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Non-consolidated Financial Results for the Six Months Ended April 30, 2025
(Under Japanese GAAP)



June 12, 2025

Company name:	Heartseed Inc.
Listing:	Tokyo Stock Exchange
Securities code:	219A
URL:	https://heartseed.jp/
Representative:	Keiichi Fukuda, MD/PhD/FACC, CEO, Representative Director of the Board
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Scheduled date to file interim securities report:	June 12, 2025
Scheduled date to commence dividend payments:	-
Preparation of supplementary material on financial results:	Yes
Holding of financial results briefing:	Yes, for institutional investors & analysts

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

1. Non-consolidated financial results for the six months ended April 30, 2025 (from November 1, 2024 to April 30, 2025)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
April 30, 2025	1,919	-	896	-	845	-	707	-
April 30, 2024	153	-	(720)	-	(719)	-	(720)	-

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
April 30, 2025	31.63	30.80
April 30, 2024	(58.69)	-

Note: Diluted earnings per share for the interim period ended 30, April 2024 is not stated in the above table, because the Company's shares are unlisted and the average share price during the period cannot be determined.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
April 30, 2025	8,081	7,531	93.1
October 31, 2024	7,067	6,623	93.5

Reference: Shareholders' Equity

As of April 30, 2025: ¥7,523 million
As of October 31, 2024: ¥6,610 million

2. Cash dividends

	Annual dividends per share					
	First quarter-end	Second quarter-end	Third quarter-end	Fourth quarter-end	Fiscal year-end	Total
Fiscal year ended October 31, 2024	Yen -	Yen -	Yen -	Yen -	Yen 0.00	Yen 0.00
Fiscal year ending December 31, 2025	-	-	-	-	-	-
Fiscal year ending December 31, 2025 (Forecast)	-	-	-	-	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of non-consolidated financial results for the fiscal year ending December 31, 2025 (from November 1, 2024 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2025	2,394	174.0	(1,010)	-	(958)	-	(959)	-	(42.93)

Note: Revisions to the earnings forecasts most recently announced: None

* Notes

(1) Adoption of accounting treatment specific to the preparation of interim 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 April 30, 2025	22,569,400 shares
As of October 31, 2024	22,225,400 shares

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

As of April 30, 2025	- shares
As of October 31, 2024	- shares

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

Six months ended April 30, 2025	22,351,145 shares
Six months ended April 30, 2024	12,272,457 shares

* Interim financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Cautionary notice on forward-looking information)

The financial results forecasts and other forward-looking information contained in this document are based on the information currently available to the Company and certain assumptions considered reasonable by the Company. It is not a guarantee that the forecasts will be achieved, and actual results may differ significantly from such forecasts depending on various factors. For more information on the financial results forecast, please refer to page 3 of the Attachment, “1. Qualitative Information on Interim Financial Results for the Period under Review: (4) Explanation of Financial Results Forecast and Other Forward-looking Information.”

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1. Qualitative Information on Interim Financial Results for the Period under Review

(1) Explanation of Business Results

During the first six months of the current fiscal year (November 1, 2024 to April 30, 2025), the Japanese economy showed signs of gradual improvement due to strong inbound demand and enhancement in the employment and income environment. However, there are some uncertainties with the domestic economy due to factors such as fluctuations in financial and capital markets, as well as the U.S. policy trend and unstable international conditions.

In the Japanese regenerative medicine industry, the revised Pharmaceutical Affairs Law enacted in 2014 introduced a “conditional and time-limited approval system” for regenerative medical products. Moreover, the “Sakigake designation system” was also enacted in 2019 to shorten the approval review period and provide priority support for prior consultation with the authorities. Thus, in Japan there are systems in place that allow for the rapid commercialization of superior regenerative medical products.

In terms of the overview of our business during the six months ended April 30, 2025, the Company continued lead pipeline development. This is a treatment program (HS-001) for heart failure patients with ischemic heart disease by administration of allogeneic iPS cell-derived cardiomyocytes spheroids in conjunction with open heart surgery. In the ongoing Phase I/II clinical trial (LAPiS study) in conjunction with coronary artery bypass graft surgery, which was scheduled to enroll a total of 10 patients (5 patients in the low-dose cohort and 5 patients in the high dose cohort), the administration of the final patient was completed in the first quarter of the fiscal year.

Meanwhile, for the development of catheter-based administration therapeutic program (HS-005) that is less invasive for patients, we are aiming to submit a clinical trial notification in Japan by the end of 2025, and the joint development of catheters with the new partner is progressing well.

Based on the recent business progress in the current interim accounting period, the Company has achieved development milestones under an exclusive worldwide collaboration and license agreement with Novo Nordisk A/S, and recorded milestone revenues.

As a result, the Company reported net sales of 1,919,350 thousand yen, operating profit of 896,031 thousand yen, ordinary profit of 845,313 thousand yen, and profit of 707,044 thousand yen in the six month period ended April 30, 2025.

As the Company has only one segment, the pharmaceutical business, the description of business results by segment is omitted.

(2) Explanation of Financial Position

1) Assets, Liabilities and Equity

(Assets)

Total assets at the end of the six months ended April 30, 2025 increased by 1,013,815 thousand yen from the end of the previous fiscal year to 8,081,410 thousand yen. Current assets increased by 1,138,148 thousand yen to 7,541,963 thousand yen. This is mainly due to a 1,704,594 thousand yen increase in cash and cash equivalents as well as a 411,825 thousand yen decrease in accounts receivable from its cash collection. Non-current assets decreased by 124,332 thousand yen to 539,446 thousand yen. This is mainly due to a 107,239 thousand yen decrease in investments and other assets by deposit collection.

(Liabilities)

Total liabilities at the end of the six months ended April 30, 2025 increased by 105,179 thousand yen from the end of the previous fiscal year to 549,523 thousand yen. Current liabilities increased by 106,598 thousand yen to 388,673 thousand yen. This is mainly due to a 124,372 thousand yen increase in income taxes payable. Non-current liabilities decreased by 1,419 thousand yen to 160,850 thousand yen. This is mainly due to a 1,603 thousand yen decrease by reversal of deferred tax liabilities.

(Net Assets)

Total net assets at the end of the six months ended April 30, 2025 increased by 908,636 thousand yen from the end of the previous fiscal year to 7,531,886 thousand yen. This is mainly due to a 707,044 thousand yen increase in retained earnings as well as a 102,841 thousand yen increase each in share capital and capital surplus by execution of the stock option rights, respectively.

(3) Explanation of Cashflow Position

Cash and cash equivalents (“cash”) at the end of the six months ended April 30, 2025 increased by 1,704,594 thousand yen from the end of the previous fiscal year to 7,001,760 thousand yen.

(Cash Flows from Operating Activities)

Cash increased in operating activities was 1,394,285 thousand yen (a decrease of 574,657 thousand yen in the previous interim period). This was mainly due to the recording of an 845,313 thousand yen increase in profit before tax as well as a 411,825 thousand yen decrease in trade receivables.

(Cash Flows from Investing Activities)

Cash increased in investing activities was 104,061 thousand yen (a decrease of 55,275 thousand yen in the previous interim period). This was mainly due to a 107,239 thousand yen decrease by deposit collection.

(Cash Flows from Financing Activities)

Cash increased in financing activities was 199,380 thousand yen (a decrease of 14,498 thousand yen in the previous interim period). This was mainly due to proceeds from the issuances of shares of 201,592 thousand yen by execution of stock option rights.

(4) Explanation of Financial Results Forecast and Other Forward-looking Information

There is no change to the earnings forecast for the fiscal year ending December 31, 2025, which was announced on December 23, 2024 in the “Notice Regarding the Revision of Full-Year Financial Results Forecast due to Change in Fiscal Year-End” (Japanese language only release).

2. Interim Financial Statements and Primary Notes

(1) Interim Balance Sheet

(Thousands of yen)

	As of October 31, 2024	As of April 30, 2025
Assets		
Current assets		
Cash and deposits	5,297,166	7,001,760
Accounts receivable - trade	768,250	356,425
Supplies	86,336	53,455
Advance payments to suppliers	42,571	11,462
Prepaid expenses	40,656	52,980
Accounts receivable - other	30,060	2,878
Consumption taxes refund receivable	138,774	63,000
Total current assets	<u>6,403,814</u>	<u>7,541,963</u>
Non-current assets		
Property, plant and equipment	455,707	438,613
Investments and other assets	208,072	100,833
Total non-current assets	<u>663,779</u>	<u>539,446</u>
Total assets	<u>7,067,594</u>	<u>8,081,410</u>
Liabilities		
Current liabilities		
Lease liabilities	4,638	3,172
Accounts payable - other	80,828	71,757
Accrued expenses	37,439	29,157
Income taxes payable	54,258	178,630
Advances received	77,989	85,989
Deposits received	18,916	11,963
Asset retirement obligations	8,003	8,001
Total current liabilities	<u>282,074</u>	<u>388,673</u>
Non-current liabilities		
Lease liabilities	755	-
Asset retirement obligations	158,308	159,247
Deferred tax liabilities	3,206	1,603
Total non-current liabilities	<u>162,269</u>	<u>160,850</u>
Total liabilities	<u>444,344</u>	<u>549,523</u>
Net assets		
Shareholders' equity		
Share capital	1,133,314	1,236,155
Capital surplus	8,247,266	8,350,107
Retained earnings	(2,769,747)	(2,062,703)
Total shareholders' equity	<u>6,610,833</u>	<u>7,523,560</u>
Share acquisition rights	12,416	8,326
Total net assets	<u>6,623,249</u>	<u>7,531,886</u>
Total liabilities and net assets	<u>7,067,594</u>	<u>8,081,410</u>

(2) Interim Statement of Income
(For the six months ended April 30)

(Thousands of yen)

	Six months ended April 30, 2024	Six months ended April 30, 2025
Net sales	153,210	1,919,350
Cost of sales	-	-
Gross profit	153,210	1,919,350
Selling, general and administrative expenses	873,291	1,023,318
Operating profit (loss)	(720,081)	896,031
Non-operating income		
Interest income	23	1,712
Subsidy income	2,000	-
Commission income	18,343	-
Miscellaneous income	798	467
Total non-operating income	21,164	2,180
Non-operating expenses		
Interest expenses	238	108
Foreign exchange losses	8,963	52,789
Listing expenses	11,364	-
Total non-operating expenses	20,566	52,897
Ordinary profit (loss)	(719,483)	845,313
Profit (loss) before income taxes	(719,483)	845,313
Income taxes - current	2,501	139,872
Income taxes - deferred	(1,758)	(1,603)
Total income taxes	742	138,269
Profit (loss)	(720,225)	707,044

(3) Interim Statement of Cash Flows

(Thousands of yen)

	Six months ended April 30, 2024	Six months ended April 30, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	(719,483)	845,313
Depreciation	20,550	20,271
Interest income	(23)	(1,712)
Interest expenses	238	108
Listing expenses	11,364	-
Subsidy income	(2,000)	-
Foreign exchange losses (gains)	(372)	(6,867)
Decrease (increase) in trade receivables	-	411,825
Decrease (increase) in advance payments to suppliers	(56,760)	31,109
Decrease (increase) in prepaid expenses	29,022	(12,324)
Decrease (increase) in inventories	32,794	32,880
Decrease (increase) in accounts receivable - other	(41,012)	27,181
Decrease (increase) in consumption taxes refund receivable	127,708	75,774
Increase (decrease) in accounts payable - other	(31,268)	(9,070)
Increase (decrease) in accrued expenses	(4,846)	(8,281)
Increase (decrease) in deposits received	1,064	(6,953)
Increase (decrease) in advances received	36,789	(5,000)
Other, net	(12,103)	(9,351)
Subtotal	(608,336)	1,384,901
Interest received	23	1,712
Interest paid	(250)	(118)
Subsidies received	36,667	13,000
Income taxes refund (paid)	(2,760)	(5,210)
Net cash provided by (used in) operating activities	(574,657)	1,394,285
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,167)	(3,177)
Proceeds from refund of guarantee deposits	-	107,239
Payments for asset retirement obligations	(53,108)	-
Net cash provided by (used in) investing activities	(55,275)	104,061
Cash flows from financing activities		
Repayments of lease liabilities	(3,134)	(2,211)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	-	201,592
Payments of listing expenses	(11,364)	-
Net cash provided by (used in) financing activities	(14,498)	199,380
Effect of exchange rate change on cash and cash equivalents	372	6,867
Net increase (decrease) in cash and cash equivalents	(644,059)	1,704,594
Cash and cash equivalents at beginning of period	4,588,118	5,297,166
Cash and cash equivalents at end of period	3,944,059	7,001,760

(4) Notes to the Interim Financial Statements

(Notes on segment information)

Segment Information

I. Previous interim period (from November 1, 2023 to April 30, 2024)

Since the Company's business segment is a single segment of the pharmaceutical business, segment information is omitted.

II. The interim period in this fiscal year (November 1, 2024 to April 30, 2025)

Since the Company's business segment is a single segment of the pharmaceutical business, segment information is omitted.

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

The interim period of the previous fiscal year (November 1, 2023 to April 30, 2024)

1. Matters concerning dividends

Not applicable.

2. Dividends whose record date belongs to the interim period of this fiscal year but whose effective date is after the end of the interim period

Not applicable

3. Matters concerning significant changes in the amount of shareholders' equity

Not applicable

The interim period of this fiscal year (November 1, 2024 to April 30, 2025)

1. Matters concerning dividends

Not applicable.

2. Dividends whose record date belongs to the interim period of this fiscal year but whose effective date is after the end of the interim period

Not applicable

3. Matters concerning significant changes in the amount of shareholders' equity

The amount in share capital and the amount in capital surplus by execution of the stock option rights were increased by 102,841 thousand yen, respectively. As a result, the amount in share capital is 1,236,155 thousand yen and the amount in capital surplus is 8,350,107 thousand yen at the end of the six months ended April 30 2025.

(Notes on going concern assumptions)

Not applicable

(Notes on the statement of income)

Major items and amounts of selling, general and administrative expenses are as follows:

	FY2024 (From November 1, 2023 to April 30, 2024)	FY2025 (From November 1, 2024 to April 30, 2025)
R&D expenses	661,245 thousand yen	722,233 thousand yen