Heart Test Laboratories, Inc.

Heart Test Q1 FY2024 results slightly ahead due to lower expenses. Mt. Sinai partnership massive positive. Raising PT to $3.80.

COMPANY UPDATE

Rating: BUY

Ticker: HSCS

Price: $0.43

Target: $3.80
     (from $3.70)

Q1 FY24 better than expected on lower operating expenses: Q1 FY24 (July) EPS came in at $(0.13), versus our estimate of $(0.14) and consensus estimate of $(0.18). Total operating expenses for the quarter came in at $1.3 million, versus our estimate of $1.5 million and $1.4 million in the prior year period. No forward guidance was provided.

Adjusting estimates: Given a slightly lower run-rate of operating expenses, we are adjusting our FY 24 EPS estimate slightly to $(0.51), versus $(0.52) previously and consensus of $(0.60). Our FY25 estimate remains unchanged at $(0.56). Our FY24 & FY25 revenue estimates of $0.4 million and $5.4 million are unchanged.

Deal with Mt. Sinai to commercialize new AI cardiovascular algorithms extremely positive for HSCS. On September 21, 2023, the company announced a landmark agreement with the Icahn School of Medicine at Mt. Sinai to commercialize AI cardiovascular algorithms. The deal gives HSCS a strong institutional partner which greatly expands the company's access to critical ECG data and extends the range of AI algorithms the company can offer to healthcare providers and patients. The deal with Mt. Sinai transforms the company from a single-algorithm diagnostic provider to a multi-algorithm provider capable of diagnosing as many as 13 conditions with its MyoVista ECG machines. In addition, the company announced it will be creating a cloud-based diagnostic platform to complement its hardware solution (the MyoVista).

New algorithms will require FDA approval. While the new algorithms provided by the Mt. Sinai partnership still need to be approved by the FDA, the approval process for many of them is likely to be relatively streamlined as the Mt. Sinai health record database will enable retrospective studies analyzing existing data, as opposed to prospective studies which require recruitment of new patients.

HSCS targeting late 2023 De Novo resubmission for its signature ECG machine, the MyoVista. As soon as the company receives marketing approval from the FDA, it will be free to market the machine. Indeed, it has begun to line up distributors and holds substantial inventory for launch. We continue to model first revenues for the MyoVista beginning in the Jan FY24 quarter.

Large opportunity in early detection of heart disease driven by proprietary AI: Heart Test continues to develop what could be the first ECG machine to provide early detection of heart disease, a very significant advancement for prevention of this number one killer and a large revenue opportunity for the company. The key to the company's ability to perform early diagnosis of heart diseases with an ECG machine is the clever application of machine-learning algorithms which interpret the signals from the ECG to detect anomalies. Heart Sciences has spent years developing the AI to do this, and with Mt. Sinai now has a vastly expanded IP 'moat' against potential competitors.

Raising price target to $3.80: We are raising our 12-month price target to $3.80 from $3.70 to reflect increasing confidence in Heart Test's progress, as evidenced by one of the world's leading medical research institutions choosing HSCS as partner for AI cardiovascular diagnostics. Our target is based on a NPV analysis, representing more than 7x upside from the current share price. We believe this valuation appropriately balances out the company's high risks with the company's high growth prospects and large upside opportunity.

Company Description

Based in Southlake, Texas, Heart Test Laboratories, Inc. is a medical devices maker developing AI-enabled ECGs to provide early detection of heart disease.

Stock Data

Exchange:	NasdaqCM
52-week Range:	$0.30-3.95
Shares Outstanding (million):	10.92
Market cap ($million):	$4.6
EV ($million):	$5.0
Debt ($million):	$1.0
Cash ($million):	$0.6
Avg. Daily Trading Vol ($ millions):	$0.04
Float (million shares):	8.5
Short Interest (million shares):	0.04
Dividend, annual (yield):	NA

Revenues (US$ million)

	2024E (Cur.)	2024E (Old.)	2025E (Cur.)	2025E (Old.)
Q1 Jul	0.0A		0.6E	
Q2 Oct	0.0E		1.0E	
Q3 Jan	0.1E		1.6E	
Q4 Apr	0.3E		2.2E	
Total	0.4E		5.4E	
EV/Rev	13x		0.9x	

Earnings per Share (pro forma)

	2024E (Cur.)	2024E (Old.)	2025E (Cur.)	2025E (Old.)
Q1 Jul	(0.13)A	(0.14)E	(0.15)E	
Q2 Oct	(0.12)E	(0.11)E	(0.14)E	
Q3 Jan	(0.13)E		(0.14)E	
Q4 Apr	(0.13)E		(0.13)E	
Total	$(0.51)E	$(0.52)E	$(0.56)E	
PE	NA		NA	

OVERVIEW

- Heart Test, Inc. recently (on September 14) reported its Q1 FY24 (ending July) results.
- EPS was $(0.13), compared to our estimate of $(0.14) and consensus estimate of $(0.18).
- Operating expenses came in at $1.3 million versus our estimate of $1.5 million. The prior year compare was $1.4 million.
- There was no Q4 guidance for future periods.
- We are raising our FY24 estimate to $(0.51) from $(0.52) and leaving our FY25 estimate unchanged at $(0.56).

ADDITIONAL DETAILS

- On September 21, 2023, the company announced a landmark agreement with the Icahn School of Medicine at Mt. Sinai to commercialize AI cardiovascular algorithms.
- The deal gives HSCS a strong institutional partner which can greatly expand the company's access to critical ECG data and extend the range of AI algorithms the company can offer to healthcare providers and patients.
- The deal with Mt. Sinai transforms the company from a single-algorithm diagnostic provider to a multi-algorithm provider capable of diagnosing as many as 13 conditions with its MyoVista ECG machines.
- While the new algorithms provided by the Mt. Sinai partnership still need to be approved by the FDA, the approval process for many of them is likely to be relatively streamlined as the Mt. Sinai health record database will enable retrospective studies analyzing existing data, as opposed to prospective studies which require recruitment of new patients.
- The near-term outlook for De Novo resubmission for the MyoVista in calendar 2023 is unchanged.
- We continue to model first revenues for the MyoVista beginning in the Jan FY24 quarter.

The company's balance sheet had $0.6 million in cash and $1 million in debt, compared with $1.7 million in cash and $1.1 million in debt at the end of January. On June 7, 2023, the company filed a shelf registration statement to sell up to 8 million new shares, which could net the company $7.2 million, based on an assumed offering price of $1.00 per share. No date has been set for potential offerings. This new equity funding is incremental to a purchase agreement with Lincoln Park Capital, under which the company may sell up to $15 million of stock as part of an equity line of credit (ELOC). So far, the company has raised $1 million under this agreement. Given a projected burn rate of about $2 million per quarter and access to over $22 million in equity financing, the company appears well-positioned to fund its operating activities for the next couple of years.

Exhibit 1: Heart Test Laboratories, Inc. Corporate Highlights

HeartSciences: Investment Highlights

✓ Pure Play AI ECG Company.

✓ AI creating a new era of opportunity for ECG – transform the ECG into an effective screening device.

✓ Designed to address the significant diagnostic gap in heart disease.

✓ Enormous addressable market; millions of ECG's performed every week – razor/ razorblade sales model.

✓ >$60 million investment in the Company.

✓ Compelling clinical evidence.

✓ FDA De Novo resubmission expected in the current year.

"ECG" (also known as "EKG") is the abbreviation for an electrocardiogram.

NASDAQ: HSCS

MyoVista® Wavelet ECG

New Generation of AI ECG
Technology Designed to Revolutionize
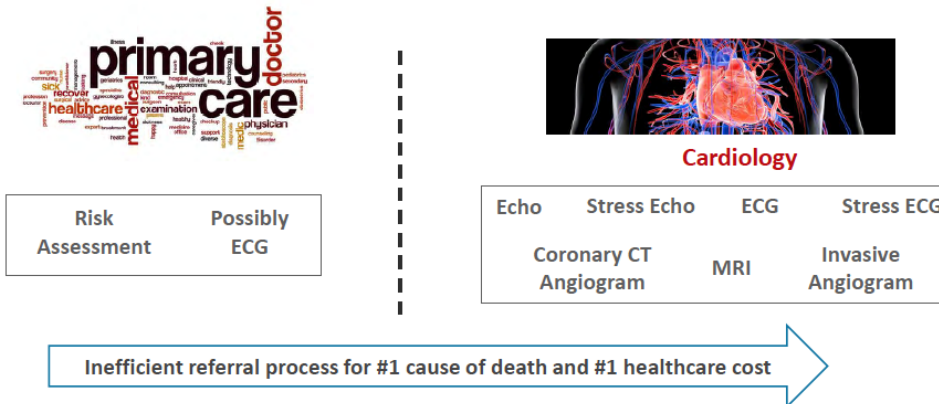ECG for Heart Screening

HeartSciences
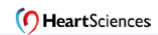
Source: Company Reports

Exhibit 2: Lack of Early Identification of Heart Disease is a Big Problem in Cardiology

Significant Challenge to Identify Heart Disease in Front-Line Healthcare

Conventional ECG - low sensitivity for 2 out of the 3 categories of heart disease (ischemia (CAD) and structural)

primary care

Risk Assessment	Possibly ECG

Cardiology

Echo	Stress Echo	ECG	Stress ECG
Coronary CT Angiogram		MRI	Invasive Angiogram

Inefficient referral process for #1 cause of death and #1 healthcare cost

HeartSciences

MyoVista

Source: Company Reports

Exhibit 3: The MyoVista is Simple to Use and Incorporates Standard and Proprietary ECG Algorithms

Source: Company Reports

Exhibit 4: MyoVista Algorithm Readout
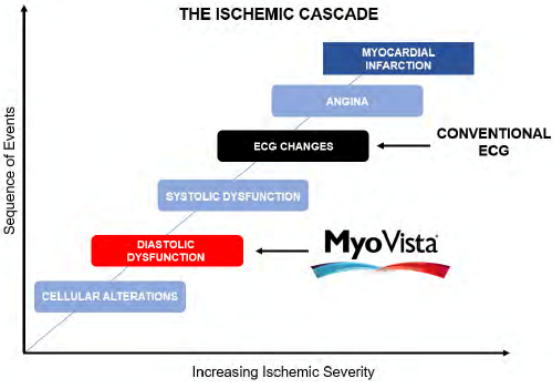

Source: Company Reports

Exhibit 5: Diastolic Dysfunction is one of the Earliest Markers of Heart Disease

Source: Company Reports

Exhibit 6: Heart Test Laboratories, Inc. Intellectual Property Portfolio

Source: Company Reports

Exhibit 7: Heart Test Laboratories, Inc. Peer Reviewed Research

Source: Company Reports

Exhibit 8: Heart Test Laboratories, Inc. Clinical Studies

Source: Company Reports

Exhibit 9: Heart Test Laboratories, Inc. Key Researchers and Institutions

Source: Company Reports

Exhibit 10: MyoVista FDA Regulatory Status

Source: Company Reports

Exhibit 11: Heart Test Laboratories, Inc. Regulatory Milestones
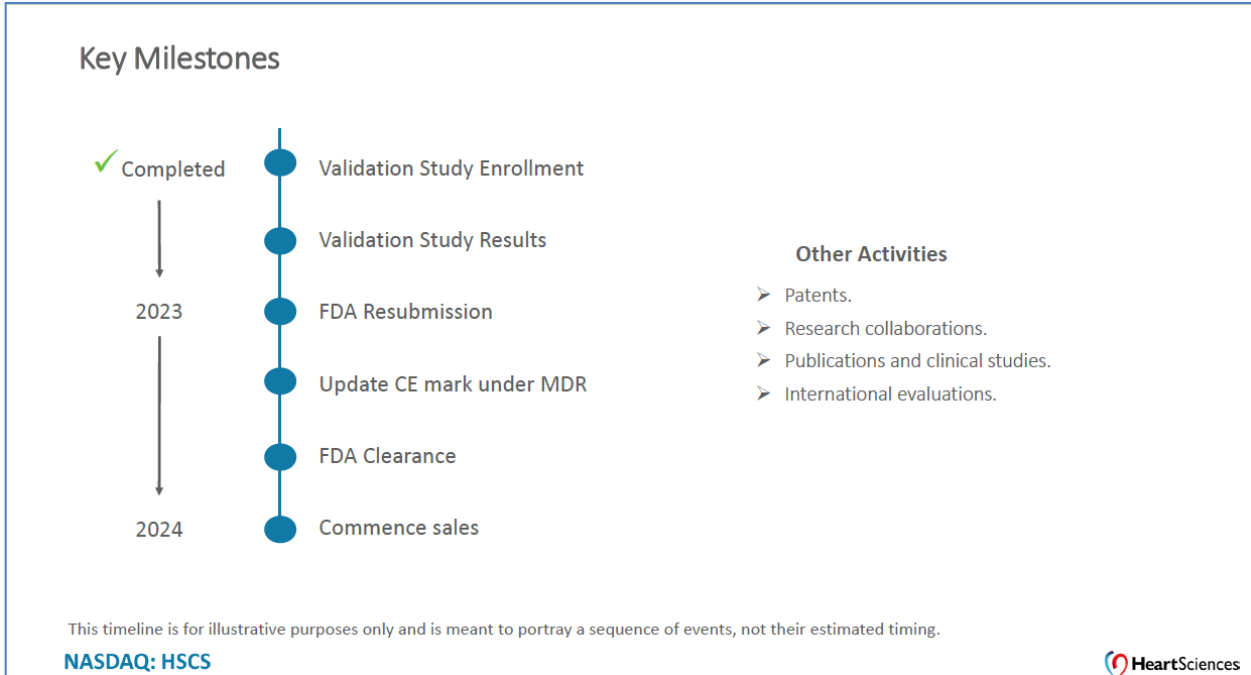
Source: Company Reports

Exhibit 12: Heart Test Laboratories, Inc. Development Pipeline
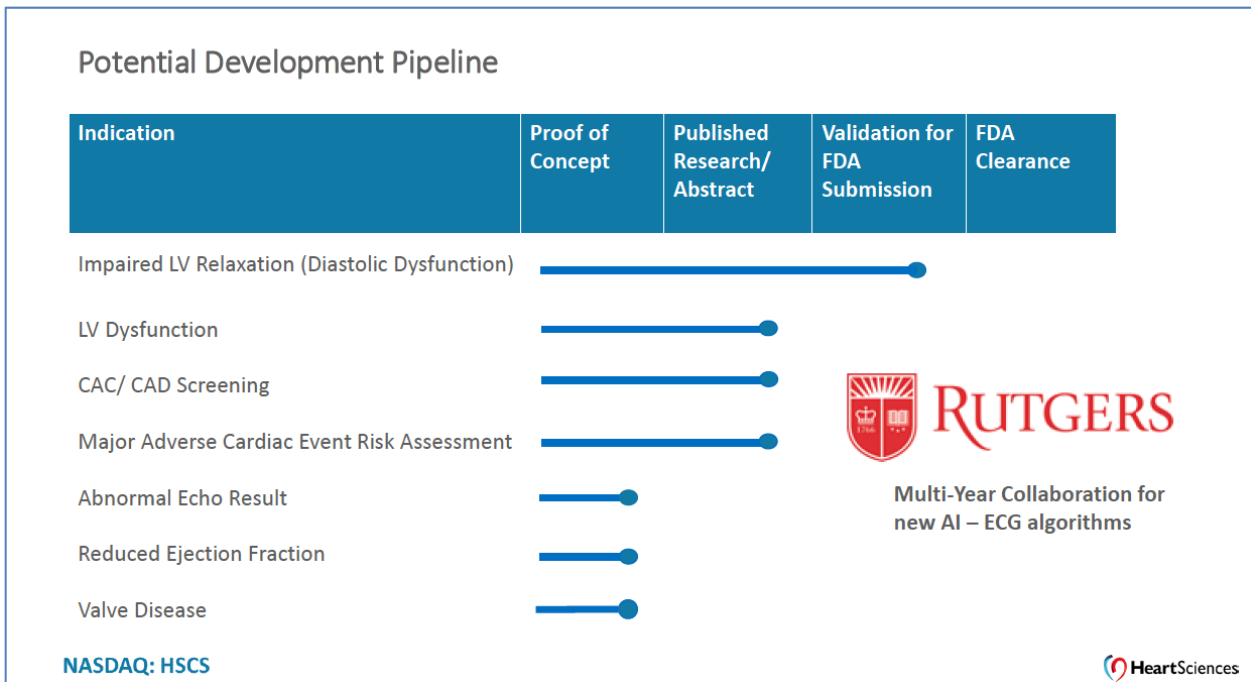
Source: Company Reports

Exhibit 13: ECG Market Size

Scale of Market Opportunity is Enormous

More than 100 million ECG tests and 12 million Echos just in the USA

1 Billion Ambulatory Care Office Visits in USA Significant Proportion with Cardiac Risk Factors

Chronic Conditions Present at Office Visits

- 45.0%
- 33.2%
- 14.9%
- 6.9%

■ Hypertension ■ Diabetes ■ CAD, IHD, MI history ■ Others
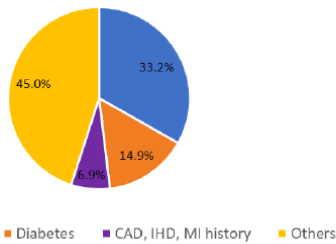
Source: National Ambulatory Care Annual Survey 2019

MyoVista positioned as the bridge between ECG and Echo for point-of-care use

➤ ECG testing ubiquitous and growing despite general guidance against its use for screening.

➤ Echo testing on the increase in USA and worldwide – partly due to inherent weakness of ECG. Increasing system costs worldwide and waiting lists internationally.

➤ High incidence of patients with risk factors for heart disease – ideal candidates for a MyoVista test.

NASDAQ: HSCS

HeartSciences

Source: Company Reports

Exhibit 14: ECG Market Opportunity

Big Market, Recurring Revenue, Fits Existing Care Pathways

LARGE GLOBAL OPPORTUNITY

ECG most common cardiac test & worldwide application

Conventional ECG $5+ billion market (Cap. Equipment only)

Est. 500 million - 1 billion ECG tests per year (Supplies revenue)

RECURRING REVENUE

Razor/razorblade business model

Device revenue plus supplies revenue from every test

DEVELOPMENT OPPORTUNITIES

Other algorithms/ indications for use

Alternative hardware platforms

LOW-COST & EASY TO USE

AI algorithm - easy to interpret information

Provides all conventional ECG information in a single test

Limited training required – uses existing 12- lead resting ECG protocols

NASDAQ: HSCS

HeartSciences

Source: Company Reports

Exhibit 15: Heart Test Laboratories, Inc. Competitive Landscape
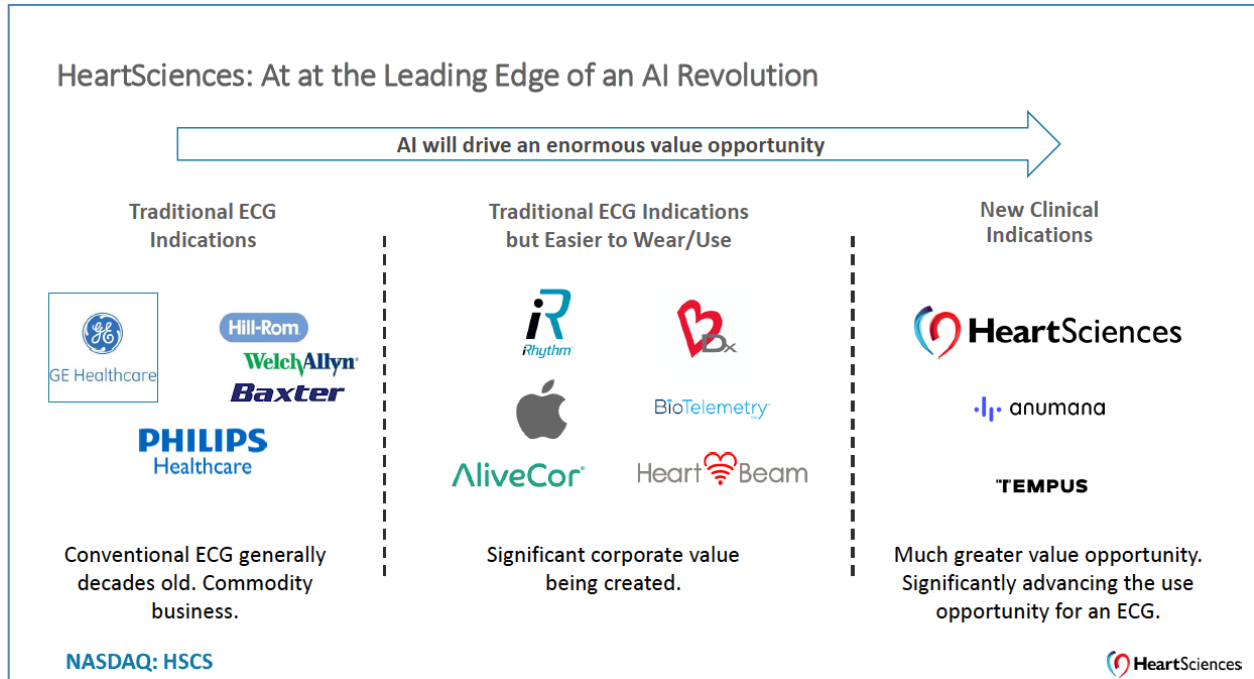
Source: Company Reports

Exhibit 16: Heart Test Laboratories, Inc. Business Model
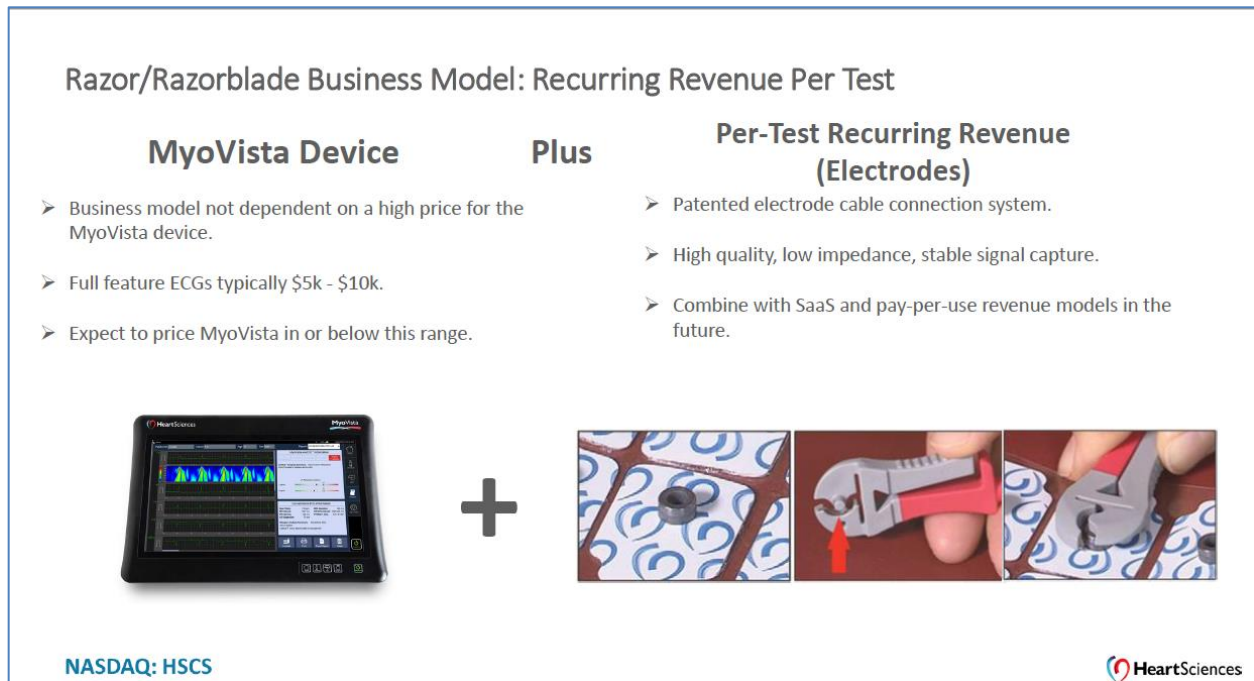
Source: Company Reports

Exhibit 17: ECGs Applications Extend Beyond Cardiology
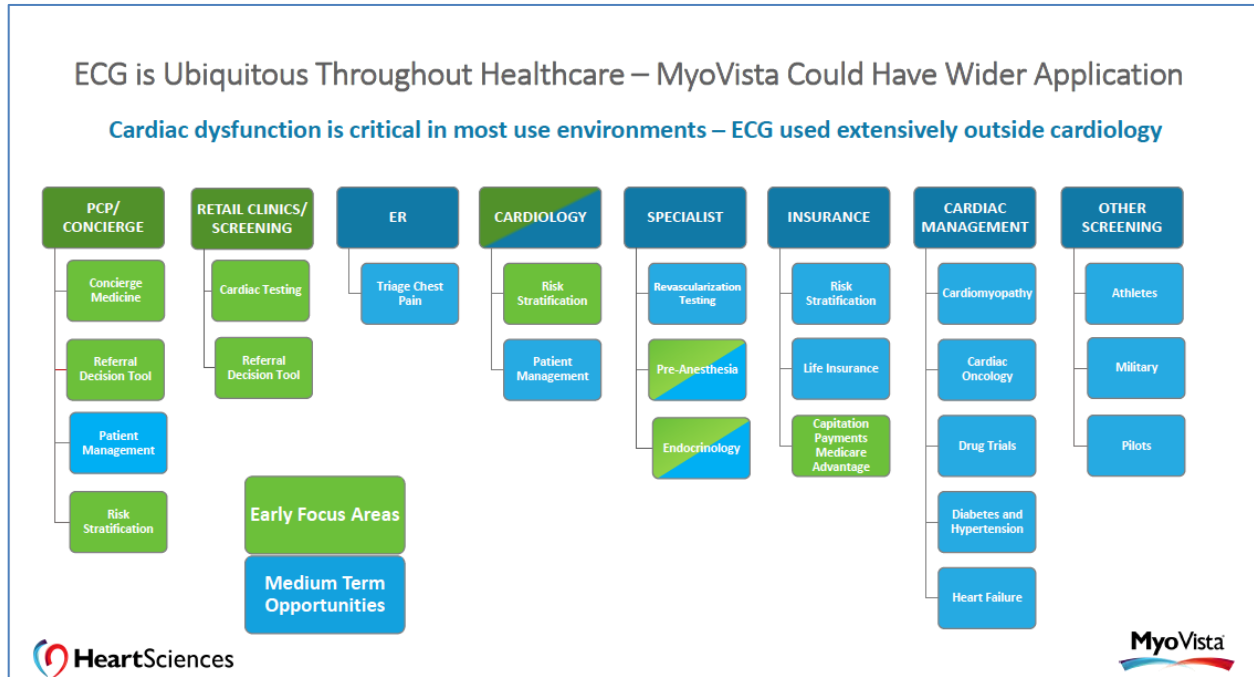
Source: Company Reports

Exhibit 18: Heart Test Laboratories, Inc. Sales and Marketing Channels

Source: Company Reports

Exhibit 19: Heart Test Laboratories, Inc. Senior Management Team

Senior Management Team

Andrew Simpson
Chairman and CEO

- Peel Group CEO – c. $8 billion of assets.
- Speedy Hire Plc Main Board Director and Division MD – Company joined FTSE 250 during that time.
- Rothschild - Investment Banker.
- Price Waterhouse - Chartered Accountant.

Mark Hilz
COO

- INX CEO/Founder - Technology consulting, revenue $400m NASDAQ listed with multiple public offerings. Sold in 2011.
- PCSS CEO/Founder – Tech logistics outsourcing, revenue $160m; NASDAQ listed, multiple public offerings.
- HCP CEO/Founder - Technology product distributor $10m in revenue. Sold - 1988.

Danielle Watson
CFO

- Over 15 years of accounting in both the public accounting and private sector.
- Extensive public accounting experience in preparation and audit of with public company filings including 10Ks, 10-Qs, 8-Ks, and other registration statements.
- Certified Public Account.
- Master of Science in Accounting from University of Texas at Arlington.
- Bachelors Degree in Accounting from Texas Christian University.

AaronPeterson
VP R&D

- 25 years of Engineering and product development in the areas of Cardiac Rhythm Management, Neurostimulation and electrocardiography-based devices.
- St Jude Medical - Director of Systems Engineering.
- Boston Scientific - Manager R&D.
- Master's Degree in Computer Science from Utah State University.

Carol Krieger
VP Clinical & Regulatory

- 30 years of clinical and regulatory experience including over 100 FDA submissions.
- Becton Dickenson - Director of Clinical QA and Compliance.
- Bio Connect VP of Clinical Ops
- Alfa Wasserman - VP Quality and Regulatory.
- MS Jurisprudence Seton Hall University.
- MBA, Montclair State University.
- BS Degree Rutgers University.

Source: Company Reports

Exhibit 20: HSCS Consensus Expectations

	Revenue ($ million)			EPS	
	FY2024E	FY2025E		FY2024E	FY2025E
Q1 Jul	$0.0A	$0.5E	Q1 Jul	$(0.13)A	$(0.31)E
Q2 Oct	$0.0E	$1.1E	Q2 Oct	$(0.13)E	$(0.31)E
Q3 Jan	$0.1E	$2.0E	Q3 Jan	$(0.27)E	$(0.35)E
Q4 Apr	$0.3E	$3.0E	Q4 Apr	$(0.30)E	$(0.35)E
Total	$0.4E	$6.6E	Total	$(0.60)E	$(0.80)E

*Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.

Source: Company reports, CapitalIQ, Ascendant Capital Markets estimates

Exhibit 21: Heart Test Laboratories, Inc. Daily Stock Price Chart Since IPO

Source: https://bigcharts.marketwatch.com/

FINANCIAL MODEL

Heart Test Laboratories, Inc.

Income Statement ($ mils except EPS)	2021 FY-A	2022 FY-A	Jul-22 Q1A	Oct-22 Q2A	Jan-23 Q3A	Apr-23 Q4A	2023 FY-A	Jul-23 Q1A	Oct-23 Q2E	Jan-24 Q3E	Apr-24 Q4E	2024 FY-E	Jul-24 Q1E	Oct-24 Q2E	Jan-25 Q3E	Apr-25 Q4E	2025 FY-E
Total revenue	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.1	0.3	0.4	0.6	1.0	1.6	2.2	5.4
Total cost of goods sold	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.1	0.1	0.2	0.3	0.5	0.7	1.0	2.4
Gross profit (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.3	0.5	0.9	1.2	3.0
Operating expenses																	
Research and development	1.7	3.0	0.4	0.8	0.6	0.5	2.5	0.6	0.6	0.8	0.8	2.7	1.2	1.2	1.3	1.3	5.0
Selling, general and administrative	0.9	1.7	1.0	0.9	0.7	1.1	3.7	0.8	1.2	1.3	1.4	4.7	1.5	1.5	1.7	1.9	6.6
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total operating expenses	2.6	4.7	1.4	1.8	1.3	1.6	6.1	1.3	1.8	2.1	2.2	7.4	2.7	2.7	3.0	3.2	11.6
Loss from operations	(2.6)	(4.7)	(1.4)	(1.8)	(1.3)	(1.6)	(6.1)	(1.3)	(1.8)	(2.1)	(2.0)	(7.2)	(2.4)	(2.2)	(2.1)	(2.0)	(8.6)
Other income (expense)																	
Gain on Extinguishments of Debt	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gain/loss on Disposal of Property and	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gain on Settlement of Payables	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gain on Disposals of Property and Equ	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest income (expense)	(0.1)	(0.4)	(0.1)	(0.0)	(0.0)	(0.0)	(0.2)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other income (expense)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income before taxes	(2.5)	(4.8)	(1.6)	(1.8)	(1.3)	(1.6)	(6.4)	(1.4)	(1.8)	(2.1)	(2.0)	(7.2)	(2.4)	(2.2)	(2.1)	(2.0)	(8.6)
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net loss	(2.5)	(4.8)	(1.6)	(1.8)	(1.3)	(1.6)	(6.4)	(1.4)	(1.8)	(2.1)	(2.0)	(7.2)	(2.4)	(2.2)	(2.1)	(2.0)	(8.6)
Nonrecurring/noncash adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (pro forma)	(2.5)	(4.8)	(1.6)	(1.8)	(1.3)	(1.6)	(6.4)	(1.4)	(1.8)	(2.1)	(2.0)	(7.2)	(2.4)	(2.2)	(2.1)	(2.0)	(8.6)
EBITDA	(2.5)	(4.7)	(1.4)	(1.8)	(1.3)	(1.6)	(6.1)	(1.3)	(1.8)	(2.0)	(2.0)	(7.2)	(2.4)	(2.2)	(2.1)	(2.0)	(8.6)
Weighted average common shares outs	3.3	3.3	5.6	8.2	8.2	9.7	8.0	10.3	15.3	15.3	15.3	14.1	15.3	15.3	15.3	15.3	15.3
Shares, Diluted	3.3	3.3	5.6	8.2	8.2	9.7	8.0	10.3	15.3	15.3	15.3	14.1	15.3	15.3	15.3	15.3	15.3
EPS Basic	$ (0.74)	$ (1.45)	$ (0.28)	(0.22)	$ (0.16)	(0.17)	$ (0.80)	$ (0.13)	$ (0.12)	(0.13)	$ (0.13)	(0.51)	$ (0.15)	$ (0.14)	(0.14)	$ (0.13)	(0.56)
EPS Diluted	$ (0.74)	$ (1.45)	$ (0.28)	(0.22)	$ (0.16)	(0.17)	$ (0.80)	$ (0.13)	$ (0.12)	(0.13)	$ (0.13)	(0.51)	$ (0.15)	$ (0.14)	(0.14)	$ (0.13)	(0.56)
Margins																	
Gross margin	58%	45%	NM	NM	NM	NM	NM	50%	50%	50%	52%	52%	54%	54%	56%	56%	55%
Research and development	6673%	20883%	NM	NM	NM	NM	NM	NM	NM	NM	NM	683%	200%	120%	81%	59%	93%
Selling, general and administrative	3416%	11928%	NM	NM	NM	NM	NM	NM	NM	NM	NM	1166%	250%	150%	106%	86%	122%
Operating margin	-10044%	-32766%	NM	NM	NM	NM	NM	NM	NM	NM	NM	-1798%	-396%	-216%	-132%	-89%	-159%
Tax rate, GAAP	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Net margin	-9577%	-33593%	NM	NM	NM	NM	NM	NM	NM	NM	NM	-1798%	-396%	-216%	-132%	-89%	-159%
Y/Y % change																	
Revenue	-60%	-44%	NM	NM	NM	NM	NM	-100%	NM	NM	NM	7667%	NM	NM	NM	NM	1250%
COGS	-77%	-26%	NM	NM	NM	NM	NM	-100%	NM	NM	NM	6838%	NM	NM	NM	NM	1141%
Gross Profit	-16%	-57%	NM	NM	NM	NM	NM	-100%	NM	NM	NM	8651%	NM	NM	NM	NM	1352%
Research and development	-16%	76%	8%	56%	-8%	-61%	-18%	30%	-33%	24%	50%	11%	10%	10%	10%	10%	83%
Selling, general and administrative	-51%	96%	262%	125%	65%	70%	113%	-23%	30%	95%	32%	28%	8%	8%	8%	8%	41%
Total operating expenses	-33%	82%	112%	85%	19%	-19%	30%	-7%	-1%	60%	38%	21%	103%	53%	43%	45%	57%
Operating Income	-33%	83%	112%	85%	19%	-19%	30%	-7%	-1%	57%	28%	18%	79%	22%	3%	-4%	20%
Net income	-35%	97%	214%	75%	8%	-20%	32%	-13%	-2%	53%	25%	13%	74%	22%	3%	-4%	20%
EPS	-36%	97%	85%	-29%	-56%	-73%	-45%	-53%	-48%	-18%	-20%	-36%	17%	22%	3%	-4%	10%

Source: Company reports , Ascendiant Capital Markets estimates

Heart Test Laboratories, Inc.

Balance Sheet ($ mils)	Apr-21	Apr-22	Jul-22	Oct-22	Jan-23	Apr-23	Jul-23	Oct-23	Jan-24	Apr-24	Jul-24	Oct-24	Jan-25	Apr-25
Fiscal Year End: April 30	Q4A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Current assets														
Cash	0.7	0.9	4.3	3.1	1.9	1.7	0.6	3.4	1.3	(0.7)	(3.0)	(5.1)	(7.1)	(9.0)
Accounts receivable, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inventories, net	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Prepaid expenses and other assets	0.1	0.0	0.4	0.3	0.2	0.1	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Deferred offering Costs	0.0	0.2	0.0	0.0	0.0	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Other Current Assets	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total current assets	**1.6**	**1.9**	**5.4**	**4.1**	**2.9**	**2.7**	**2.0**	**4.8**	**2.8**	**0.8**	**(1.5)**	**(3.6)**	**(5.7)**	**(7.5)**
Operating lease right-of-use asset, net	0.2	0.1	0.1	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Property and equipment, net	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total assets	**1.9**	**2.1**	**5.6**	**4.8**	**3.5**	**3.3**	**2.6**	**5.4**	**3.4**	**1.3**	**(1.0)**	**(3.1)**	**(5.1)**	**(7.0)**
Liabilities and Stockholders' Equity														
Current liabilities														
Accounts payable	0.3	0.7	0.5	0.8	1.0	0.6	0.5	0.0	0.0	0.0	0.1	0.2	0.2	0.3
Accrued expenses	0.3	1.1	0.5	0.9	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
PPP Loan Payable	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current Portion of Notes Payable	0.1	1.6	0.1	1.1	0.1	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Lease liability - current	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other Current Liabilities	0.0	0.0	0.4	0.3	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total current liabilities	**1.1**	**3.5**	**1.5**	**3.1**	**2.0**	**1.8**	**1.9**	**1.4**	**1.5**	**1.5**	**1.5**	**1.6**	**1.7**	**1.8**
Accrued Expenses	0.1	0.2	0.1	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Lease liability – long-term	0.1	0.0	0.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Notes Payable	2.5	4.4	1.0	0.0	1.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Preferred Stock Convertible	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total liabilities	**3.8**	**8.1**	**2.7**	**3.7**	**3.7**	**3.1**	**3.1**	**2.7**	**2.7**	**2.7**	**2.8**	**2.8**	**2.9**	**3.0**
Stockholders' Equity														
Convertible Preferred Stock					0.0	0.0	0.0							
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additional paid-in capital	47.7	48.3	58.9	58.9	58.9	61.0	61.6	66.5	66.6	66.6	66.6	66.6	66.6	66.6
Accumulated deficit	(49.6)	(54.4)	(56.0)	(57.8)	(59.1)	(60.8)	(62.1)	(63.9)	(65.9)	(68.0)	(70.4)	(72.5)	(74.6)	(76.6)
Total stockholders' equity	**(1.9)**	**(6.1)**	**2.9**	**1.1**	**(0.3)**	**0.2**	**(0.5)**	**2.7**	**0.7**	**(1.4)**	**(3.8)**	**(5.9)**	**(8.0)**	**(10.0)**
Total liabilities and stockholders' equity	**1.9**	**2.1**	**5.6**	**4.8**	**3.5**	**3.3**	**2.6**	**5.4**	**3.4**	**1.3**	**(1.0)**	**(3.1)**	**(5.1)**	**(7.0)**

	Apr-21	Apr-22	Jul-22	Oct-22	Jan-23	Apr-23	Jul-23	Oct-23	Jan-24	Apr-24	Jul-24	Oct-24	Jan-25	Apr-25
	Q4A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Balance Sheet Drivers														
Inventory Days	10,862	NM	NM	NM	NM	NM	NM	50	50	30	30	30	30	30
Accounts Payable (Days)	4,858	NM	NM	NM	NM	NM	NM	50	50	30	30	30	30	30
Book & Cash Value (per share)														
Book Value per Share (diluted)	(0.58)	(1.82)	0.51	0.13	(0.03)	0.02	(0.05)	0.18	0.04	(0.09)	(0.24)	(0.39)	(0.52)	(0.65)
Cash per Share (diluted)	0.22	0.35	0.76	0.37	0.23	0.19	0.08	0.24	0.11	(0.03)	(0.18)	(0.31)	(0.45)	(0.57)
Net cash per Share (diluted)	(0.54)	(0.99)	0.58	0.37	0.11	0.14	0.03	0.21	0.07	(0.06)	(0.18)	(0.31)	(0.45)	(0.57)

Source: Company reports, Ascendiant Capital Markets estimates

Heart Test Laboratories, Inc.

Cash Flow Statement ($ mils)	2021	2022	Jul-22	Oct-22	Jan-23	Apr-23	2023	Jul-23	Oct-23	Jan-24	Apr-24	2024	Jul-24	Oct-24	Jan-25	Apr-25	2025
Fiscal Year End: April 30	FY-A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Cash flow from operating activities																	
Net loss	(2.5)	(4.8)	(1.6)	(1.8)	(1.3)	(1.6)	(6.4)	(1.4)	(1.8)	(2.1)	(2.0)	(7.2)	(2.4)	(2.2)	(2.1)	(2.0)	(8.6)
Adjustments:																	
Depreciation and Amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization of Debt Discount and Deferred Fina	0.0	0.2	0.1	0.0	0.0	0.0	0.1										
Gain/loss on Disposal of Property and Equipmen	0.0	0.0	0.0	0.0	0.0	0.0	0.0										
Stock based Compensation	0.0	0.1	0.1	0.0	0.0	0.1	0.2	0.1				0.1					
Gain on Extinguishment of Debt	(0.3)	(0.3)	0.0	0.0	0.0	0.0	0.0										
Other Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0										
Gain on Settlement of Payables	0.0	0.0	(0.1)	0.0	0.0	(0.0)	(0.1)										
Warrants Issued to non-employees			0.0	0.0	0.0	0.2	0.2										
Warrants Issued for Note Extension	0.0	0.0	0.0	0.0	0.0	0.0	0.0										
Stock Issued for Note Facility Fee	0.0	0.0	0.0	0.0	0.0	0.0	0.0										
WC changes																	
Accounts Receivable	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0
Inventory	0.1	0.1	(0.0)	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0
Accounts Payable	(0.0)	0.4	(0.2)	0.3	0.2	(0.4)	0.0	(0.2)	(0.5)	0.0	0.0	(0.6)	0.04	0.06	0.08	0.09	0.3
Accrued Liabilities	0.1	0.9	(0.5)	0.2	(0.0)	(0.0)	(0.3)	0.0	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0
Deferred offering Costs	0.0	(0.2)	0.2	0.0	0.0	(0.2)	0.1	(0.1)				(0.108)					0.0
Prepaids and Other Current Assets	0.0	0.1	0.0	0.1	0.1	0.1	0.4	0.1	0.0	0.0	0.0	0.1	0.00	0.0	0.0	0.0	0.0
Other Current Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0										0.0
Net cash used in operating activities	(2.5)	(3.6)	(1.8)	(1.1)	(1.0)	(1.9)	(5.8)	(1.4)	(2.2)	(2.0)	(2.0)	(7.6)	(2.3)	(2.1)	(2.0)	(1.9)	(8.3)
Investing Activities																	
Purchase of Property and Equipment	(0.0)	(0.0)	(0.0)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
Disposition of Property and Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0										
Net cash used in investing activities	(0.0)	(0.0)	(0.0)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
Financing Activities																	
Proceeds from Convertible Promissory Notes	1.5	4.2	0.0	0.0	0.0	0.0	0.0										
Proceeds from Issuance of Common Stock, Net o	0.0	0.0	5.2	0.0	0.0	0.0	5.2	0.0	5.0	0.0	0.0	5.0	0.00	0.0	0.0	0.0	0.0
Issuance of warrants in IPO	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0					0.0					
Issuance of Common Stock for bridge warrant ex	0.0	0.0	0.0	0.0	0.0	1.1	1.1					0.0					
Issuance of Common Stock under equity line, ne	0.0	0.0	0.0	0.0	0.0	0.4	0.4	0.4				0.4					
Issuance of pre-funded warrants for bridge warr	0.0	0.0	0.0	0.0	0.0	0.2	0.2					0.0					
Repayment of Shareholder's Note	0.0	(0.5)	0.0	0.0	0.0	0.0	0.0					0.0					
Proceeds from Shareholders Notes	0.7	0.5	0.0	0.0	0.0	(0.0)	0.0					0.0					
Proceeds from Ppp Loan	0.3	0.0	0.0	0.0	0.0	0.0	0.0					0.0					
Repayment of Financing Leases	0.0	0.0	(0.0)	(0.1)	(0.1)	(0.1)	(0.4)	(0.1)				(0.068)					
Proceeds from Issuance of Series C Preferred Co	0.2	0.0	0.0	0.0	0.0	0.0	0.0					0.0					
Deferred Financing Costs	0.0	(0.4)	0.0	0.0	0.0	0.0	0.0					0.0					
Net cash provided by financing activities	2.7	3.8	5.2	(0.1)	(0.1)	1.6	6.5	0.3	5.0	0.0	0.0	5.3	0.0	0.0	0.0	0.0	0.0
Net cash increase (decrease)	0.2	0.2	3.4	(1.2)	(1.1)	(0.3)	0.7	(1.1)	2.8	(2.0)	(2.0)	(2.3)	(2.3)	(2.1)	(2.0)	(1.9)	(8.3)
Cash balance at beginning of period	0.5	0.7	0.9	4.3	3.1	2.0	0.9	1.7	0.6	3.4	1.3	1.7	(0.6)	(3.0)	(5.1)	(7.1)	(0.6)
Cash balance at end of period	0.7	0.9	4.3	3.1	2.0	1.7	1.7	0.6	3.4	1.3	(0.7)	(0.6)	(3.0)	(5.1)	(7.1)	(9.0)	(9.0)

Source: Company reports, Ascendiant Capital Markets estimates

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Heart Test Laboratories, Inc.

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			Count	Percent
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Total	52	100%	16	31%

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