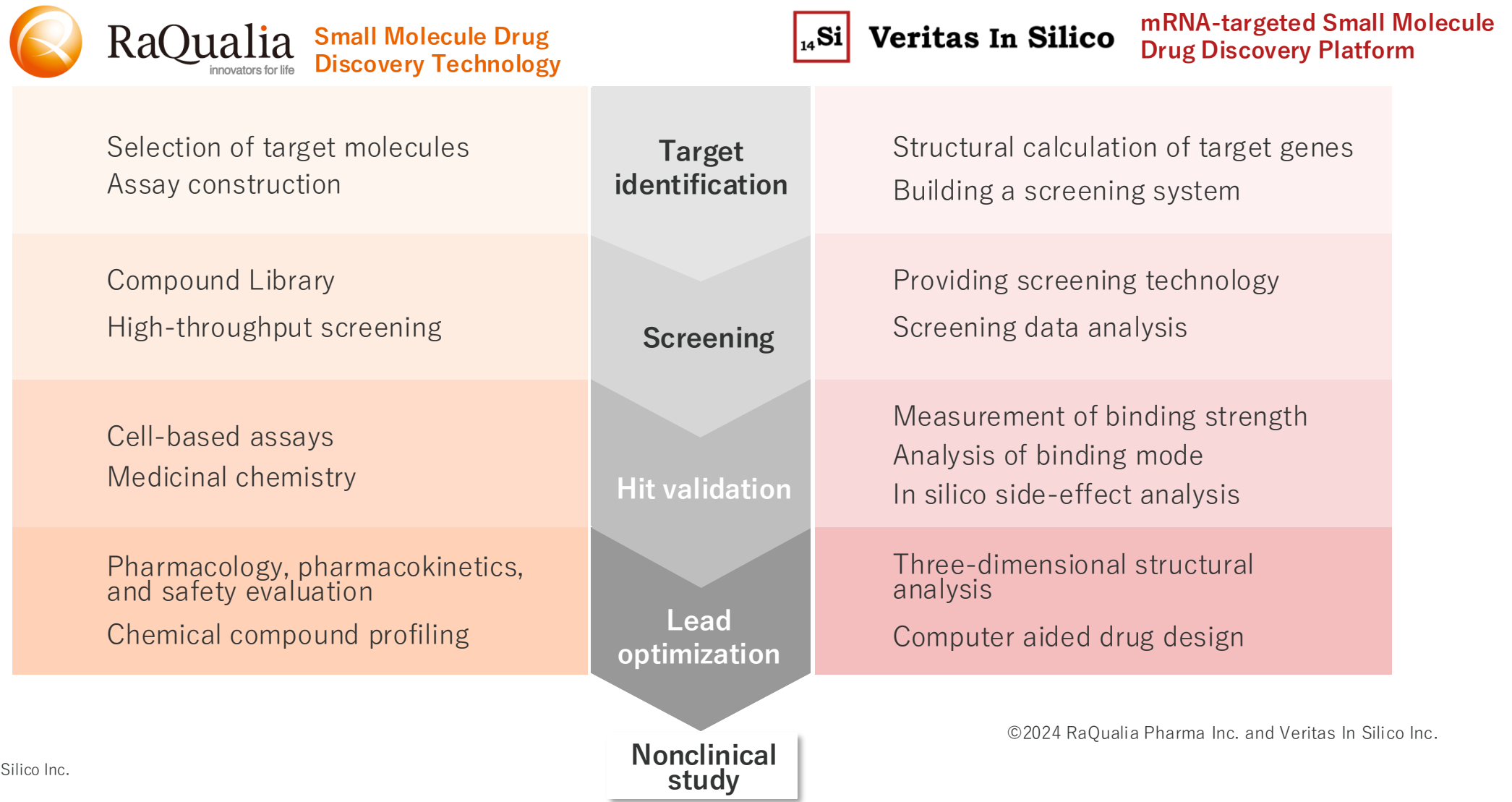


Milestone Achieved

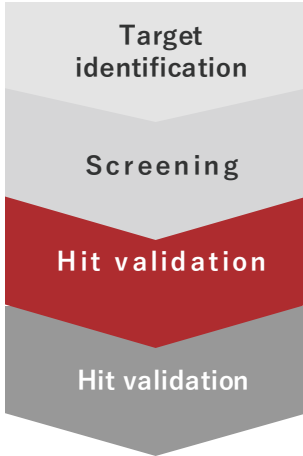
Achieved a milestone in joint drug discovery research with Shionogi to create mRNA-targeted small molecule drugs for multiple genes related to infectious diseases and psychiatric and neurological disorders

Steady progress in compound acquisition in joint drug discovery research with RaQualia

We acquired several small molecule compounds with target profiles through cell-based assays in a joint drug discovery project with RaQualia aimed at creating anticancer drugs, by leveraging the strengths of each company's technological capabilities



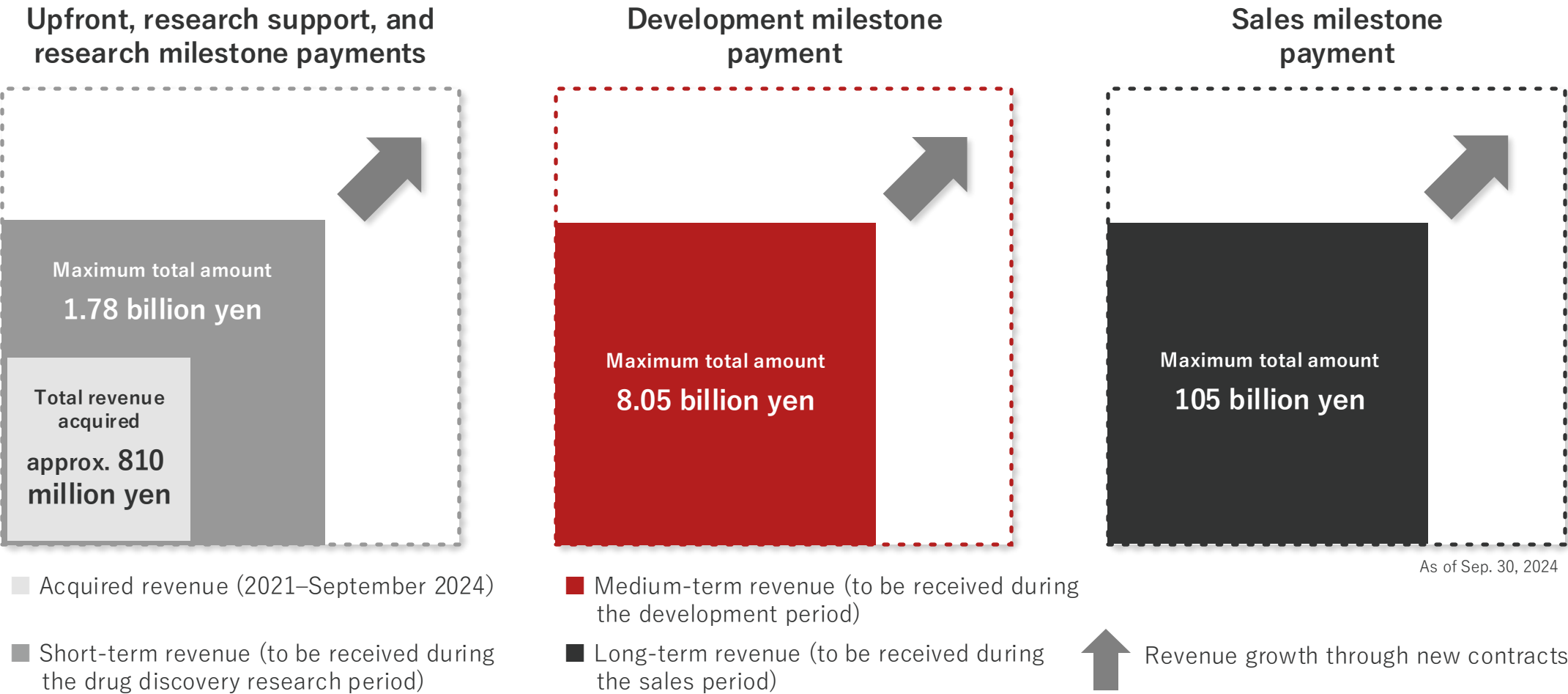
Proven track record in joint drug discovery projects with pharmaceutical companies

Major partners (Arranged according to timing of agreement)	Timing of agreement	Target disease	Stage of drug discovery research	Financial conditions
 Innovation by Chemistry	July 2021	Undisclosed		• Contract amount undisclosed • VIS obtains rights to the compounds*
	November 2021	Infectious diseases, psychiatric and neurological disorders		• Up to 85 billion yen contract • Royalties • Q3: Milestone achievement
	December 2022	Cancer		• Contract amount undisclosed • Royalties • Target profile achieved in cells
	June 2023	Undisclosed		• Contract amount undisclosed • Royalties • Q2: Milestone achievement
The most advanced projects in joint drug discovery research with pharmas are in the hit validation stage				

*In the joint drug discovery research with Toray, the rights to the drug candidate compounds are shared between Toray and the company, and the company is to receive revenue in proportion as share of compounds

Profitability potential of platform-type business

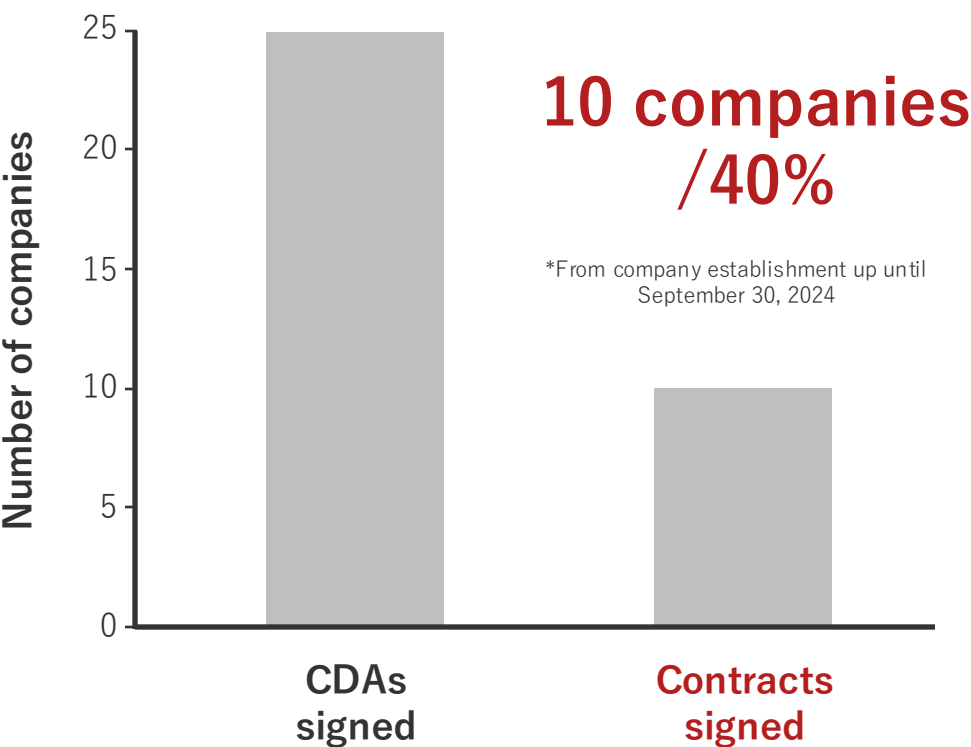
We have short-term (during drug discovery) and medium-term (during development) business revenue opportunities under the existing joint drug discovery research agreements. In the long term after the drug is launched, we expect to receive milestone revenue based on sales, as well as royalties of several percent not included in the figures below



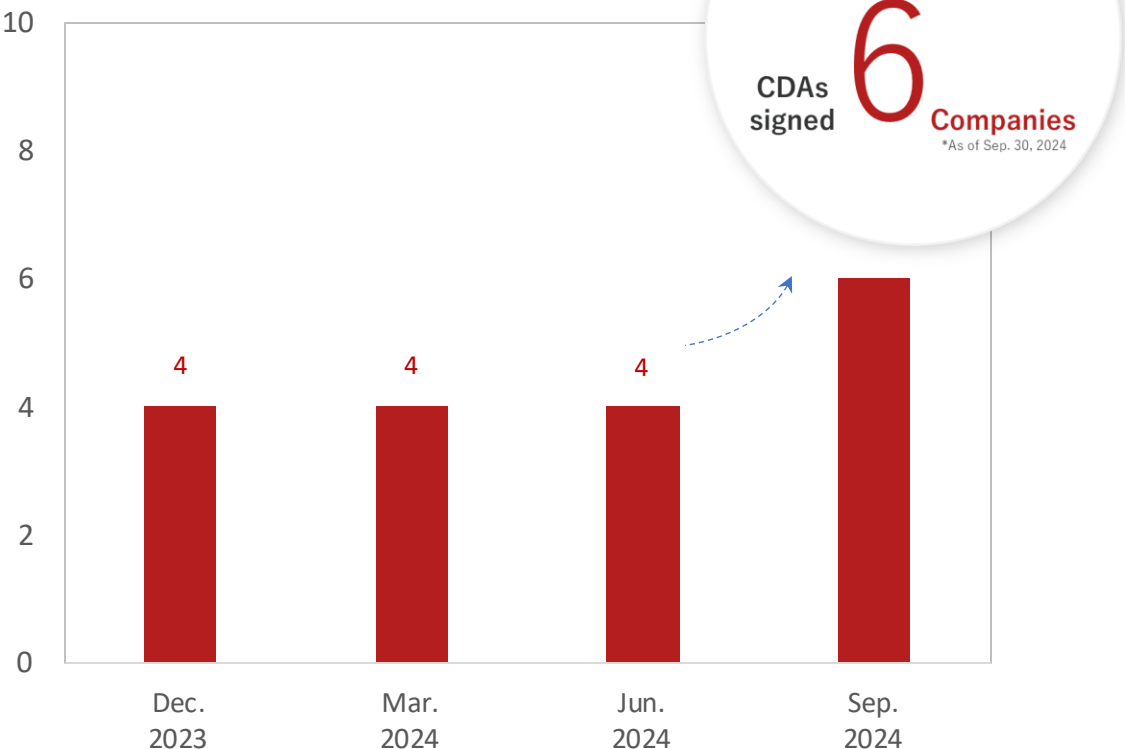
Securing the number of CDAs needed to form new partnerships with 2 companies/year

Of the pharmaceutical companies that have signed confidentiality agreements (CDAs), the probability of reaching a contract as a result of negotiations under the CDA is approx. 40%, and the median time between signing a CDA and reaching a contract is 14 months. In 2024, we expect to sign contracts with 2 companies based on the number of CDAs currently in effect. Each year after 2025, we aim to obtain a commensurate number of CDAs to sign contracts with 2 companies

Results: From CDA to contract signing*



Trends in the number of CDAs in FY2024





2

Financial Highlights

Summary of Business Results for the third quarter of FY2024

The joint drug discovery research with each pharmaceutical partner for mRNA-targeted small molecule drug discovery is progressing steadily
Business revenue totaled 165 million yen, including research support funds and milestone payment

Summary of Profit and Loss Statements
(millions of yen)

	FY2023 (Q3 period)	FY2024 (Q3 period)
Business revenue	279	165
Business expenses	239	286
Operating loss	39	- 121
Non-operating profit and loss	0	- 21
Ordinary loss	37	- 143
Net loss	35	- 145

Breakdown (millions of yen)

Research support funds 75
Milestone revenue 90

R&D expenses 177
SGA expenses 169

Listing expenses 12
Share issuance costs 9

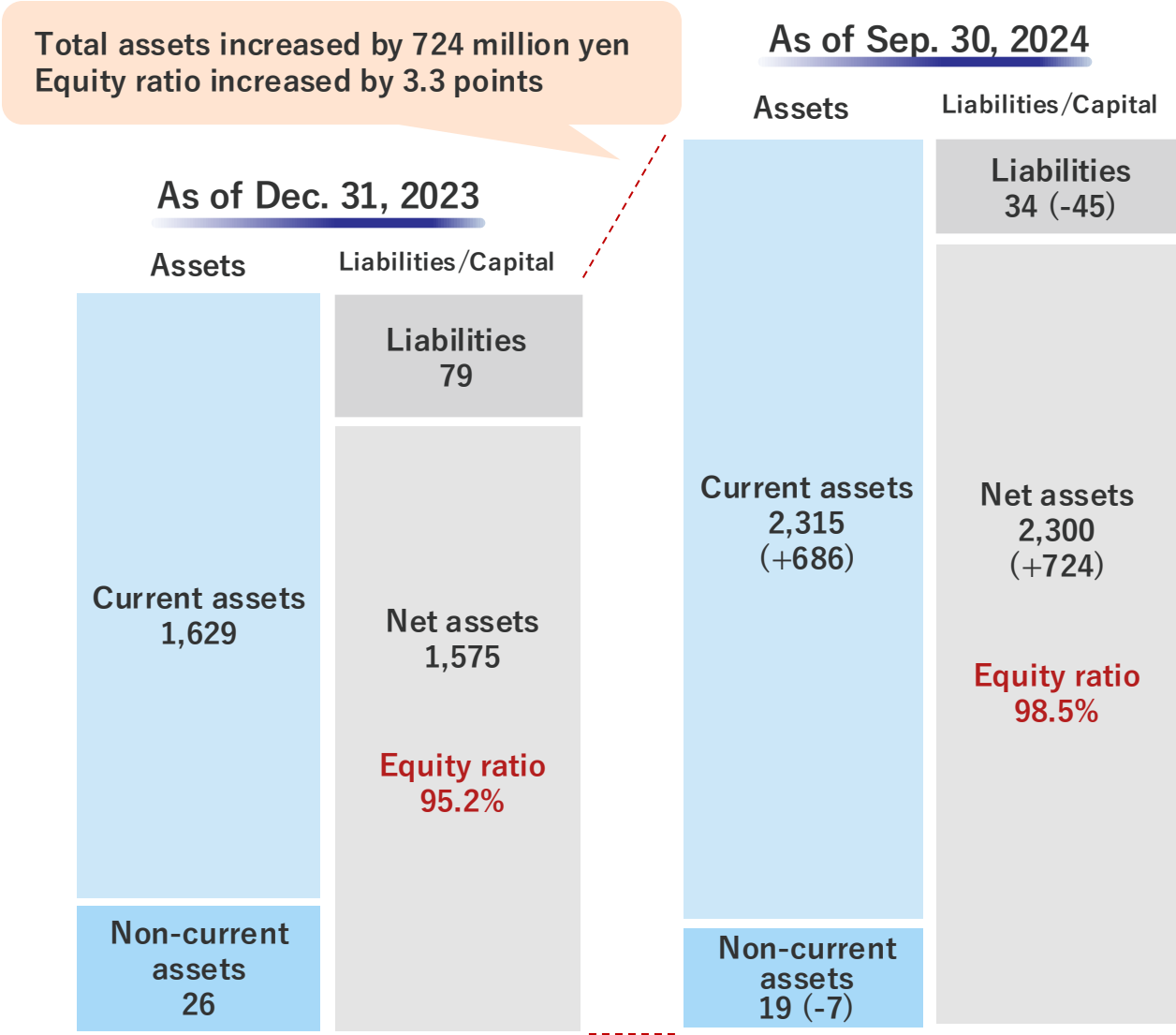
Trends in Financial Position

Current assets increased due to public offering at the time of TSE listing, etc., and equity ratio as well. The capital decreased due to capital reduction in April 2024

Balance Sheets (millions of yen)

	As of Dec. 31, 2023	As of Sep. 30, 2024
Cash and deposits	1,549	2,234
Total current assets	1,629	2,315
Property, plant and equipment	23	16
Total non-current assets	26	19
Total assets	1,655	2,334
Total liabilities	79	34
Share capital	90	77
Total net assets	1,575	2,300
Total liabilities and net assets	1,655	2,334

Balance Sheets Transition





3 Business Overview

Biotech with extensive research capabilities on mRNA-targeted small molecule drug and nucleic acid drug discovery

Name	Veritas In Silico Inc. (VIS)
Established	November 17, 2016
Main office	1-11-1 Nishigotanda, Shinagawa-ku, Tokyo 141-0031, Japan
Research facilities	Basic Research Facility: Kanagawa, Japan Applied Research Facility: Niigata, Japan
CEO	Shingo Nakamura
Employees	16 (As of September 2024)
Capital	77 million yen (As of September 2024)
Business description	Creating mRNA-targeted small molecule drugs through joint drug discovery research with pharmaceutical companies using our proprietary drug discovery platform, ibVIS®



Basic Research Division

(At the Kawasaki Business Incubation Center)

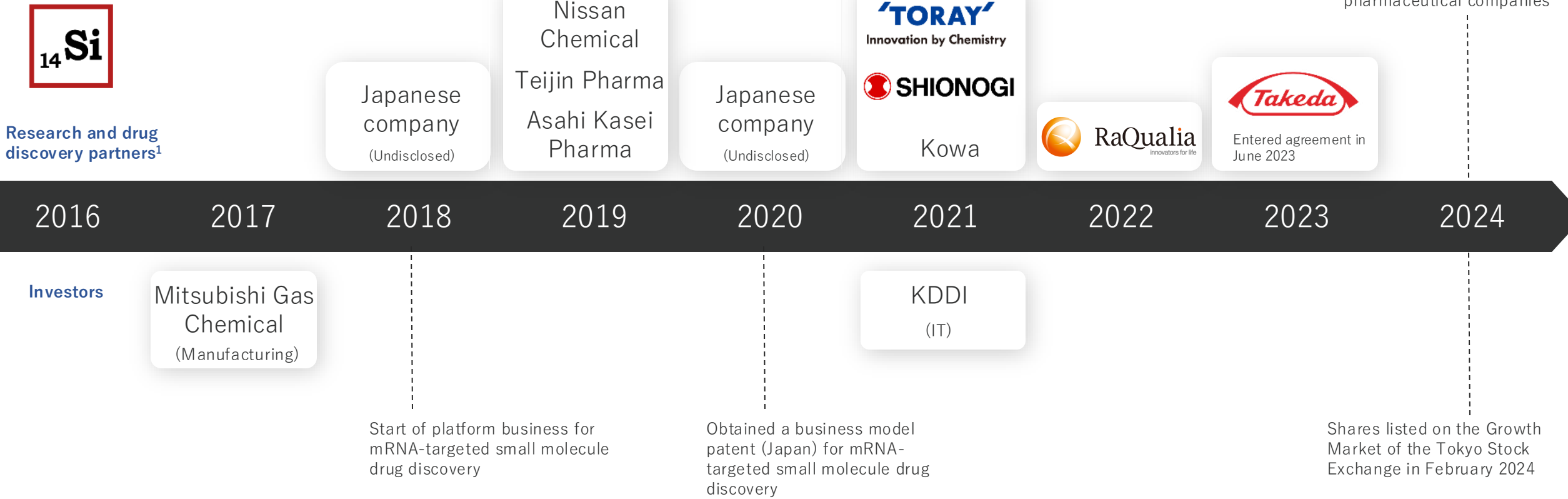


Applied Research Division

(At the Niigata University of Pharmacy and Medical and Life Sciences)

Steadily expanding business by earning the trust of renowned companies

We are advancing an innovative approach—mRNA-targeted small molecule drug discovery—with support from our business partners and together with our research and drug discovery partners



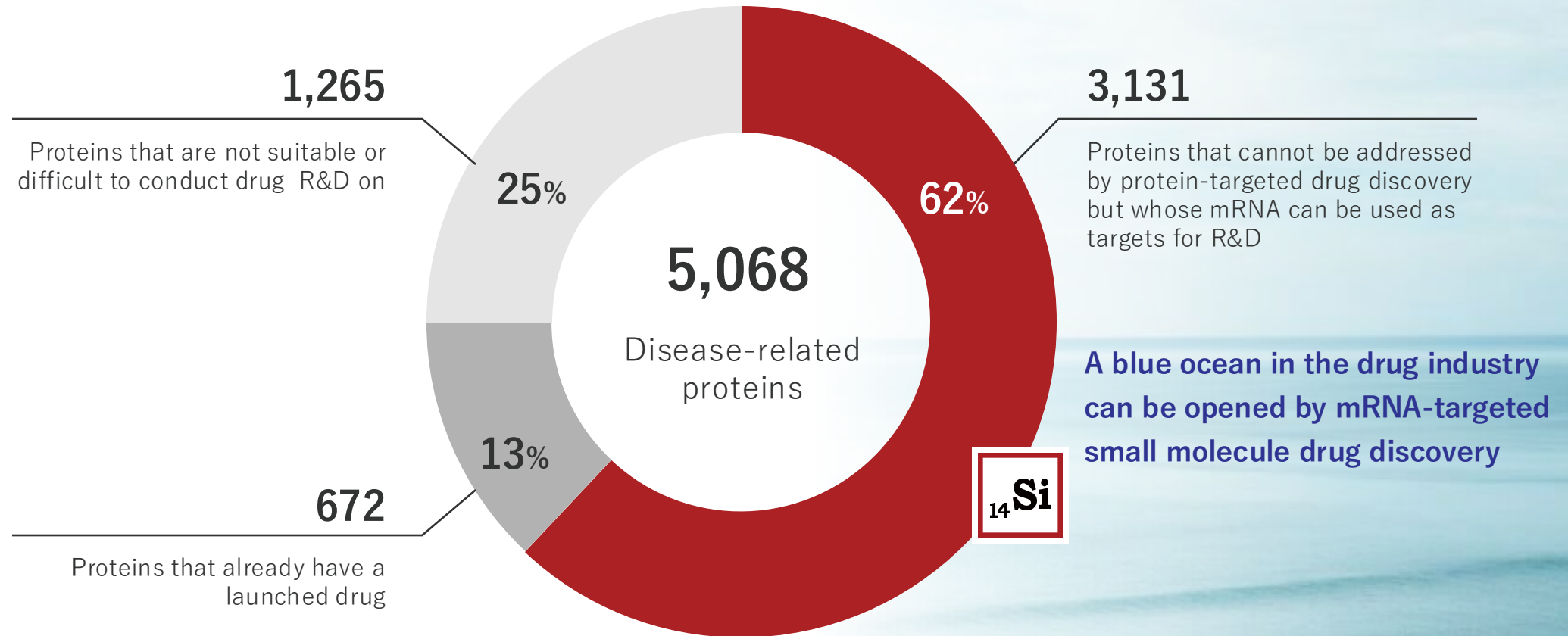
(注) 現在、東レ、塩野義製薬、ラクオリア創薬、武田薬品の4社と共同創薬研究を実施中

¹Currently conducting joint drug discovery research with four companies: Toray, Shionogi, RaQualia Pharma, and Takeda

²As of September 2024

The “undruggable” into the “druggable” with mRNA-targeted small molecule drug discovery

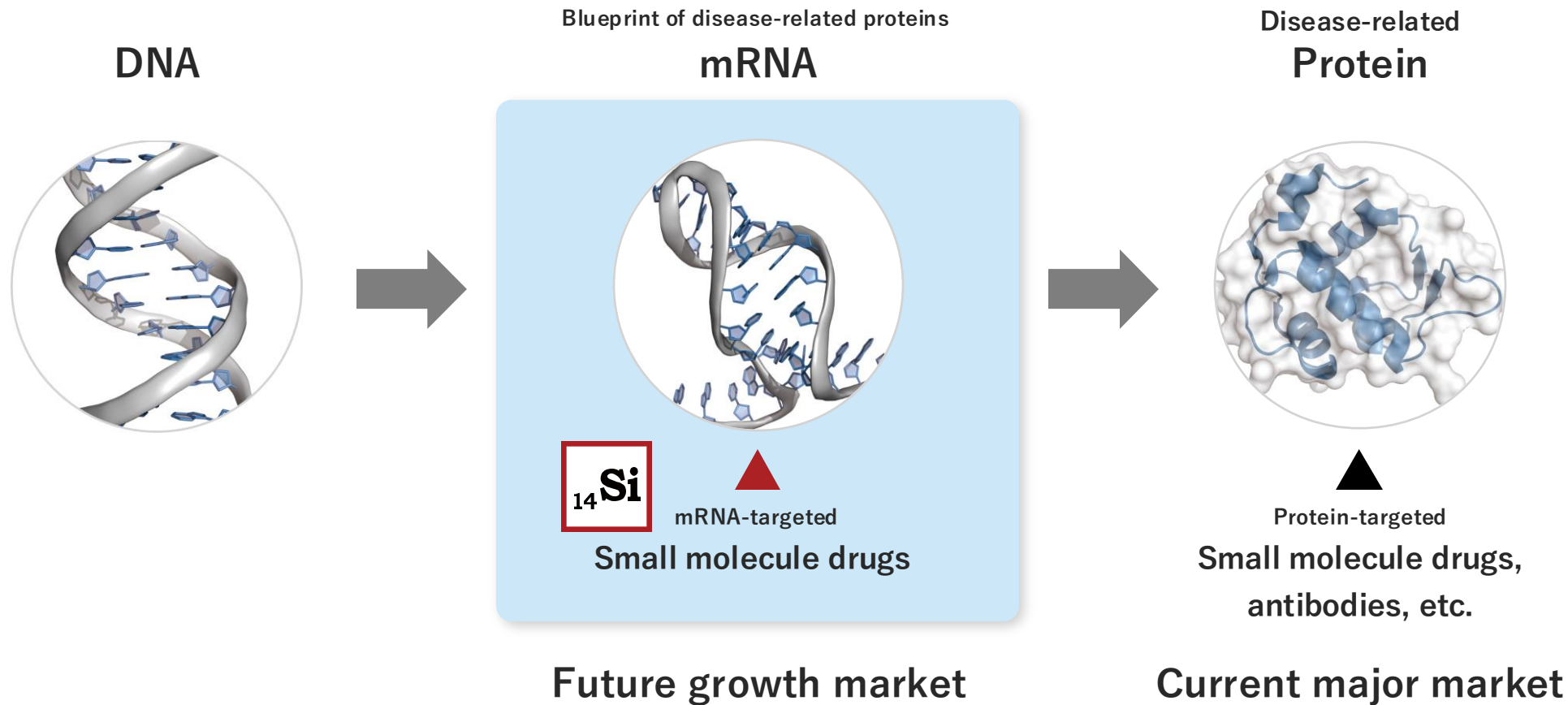
Disease that were considered “undruggable” by conventional protein-targeted drug discovery technologies can become “druggable” by targeting the mRNA



Source : Based on the Human Protein Atlas, DrugBank, KS analysis, 2018

Opening a blue ocean by creating mRNA-targeted small molecule drugs

We aim to target the mRNA—the blueprint of proteins—with small molecule drugs, which are desirable because they can be administered orally and are economical. Future market growth is expected with this new blue ocean strategy as it can tackle the problems related to small molecule drug discovery

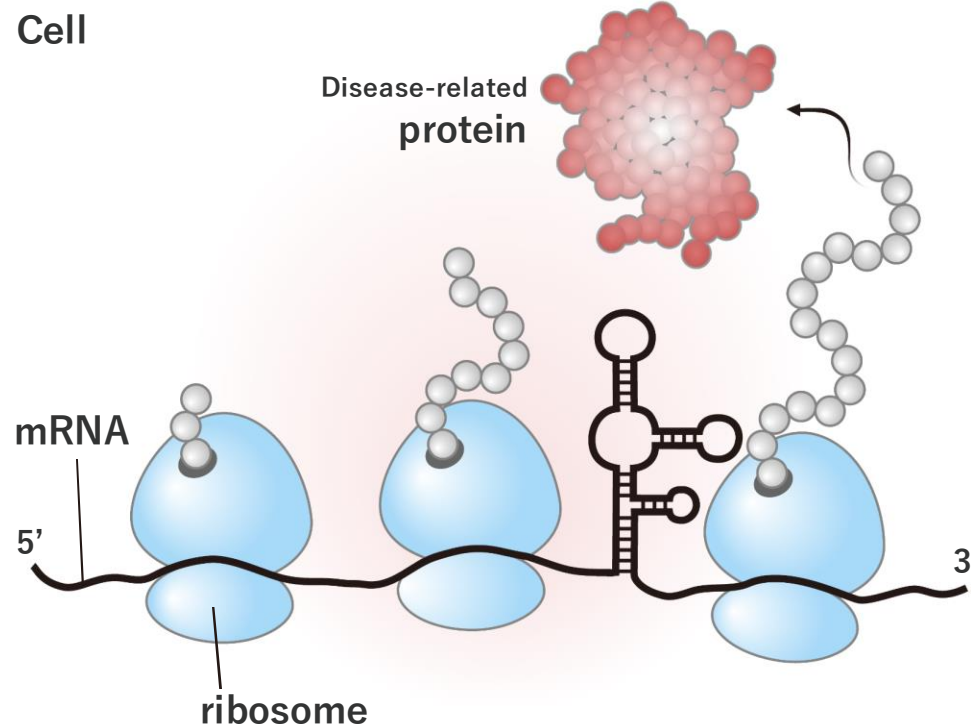


Note: Research and development on mRNA-targeted small molecule drugs is still mostly in the drug discovery stage even outside Japan. No small molecule drugs have been launched due to this drug discovery approach as of Sep. 2024.

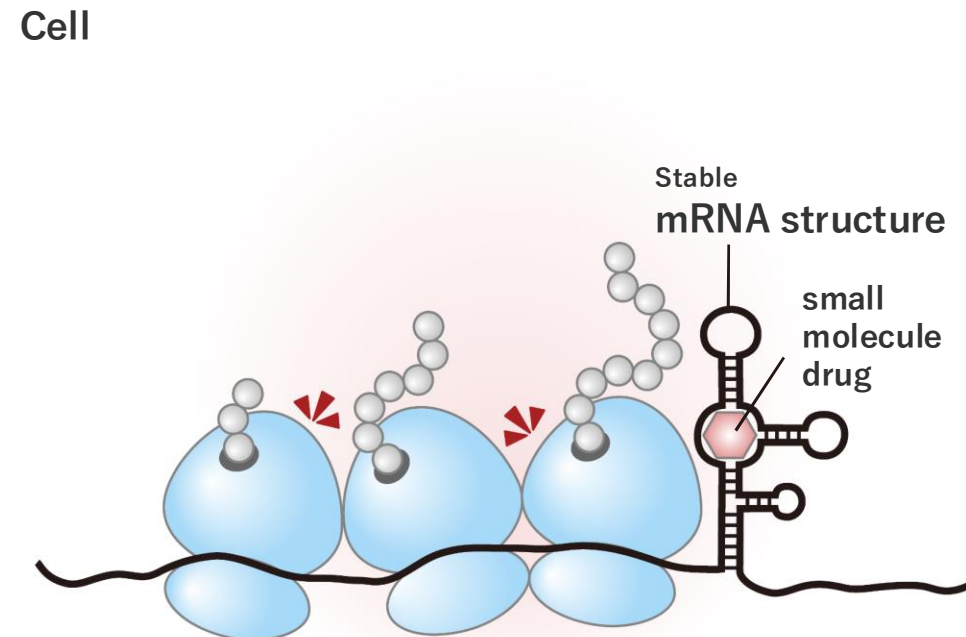
Versatile mechanism of action applicable to the treatment of various diseases

In the cell, proteins are synthesized by the ribosome by reading information on the mRNA from left to right. When the structure on the mRNA is stabilized by a small molecule drug, the ribosome is unable to read the mRNA information and protein synthesis stops

Without small molecule drugs



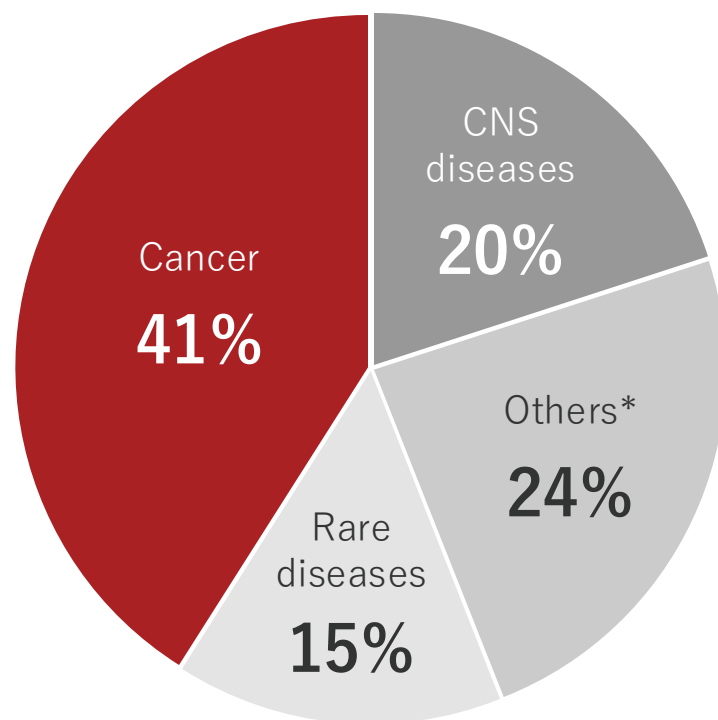
With small molecule drugs



Addressing unmet medical needs with ibVIS®

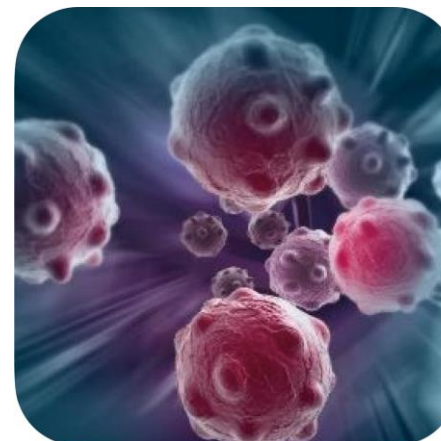
The pharmaceutical companies to which we have provided the information on our drug discovery platform, ibVIS®, have disclosed more than 100 genes of interest (GOIs) to us, and the disease areas of these GOIs are diverse. This implies that ibVIS® is applicable to a wide variety of diseases even from the perspective of drug discovery experts. Based on the GOIs, cancer is the largest disease area of focus, followed by central nervous system (CNS) diseases

Disease areas revealed by the GOIs



*Includes cardiovascular disease, immune disorders, infectious diseases, etc.

Based on GOIs disclosed by pharmaceutical companies as of Sep. 30, 2024



Cancer

The mechanisms of cancer are diverse, and there are many cancers that cannot be treated with conventional drug discovery. Since the number of patients is large, it is desirable to develop new small molecule drugs that can be supplied in large quantities



CNS diseases

The blood-brain barrier (BBB) in the brain (central nervous system) is a protective system that blocks substances that affect nerve cells. Small molecule drugs that can cross the BBB would be effective in treating CNS diseases

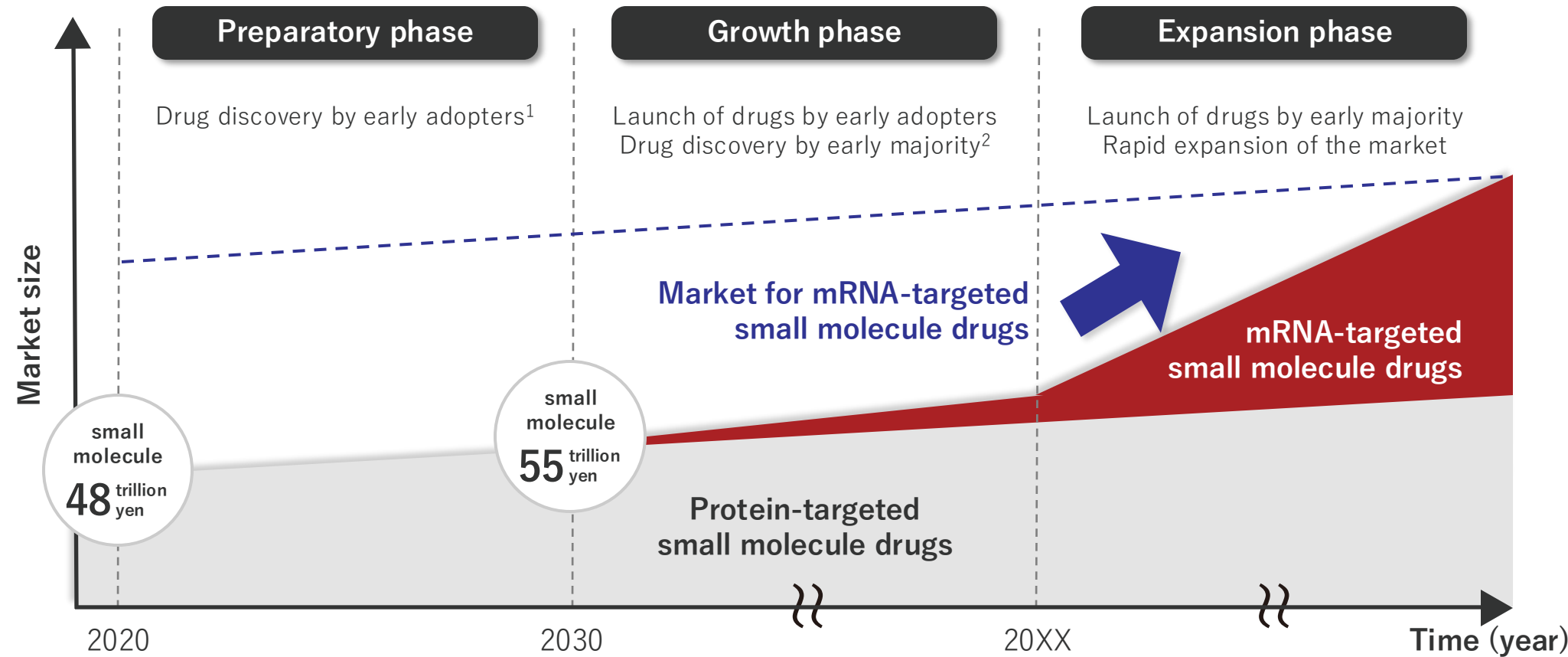


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Business Model

Market for mRNA-targeted small molecule drugs to rival that of protein-targeted drugs

At present, mRNA-targeted small molecule drugs are in the **preparatory phase**. Once mRNA-targeted small molecule drugs are launched in the market (**growth phase**), they are expected to spread rapidly to "undruggable" diseases (**expansion phase**) and become a large drug market in the future



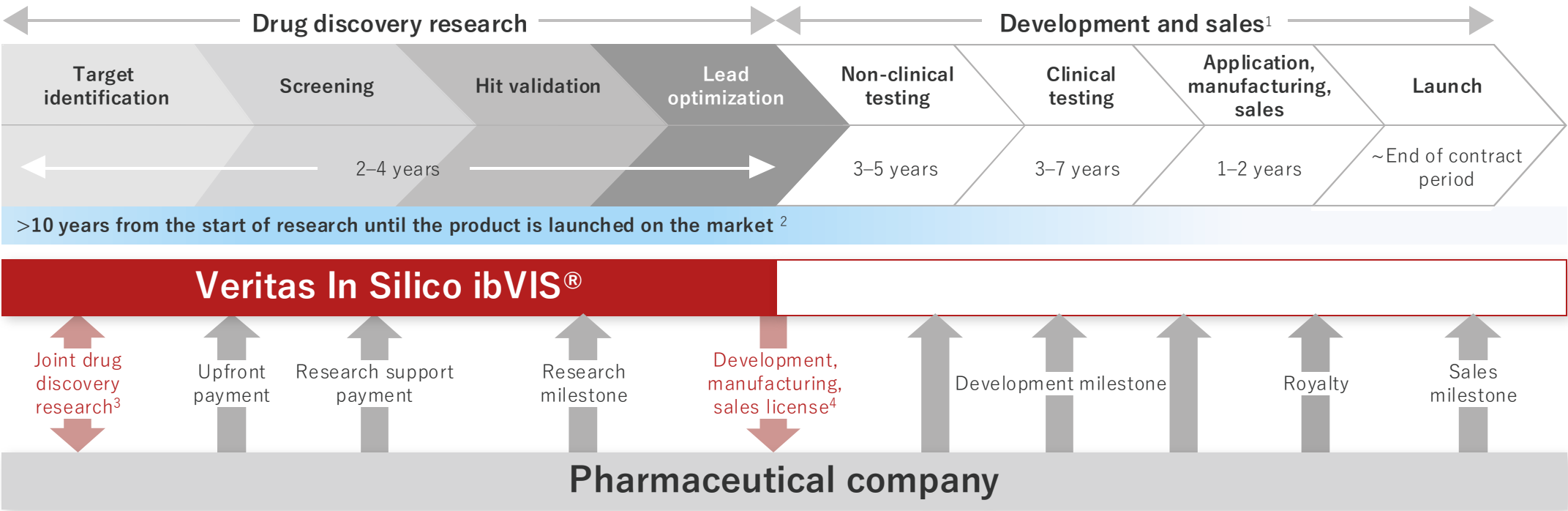
¹People who buy products and services after the innovators
²People who are influenced by early adopters

Source: Based on data from the Japanese Prime Minister Office website

*Estimates made by the company

Stable business revenue from the early stages of drug discovery over the long term

Under the joint drug discovery research agreement between our company and pharmaceutical companies, we will receive business revenue in exchange for the right to use our drug discovery platform, ibVIS®. After licensing the rights to develop, manufacture, and sell the drug, we will continue to receive revenue based on our contribution to the drug discovery research



Different business revenues received or to be received	
Upfront payment	Payment at the time of contract signing
Research support payment	Per target; As compensation for conducting research
Milestone	Upon achievement of pre-determined events based on R&D and sales progress
Royalty	Based on annual sales after the start of the drug launch

¹At present (as of September 30, 2024), no partner has progressed to the development and sales step.

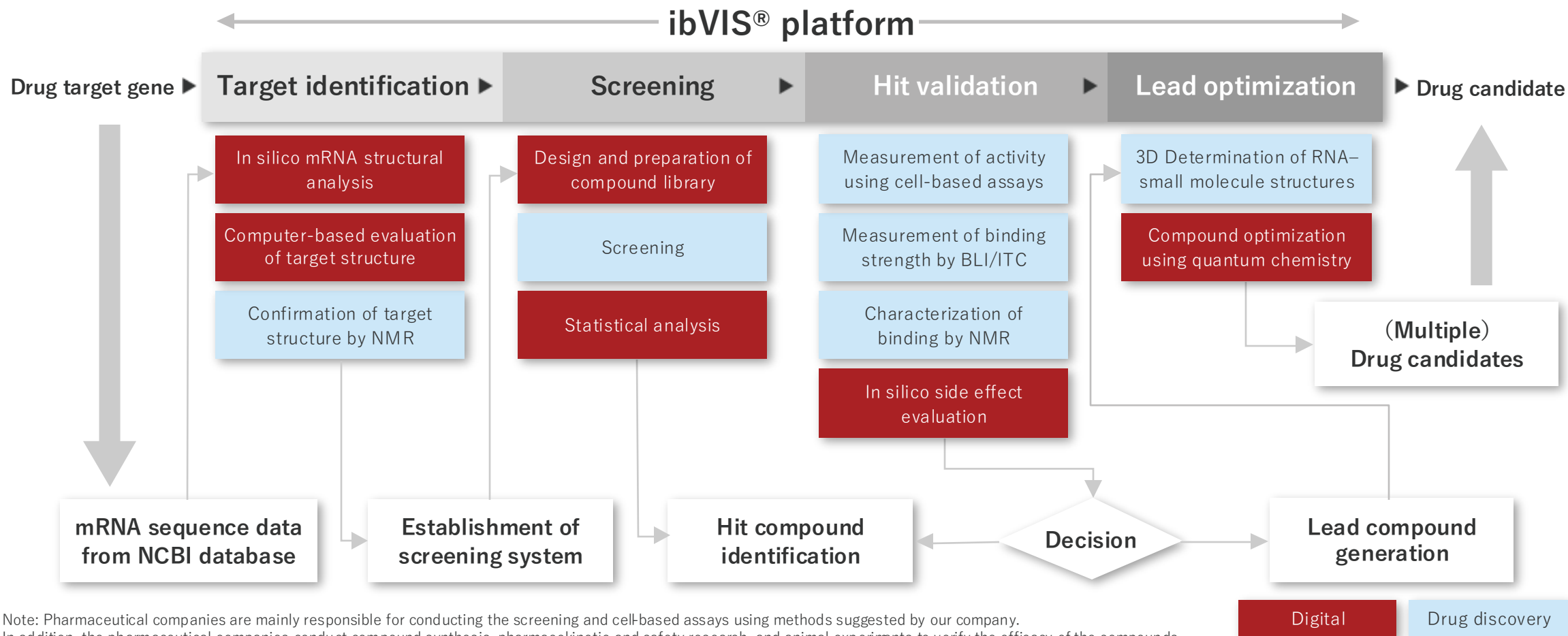
²The average duration is based on the typical duration of drug discovery R&D, and the actual R&D durations may differ significantly from those given here.

³The use of ibVIS® is limited to the duration of the joint drug discovery research between our company and pharmaceutical companies.

⁴In some cases, arrangements (compensations) for development, manufacturing, and sales licenses may be included at the time of the initial joint drug discovery research agreement.

One-stop platform based on verified and proven technologies

ibVIS® consists of a series of drug discovery and digital technologies, enabling the one-stop implementation from mRNA sequence data to the acquisition of drug candidate compounds. We already have a proven track record of up to hit validation in joint drug discovery research, etc. and have proven the utility of our lead optimization technologies through in-house research

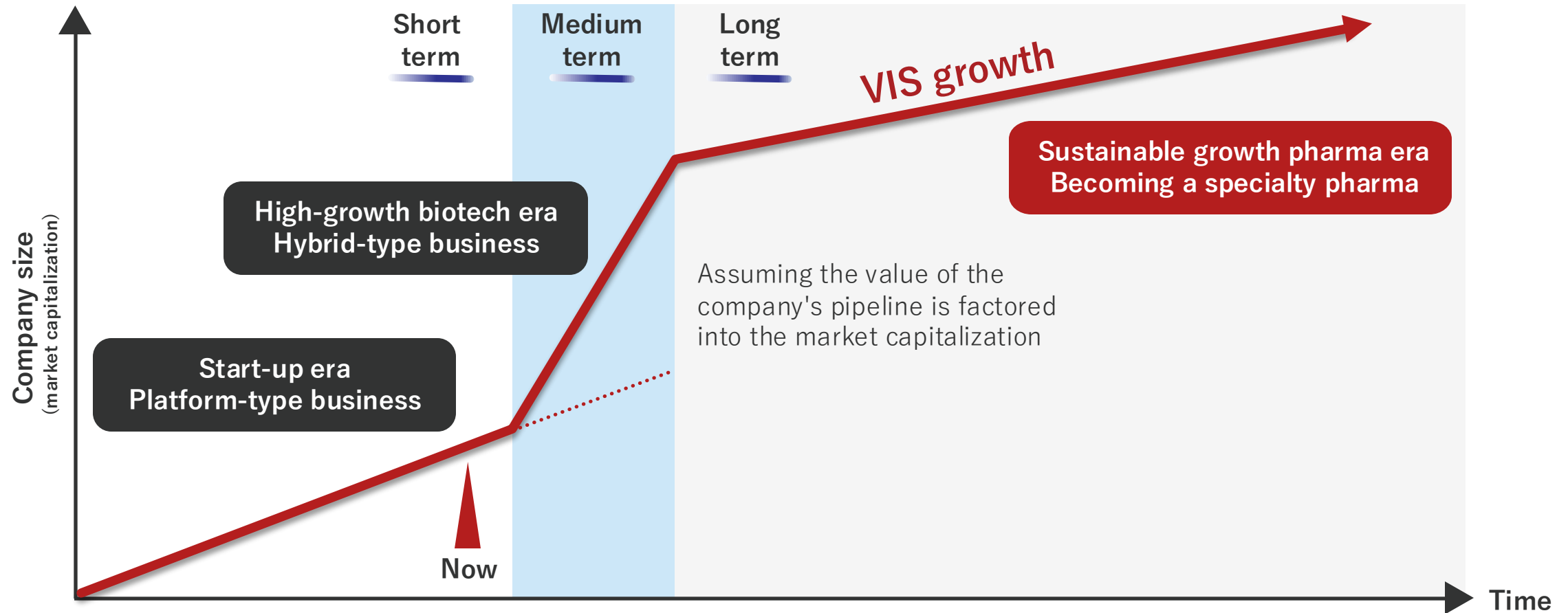




5 Growth Strategy

From start-up biotech company to specialty pharma with sustainable growth

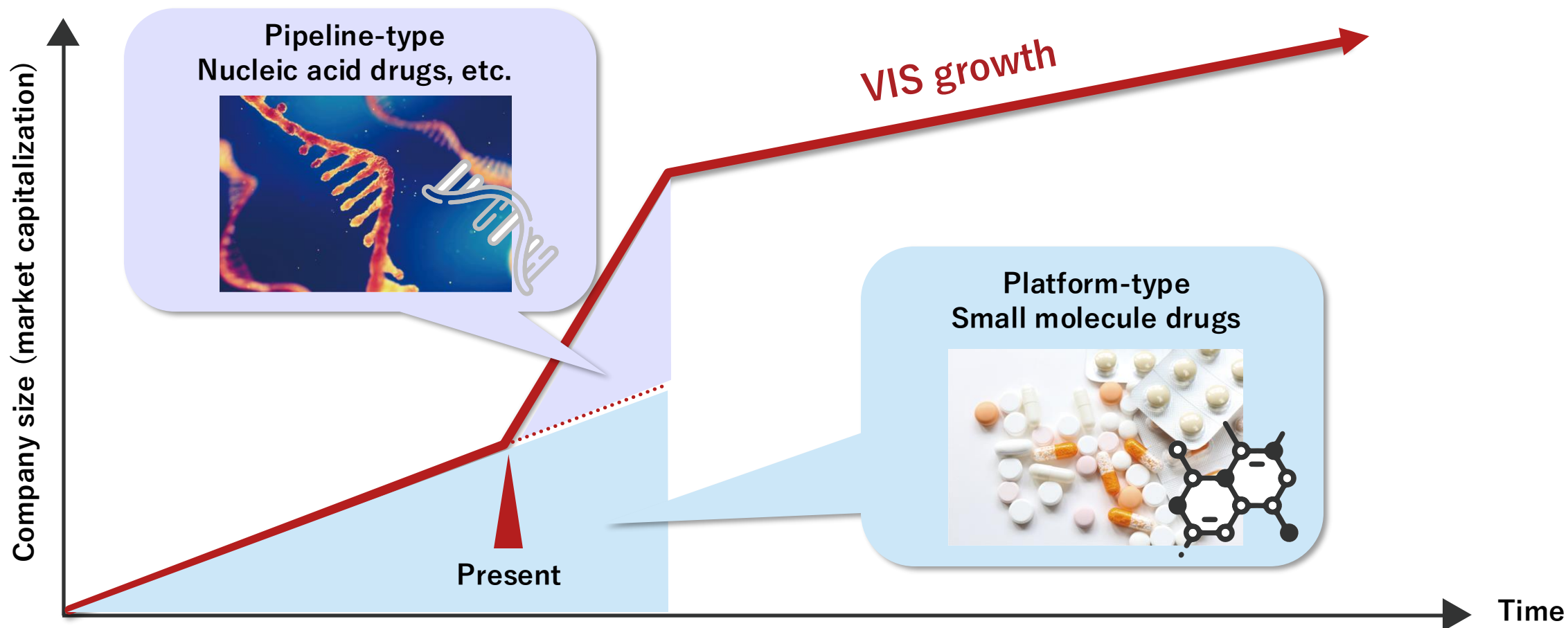
We are currently shifting from a platform-type business to a hybrid-type business that can achieve a high growth rate. Ultimately, for sustainable growth, we intend to transition to a pharmaceutical company (specialty pharmaceutical) equipped with capabilities to conduct research, development, and sales of drugs, with a focus on mRNA-related drug discovery.



Note: This is only an image of the growth curve we aim to achieve

Conversion to a hybrid-type business as a prelude to specialty pharma.

We aim to create our own pipelines with a focus on nucleic acid drugs while expanding our platform-type business of mRNA-targeted small molecule drugs



*This is only an image of our targeted growth and does not imply real market capitalization trends

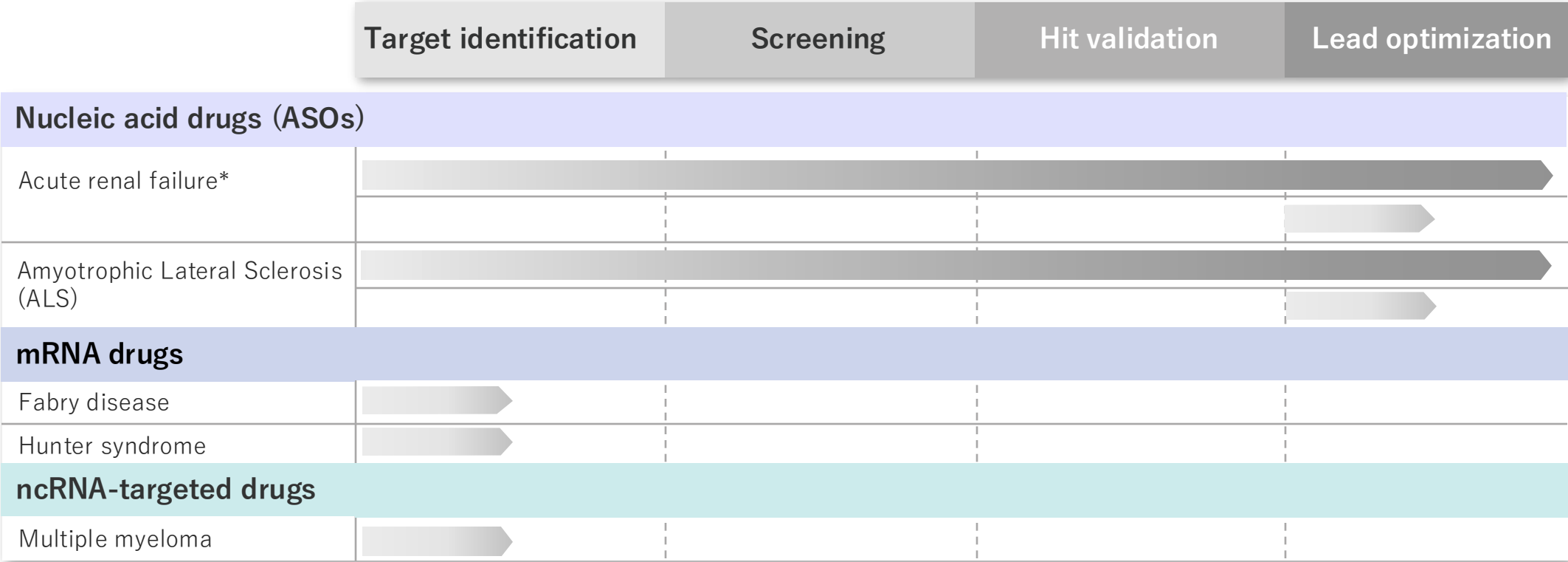
Sustainable growth through diversification of mRNA-related drug discovery business

Our in silico RNA structural analysis can be applied to various nucleic acid-related drug discovery approaches. When we shift to the hybrid-type business, nucleic acid drugs are the leading candidates for our pipeline. In addition, we will diversify our business in the future by making mRNA drugs and ncRNA-targeted drugs a part of our businesses through joint research with academia and companies



Nucleic acid drug pipeline candidates and other projects to support business stability

We have pipeline candidates of nucleic acid drugs, mainly for rare diseases, which are the basis of a hybrid-type business. Nucleic acid drugs have a short drug discovery research period of only 8 months at our company, so new projects are also promising in-house pipeline candidates. The projects for mRNA drugs and ncRNA-targeted drugs are currently in the basic research (target identification) stage.



*WO2021/002359 Nucleic acid drug and use thereof

MOU with Mitsubishi Gas Chemical on research, development and manufacturing of nucleic acid drugs

Joint business with Mitsubishi Gas Chemical (MGC) will contribute to the improvement of nucleic acid drug quality and the manufacturing process management. It is expected that the development phase will progress smoothly and the probability of success will increase.

URL: <https://contents.xi-storage.jp/xcontents/AS82025/cb870688/daf3/4ee3/8a89/e0f000d054e0/140120241002592963.pdf>

Contents of the announcement on Oct. 9

MGC is considering entering the nucleic acid CDMO business, seeing nucleic acid drugs as a growth market.

MGC examines new manufacturing processes that are more efficient, thereby ensuring the quality of nucleic acid drugs, while our company conducts the drug discovery.

Both companies continue to discuss the process of launching the joint business.

Aiming to conclude contracts with ODS clients that could not be approached before

ODS hosted a webinar in March 2024 to educate on mRNA-targeted small molecule drug discovery. This led to CDAs with European pharmaceutical companies and contract negotiations are underway. ODS is our strong partner in negotiating contracts with pharmaceutical companies and so on, as we expand into Europe.

Company name	Oncodesign Services (ODS)
Representative	Fabrice Viviani, President and CEO
Year established	1995
Number of employees	230 (22% with PhD)
Number of clients	1,000
Website	https://www.oncodesign-services.com/

As of Sep. 30, 2024
Source: Oncodesign Services website



Strategic partnership with LCC on mRNA-targeted drug discovery and development

Liverpool ChiroChem Ltd. (LCC) is a supplier that manufactures chemical components used in the drug discovery process. The partnership with LCC, which has complementary chemical resources to us, will help both companies to create their own pipelines of mRNA-targeted small molecule drugs

URL: <https://contents.xj-storage.jp/xcontents/AS82025/ba9075d7/905d/42b1/83a5/fae81cbafa9b/140120241008595042.pdf>



Contents of the announcement on Oct. 9

The partnership utilizes LCC's advanced chemical platform and our mRNA-targeted small molecule drug discovery platform, ibVIS®

Both companies cooperate to acquire fragment compounds* that act on undisclosed mRNA targets from the fragment library characteristic to LCC

The necessary procedures such as a contract conclusion for implementing the partnership are currently underway

*Fragment compounds are small molecules with a molecular weight of less than 300 that are used in drug discovery to search for molecules that bind efficiently to target proteins

Management that takes into consideration social and environmental sustainability

We will contribute to the health and welfare of as many patients as possible through sincere efforts to create small molecule drugs in collaboration with pharmaceutical companies and academia. We intend to practice management that considers social and environmental sustainability by improving the capabilities of society's science and technology and fostering a corporate culture that is rewarding to work in

Initiatives related to our business activities

To realize a warm society filled with hope

- ◆ Meeting unmet medical needs with novel drug discovery technologies
- ◆ Working with drug discovery partners to create innovative medicines

Efforts to build a business foundation

- ◆ Secure and develop excellent human resources
- ◆ Foster a rewarding corporate culture
- ◆ Diversify human resources and create an organization that makes the most of each individual
- ◆ Provide a pleasant work environment (promoting the use of annual paid leave)
- ◆ Management and promotion of employee health
- ◆ Purchase following the Green Purchasing Law

Realization of a Sustainable Society Initiatives for Sustainability in Science and Technology

- ◆ Enhancement of our drug discovery capabilities through collaborative research with academia on mRNA
- ◆ Contribution to academia through lectures and presentations at universities and other educational institutions

Efforts Toward Sustainability of Science and Technology Capability in Society

Through collaborative research with academia, lectures, and presentations, we will improve our drug discovery technology and contribute to the improvement of science and technology in Japan and, by extension, the realization of a sustainable society.

Collaboration with academia on mRNA

Osaka University 2 projects

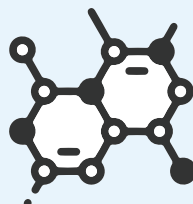
Chiba Institute of
Technology

Sophia University

Tokyo University of
Agriculture and Technology

Konan University

**mRNA-targeted small
molecule drugs**



Niigata University of Pharmacy
and Medical and Life Sciences

The Jikei University School
of Medicine

Stanford University

Nucleic acid drugs



Lectures and presentations at educational institutions

Lectures conducted annually

Tokyo Institute of Technology

Chiba Institute of Technology

CEO presentations conducted in 2024

Nikkei Business Forum

The Society of Synthetic Organic
Chemistry, Japan

mRNA Targeted Drug Discovery
Research Organization

Frontiers of Drug Discovery by LUNK-J

Japan Bioindustry Association (JBA)

JASIS 2024 Seminar hosted by MEXT



Mission

Build a warm society where every patient can look forward to a brighter future through the realization of mRNA-targeted drugs

We, as pathfinders pioneering the frontiers of drug discovery, ...

Aim to provide the best treatment for any disease



Veritas In Silico