

Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2025 (Under Japanese GAAP)



February 13, 2026

Company name:	Heartseed Inc.
Listing:	Tokyo Stock Exchange
Securities code:	219A
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Scheduled date of annual general meeting of shareholders:	March 27, 2026
Scheduled date to commence dividend payments:	-
Scheduled date to file annual securities report:	March 26, 2026
Preparation of supplementary material on financial results:	Yes
Holding of financial results briefing:	Yes (Institutional Investors and Securities Analysts)

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

1. Non-consolidated financial results for the fiscal year ended December 31, 2025 (from November 1, 2024 to December 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2025	3,026	-	272	-	288	-	190	-
October 31, 2024	873	153.4	(1,038)	-	(818)	-	(812)	-

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2025	8.44	8.27	2.7	3.8	9.0
October 31, 2024	(49.43)	-	(13.7)	(12.8)	(118.9)

Reference: Share of profit (loss) on investments accounted for using equity method (millions of yen)

For the fiscal year ended December 31, 2025: -

For the fiscal year ended October 31, 2024: -

Note:

1. At the 9th General Meeting of Shareholders held on January 24, 2025, the Company resolved to change its fiscal year to run from January 1 to December 31 each year. As this fiscal year is a transitional period for the change in the fiscal year-end, it covers 14 months from November 1, 2024, to December 31, 2025. Therefore, the year-on-year changes in percentage for the fourteen months ended December 31, 2025 is not presented.

2. Diluted earnings per share for the twelve months ended October 31, 2024 is not stated in the above table, since basic earnings per share was negative.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2025	7,675	7,194	93.7	314.56
October 31, 2024	7,067	6,623	93.5	297.44

Reference: Shareholders' Equity

As of December 31, 2025: ¥7,190 million

As of October 31, 2024: ¥6,610 million

(3) Non-consolidated 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, 2025	1,080	72	375	6,836
October 31, 2024	(1,343)	(67)	2,118	5,297

2. Cash dividends

	Annual dividends per share						Total cash dividends (Total)	Payout ratio	Ratio of dividends to net assets
	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	Yen	Thousands of yen	%	%
	-	-	-	-	0.00	0.00	-	-	-
Fiscal year ended December 31, 2025	-	-	-	-	0.00	0.00	-	-	-
Fiscal year ending December 31, 2026 (Forecast)	-	-	-	-	0.00	0.00		-	-

3. Forecast of non-consolidated financial results for the fiscal year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

(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, 2026	451	-	(2,207)	-	(2,155)	-	(2,158)	-	(95.58)

Note: The percentage change compared to the previous period has been omitted, since the current fiscal year is an irregular 14-month period due to the changes in the fiscal year-end.

* 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 (ordinary shares)

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

As of December 31, 2025	22,858,200 shares
As of October 31, 2024	22,225,400 shares

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

As of December 31, 2025	- shares
As of October 31, 2024	- shares

(iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2025	22,587,101 shares
Fiscal year ended October 31, 2024	16,440,735 shares

* 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 Financial Results for the Fiscal Year under Review: (4) Explanation of Financial Results Forecast and Other Forward-looking Information."

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1. Qualitative Information on Financial Results for the Fiscal year under Review

Due to a change in our fiscal year-end, the current fiscal year is an irregular 14-month period. Therefore, the Company has not provided a comparison with the same period of the previous year regarding business results in this document.

(1) Explanation of Business Results

During the current fiscal year (November 1, 2024 to December 31, 2025), the Japanese economy maintained a moderate recovery trend supported by 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 the business during the current fiscal year, the Company continued lead pipeline development, the treatment program (HS-001) for heart failure patients with ischemic heart disease by administration of allogeneic iPS cell-derived cardiomyocyte spheroids in conjunction with open heart surgery. In the ongoing Phase I/II clinical trial (LAPiS study) combined with coronary artery bypass graft surgery, the follow-up observation of the 10 enrolled patients (5 patients in the low-dose cohort and 5 patients in the high-dose cohort), for whom final patient dosing was completed in the first quarter, continued during this accounting period.

Regarding the development of catheter-based administration therapeutic program (HS-005) that is less invasive for patients, a Clinical Trial Notification (CTN) has been submitted to the Pharmaceuticals and Medical Devices Agency (PMDA) for the commencement of clinical trials in Japan. The selection of clinical sites and other preparations are proceeding steadily to initiate the clinical trial in 2026. Furthermore, the collaboration and partnership with Japan Lifeline Co., Ltd. regarding the delivery catheter system is also progressing smoothly as planned.

Meanwhile, the Company received a notice from its former business partner, Novo Nordisk A/S, on September 29, 2025, regarding the termination of the exclusive technical collaboration and license agreement. The reason cited was Novo Nordisk A/S's focus on its core business areas and a strategic review of other fields. As a result of this notice, the rights related to development, manufacturing, and sales, as well as intellectual property rights, etc., that had been out-licensed will be returned to the Company. Consequently, the Company now retains the worldwide rights for both HS-001 and HS-005.

As a result, the Company reported net sales of 3,026,500 thousand yen, operating profit of 272,156 thousand yen, ordinary profit of 288,985 thousand yen, and profit of 190,608 thousand yen in the fourteen months ended December 31, 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 fiscal year increased by 608,155 thousand yen from the end of the previous fiscal year to 7,675,749 thousand yen. Total current assets increased by 739,719 thousand yen from the end of the previous fiscal year to 7,143,534 thousand yen. This is mainly due to a 1,538,843 thousand yen increase in cash and deposits resulting from the execution of the stock option rights while inventories decreased by 38,467 thousand yen and accounts receivable-other decreased by 26,700 thousand yen due to collections. Non-current assets decreased by 131,564 thousand yen to 532,214 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 current fiscal year increased by 36,492 thousand yen from the end of the previous fiscal year to 480,837 thousand yen. Total current liabilities increased by 38,253 thousand yen from the end of the previous fiscal year to 320,328 thousand yen. This is mainly due to a 91,341 thousand yen increase in accounts payable while 45,076 thousand yen decrease in deferred income taxes. Non-current liabilities

decreased by 1,760 thousand yen to 160,508 thousand yen. This is mainly due to a 3,206 thousand yen decrease in reversal of deferred tax liabilities as well as a 2,200 thousand yen increase in assets retirement obligation.

(Net Assets)

Total net assets at the end of the current fiscal year increased by 571,662 thousand yen from the end of the previous fiscal year to 7,194,912 thousand yen. This is mainly due to a 194,384 thousand yen increase in share capital and capital surplus by execution of the share acquisition rights, respectively.

(3) Explanation of Cash Flows

Cash and cash equivalents (“cash”) at the end of the current fiscal year increased by 1,538,843 thousand yen from the end of the previous fiscal year to 6,836,009 thousand yen.

(Cash Flows from Operating Activities)

Cash increased in operating activities was 1,080,526 thousand yen. This is mainly due to a decrease in accounts receivable-trade of 768,250 thousand yen and the recording of a profit before income taxes of 288,985 thousand yen.

(Cash Flows from Investing Activities)

Cash increased in investing activities was 72,636 thousand yen. This was mainly due to 107,239 thousand yen in proceeds from refund of leasehold and guarantee deposits.

(Cash Flows from Financing Activities)

Cash increased in financing activities was 375,762 thousand yen. This was mainly due to proceeds from the issuance of shares by execution of the share acquisition rights of 381,053 thousand yen.

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

Regarding net sales for the fiscal year ending December 31, 2026, we expect 451,500 thousand yen, which includes milestone income newly approved following discussions with Novo Nordisk A/S under the previously terminated exclusive technology collaboration and licensing agreement.

Selling, general and administrative (SG&A) expenses are forecasted to be 2,658,681 thousand yen. Most of these expenses are research and development expenses, primarily consisting of reagent and material costs for cardiomyocyte manufacturing and expenses related to clinical trials for the program using catheter-based administration (HS-005).

As a result, for the fiscal year ending December 31, 2026, we forecast an operating loss of 2,207,181 thousand yen, an ordinary loss of 2,155,181 thousand yen, and a loss of 2,158,981 thousand yen.

The financial results forecasts and other forward-looking information contained in this document are based on the information currently available to the Company. It is not guaranteed that the forecasts will be achieved, and actual results may differ significantly from such forecasts depending on various factors.

2. Basic Policy Regarding the Selection of Accounting Standards

For the time being, the Company intends to prepare the financial statements based on the Japanese generally accepted accounting principles (Japanese GAAP) for accounting standards, in consideration of comparability of financial statements between companies. Regarding the future application of the International Financial Reporting Standards (IFRS), the Company will respond appropriately after taking into accounts the circumstances in Japan and overseas.

3. Financial Statements and Primary Notes for the Fiscal Year

(1) Balance Sheet

(Thousands of yen)

	As of October 31, 2024	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	5,297,166	6,836,009
Accounts receivable - trade	768,250	-
Supplies	86,336	47,868
Advance payments to suppliers	42,571	26,125
Prepaid expenses	40,656	45,911
Accounts receivable - other	30,060	3,359
Consumption taxes refund receivable	138,774	184,260
Total current assets	6,403,814	7,143,534
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	468,746	469,113
Accumulated depreciation and impairment	(33,751)	(70,969)
Facilities attached to buildings, net	434,994	398,143
Tools, furniture and fixtures	61,888	90,207
Accumulated depreciation and impairment	(41,175)	(56,969)
Tools, furniture and fixtures, net	20,712	33,238
Leased assets	9,248	9,248
Accumulated depreciation and impairment	(9,248)	(9,248)
Leased assets, net	-	-
Total property, plant and equipment	455,707	431,381
Investments and other assets		
Guarantee deposits	208,072	100,833
Total investments and other assets	208,072	100,833
Total non-current assets	663,779	532,214
Total assets	7,067,594	7,675,749

	As of October 31, 2024	As of December 31, 2025
Liabilities		
Current liabilities		
Lease liabilities	4,638	252
Accounts payable - other	80,828	172,170
Accrued expenses	37,439	32,616
Income taxes payable	54,258	9,181
Advances received	77,989	71,492
Deposits received	18,916	8,601
Asset retirement obligations	8,003	-
Provision for bonuses	-	26,013
Total current liabilities	282,074	320,328
Non-current liabilities		
Lease liabilities	755	-
Asset retirement obligations	158,308	160,508
Deferred tax liabilities	3,206	-
Total non-current liabilities	162,269	160,508
Total liabilities	444,344	480,837
Net assets		
Shareholders' equity		
Share capital	1,133,314	1,327,698
Capital surplus		
Legal capital surplus	6,196,711	6,391,095
Other capital surplus	2,050,554	2,050,554
Total capital surplus	8,247,266	8,441,650
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(2,769,747)	(2,579,138)
Total retained earnings	(2,769,747)	(2,579,138)
Total shareholders' equity	6,610,833	7,190,210
Share acquisition rights	12,416	4,702
Total net assets	6,623,249	7,194,912
Total liabilities and net assets	7,067,594	7,675,749

(2) Statement of income

(Thousands of yen)

	Fiscal year ended October 31, 2024	Fiscal year ended December 31, 2025
Net sales	873,610	3,026,500
Cost of sales	-	-
Gross profit	873,610	3,026,500
Selling, general and administrative expenses	1,912,412	2,754,343
Operating profit (loss)	(1,038,802)	272,156
Non-operating income		
Interest income	401	5,919
Subsidy income	204,000	52,000
Commission income	18,343	-
Foreign exchange gains	38,349	-
Miscellaneous income	988	592
Total non-operating income	262,082	58,511
Non-operating expenses		
Interest expenses	409	159
Listing expenses	41,452	-
Foreign exchange losses	-	41,522
Total non-operating expenses	41,861	41,682
Ordinary profit (loss)	(818,581)	288,985
Profit (loss) before income taxes	(818,581)	288,985
Income taxes - current	5,002	101,583
Income taxes - deferred	(10,858)	(3,206)
Total income taxes	(5,856)	98,376
Profit (loss)	(812,725)	190,608

(3) Statement of changes in equity

Previous fiscal year (November 1, 2023 to October 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	50,000	5,113,397	3,058,335	8,171,732
Changes during period				
Issuance of new shares	1,083,314	1,083,314		1,083,314
Disposition of deficit			(1,007,780)	(1,007,780)
Profit (loss)				
Net changes in items other than shareholders' equity				
Total changes during period	1,083,314	1,083,314	(1,007,780)	75,533
Balance at end of period	1,133,314	6,196,711	2,050,554	8,247,266

	Shareholders' equity			Share acquisition rights	Total net assets		
	Retained earnings		Total shareholders' equity				
	Other retained earnings	Retained earnings brought forward					
Balance at beginning of period	(2,964,803)	(2,964,803)	5,256,929	12,630	5,269,559		
Changes during period							
Issuance of new shares			2,166,629		2,166,629		
Disposition of deficit	1,007,780	1,007,780	-		-		
Profit (loss)	(812,725)	(812,725)	(812,725)		(812,725)		
Net changes in items other than shareholders' equity				(213)	(213)		
Total changes during period	195,055	195,055	1,353,903	(213)	1,353,690		
Balance at end of period	(2,769,747)	(2,769,747)	6,610,833	12,416	6,623,249		

Current fiscal year (November 1, 2024 ended December 31, 2025)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	1,133,314	6,196,711	2,050,554	8,247,266
Changes during period				
Issuance of new shares - exercise of share acquisition rights	194,384	194,384		194,384
Profit (loss)				
Net changes in items other than shareholders' equity				
Total changes during period	194,384	194,384		194,384
Balance at end of period	1,327,698	6,391,095	2,050,554	8,441,650

(Thousands of yen)

	Shareholders' equity			Share acquisition rights	Total net assets					
	Retained earnings		Total shareholders' equity							
	Other retained earnings	Total retained earnings								
	Retained earnings brought forward									
Balance at beginning of period	(2,769,747)	(2,769,747)	6,610,833	12,416	6,623,249					
Changes during period										
Issuance of new shares - exercise of share acquisition rights			388,768		388,768					
Profit (loss)	190,608	190,608	190,608		190,608					
Net changes in items other than shareholders' equity				(7,714)	(7,714)					
Total changes during period	190,608	190,608	579,377	(7,714)	571,662					
Balance at end of period	(2,579,138)	(2,579,138)	7,190,210	4,702	7,194,912					

(4) Statement of cash flows

(Thousands of yen)

	Fiscal year ended October 31, 2024	Fiscal year ended December 31, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	(818,581)	288,985
Depreciation	41,818	53,011
Interest income	(401)	(5,919)
Interest expenses	409	159
Subsidy income	(204,000)	(52,000)
Listing expenses	41,452	-
Foreign exchange losses (gains)	(372)	(9,917)
Decrease (increase) in accounts receivable - trade	(768,250)	768,250
Decrease (increase) in inventories	50,274	38,467
Decrease (increase) in advance payments to suppliers	(5,941)	16,446
Decrease (increase) in prepaid expenses	11,741	(5,255)
Decrease (increase) in accounts receivable - other	(12,749)	26,700
Decrease (increase) in consumption taxes refund receivable	58,335	(45,486)
Increase (decrease) in accounts payable - other	(38,056)	91,341
Increase (decrease) in accrued expenses	(4,374)	(4,823)
Increase (decrease) in provision for bonuses	-	26,013
Increase (decrease) in deposits received	7,747	(10,315)
Increase (decrease) in advances received	36,789	(6,497)
Other, net	38,391	(39,524)
Subtotal	(1,565,770)	1,129,639
Interest received	401	5,919
Interest paid	(431)	(182)
Subsidies received	225,667	52,000
Income taxes refund (paid)	(2,905)	(106,849)
Net cash provided by (used in) operating activities	(1,343,039)	1,080,526
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,022)	(28,686)
Proceeds from refund of leasehold and guarantee deposits	-	107,239
Payments for asset retirement obligations	(53,108)	(5,915)
Net cash provided by (used in) investing activities	(67,130)	72,636
Cash flows from financing activities		
Proceeds from issuance of shares	2,166,629	-
Proceeds from issuance of shares resulting from exercise of share acquisition rights	-	381,053
Repayments of lease liabilities	(6,332)	(5,290)
Payments of listing expenses	(41,452)	-
Net cash provided by (used in) financing activities	2,118,845	375,762
Effect of exchange rate change on cash and cash equivalents	372	9,917
Net increase (decrease) in cash and cash equivalents	709,047	1,538,843
Cash and cash equivalents at beginning of period	4,588,118	5,297,166
Cash and cash equivalents at end of period	5,297,166	6,836,009

(5) Notes to the Financial Statements

(Notes on going concern assumptions)

Not applicable.

(Notes on the investments accounted for using equity method)

Not applicable.

(Notes on the segment information)

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

(Notes on the per share information)

(Unit: yen)

	FY2024 (From November 1, 2023 to October 31, 2024)	FY2025 (From November 1, 2024 to December 31, 2025)
Total net assets per share	297.44	314.56
Basic earnings (loss) per share	(49.43)	8.44
Diluted earnings per share	—	8.27

(Notes)

1. Since basic earnings per share was negative, the figures of diluted earnings per share are not stated in the above table.
2. The basis for calculating basic earnings (loss) per share and diluted earnings per share is as follows:

	FY2024 (As of October 31, 2024)	FY2025 (As of December 31, 2025)
Basic earnings (loss) per share		
Profit (loss) (thousand yen)	(812,725)	190,608
Amount not attributable to ordinary shareholders (thousand yen)	-	-
Profit (loss) attributable to ordinary shareholders (thousand yen)	(812,725)	190,608
Average number of ordinary shares outstanding during the period (shares)	16,440,735	22,587,101
Diluted earnings per share		
Adjustment amount for profit for the period (thousand yen)	-	-
Increase in ordinary shares (shares)	-	466,527
(share acquisition rights (shares))	-	(466,527)
Potential shares not included in the calculation of diluted earnings per share due to lack of dilutive effect	1,255 share acquisition rights in total 3 types of the rights	-

3. The basis for calculating net assets per share is as follows.

	FY2024 (From November 1, 2023 to October 31, 2024)	FY2025 (From November 1, 2024 to December 31, 2025)
Amount of total net assets (thousand yen)	6,623,249	7,194,912
Amount deducted from total net assets	12,416	4,702
(share acquisition rights (share))	(12,416)	(4,702)
Total net assets at end of the period attributed to ordinary shares	6,610,833	7,190,210
Numbers of the ordinary shares used in the calculation of total net assets per share	22,225,400	22,858,200

(Notes on the significant subsequent events)

Not applicable.