October 1, 2025

To whom it may concern,

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# Supplemental comments regarding termination of partnership with Novo Nordisk A/S (#2)

In addition to the release of Heartseed Inc. (the "Company") as "Supplemental comments regarding termination of partnership with Novo Nordisk A/S" dated September 30, the Company hereby provides responses and perspectives to the major questions received on September 30 as below.

<Terms and conditions in the exclusive worldwide collaboration and license agreement with Novo Nordisk A/S (hereinafter referred to as the "License Agreement") >

Q1 Is it generally permissible for major pharmaceutical companies to unilaterally terminate license agreements with biotech companies? Shouldn't penalty payment apply when dissolving such partnerships?

A1 In partnerships between major pharmaceutical companies and biotech companies, it is common for the biotech companies to receive milestone payments based on the progress of pipelines' development or others, while the major pharmaceutical companies retain the right to unilaterally terminate the contracts without paying any penalty. In the Company's case of the License Agreement as well, no termination penalty will be received.

Q2 After receiving the notification of a contract termination, what will happen next?

A2 The intellectual property and other assets provided to Novo Nordisk A/S will be returned in accordance with the License Agreement. Novo Nordisk A/S has promised the Company that it will ensure smooth handling of these return procedures. Since the Company did not provide manufacturing facilities for Novo Nordisk A/S, the associated costs of the return procedures will be limited to actual expenses such as cell transportation and travel.

Q3 Is there an obligation for the Company to return milestone payments previously received from Novo Nordisk A/S?

A3 There is no obligation to return milestone payments previously received. The last milestone payment the Company reported was the approximately JPY1.1 billion, which was disclosed as a subsequent event in the "Non-consolidated Financial Results for the Nine Months Ended July 31, 2025 (Under Japanese GAAP)" dated September 11, 2025, and the Company is entitled to receive this milestone payment. As stated in the Company's release, "Notice Regarding the Revisions of Full-Year Financial Results Forecast for the Fiscal Year Ending December 31, 2025", dated on August 14, 2025, there is no change to the earnings forecast for net sales for the fiscal year ending December 2025 as amounted JPY3 billion.

Q4 Why can't the Company disclose the details of the License Agreement even though the partnership has ended?

A4 It is a common business practice that confidentiality obligations regarding contract details remain in effect for a certain period even after the contract is terminated. In the Company's case, the License Agreement is structured similarly, which is why the Company cannot disclose the details.

Q5 Regarding the pipeline development plans in Japan and ex-Japan, is there any impact due to the termination of the License Agreement?

A5 The ongoing development of HS-001 (the open-heart delivery therapeutic program) and HS-005 (the catheter-based delivery therapeutic program) of allogeneic iPS cell-derived cardiomyocyte spheroids for severe heart failure in Japan remains unchanged, as it was originally planned that the Company shall be the marketing authorization holder of its pipelines in Japan.

There is no changes to the Company's development target plans as to aim for HS-001 regulatory submission within 2026 after completing data follow-up, and to submit a clinical trial notification for HS-005 within 2025 with patient dosing initiation planned for 2026.

On the other hand, our overseas strategy, including potential partnerships, is currently under review. The Company will disclose information at an appropriate time after flexible consideration.

Q6 As a result of the termination of the License Agreement, is there any possibility of a funding shortfall for the upcoming clinical trial of HS-005 currently being prepared in Japan?

A6 Given the current surplus of cash on hand, there are no issues with conducting the clinical trial currently planned for HS-005.

<Risk and compliance>

Q7 As the result that the Company provided manufacturing know-how to Novo Nordisk A/S, are there any risks such as imitation?

A7 While certain manufacturing-related know-how has been transferred based on the License Agreement, the manufacturing of high-purity cardiomyocytes and cardiomyocyte spheroids keep requiring our proprietary patents and know-how. The License Agreement stipulates an obligation to return intellectual property rights, and the Company believes that the risk to its competitive advantage is extremely limited.

Q8 The License Agreement with Novo Nordisk A/S was terminated immediately after the Company's presentation at the Nikkei/TSE IR Fair in September 26 and 27, and furthermore, trading volumes of the Company's stocks surged about a week ago due to short selling and sales by major shareholders. This would give the impression that information about this partnership termination may have leaked somewhere beforehand. Please provide chronological explanation about the leakage risk of the termination decision by Novo Nordisk A/S.

A8 As stated in the Company's September 30 release titled "Notice regarding termination of partnership with Novo Nordisk A/S", the Company received written mail notification from the European Headquarter in Novo Nordisk A/S on September 29. However, the period that daily trading volume exceeded one million stocks occurred between September 18 and September 26, which is prior to the date of the Company's notification receipt. Therefore, considering the timeline and even taking into account that the confidential information (the written termination mail notice) was dispatched from Europe, the Company do not recognize any correlation between the recent increase in daily trading volume and the information regarding this partnership termination.

(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.