

Heart Test Laboratories, Inc.

Q1 FY25 R&D expenses up on software platform build. Company continues to set up for success. Valuation very low, maintaining \$15 PT.

COMPANY UPDATE

Rating: BUY

Ticker: HSCS

Price: \$2.73

Target: \$15.00

Q1 FY25 R&D expenses ahead of forecast: Q1 FY25 (Jul) EPS came in at \$(2.64), versus our estimate of \$(2.10) and consensus estimate of \$(2.51). All numbers have been adjusted for a 1:100 reverse stock split on May 17, 2024. R&D expenses for the quarter came in at \$1.2 million, versus our estimate of \$1.0 million. We believe the company's preparation of its new software platform for launch as well as FDA submission expenses account for the increased investment. No forward guidance was provided.

Adjusting estimates: We are lowering our FY25 EPS estimate to a split-adjusted \$(9.82), versus \$(9.05) previously on higher R&D spending. We are raising our FY26 EPS estimate to a split-adjusted \$(8.35), versus \$(8.77) previously on higher share count. Our revenue estimates are unchanged at \$0.1 million and \$2.0 million for FY25 and FY26, respectively. Consensus estimates are \$(8.11) and \$(6.28) on revenues of \$0 and \$2.1 million for FY25 and FY26, respectively.

Software platform roll-out on track: Central to Heart Science's strategy is the development of its device-agnostic software platform (MyoVista Insights) which will complement its planned hardware release. The software platform will give HSCS the ability to use its algorithms to interpret ECGs performed anywhere and provide real-time diagnostics remotely. The company reports that the first version of this platform will be completed by the end of calendar 2024.

Regulatory timeline intact: Heart Sciences currently expects to submit its MyoVista device for FDA approval via the 510(k) pathway in early CY25, meaning approval would likely occur in late CY25. In addition, the company is targeting submission of its MyoVista Insights platform and low ejection fraction algorithm by 2H 2025. Together, the MyoVista Insights platform and low ejection fraction algorithm constitute a software-based medical device for regulatory purposes.

Software platform represents expanded revenue opportunity: MyoVista Insights will give HSCS the ability to use its algorithms to interpret ECGs performed remotely on competing devices and provide real-time diagnostics remotely. We anticipate the company will likely charge a software license for this service in the double digits per exam. Given 300 million ECGs performed annually in the US alone, this enhancement to the company's business model should greatly expand its revenue opportunity.

Balance Sheet in good shape: Thanks to a \$9.8 million equity raise through its ATM facility in January 2024, HSCS exited the July FY24 quarter with \$4.3 million in cash. In addition, the company announced after the close of Q1 FY25 that it had raised an additional \$1.9 million in non-dilutive debt financing. Given quarterly cash burn of roughly \$2.0 million, the company has cash to last through Q3 (Jan) of FY25. In addition, the company has ample scope to raise additional funds (up to a maximum of \$15 million) on its ATM facility.

Maintaining \$15 PT: We are maintaining our price target of \$15.00, based on an NPV analysis. Our target represents 4.5x upside from the current share price. At only 30% above net cash, HSCS trades at a very low valuation, given the company's market opportunity and positioning.

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:	\$2.36-52.00
Shares Outstanding (million):	0.9
Market cap (\$million):	\$2.5
EV (\$million):	\$1.7
Debt (\$million):	\$2.4
Cash (\$million):	\$4.3
Avg. Daily Trading Vol (\$ millions):	\$0.3
Float (million shares):	0.8
Short Interest (million shares):	0.04
Dividend, annual (yield):	NA

Revenues (US\$ million)

	2025E (Cur.)	2025E (Old.)	2026E (Cur.)	2026E (Old.)
Q1 Jul	0.0A	0.0E	0.4E	
Q2 Oct	0.0E		0.7E	
Q3 Jan	0.0E		0.1E	
Q4 Apr	0.1E		1.5E	
Total	0.1E		2.0E	
EV/Rev	17x		0.9x	

Earnings per Share (pro forma)

	2025E (Cur.)	2025E (Old.)	2026E (Cur.)	2026E (Old.)
Q1 Jul	(2.64)A	(2.10)E	(2.18)E	(2.22)E
Q2 Oct	(2.30)E	(2.22)E	(2.11)E	(2.25)E
Q3 Jan	(2.41)E	(2.34)E	(2.13)E	(2.27)E
Q4 Apr	(2.46)E	(2.39)E	(1.93)E	(2.06)E
Total	\$(9.82)E	\$(9.05)E	\$(8.35)E	\$(8.77)E
PE	NA		NA	

* Reflects a 1:100 reverse stock split in May 2024

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 15.

Exhibit 1: Heart Test Laboratories, Inc. Corporate Highlights

HeartSciences: Investment Highlights

- ✓ High Growth \$25 Billion Market by 2032¹

Recent Progress Advances AI-ECG Agenda

- ✓ Mount Sinai agreements provide catalyst for HeartSciences' transformation
 - Large AI-ECG algorithm portfolio
 - Tens of millions of curated ECG records
 - Mount Sinai becomes 15% HSCS shareholder upon completion of the Offering
- ✓ Meaningful risk reduction: now expect 510(k) pathway versus De Novo
 - New FDA classification for AI-ECG
 - New AI-ECG CPT codes introduced in 2023.
- ✓ Compelling AI-ECG clinical evidence and IP portfolio
- ✓ HSCS: only pure play Nasdaq listed AI-ECG company



MyoVista

MyoVista® Wavelet ECG
New Generation of AI-ECG Technology
Designed to Revolutionize ECG for
Heart Screening



HeartSciences Signs Definitive Agreements with the Icahn School of Medicine at Mount Sinai to Commercialize Artificial Intelligence Cardiovascular Algorithms

Smithville, TX, September 21, 2023 (GLOBE NEWSWIRE) – Heart Test Laboratories, Inc. d/b/a HeartSciences (Nasdaq: HSCS, HSCSW) ("HeartSciences" or the "Company"), an AI-powered medical technology company focused on transforming ECGs/ECGs to save lives through earlier detection of heart disease, today announced it has executed definitive agreements with the Icahn School of Medicine at Mount Sinai (Icahn Mount Sinai), in New York, NY, to commercialize electrocardiographic AI algorithms and assets, as well as a memorandum of understanding for on-going cooperation, collaboration and de-identified data access.

"ECG" (also known as "EKG") is the abbreviation for an electrocardiogram.
1 - Precedence Research 2023

NASDAQ: HSCS

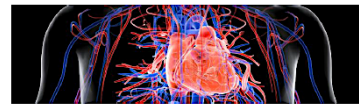


Source: Company Reports

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

AI-ECG is the bridge between front-line healthcare and cardiology to detect heart disease early



Cardiology

Risk Assessment	Possibly Conventional ECG
-----------------	---------------------------

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

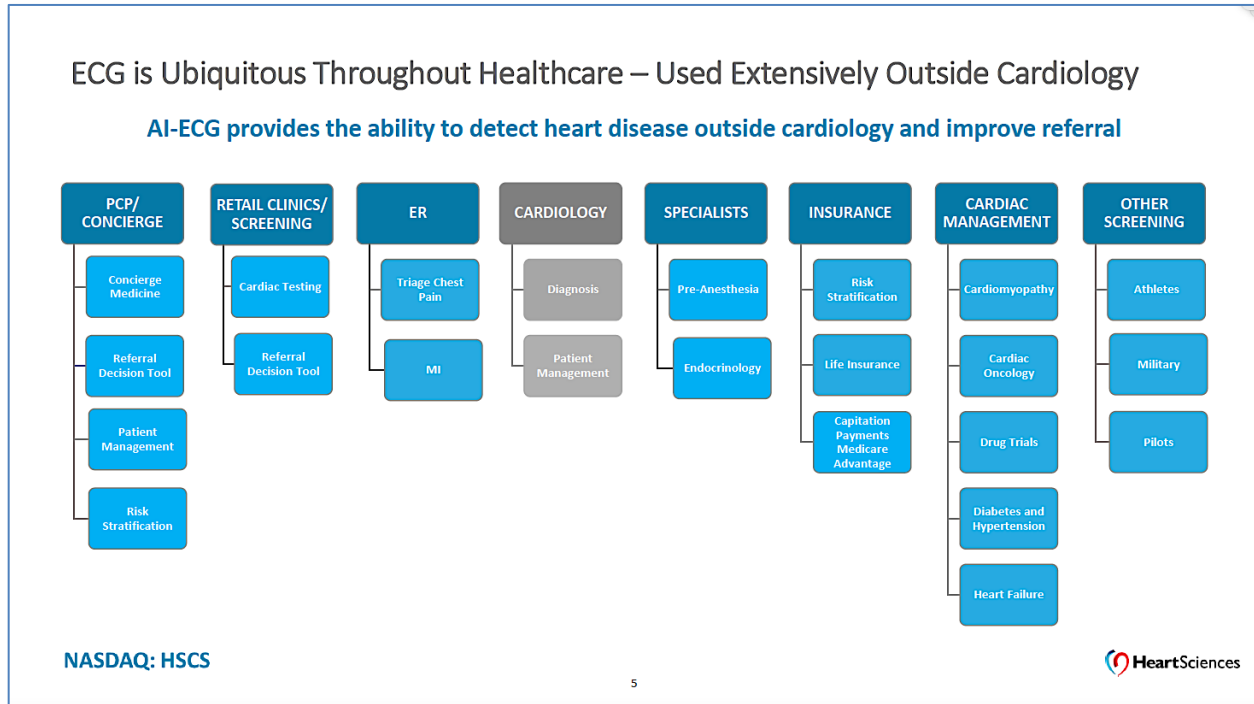
Conventional ECG - low sensitivity for 2 out of the 3 categories of heart disease (ischemia (CAD) and structural)

NASDAQ: HSCS



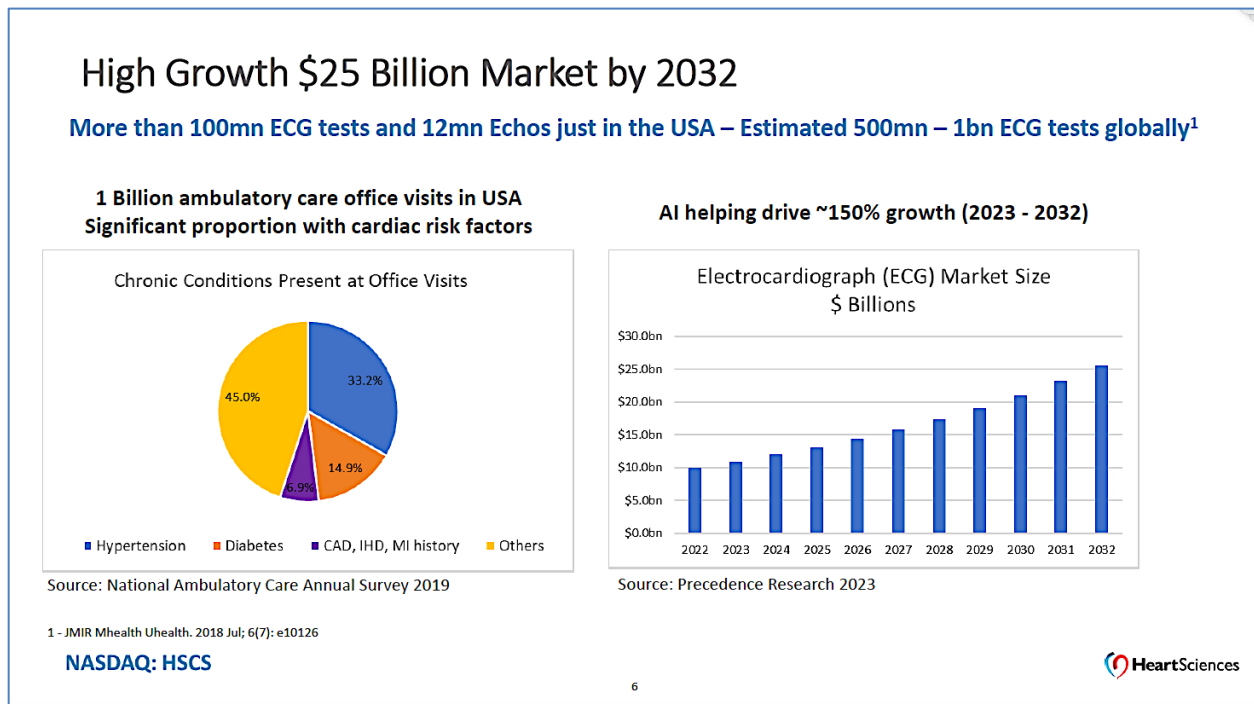
Source: Company Reports

Exhibit 3: ECG Applications Extend Beyond Cardiology



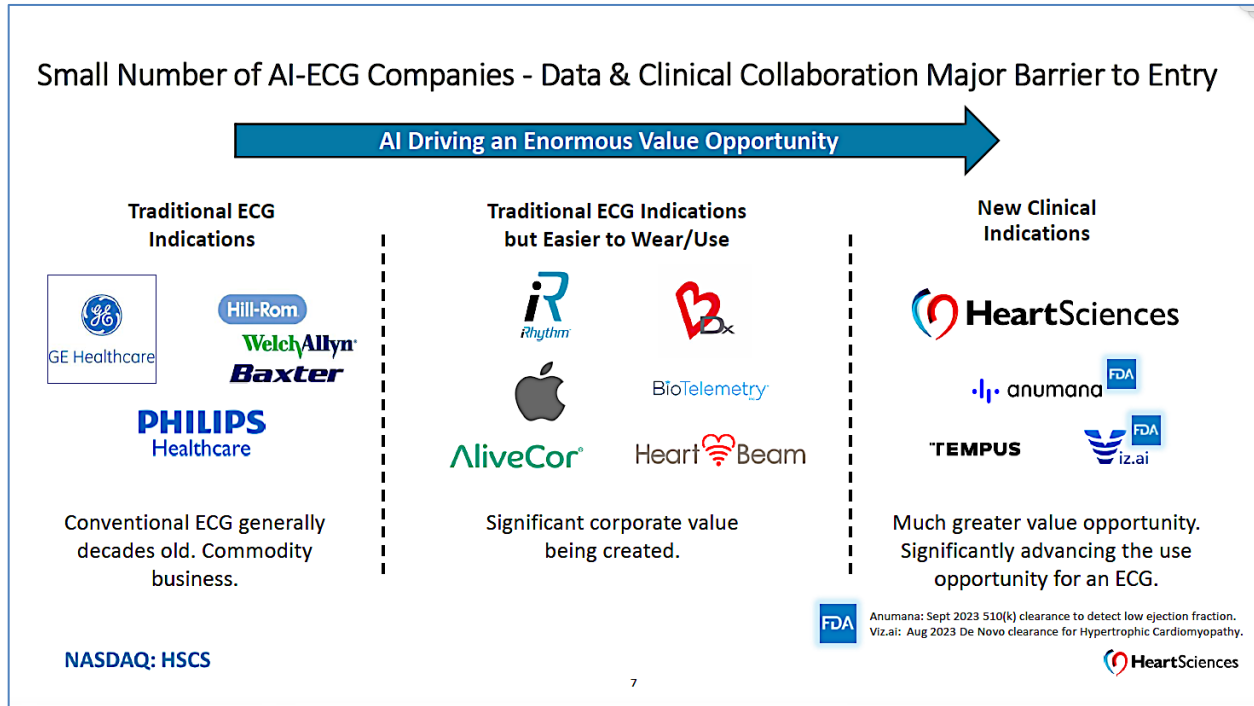
Source: Company Reports

Exhibit 4: ECG Market Size



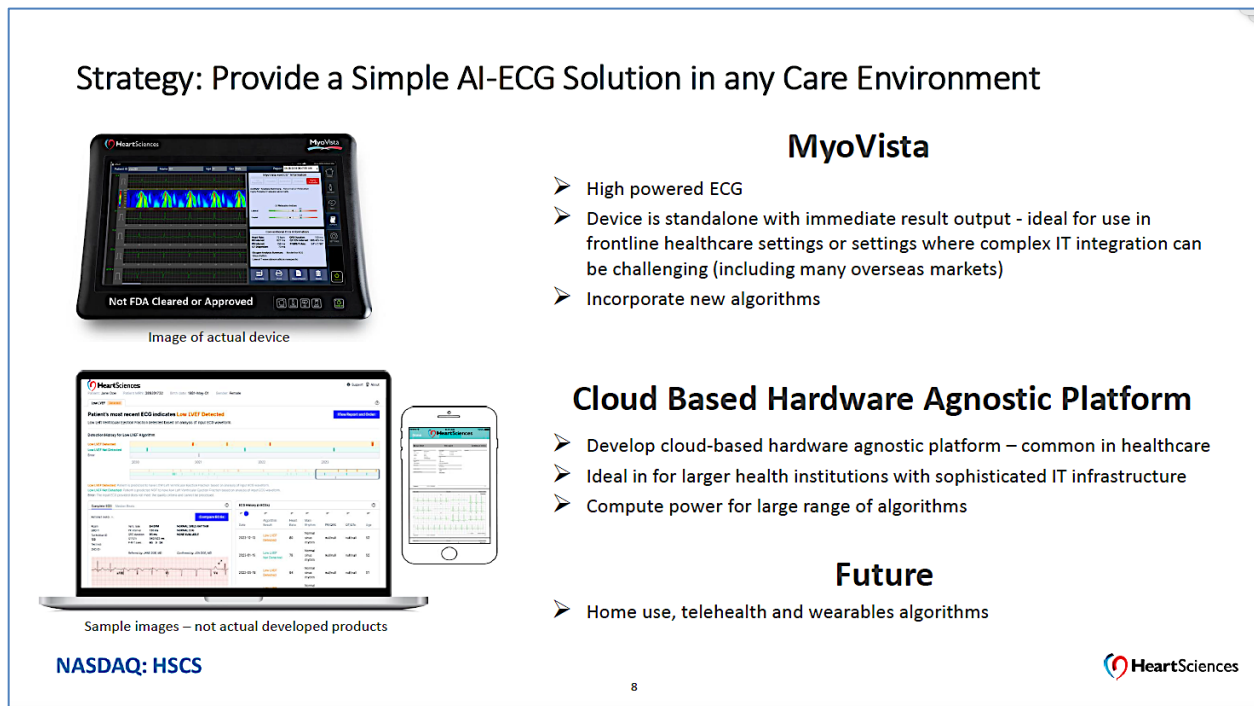
Source: Company Reports

Exhibit 5: Heart Test Laboratories, Inc. Competitive Landscape



Source: Company Reports

Exhibit 6: Heart Test Laboratories, Inc. Business Model



Source: Company Reports

Exhibit 7: MyoVista Interface

MyoVista: Simple to Use

New information on heart health plus conventional ECG information in a single test

MyoVista Energy Waveform
Provided for context. Not intended for use in clinical assessment

MyoVista wavECG LV Relaxation Algorithm Results
Provided in indicator and statement form for LV relaxation abnormality

Conventional ECG Traces

Glasgow Analysis Interpretive analysis report of conventional trace

THE ISCHEMIC CASCADE

Increasing Ischemic Severity

“LV diastolic function [cardiac relaxation phase] is impaired by all of the common pathological processes that affect LV function or produce LV hypertrophy or fibrosis, including hypertension, diabetes mellitus, ischemia, myocarditis, toxins, and infiltrative cardiomyopathies. Thus, LV diastolic performance is a sensitive indicator of cardiovascular dysfunction.”

Department of Health and Human Services Public Access: Diastolic Dysfunction and Prognosis 2015.

NASDAQ: HSCS HeartSciences

Source: Company Reports

Exhibit 8: Heart Test Laboratories, Inc. Clinical Studies

MyoVista Technology Clinical Studies

<p>JACC 2018</p> <p>Prediction of Abnormal Myocardial Relaxation from Signal Processed Surface ECG</p> <ul style="list-style-type: none"> 📍 Mount Sinai (New York) 👤 188 subjects (n=188) 📊 80% sensitivity, 84% specificity with AUC > 90% in the identification of left ventricular diastolic dysfunction 📌 Also 82% identification of significant coronary arterial disease 	<p>JACC 2020</p> <p>Machine Learning Assessment of LV Diastolic Function based on Electrocardiographic Features</p> <ul style="list-style-type: none"> 📍 West Virginia, Mount Sinai, UCLA and Windsor Cardiac Center (Ontario) 👤 1202 subjects (n=388) 📊 AUC 94% for estimated e' in prediction of LV diastolic dysfunction based on multiple age- and sex-adjusted reference limits 📊 AUC 80%, 84% and 81% for determining abnormal myocardial relaxation, LVDD and systolic dysfunction 	<p>JACC Cardiovascular Imaging 2021</p> <p>Machine Learning of ECG Waveforms to Improve Selection for Testing for Asymptomatic Left Ventricular Dysfunction</p> <ul style="list-style-type: none"> 📍 Baker Heart Institute, Australia 👤 398 subjects (n=111) 📊 85% sensitivity, 72% specificity with AUC 83% in the identification of left ventricular dysfunction 📌 Outperformed conventional methods of screening for LVD
<p>JACC – Journal of the American College of Cardiology</p> <p>ESC – European Society of Cardiology European Heart Journal</p> <p>JPCRR – Journal of Patient Centered Research and Reviews</p> <p style="text-align: center;">NASDAQ: HSCS</p>	<p style="text-align: center;">European Heart Journal 2020</p> <p>Prediction of coronary artery calcium scoring from surface electrocardiogram in atherosclerotic cardiovascular disease: a pilot study</p> <p>West Virginia, Mount Sinai, UCLA and Windsor Cardiac Center</p> <ul style="list-style-type: none"> 👤 534 subjects (n=106) 📊 AUC 84% for prediction of CAC=0 score; AUC 87% for prediction of CAC ≥400 score 📌 Predictive accuracy for MACE events in higher risk patients 	<p style="text-align: center;">JPCRR 2022</p> <p>Surface ECG-based Machine Learning Model For Predicting Patient Subgroup at a High Risk for Major Adverse Cardiac Events</p> <p>West Virginia, Mount Sinai, UCLA and Windsor Cardiac Center</p> <ul style="list-style-type: none"> 👤 1245 subjects (n=518) 📊 84% sensitivity, 72% specificity with AUC 84% in prediction of MACE events over a 38-month period 📌 Comparable performance to Echo based MACE predictive model. 97% and 79% survival for low and high-risk groups respectively

HeartSciences

Source: Company Reports

Exhibit 9: Mt. Sinai Agreements Are Game Changer for the Company

Recent Agreements with Mount Sinai are a Transformative Catalyst

Broad Portfolio of Licensed AI-ECG Algorithms

Overview

- **11 licenses covering:**
 - 13 algorithms
 - State-of-the art vision transformer platforms
 - 3 patent filings
- **No cash acquisition cost of licenses - Mount Sinai to become a significant shareholder**
- **MoU:**
 - Co-operation
 - Internal use and health economics
 - Partnering opportunities
 - De-identified data access
 - MyoVista evaluation
- **Elite data science team – tens of millions of records**
- **Closing upon completion of the offering**



HeartSciences Signs Definitive Agreements with the Icahn School of Medicine at Mount Sinai to Commercialize Artificial Intelligence Cardiovascular Algorithms

Southlake, TX, September 21, 2023 (GLOBE NEWSWIRE) – Heart Test Laboratories, Inc. d/b/a HeartSciences (Nasdaq: HSCS; HSCSW) ("HeartSciences" or the "Company"), an AI-powered medical technology company focused on transforming ECGs/EKGs to save lives through earlier detection of heart disease, today announced it has executed definitive agreements with the Icahn School of Medicine at Mount Sinai (Icahn Mount Sinai), in New York, NY, to commercialize electrocardiographic AI algorithms and assets, as well as a memorandum of understanding for on-going cooperation, collaboration and de-identified data access.

NASDAQ: HSCS

11



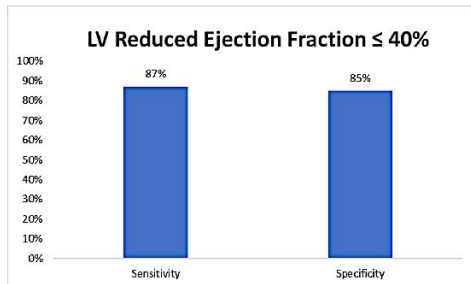
Source: Company Reports

Exhibit 10: Mt Sinai Algorithms Are Comparable to Recently FDA-Cleared Algorithms

Mount Sinai LVEF Algorithm Comparable to Recently Cleared Mayo Clinic Algorithm

Standardizes and Simplifies Regulatory Clearance

Exclusively Licensed to HeartSciences



JACC Cardiovascular Imaging, Vol 15, No 5.

ECG Echo Pairs N = 1,439

- FDA cleared Mayo Clinic LVEF algorithm licensed algorithm to Anumana in September 2023 under 510(k)
- Sensitivity 85% Specificity 84%
- Approved for use in Adult populations at risk for Heart Failure including but not limited to:
 - Patients with cardiomyopathies
 - Patients who are post myocardial infarction
 - Patients with aortic stenosis
 - Patients with chronic atrial fibrillation
 - Patients receiving pharma therapies that are cardio toxic
 - Postpartum women

NASDAQ: HSCS

12



Source: Company Reports

Exhibit 11: Published Data on Mt. Sinai Algorithm Portfolio

Selected Other Licensed Mount Sinai Algorithms - Publications

Large AI-ECG Algorithm Portfolio Licensed to HSCS with Compelling Clinical Value

Hypertrophic Cardiomyopathy

- Data Science method – Vision based Transformer method
- Number of ECG/Echo pairs – 20,448
- AUROC – 0.80 in test set

Mitral Valve Regurgitation

- Data Science method – CNN
- Number of ECG/Echo pairs – 123,096
- AUROC – 0.81 in test set

Aortic Stenosis

- Data Science method – CNN
- Number of ECG/Echo pairs – 128,628
- AUROC – 0.86 in test set

Pulmonary Embolism

- Data Science method – CNN
- Number of ECG/Echo pairs – 21,183
- AUROC – 0.84 in test set

Right Ventricle Dysfunction

- Data Science method – Vision based Transformer method
- Number of ECG/Echo pairs – 219,466
- AUROC – 0.84 in test set

PVC related Cardiomyopathy

- Data Science method – Vision based Transformer method
- Number of ECG/Echo pairs – 14,241
- AUROC – 0.83 at <=LVEF 40% in test set

ST – Elevation Myocardial Infarction detection

- Data Science method – Vision based Transformer method
- Number of ECG/Imaging pairs – 21,801
- AUROC - 0.95 in test set

NASDAQ: HSCS

13



Source: Company Reports

Exhibit 12: Streamlined Regulatory Pathway

FDA Streamlines Clearance Pathway with New Product Classification



➤ **New Class II product code for cardiovascular machine learning-based notification software:**

- Based on De Novo clearance of hypertrophic cardiomyopathy algorithm (Aug 2023)
- Subsequent 510(k) clearance of Low LVEF algorithm (late Sept 2023) – which was previously submitted as De Novo

➤ **Now expect more standard 510(k) pathway for MyoVista and algorithms:**

- Generally shorter (approx. 4-5 months) and more standardized process than De Novo
- Future algorithms likely to be retrospective data – much quicker

➤ **Prior De Novo submission of MyoVista during 2020:**

- Significant interaction with FDA during past De Novo and subsequent - detailed understanding of FDA requirements
- MyoVista has already been modified to address prior FDA comments

➤ **Submission:**

- Filed request to confirm 510(k) and expect response in December
- Expecting submission in first half 2024 and clearance second half 2024
- Pivotal study patient recruitment completed (>600 patients at 5 U.S. institutions)
- Core-lab work and device performance testing ongoing

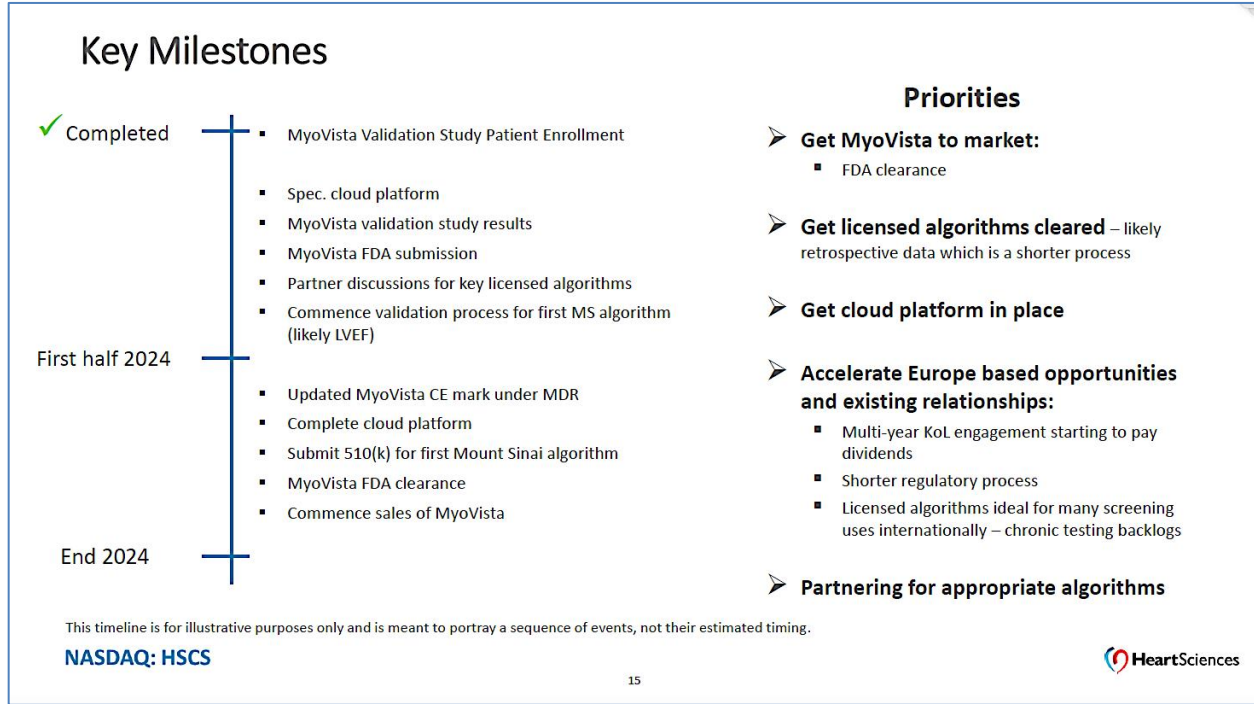
NASDAQ: HSCS

14



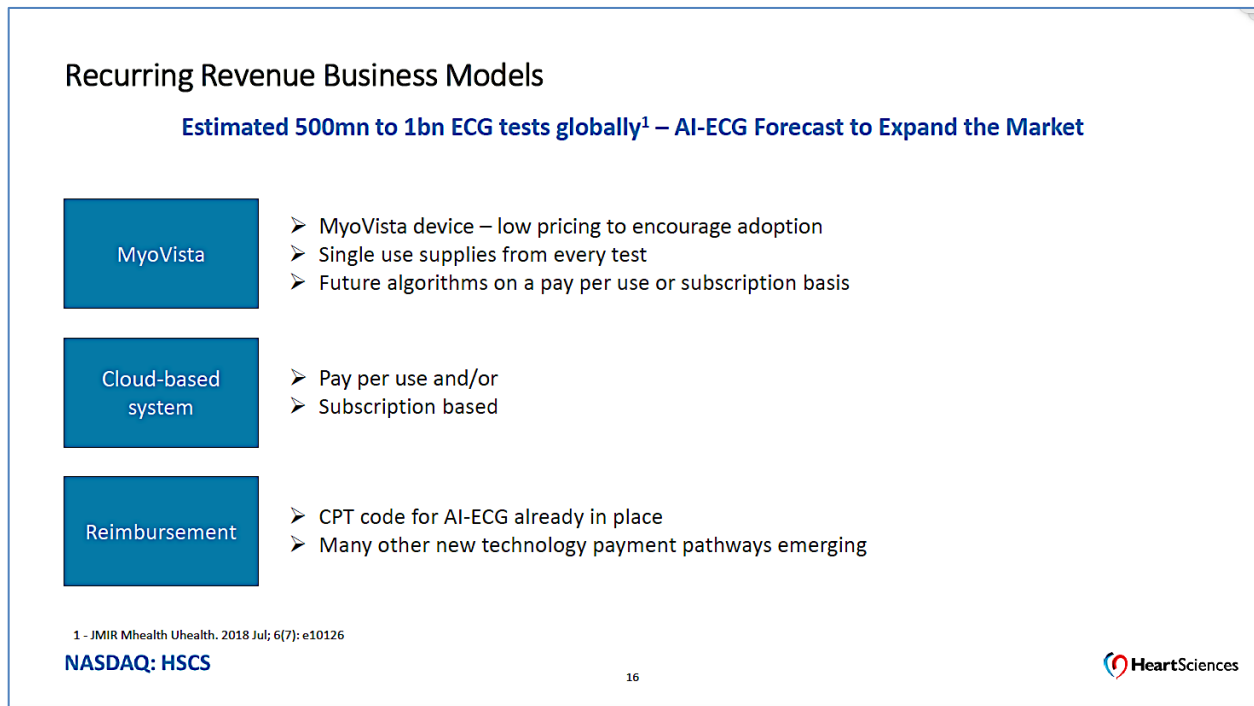
Source: Company Reports

Exhibit 13: Corporate Milestones and Priorities



Source: Company Reports

Exhibit 14: Heart Sciences, Inc. Recurring Revenue Opportunities



Source: Company Reports

Exhibit 15: Heart Test Laboratories, Inc. Sales and Marketing Channels

Front-Line Referral Testing is Increasingly Major Healthcare Focus

- Intend to have Direct Sales Force in USA
- Intend to use Distributors Internationally

Focus	Rep Location
Cardiology	Regional
PCP/ Concierge	Regional
Retail Clinics/ Screening	HQ

209,000 PCPs in the USA

Cardiology

- Credibility and research
- Focus - centers of excellence

PCP/ Concierge Medicine

- High concentration in major states
- Initial focus on middle to upper income regions – patient pay opportunity
- Physician owned facilities – procurement autonomy

Retail Clinics and Screening

NASDAQ: HSCS HeartSciences

17

Source: Company Reports

Exhibit 16: Heart Test Laboratories, Inc. Intellectual Property

Significant Valuable Intellectual Property

- ✓ 41 granted patents
- ✓ 9 US Patents and 32 international
- ✓ Licensed from Mount Sinai state-of-the-art foundational vision transformer for ECG and further patent filings
- ✓ Proprietary wavECG patient database
- ✓ Trademarked in multiple jurisdictions
- ✓ Considerable trade secrets and know-how gathered over years of development work




NASDAQ: HSCS HeartSciences

18

Source: Company Reports

Exhibit 17: Clinical Study Key Institutions and Researchers

Clinical Study Institutions and Key Researchers

- | | |
|--|--|
|  Rutgers - Robert Wood Johnson MS, New Brunswick, NJ |  The Baker Heart and Diabetes Institute, Melbourne, Australia |
|  Harvard - Beth Israel Deaconess, Boston, MA |  Mount Sinai- Icahn School of Medicine, New York, NY |
|  Scripps Clinic and Research Foundation Health, San Diego, CA |  West Virginia University - Heart and Vascular Institute, Morgantown WV |
|  UTSW UT Southwestern, Clinical Heart and Vascular Center, Dallas, Tx |  UCLA Medical Center – Harbor, Los Angeles, CA |



Thomas Marwick
 Director and Chief Executive, Head of Imaging Research at The Baker Heart and Diabetes Institute
 Former Head of Cardiovascular Imaging at Cleveland Clinic



Partho Sengupta
 Professor of Cardiology and Chief of Cardiology at Rutgers Robert Wood Johnson Medical School (RWJMS), and Chief of Cardiology at Robert Wood Johnson University Hospital (RWJUH)

NASDAQ: HSCS

19



Source: Company Reports

Exhibit 18: Heart Test Laboratories, Inc. Senior Management Team

Senior Management

- | | | | | |
|--|--|--|---|--|
| <p>Andrew Simpson
Chairman and CEO</p> <ul style="list-style-type: none"> ➢ 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 | <p>Mark Hilz
COO</p> <ul style="list-style-type: none"> ➢ 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 | <p>Danielle Watson
CFO</p> <ul style="list-style-type: none"> ➢ 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 | <p>Aaron Peterson
VP R&D</p> <ul style="list-style-type: none"> ➢ 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 | <p>Carol Krieger
VP Clinical & Regulatory</p> <ul style="list-style-type: none"> ➢ 30 years of clinical and regulatory experience including over 100 FDA submissions ➢ Becton Dickinson - 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 |
|--|--|--|---|--|

NASDAQ: HSCS

20



Source: Company Reports

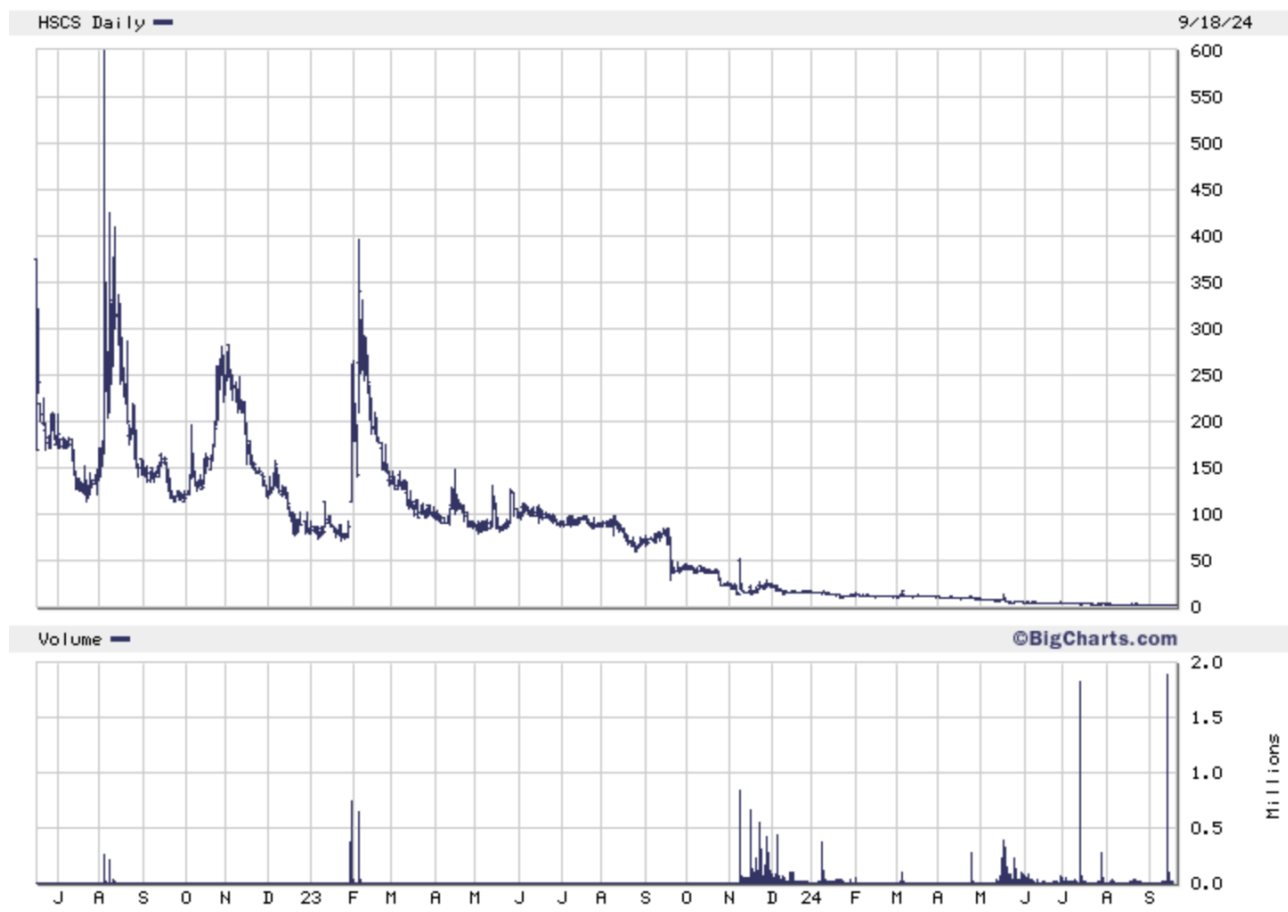
Exhibit 19: Heart Test Laboratories, Inc. Consensus Earnings Estimates

9/18/24

	Revenue (\$ million)			EPS	
	FY2025E	FY2026E		FY2025E	FY2026E
Q1 Jul	\$0.0A	\$0.2E	Q1 Jul	\$(2.64)A	\$(1.75)E
Q2 Oct	\$0.0E	\$0.4E	Q2 Oct	\$(2.37)E	\$(1.65)E
Q3 Jan	\$0.0E	\$0.6E	Q3 Jan	\$(1.91)E	\$(1.60)E
Q4 Apr	\$0.1E	\$0.1E	Q4 Apr	\$(1.28)E	\$(1.29)E
Total	\$0.0E	\$2.1E	Total	\$(8.11)E	\$(6.28)E

Source: CapitalIQ, Ascendant Capital Markets

Exhibit 20: Heart Test Laboratories, Inc. Daily Stock Price Chart Since IPO



* Reflects a 1:100 reverse stock split in May 2024

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

FINANCIAL MODEL

Heart Test Laboratories, Inc.

Income Statement (\$ mils except EPS) Fiscal Year End: April 30	2021 FY-A	2022 FY-A	2023 FY-A	2024 FY-A	Jul-24 Q1A	Oct-24 Q2E	Jan-25 Q3E	Apr-25 Q4E	2025 FY-E	Jul-25 Q1E	Oct-25 Q2E	Jan-26 Q3E	Apr-26 Q4E	2026 FY-E
Total revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.4	0.7	1.0	1.5	3.6
Total cost of goods sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.3	0.4	0.7	1.6
Gross profit (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.4	0.6	0.8	2.0
<u>Operating expenses</u>														
Research and development	1.7	3.0	2.5	2.9	1.2	1.2	1.2	1.2	4.8	1.2	1.2	1.3	1.3	5.0
Selling, general and administrative	0.9	1.7	3.7	3.4	0.9	0.9	1.0	1.1	3.9	1.0	1.1	1.2	1.3	4.6
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
Total operating expenses	2.6	4.7	6.1	6.3	2.1	2.1	2.2	2.3	8.7	2.2	2.3	2.5	2.6	9.6
Loss from operations	(2.6)	(4.7)	(6.1)	(6.3)	(2.1)	(2.1)	(2.2)	(2.2)	(8.6)	(2.0)	(1.9)	(1.9)	(1.8)	(7.6)
<u>Other income (expense)</u>														
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
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
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
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
Interest income (expense)	(0.1)	(0.4)	(0.2)	(0.4)	(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	0.1	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)	(6.4)	(6.6)	(2.1)	(2.1)	(2.2)	(2.2)	(8.6)	(2.0)	(1.9)	(1.9)	(1.8)	(7.6)
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
Net loss	(2.5)	(4.8)	(6.4)	(6.6)	(2.1)	(2.1)	(2.2)	(2.2)	(8.6)	(2.0)	(1.9)	(1.9)	(1.8)	(7.6)
<u>Nonrecurring/noncash adjustments</u>	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)	(6.4)	(6.6)	(2.1)	(2.1)	(2.2)	(2.2)	(8.6)	(2.0)	(1.9)	(1.9)	(1.8)	(7.6)
EBITDA	(2.5)	(4.7)	(6.1)	(6.3)	(2.1)	(2.1)	(2.2)	(2.2)	(8.6)	(2.0)	(1.9)	(1.9)	(1.8)	(7.6)
Weighted average common shares out	0.0	0.0	0.1	0.4	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Shares, Diluted	0.0	0.0	0.1	0.4	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
EPS Basic	NM	NM	\$ (79.92)	\$ (18.74)	\$ (2.64)	\$ (2.30)	\$ (2.41)	\$ (2.46)	\$ (9.82)	\$ (2.18)	\$ (2.11)	\$ (2.13)	\$ (1.93)	\$ (8.35)
EPS Diluted	NM	NM	\$ (79.92)	\$ (18.74)	\$ (2.64)	\$ (2.30)	\$ (2.41)	\$ (2.46)	\$ (9.82)	\$ (2.18)	\$ (2.11)	\$ (2.13)	\$ (1.93)	\$ (8.35)
Margins														
Gross margin	58%	45%	NM	67%	NM	54%	56%	56%	56%	54%	54%	56%	56%	55%
Research and development	6673%	20883%	NM	NM	NM	NM	NM	1200%	4825%	300%	171%	130%	87%	139%
Selling, general and administrative	3416%	11928%	NM	NM	NM	NM	NM	1100%	3851%	250%	157%	120%	87%	128%
Operating margin	-10044%	-32766%	NM	NM	NM	NM	NM	-2244%	-8620%	-496%	-275%	-194%	-117%	-211%
Tax rate, GAAP	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Net margin	-9577%	-33593%	NM	NM	NM	NM	NM	-2244%	-8596%	-496%	-275%	-194%	-117%	-211%
Y/Y % change														
Revenue	-60%	-44%	NM	261%	NM	NM	NM	NM	438%	NM	NM	NM	NM	3500%
COGS	-77%	-26%	NM	117%	NM	NM	NM	NM	624%	NM	NM	NM	NM	3550%
Gross Profit	-16%	-57%	NM	432%	NM	NM	NM	NM	347%	NM	NM	NM	NM	3461%
Research and development	-16%	76%	-18%	17%	117%	58%	136%	15%	68%	-2%	0%	8%	8%	4%
Selling, general and administrative	-51%	96%	113%	-6%	11%	10%	-3%	32%	12%	18%	22%	20%	18%	19%
Total operating expenses	-33%	82%	30%	3%	56%	34%	43%	22%	37%	6%	10%	14%	13%	11%
Operating Income	-33%	83%	30%	3%	56%	34%	44%	19%	37%	-4%	-8%	-12%	-22%	-12%
Net income	-35%	97%	32%	4%	50%	20%	34%	22%	30%	-3%	-8%	-12%	-22%	-12%
EPS				-77%	-80%	-86%	-21%	-12%	-48%	-17%	-8%	-12%	-22%	-15%

Source: Company reports, Ascendant Capital Markets estimates

* Reflects a 1:100 reverse stock split in May 2024

Heart Test Laboratories, Inc.

Balance Sheet (\$ mils)	Apr-21	Apr-22	Apr-23	Apr-24	Jul-24	Oct-24	Jan-25	Apr-25	Jul-25	Oct-25	Jan-26	Apr-26
Fiscal Year End: April 30	Q4A	Q4A	Q4A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Current assets												
Cash	0.7	0.9	1.7	5.8	4.3	3.8	1.6	(0.7)	(2.6)	(4.5)	(6.4)	(8.0)
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
Inventories, net	0.8	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Prepaid expenses and other assets	0.1	0.0	0.1	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Deferred offering Costs	0.0	0.2	0.2	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
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
Total current assets	1.6	1.9	2.7	7.4	6.1	5.5	3.3	1.1	(0.9)	(2.7)	(4.6)	(6.3)
Operating lease right-of-use asset, net	0.2	0.1	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Intangible assets, net	0.0	0.0	0.0	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Property and equipment, net	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Total assets	1.9	2.1	3.3	9.5	8.2	7.6	5.4	3.2	1.2	(0.6)	(2.5)	(4.2)
Liabilities and Stockholders' Equity												
Current liabilities												
Accounts payable	0.3	0.7	0.6	0.4	0.4	0.0	0.0	0.0	0.1	0.1	0.1	0.2
Accrued expenses	0.3	1.1	0.6	0.7	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
Current Portion of Notes Payable	0.1	1.6	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lease liability - current	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other Current Liabilities	0.0	0.0	0.0	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	1.8	1.8	1.4	1.0	1.0	1.0	1.0	1.1	1.1	1.2
Accrued Expenses	0.1	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lease liability – long-term	0.1	0.0	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Notes Payable	2.5	4.4	0.5	0.0	0.5	2.4	2.4	2.4	2.4	2.4	2.4	2.4
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
Total liabilities	3.8	8.1	3.1	2.2	2.3	3.8	3.8	3.8	3.8	3.9	3.9	4.0
Stockholders' Equity												
Convertible Preferred Stock			0.0	0.0	0.0	0.0	0.0	0.0	0.0	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
Additional paid-in capital	47.7	48.3	61.0	74.7	75.3	75.3	75.3	75.3	75.3	75.3	75.3	75.3
Accumulated deficit	(49.6)	(54.4)	(60.8)	(67.4)	(69.4)	(71.5)	(73.7)	(76.0)	(77.9)	(79.9)	(81.8)	(83.6)
Total stockholders' equity	(1.9)	(6.1)	0.2	7.3	5.9	3.8	1.6	(0.6)	(2.6)	(4.5)	(6.5)	(8.2)
Total liabilities and stockholders' equity	1.9	2.1	3.3	9.5	8.2	7.6	5.4	3.2	1.2	(0.6)	(2.5)	(4.2)

	Apr-21	Apr-22	Apr-23	Apr-24	Jul-24	Oct-24	Jan-25	Apr-25	Jul-25	Oct-25	Jan-26	Apr-26
	Q4A	Q4A	Q4A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Balance Sheet Drivers												
Inventory Days	10,862	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Accounts Payable (Days)	4,858	NM	NM	30	30	30	30	30	30	30	30	30
Book & Cash Value (per share)												
Book Value per Share (diluted)	(57.64)	(182.48)	2.37	11.10	7.63	4.21	1.79	(0.67)	(2.85)	(4.96)	(7.08)	(9.02)
Cash per Share (diluted)	21.83	27.67	18.85	8.81	5.58	4.12	1.72	(0.72)	(2.84)	(4.89)	(6.97)	(8.82)
Net cash per Share (diluted)	(53.61)	(147.85)	6.78	8.05	5.79	2.21	(0.19)	(2.63)	(4.75)	(6.80)	(8.88)	(8.09)

Source: Company reports, Ascendant Capital Markets estimates

Heart Test Laboratories, Inc.

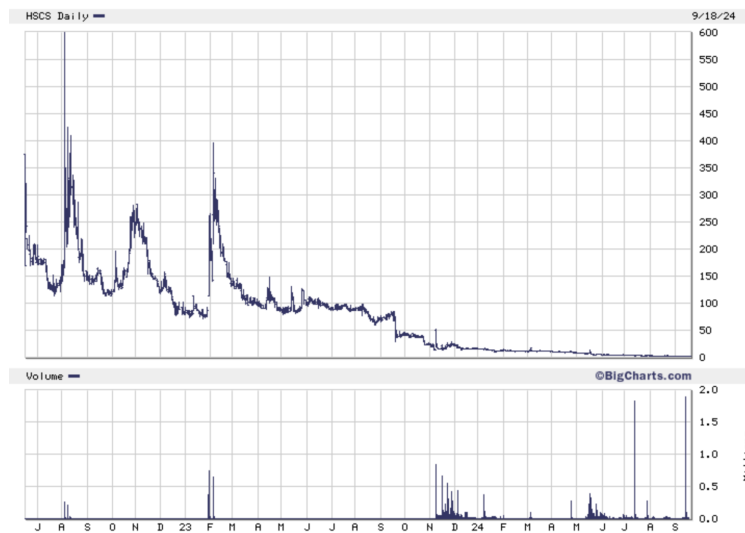
Cash Flow Statement (\$ mils)	2021	2022	2023	2024	Jul-24	Oct-24	Jan-25	Apr-25	2025	Jul-25	Oct-25	Jan-26	Apr-26	2026
Fiscal Year End: April 30	FY-A	FY-A	FY-A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<u>Cash flow from operating activities</u>														
Net loss	(2.5)	(4.8)	(6.4)	(6.6)	(2.1)	(2.1)	(2.2)	(2.2)	(8.6)	(2.0)	(1.9)	(1.9)	(1.8)	(7.6)
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
Amortization of Debt Discount and Deferred Fin	0.0	0.2	0.1	0.1	0.0				0.0					0.0
Amortization - Right-of-use assets, operating lea	0.0	0.0	0.1	0.1	0.0				0.0					0.0
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	0.2	0.4	0.1				0.1					0.0
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					0.0
Warrants Issued to non-employees				0.2	0.3				0.0					0.0
Issuance of Common Stock for consulting servic	0.0	0.0	0.0	0.1	0.0				0.0					0.0
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	0.0	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	0.0	0.0
Accounts Payable	(0.0)	0.4	0.0	(0.2)	(0.1)	(0.4)	0.0	0.0	(0.4)	0.0	0.0	0.0	0.1	0.2
Accrued Liabilities	0.1	0.9	(0.3)	(0.1)	(0.0)	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
Deferred offering Costs	0.0	(0.2)	0.1	(0.5)	0.0				0.0					0.0
Prepays and Other Current Assets	0.0	0.1	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lease liability, operating lease			(0.1)	0.0	(0.0)				(0.0)					
Intangibles	0.0	0.0	0.0	0.0										
Other Current Liabilities	0.0	0.0	0.0	0.0					0.0					0.0
Net cash used in operating activities	(2.5)	(3.6)	(5.8)	(6.0)	(2.0)	(2.5)	(2.2)	(2.2)	(8.9)	(1.9)	(1.9)	(1.9)	(1.7)	(7.4)
<u>Investing Activities</u>														
Purchase of Property and Equipment	(0.0)	(0.0)	(0.0)	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition of intellectual property - intangibles				(0.1)	0.0				0.0					0.0
Disposition of Property and Equipment	0.0	0.0	0.0											
Net cash used in investing activities	(0.0)	(0.0)	(0.0)	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<u>Financing Activities</u>														
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	0.0	0.0	0.0	0.0	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
Issuance of Common Stock for bridge warrant ex	0.0	0.0	1.1	0.0	0.0				0.0					0.0
Issuance of Common Stock under equity line, ne	0.0	0.0	0.4	0.0	0.6				0.6					0.0
Issuance of Common Stock under ATM Facility, net of fees				10.3	0.0				0.0					0.0
Issuance of pre-funded warrants for bridge warr	0.0	0.0	0.2	0.0	0.0				0.0					0.0
Repayment of Shareholder's Note	0.0	(0.5)	0.0	0.0	0.0				0.0					0.0
Proceeds from Shareholders Notes	0.7	0.5	0.0	0.3	0.0	1.9			1.9	0.0	0.0			0.0
Proceeds from Ppp Loan	0.3	0.0	0.0	0.0	0.0				0.0					0.0
Repayment of Financing Leases	0.0	0.0	(0.4)	(0.3)	(0.1)				(0.1)					0.0
Proceeds from Issuance of Series C Preferred Co	0.2	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
Net cash provided by financing activities	2.7	3.8	6.5	10.3	0.6	1.9	0.0	0.0	2.5	0.0	0.0	0.0	0.0	0.0
Net cash increase (decrease)	0.2	0.2	0.7	4.2	(1.5)	(0.6)	(2.2)	(2.2)	(6.5)	(1.9)	(1.9)	(1.9)	(1.7)	(7.4)
Cash balance at beginning of period	0.5	0.7	0.9	1.7	5.9	4.4	3.8	1.6	5.9	(0.6)	(2.5)	(4.4)	(6.3)	(0.6)
Cash balance at end of period	0.7	0.9	1.7	5.9	4.4	3.8	1.6	(0.6)	(0.6)	(2.5)	(4.4)	(6.3)	(8.0)	(8.0)

Source: Company reports, Ascendant Capital Markets estimates

ANALYST CERTIFICATION

Each analyst hereby certifies that the views expressed in this report reflect the analyst's personal views about the subject securities or issuers. Each analyst also certifies that no part of the analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The analyst who prepared this report is compensated based upon the overall profitability of Ascendant Capital Markets, LLC, which may, from time to time, include the provision of investment banking, financial advisory and consulting services. Compensation for research is based on effectiveness in generating new ideas for clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Heart Test Laboratories, Inc.



Report	Date	Rating	PT split adjusted
1	30-Jan-23	BUY	\$330.00
2	25-Mar-23	BUY	\$350.00
3	3-Aug-23	BUY	\$370.00
4	3-Oct-23	BUY	\$380.00
5	22-Dec-23	BUY	\$90.00
6	22-Mar-24	BUY	\$100.00
7	9-Aug-24	BUY	\$15.00
8	20-Sep-24	BUY	\$15.00

- Ascendant Capital Markets, LLC has received compensation for advisory or investment banking services from the company in the past 12 months.

IMPORTANT DISCLOSURES

This report has been distributed by Ascendant Capital Markets, LLC and is for the sole use of our clients. This report is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. This report contains information from various sources, including United States government publications, The Wall Street Journal and other periodicals, Yahoo! Finance and other sources, and is for informational purposes only and is not a recommendation to trade in the securities of the companies mentioned within the report. We seek to update our research and recommendations as appropriate, but the large majority of reports are published at irregular intervals as we consider appropriate and, in some cases, as constrained by industry regulations.

We may have a business relationship with companies covered in this report. Ascendant Capital Markets, LLC may make a market in the securities of the subject company. We and our affiliates, officers, directors, and employees will from time to time have long or

short positions in, act as principal in, and buy or sell, the securities or derivatives (including options and warrants) thereof of covered companies referred to in this report. This report is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any information in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of the investments referred to in this report may fluctuate.

Following are some general risks that can adversely impact future operational and financial performance and share price valuation: (1) industry fundamentals with respect to legislation, mandates, incentives, customer demand, or product pricing; (2) issues relating to competing companies or products; (3) unforeseen developments with respect to management, financial condition or accounting policies or practices; or (4) external factors that affect the interest rates, currency, the economy or major segments of the economy. Past performance is not a guide to future performance, future returns are not guaranteed, and loss of original capital may occur. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Our report is disseminated primarily electronically, and, in some cases, in printed form. The information contained in this report is not incorporated into the contents of our website and should be read independently thereof. Copyright 2019 Ascendant Capital Markets, LLC. No part of this material may be copied, photocopied or duplicated by any means or redistributed without the prior written consent of Ascendant Capital Markets, LLC.

Risks & Considerations

Risks to attainment of our share price target include balance sheet/liquidity risks, failure of product candidates to demonstrate safety and efficacy in clinical trials, failure to gain regulatory approvals, ability to commercialize products, failure to obtain suitable reimbursement, competition, changing macroeconomic factors, investor sentiment for investing in healthcare stocks, and changes in consumer or government priorities for healthcare.

Ascendant Capital Markets, LLC Rating System

BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

Ratings Distribution and Investment Banking Disclosure (As of July 12, 2024)

	Investment Banking Services Past 12 Months			
	Count	Percent	Count	Percent
Buy	58	98%	21	36%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	59	100%	21	36%

Other Important Disclosures

Our analysts use various valuation methodologies including discounted cash flow, price/earnings (P/E), enterprise value/EBITDAS, and P/E to growth rate, among others. Risks to our price targets include failure to achieve financial results, product risk, regulatory risk, general market conditions, and the risk of a change in economic conditions.



Dissemination of Research

Ascendant Capital Markets, LLC research is distributed electronically via the Thomson Reuters platforms, Bloomberg, Capital IQ, and FactSet. Please contact your investment advisor or institutional salesperson for more information.

General Disclaimer

The information and opinions in this report were prepared by Ascendant Capital Markets, LLC. This information is not intended to be used as the primary basis of investment decisions and because of individual client objectives it should not be construed as advice designed to meet the particular investment needs of any investor. This material is for information purposes only and is not an offer or solicitation with respect to the purchase or sale of any security. The reader should assume that Ascendant Capital Markets, LLC may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein. The opinions, estimates, and projections contained in this report are those of Ascendant Capital Markets, LLC as of the date of this report and are subject to change without notice. Ascendant Capital Markets, LLC endeavors to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, Ascendant Capital Markets, LLC makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein, and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to Ascendant Capital Markets, LLC, or its affiliates that is not reflected in this report. This report is not to be construed as an offer or solicitation to buy or sell any security.

Additional Disclosures

Ascendant Capital Markets, LLC is a broker-dealer registered with the United States Securities and Exchange Commission (SEC) and a member of the FINRA and SIPC. Ascendant Capital Markets, LLC is not a Registered Investment Advisor nor is it an investment advisor registered with the Securities and Exchange Commission or with the securities regulators of any state, and at the present time is not eligible to file for federal registration.