Non-consolidated Financial Results for the Six Months Ended June 30, 2026 (Under Japanese GAAP)

August 14, 2026

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
Inquiries: Akira Masuda, Head of Strategic Finance and IR Department
Telephone: +81-3-6665-8068

Scheduled date to file interim securities report: August 14, 2026
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 June 30, 2026 (from January 1, 2026 to June 30, 2026)

(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	%
June 30, 2026	467	-	(621)	-	(551)	-	(554)	-
April 30, 2025	1,919	-	896	-	845	-	707	-

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2026	(24.24)	-
April 30, 2025	31.63	30.80

Note:
1. Diluted earnings per share for the six months ended June 30, 2026 is not stated in the above table, as a net loss per share was recorded for the period, despite the existence of potential shares.
2. The fiscal year ended December 31, 2025 was changed, resulting in a 14-month accounting period from November 1, 2024 to December 31, 2025. Consequently, because the comparative periods differ between the previous six months (from November 1, 2024 to April 30, 2025) and the current six months (from January 1, 2026 to June 30, 2026), the year-on-year percentage changes for the six-month period are not presented.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2026	7,042	6,663	94.6
December 31, 2025	7,675	7,194	93.7

Reference: Shareholder’s Equity
As of June 30, 2026: ¥6,658 million
As of December 31, 2025: ¥7,190 million

2. Cash dividends

	Annual dividends per share					
	First quarter-end	Second quarter-end	Third quarter-end	Fourth quarter -end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2025	-	-	-	-	0.00	0.00
Fiscal year ending December 31, 2026	-	-				
Fiscal year ending December 31, 2026 (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, 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	467	-	(2,207)	-	(2,155)	-	(2,158)	-	(94.44)

Note:
1. Revisions to the earnings forecasts most recently announced: None
2. The percentage change compared to the previous period has been omitted, since the fiscal year ending December 31, 2025 is an irregular 14-month period due to the changes in the fiscal year-end.

* **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 (ordinary shares)

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

As of June 30, 2026	22,893,400 shares
As of December 31, 2025	22,858,200 shares

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

As of June 30, 2026	- shares
As of December 31, 2025	- shares

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

Six months ended June 30, 2026	22,869,716 shares
Six months ended April 30, 2025	22,351,145 shares

* Review of the Japanese-language originals of the attached interim non-consolidated financial statements by certified public accountants or an audit firm: None

* 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 2 of the Attachment, "1. Qualitative Information on Interim Financial Results for the Fiscal Year under Review (3) Explanation of Financial Results Forecast and Other Forward-looking Information."

Attachments: Table of Contents

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

The Company changed its fiscal year-end in the previous fiscal year, resulting in an irregular 14-month period for the fiscal year ended December 31, 2025 (from November 1, 2024 to December 31, 2025). Consequently, as the previous interim period (from November 1, 2024 to April 30, 2025) and the current interim period (from January 1, 2026 to June 30, 2026) cover different comparative periods, the year-on-year changes are not presented in this document.

(1) Explanation of Business Results

During the first six months of the current fiscal year (from January 1, 2026 to June 30, 2026), the Japanese economy maintained a moderate recovery trend supported by strong inbound demand and improvements in the employment and income environment. However, the domestic economic outlook remained uncertain due to factors such as U.S. policy developments and trade issues, the impact of soaring prices caused by unstable international conditions and the progression of yen depreciation, as well as fluctuations in financial and capital markets including interest rate trends.

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. Under this regulatory framework, efforts toward the social implementation of regenerative medicine are steadily progressing, as demonstrated by the conditional and time-limited approval granted to some iPS cell-based products in March 2026.

In terms of the overview of the business during the six months ended June 30, 2026, the Company continued the development of its lead pipeline, 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 domestic Phase I/II clinical trial concomitant with coronary artery bypass grafting (LAPiS study), following the data compilation for all 10 patients, the analysis including data interpretation by a third-party institution has been completed. As a result, regarding safety, the primary endpoint, no concerns were identified that would affect the Company's plan for manufacturing and marketing approval. Additionally, regarding efficacy, the secondary endpoint, favorable results supporting the Company's plan toward manufacturing and marketing approval were obtained across multiple evaluation items, including cardiac pump function and the reduction in size of the enlarged heart.

Regarding the development of catheter-based administration treatment program (HS-005) that is less invasive for patients, the first patient dosing for heart failure caused by dilated cardiomyopathy was conducted in the domestic Phase I/II clinical trial using a catheter delivery system (EMERALD study). Based on the data evaluation 4 weeks after administration to this patient, the independent Safety Monitoring Committee approved the continuation of the clinical trial for dilated cardiomyopathy.

Going forward, for HS-001, the Company will focus on consultations with the Pharmaceuticals and Medical Devices Agency (PMDA) toward filing the application for manufacturing and marketing approval, and for HS-005, on advancing patient enrollment in the EMERALD study.

Under these circumstances, for the six months ended June 30, 2026, the Company reported net sales of 467,370 thousand yen, operating loss of 621,567 thousand yen, ordinary loss of 551,683 thousand yen, and interim net loss of 554,307 thousand yen.

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 June 30, 2026 decreased by 633,236 thousand yen from the end of the previous fiscal year to 7,042,512 thousand yen. Current assets decreased by 610,546 thousand yen from the end of the previous fiscal year to 6,532,988 thousand yen. This is mainly due to a 500,547 thousand yen decrease in cash and deposits as well as a 113,093 thousand yen decrease in consumption taxes refund receivable. Non-current assets decreased by 22,690 thousand yen to 509,524 thousand yen. This is mainly due to a 22,690 thousand yen decrease in property, plant and equipment due to the recording of depreciation, etc.

(Liabilities)

Total liabilities at the end of the six months ended June 30, 2026 decreased by 101,422 thousand yen from the end of the previous fiscal year to 379,414 thousand yen. Current liabilities decreased by 103,490 thousand yen to 216,837 thousand yen. This is mainly due to a 61,134 thousand yen decrease in accounts payable - other from its payment, as well as a 54,272 thousand yen decrease in advances received due to the finalization of the subsidy from Japan Agency for Medical Research and

Development (AMED). Non-current liabilities increased by 2,068 thousand yen to 162,577 thousand yen. This is mainly due to a 1,115 thousand yen increase in provision for share-based remuneration.

(Net Assets)

Total net assets at the end of the six months ended June 30, 2026 decreased by 531,814 thousand yen from the end of the previous fiscal year to 6,663,098 thousand yen. This is mainly due to a 554,307 thousand yen decrease in retained earnings due to the recording of net loss.

(3) Explanation of Cashflow Position

Cash and cash equivalents ("cash") at the end of the six months ended June 30, 2026 decreased by 500,547 thousand yen from the end of the previous fiscal year to 6,335,462 thousand yen.

(Cash Flows from Operating Activities)

Net cash used in operating activities was 529,128 thousand yen. This was mainly due to the recording of a 551,683 thousand yen interim loss before income tax.

(Cash Flows from Investing Activities)

Net cash used in investing activities was 1,278 thousand yen. This was due to purchase of property, plant and equipment of 1,278 thousand yen.

(Cash Flows from Financing Activities)

Net cash provided by financing activities was 22,240 thousand yen. This was mainly due to proceeds from the issuances of shares of 22,492 thousand yen by exercise 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, 2026, which was announced on May 15, 2026 in the "Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2026".

2. Interim Financial Statements and Primary Notes

(1) Interim Balance Sheet

(Thousands of yen)

	As of December 31, 2025	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	6,836,009	6,335,462
Supplies	47,868	60,034
Advance payments to suppliers	26,125	23,168
Prepaid expenses	45,911	36,115
Accounts receivable - other	3,359	7,040
Consumption taxes refund receivable	184,260	71,166
Total current assets	7,143,534	6,532,988
Non-current assets		
Property, plant and equipment	431,381	408,691
Investments and other assets	100,833	100,833
Total non-current assets	532,214	509,524
Total assets	7,675,749	7,042,512
Liabilities		
Current liabilities		
Lease liabilities	252	-
Accounts payable - other	172,170	111,036
Accrued expenses	32,616	31,223
Income taxes payable	9,181	28,185
Advances received	71,492	17,219
Deposits received	8,601	14,067
Provision for bonuses	26,013	15,105
Total current liabilities	320,328	216,837
Non-current liabilities		
Asset retirement obligations	160,508	161,461
Provision for share-based payments	-	1,115
Total non-current liabilities	160,508	162,577
Total liabilities	480,837	379,414
Net assets		
Shareholders' equity		
Share capital	1,327,698	1,339,171
Capital surplus	8,441,650	8,453,123
Retained earnings	(2,579,138)	(3,133,445)
Total shareholders' equity	7,190,210	6,658,849
Share acquisition rights	4,702	4,248
Total net assets	7,194,912	6,663,098
Total liabilities and net assets	7,675,749	7,042,512

(2) Interim Statement of Income

(For the six months ended June 30, 2026)

(Thousands of yen)

	Six months ended April 30, 2025	Six months ended June 30, 2026
Net sales	1,919,350	467,370
Cost of sales	-	-
Gross profit	1,919,350	467,370
Selling, general and administrative expenses	1,023,318	1,088,937
Operating profit (loss)	896,031	(621,567)
Non-operating income		
Interest income	1,712	4,722
Foreign exchange gains	-	12,747
Subsidy income	-	52,000
Miscellaneous income	467	414
Total non-operating income	2,180	69,883
Non-operating expenses		
Interest expenses	108	-
Foreign exchange losses	52,789	-
Total non-operating expenses	52,897	-
Ordinary profit (loss)	845,313	(551,683)
Profit (loss) before income taxes	845,313	(551,683)
Income taxes - current	139,872	2,623
Income taxes - deferred	(1,603)	-
Total income taxes	138,269	2,623
Profit (loss)	707,044	(554,307)

(3) Interim Statement of Cash Flows

(Thousands of yen)

	Six months ended April 30, 2025	Six months ended June 30, 2026
Cash flows from operating activities		
Profit (loss) before income taxes	845,313	(551,683)
Depreciation	20,271	23,968
Interest income	(1,712)	(4,722)
Interest expenses	108	-
Subsidy income	-	(52,000)
Foreign exchange losses (gains)	(6,867)	(7,620)
Decrease (increase) in trade receivables	411,825	-
Decrease (increase) in advance payments to suppliers	31,109	2,956
Decrease (increase) in prepaid expenses	(12,324)	9,796
Decrease (increase) in inventories	32,880	(12,166)
Decrease (increase) in accounts receivable - other	27,181	(3,680)
Decrease (increase) in consumption taxes refund receivable	75,774	113,093
Increase (decrease) in accounts payable - other	(9,070)	(61,134)
Increase (decrease) in accrued expenses	(8,281)	(1,392)
Increase (decrease) in deposits received	(6,953)	5,465
Increase (decrease) in provision for bonuses	-	(10,908)
Increase (decrease) in provision for share-based payments	-	1,115
Increase (decrease) in advances received	(5,000)	(15,272)
Other, net	(9,351)	17,966
Subtotal	1,384,901	(546,218)
Interest received	1,712	4,722
Interest paid	(118)	-
Subsidies received	13,000	13,000
Income taxes refund (paid)	(5,210)	(633)
Net cash provided by (used in) operating activities	1,394,285	(529,128)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,177)	(1,278)
Proceeds from refund of guarantee deposits	107,239	-
Net cash provided by (used in) investing activities	104,061	(1,278)
Cash flows from financing activities		
Repayments of lease liabilities	(2,211)	(252)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	201,592	22,492
Net cash provided by (used in) financing activities	199,380	22,240
Effect of exchange rate change on cash and cash equivalents	6,867	7,620
Net increase (decrease) in cash and cash equivalents	1,704,594	(500,547)
Cash and cash equivalents at beginning of period	5,297,166	6,836,009
Cash and cash equivalents at end of period	7,001,760	6,335,462

(4) Notes to the Interim Financial Statements

(Notes on the segment information)

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

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

Not applicable.

(Notes on going concern assumptions)

Not applicable.