

Heart Test Laboratories, Inc.

Heart Test Q3 FY 2023 results better than expected due to lower expenses. Balance Sheet strengthened, and business is on track. Raising PT to \$3.50.

United States
Healthcare

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COMPANY UPDATE

Rating: BUY

Ticker: HSCS

Price: \$0.98

Target: \$3.50
(from \$3.30)

Q3 FY23 better than expected: Q3 EPS came in at \$(0.16), in line with consensus and ahead of our estimate of \$(0.22). Total operating expenses for the quarter came in at \$1.3 million, versus our estimate and prior quarter compare of \$1.8 million.

No guidance: Heart Test is still pre-revenue and does not hold earnings calls or provide forward guidance at this time.

Adjusting estimates: Given the lower run-rate of operating expenses, we are adjusting our EPS estimates going forward to reflect smaller losses. Our new FY23 estimate is \$(0.79), versus \$(0.94) previously and consensus of \$(0.84) on zero revenues. Our new FY24 estimate is \$(0.91), versus \$(1.10) previously and consensus of \$(0.88), with our FY24 revenue estimate of \$0.4 million unchanged. Part of the lower estimates for FY24 is due to an 18% higher share count following recent equity issuance.

\$15 million equity facility removes financing uncertainty: After the quarter end, Heart Test entered into a 3-year equity purchase agreement with the Lincoln Park Capital Fund which gives the company the right to sell up to \$15 million of equity at its discretion, provided it meets certain conditions. Given a projected annual cash burn rate of approximately \$8 million, this facility should give Heart Test the financing it needs complete the De Novo resubmission for its flagship MyoVista product and enter the commercial marketing phase for the product.

Warrant exercise provided \$1.3 million in cash: After the quarter ended, Heart Test amended the terms of its Pre-IPO Bridge Warrants to provide a 10-day window during which holders could exercise the warrants for a reduced price of \$1. As a result, the company issued 1.17 million shares of common stock and 150,000 pre-funded warrants and received \$1.3 million in proceeds for the transaction.

De Novo resubmission study on track: The company continues to report progress with its validation study for De Novo resubmission, with extra patients enrolled to provide extra data, and device testing underway, putting the company on track for resubmission in calendar 2023. Once the De Novo application is resubmitted, the company is likely to receive clearance to begin marketing the MyoVista, an event that should be very positive for the stock. In the meantime, the company has been managing its cash carefully, with only \$1 million per quarter used in each of the past 2 quarters.

Large opportunity in early detection of heart disease: 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 large revenue opportunity for the company.

Raising price target to \$3.50: We are raising our 12-month price target to \$3.50 from \$3.30. Our target is based on a NPV analysis, representing 240% 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 focused on using ECGs to provide early detection of heart disease.

Stock Data

Exchange:	NasdaqCM
52-week Range:	\$0.71-6.00
Shares Outstanding (million):	8.2
Market cap (\$million):	\$9.9
EV (\$million):	\$9.1
Debt (\$million):	\$1.1
Cash (\$million):	\$1.9
Avg. Daily Trading Vol (\$ millions):	\$2.7
Float (million shares):	7.5
Short Interest (thousand shares):	42.7
Dividend, annual (yield):	NA

Revenues (US\$ million)

	2023E (Cur.)	2023E (Old.)	2024E (Cur.)	2024E (Old.)
Q1 Jul	0.0A		0.0E	
Q2 Oct	0.0A		0.0E	
Q3 Jan	0.0A		0.1E	
Q4 Apr	0.0E		0.3E	
Total	0.0E		0.4E	
EV/Rev	NM		28x	

Earnings per Share (pro forma)

	2023E (Cur.)	2023E (Old.)	2024E (Cur.)	2024E (Old.)
Q1 Jul	(0.28)A		(0.21)E	(0.26)E
Q2 Oct	(0.22)A		(0.23)E	(0.27)E
Q3 Jan	(0.16)A	(0.22)E	(0.24)E	(0.29)E
Q4 Apr	(0.18)E	(0.22)E	(0.24)E	(0.29)E
Total	\$(0.79)E	\$(0.94)E	\$(0.91)E	\$(1.10)E
PE	NA		NA	

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.

OVERVIEW

- Heart Test, Inc. recently (on March 18) reported its Q3 FY23 (ending January) results.
- EPS was \$(0.16), compared to our estimate of \$(0.22) and consensus of \$(0.16).
- Positive variance versus our estimate was due to lower operating expenses.
- Operating expenses came in at \$1.3 million versus our estimate and prior quarter compare of \$1.8 million.
- There was no Q4 guidance for future periods.
- Raising FY23 and FY24 EPS estimates to \$(0.79) and \$(0.91), from \$(0.94) and \$(1.10) given lower expense run-rate.

ADDITIONAL DETAILS

- Balance sheet strengthened through the exercise of pre-IPO bridge warrants, \$15 million equity facility, and extension of the maturity dates on investor loans.
- The enrollment for the validation study for De Novo resubmission is progressing and device testing is underway.
- FDA De Novo resubmission targeted in calendar 2023, assuming positive results
- The company engaged in a collaboration with Rutgers University to develop AI-based ECG algorithms.
- Further international patents were granted, bringing Heart Test's total patent portfolio to 40 (nine U.S., 31 internationally).
- Microcap veteran David R. Wells was appointed to the Board of Directors.

The company's balance sheet had \$1.9 million in cash and \$1.1 million in debt, compared with \$3.1 million in cash and \$1.1 million in debt at the end of October. In February (Q4 FY23), the company raised \$1.3 million through a warrant exercise at \$1 per share. In addition, the company secured \$15 million in equity funding through a purchase agreement with Lincoln Park Capital, giving the company adequate liquidity for at least 6 quarters.

Exhibit 1: Heart Test Laboratories, Inc. Corporate Highlights

HeartSciences: An Innovation Leader in a New Era for ECG

- ✓ Designed to address the significant diagnostic gap in heart disease.
- ✓ New era for ECG - Disruptive technology with new AMA CPT codes.
- ✓ Millions of ECG's performed every week – Razor/ razorblade sales model.
- ✓ >\$60 million investment in the Company.
- ✓ Significant body of publications and clinical evidence.
- ✓ FDA De Novo resubmission expected current fiscal year.

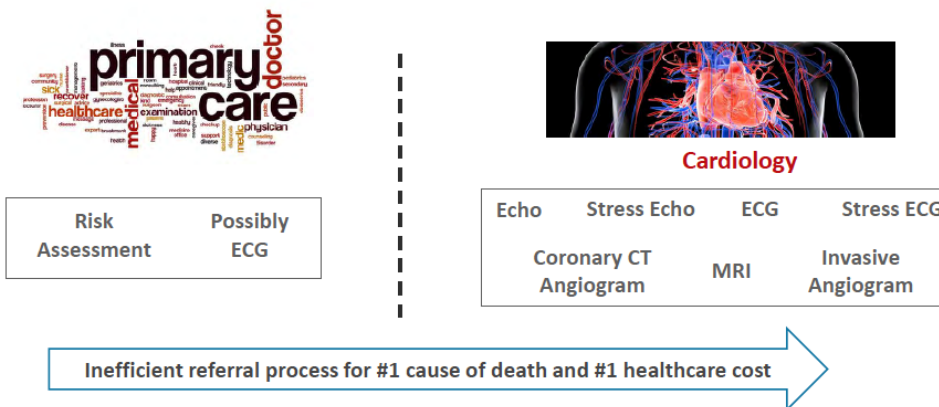


Source: Company Reports

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)



Source: Company Reports

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

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

- ✓ Standard 12-lead ECG protocols - no change to clinical workflow or training.
- ✓ Simple easy to interpret algorithm.
- ✓ Significantly improves risk stratification for heart disease.
- ✓ All conventional resting 12-lead ECG information in the same test.

Source: Company Reports

Exhibit 4: MyoVista Algorithm Readout

Prior Validation Study: n= 343

MyoVista Algorithm Output/ Test Result

Highly Negative

Negative

Borderline

Positive

Highly Positive

Sensitivity 94%
Specificity 70%

16.9% of Patients

Sensitivity 81%
Specificity 92%

Borderline onwards interpreted as a positive result

Positive onwards interpreted as a positive result

Borderline patients generally sit around the threshold measures

Impaired LV relaxation thresholds determined by ASE/EACVI 2016 GUIDELINES AND STANDARDS for Evaluation of Left Ventricular Diastolic Dysfunction (e' lateral <10cm/s or e' septal <7cm/s)

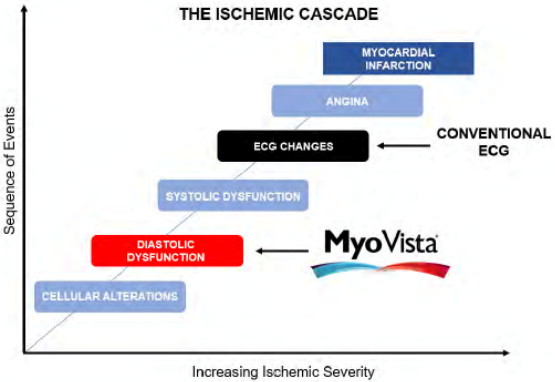
Note: The results from the prior validation study will not be considered by the FDA and should not be used to predict the results from our ongoing validation study which could be materially different.

Source: Company Reports

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



LV Diastolic Dysfunction (LVDD) an Early Biomarker for Heart Disease

MyoVista wavECG first algorithm - Detection of impaired Left Ventricle relaxation



“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.






Source: Company Reports

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

Significant Valuable Intellectual Property

- ✓ 8 US granted or allowed patents covering > 100 claims
- ✓ Multiple international granted patents
- ✓ Using ML to create measures of diastolic dysfunction with an ECG
- ✓ Core signal processing patents protect use of key signal processed information
- ✓ Proprietary patented electrode connector system
- ✓ Proprietary wavECG patient database
- ✓ Trademarked in multiple jurisdictions
- ✓ Considerable trade secrets and know-how gathered over years of development work

Source: Company Reports

Exhibit 7: Heart Test Laboratories, Inc. Clinical Studies

MyoVista Technology Clinical Studies

Machine Learning Assessment of LV Diastolic Function based on Electrocardiographic Features

- 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.

Prediction of Abnormal Myocardial Relaxation from Signal Processed Surface ECG

- 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.

Machine Learning of ECG Waveforms to Improve Selection for Testing for Asymptomatic Left Ventricular Dysfunction

- 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.

Prediction of coronary artery calcium scoring from surface electrocardiogram in atherosclerotic cardiovascular disease: a pilot study

West Virginia, Mount Sinai, UCLA and Windsor Cardiac Center

- 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.

Surface ECG-based Machine Learning Model For Predicting Patient Subgroup at a High Risk for Major Adverse Cardiac Events

West Virginia, Mount Sinai, UCLA and Windsor Cardiac Center

- 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.

JACC – Journal of the American College of Cardiology

ESC – European Society of Cardiology European Heart Journal

ACC – American College of Cardiology

Source: Company Reports

Exhibit 8: Heart Test Laboratories, Inc. Key Researchers and Institutions

Clinical Study Institutions and Key Researchers

Rutgers - Robert Wood Johnson MS, New Brunswick

The Baker Heart and Diabetes Institute, Melbourne, Australia

Harvard - Beth Israel Deaconess, Boston

Mount Sinai- Icahn School of Medicine, New York

Scripps Clinic and Research Foundation Health, San Diego

West Virginia University - Heart and Vascular Institute, Morgantown WV

UTSW UT Southwestern, Clinical Heart and Vascular Center, Dallas

UCLA Medical Center – Harbor, Los Angeles

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)

Source: Company Reports

Exhibit 9: MyoVista FDA Regulatory Status

MyoVista wavECG: FDA Regulatory Status



- MyoVista a new type of ECG:
 - FDA De Novo regulatory pathway.
 - Class II non-significant risk device.

- Prior De Novo submission during 2020:
 - Several rounds of interaction with FDA – provides clarity on FDA requirements.
 - Modifications have been made to MyoVista.

- Resubmission:
 - Expected current fiscal year.
 - Pivotal study patient recruitment nearing completion (c. 550 patients at 5 U.S. institutions).
 - Core-lab work and device performance testing ongoing.

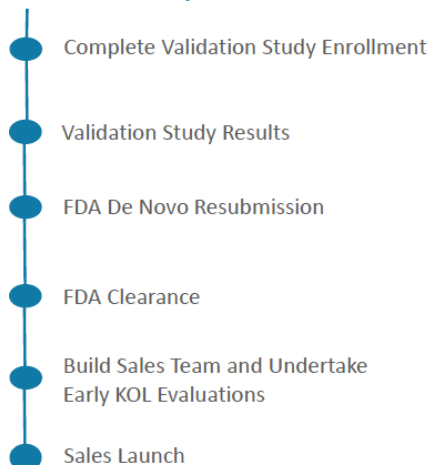


Source: Company Reports

Exhibit 10: Heart Test Laboratories, Inc. Regulatory Milestones

Key Milestones

Anticipate Near Term Resubmission for FDA De Novo Clearance



Other On-going Activities

- Patents.
- Research collaboration.
- Publications and clinical studies.
- International evaluations.

This timeline is for illustrative purposes only and is meant to portray a sequence of events, not their estimated timing.



Source: Company Reports

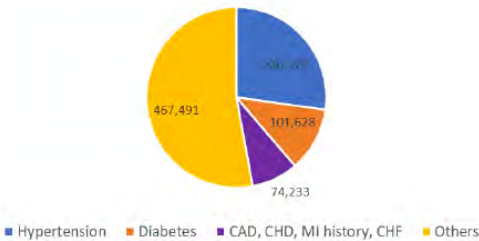
Exhibit 11: ECG Market Size

Scale of Market Opportunity is Enormous

More than 100 million ECG tests and 10 million Echos just in the USA

860 million Ambulatory Care Office Visits in USA
Significant Proportion with Cardiac Risk Factors

Chronic Conditions Present at Office Visits



Source: National Ambulatory Care Annual Survey 2018

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.



Source: Company Reports

Exhibit 12: Heart Test Laboratories, Inc. Competitive Landscape

HeartSciences at Leading Edge of Commercialization

Innovation driving enormous clinical value opportunity



Source: Company Reports

Exhibit 13: Heart Test Laboratories, Inc. Business Model

Razor/Razorblade Business Model: Recurring Revenue Per Test

MyoVista Device

- Business model not dependent on a high price for the MyoVista device.
- Full feature ECGs typically \$5k - \$10k.
- Expect to price MyoVista in or below this range.

Plus

Per-Test Recurring Revenue (Electrodes)

- Patented electrode cable connection system.
- High quality, low impedance, stable signal capture.
- Combine with SaaS and pay-per-use revenue models in the future.

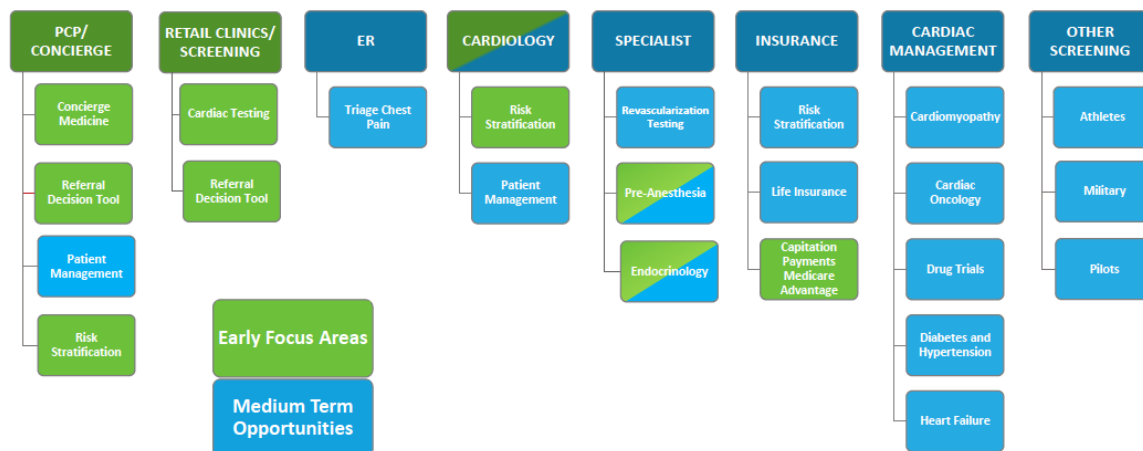


Source: Company Reports

Exhibit 14: ECGs Applications Extend Beyond Cardiology

ECG is Ubiquitous Throughout Healthcare – MyoVista Could Have Wider Application

Cardiac dysfunction is critical in most use environments – ECG used extensively outside cardiology



Source: Company Reports

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

Early Focus on Front-Line Referral Testing

- Direct Sales Force in USA
- Distributors Internationally
- CPT codes already in place

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

Source: Company Reports

Exhibit 16: 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 Accountant.
- Master of Science in Accounting from University of Texas at Arlington.
- Bachelors Degree in Accounting from Texas Christian University.

Aaron Peterson
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 17: HSCS Consensus Expectations

	Revenue (\$ million)			EPS		
	FY2023E	FY2024E	FY2025E	FY2023E	FY2024E	FY2025E
Q1 Jul	\$0.0	\$0.00	\$0.34	Q1 Jul	\$(0.28)A	\$(0.30)E
Q2 Oct	\$0.0	\$0.00	\$0.91	Q2 Oct	\$(0.22)A	\$(0.30)E
Q3 Jan	\$0.0	\$0.07	\$1.76	Q3 Jan	\$(0.16)A	\$(0.33)E
Q4 Apr	\$0.0	\$0.19	\$2.79	Q4 Apr	\$(0.18)E	\$(0.33)E
Total	\$0.0	\$0.26	\$5.80	Total	\$(0.84)E	\$(1.25)E

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

Source: Company reports, Yahoo Finance, Ascendant Capital Markets estimates

Exhibit 18: 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) Fiscal Year End: April 30	2021 FY-A	2022 FY-A	Jul-22 Q1A	Oct-22 Q2A	Jan-23 Q3A	Apr-23 Q4E	2023 FY-E	Jul-23 Q1E	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	0.9	2.8	1.0	1.0	1.1	1.1	4.2	1.2	1.2	1.3	1.3	5.0
Selling, general and administrative	0.9	1.7	1.0	0.9	0.7	0.9	3.5	1.0	1.2	1.3	1.4	4.9	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	1.8	6.3	2.0	2.2	2.4	2.5	9.1	2.7	2.7	3.0	3.2	11.6
Loss from operations	(2.6)	(4.7)	(1.4)	(1.8)	(1.3)	(1.8)	(6.3)	(2.0)	(2.2)	(2.4)	(2.3)	(8.9)	(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	0.0	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)	(1.8)	(6.3)	(2.0)	(2.2)	(2.4)	(2.3)	(8.9)	(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)	(1.8)	(6.3)	(2.0)	(2.2)	(2.4)	(2.3)	(8.9)	(2.4)	(2.2)	(2.1)	(2.0)	(8.6)
Nonrecurring/noncash adjustments																	
Net income (pro forma)	0.0	(4.8)	0.0	(1.8)	(1.3)	(1.8)	(6.3)	(2.0)	(2.2)	(2.4)	(2.3)	(8.9)	(2.4)	(2.2)	(2.1)	(2.0)	(8.6)
EBITDA	(2.5)	(4.7)	(1.4)	(1.8)	(1.3)	(1.8)	(6.3)	(2.0)	(2.2)	(2.3)	(2.3)	(8.9)	(2.4)	(2.2)	(2.1)	(2.0)	(8.6)
Weighted average common shares out	3.3	3.3	5.6	8.2	8.2	9.7	8.0	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7
Shares, Diluted	3.3	3.3	5.6	8.2	8.2	9.7	8.0	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7
EPS Basic	\$ (0.74)	\$ (1.45)	\$ (0.28)	\$ (0.22)	\$ (0.16)	\$ (0.18)	\$ (0.79)	\$ (0.21)	\$ (0.23)	\$ (0.24)	\$ (0.24)	\$ (0.91)	\$ (0.24)	\$ (0.22)	\$ (0.22)	\$ (0.20)	\$ (0.88)
EPS Diluted	\$ (0.74)	\$ (1.45)	\$ (0.28)	\$ (0.22)	\$ (0.16)	\$ (0.18)	\$ (0.79)	\$ (0.21)	\$ (0.23)	\$ (0.24)	\$ (0.24)	\$ (0.91)	\$ (0.24)	\$ (0.22)	\$ (0.22)	\$ (0.20)	\$ (0.88)
Margins																	
Gross margin	58%	45%	36%	NM	50%	50%	42%	50%	50%	50%	52%	52%	54%	54%	56%	56%	55%
Research and development	6673%	20883%	13569%	NM	32150%	NM	54350%	NM	NM	1100%	367%	1050%	200%	120%	81%	59%	93%
Selling, general and administrative	3416%	11928%	31158%	NM	33350%	NM	67115%	NM	NM	1300%	467%	1225%	250%	150%	106%	86%	122%
Operating margin	-10044%	-32766%	-44691%	NM	-65450%	NM	-121423%	NM	NM	-2350%	-781%	-2224%	-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%	-49166%	NM	-67100%	NM	-121123%	NM	NM	-2350%	-781%	-2224%	-396%	-216%	-132%	-89%	-159%
Y/Y % change																	
Revenue	-60%	-44%	-57%	#DIV/0!	-27%	-100%	-64%	-100%	#DIV/0!	4900%	#DIV/0!	7592%	#DIV/0!	#DIV/0!	1500%	633%	1250%
COGS	-77%	-26%	-65%	#DIV/0!	17%	-100%	-62%	-100%	#DIV/0!	4900%	#DIV/0!	6290%	#DIV/0!	#DIV/0!	1308%	572%	1141%
Gross Profit	-16%	-57%	-33%	#DIV/0!	-47%	-100%	-67%	-100%	#DIV/0!	4900%	#DIV/0!	9419%	#DIV/0!	#DIV/0!	1692%	690%	1352%
Research and development	-16%	76%	8%	56%	-8%	-34%	-6%	130%	8%	8%	8%	49%	10%	10%	10%	10%	19%
Selling, general and administrative	-51%	96%	262%	125%	65%	44%	104%	0%	10%	10%	10%	40%	8%	8%	8%	8%	35%
Total operating expenses	-33%	82%	112%	85%	19%	-9%	34%	40%	24%	83%	39%	44%	35%	23%	25%	28%	27%
Operating Income	-33%	83%	112%	85%	19%	-9%	34%	40%	24%	80%	30%	41%	19%	-2%	-10%	-16%	-3%
Net income	-35%	97%	214%	75%	8%	-12%	30%	27%	22%	75%	30%	41%	19%	-2%	-10%	-16%	-3%
EPS	-36%	97%	85%	-29%	-56%	-70%	-46%	-27%	3%	48%	30%	15%	19%	-2%	-10%	-16%	-3%

Source: Company reports, Ascendant 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	Q4E	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Current assets														
Cash	0.7	0.9	4.3	3.1	1.9	0.4	(1.6)	(3.8)	(6.1)	(8.4)	(10.8)	(12.9)	(14.9)	(16.8)
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	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Deferred offering Costs	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	1.3	(0.7)	(2.9)	(5.2)	(7.5)	(9.9)	(12.0)	(14.0)	(15.9)
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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total assets	1.9	2.1	5.6	4.8	3.5	1.9	(0.1)	(2.3)	(4.6)	(6.9)	(9.3)	(11.4)	(13.4)	(15.3)
Liabilities and Stockholders' Equity														
Current liabilities														
Accounts payable	0.3	0.7	0.5	0.8	1.0	0.0	0.0	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	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Lease liability - current	0.1	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
Other Current Liabilities	0.0	0.0	0.4	0.3	0.2	0.2	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	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.2	1.3
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	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
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	2.7	2.7	2.7	2.7	2.7	1.8	1.9	1.9	2.0
Stockholders' Equity														
Convertible Preferred Stock						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	60.2	60.2	60.2	60.2	60.2	60.2	60.2	60.2	60.2
Accumulated deficit	(49.6)	(54.4)	(56.0)	(57.8)	(59.1)	(60.9)	(62.9)	(65.1)	(67.5)	(69.8)	(72.2)	(74.4)	(76.5)	(78.4)
Total stockholders' equity	(1.9)	(6.1)	2.9	1.1	(0.3)	(0.8)	(2.8)	(5.0)	(7.3)	(9.7)	(12.0)	(14.2)	(16.3)	(18.3)
Total liabilities and stockholders' equity	1.9	2.1	5.6	4.8	3.5	1.9	(0.1)	(2.3)	(4.6)	(6.9)	(9.3)	(11.4)	(13.4)	(15.3)

Balance Sheet Drivers

	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	Q4E	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Book & Cash Value (per share)														
Book Value per Share (diluted)	(0.58)	(1.82)	0.51	0.13	(0.03)	(0.08)	(0.28)	(0.51)	(0.75)	(0.99)	(1.23)	(1.46)	(1.67)	(1.87)
Cash per Share (diluted)	0.22	0.35	0.76	0.37	0.23	0.04	(0.16)	(0.39)	(0.63)	(0.87)	(1.10)	(1.32)	(1.53)	(1.72)
Net cash per Share (diluted)	(0.54)	(0.99)	0.58	0.37	0.11	(0.06)	(0.27)	(0.49)	(0.73)	(0.97)	(1.10)	(1.32)	(1.53)	(1.72)

Source: Company reports, Ascendant 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	Q4E	FY-E	Q1E	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)	(1.8)	(6.5)	(2.0)	(2.2)	(2.4)	(2.3)	(8.9)	(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 Fin	0.0	0.2	0.1	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
Gain/loss on Disposal 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
Stock based Compensation	0.0	0.1	0.1	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
Gain on Extinguishment 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
Other Assets	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	(0.1)	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
Warrants Issued for Note Extension	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
Stock Issued for Note Facility Fee	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
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	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	0.0	0.0	0.0
Accounts Payable	(0.0)	0.4	(0.2)	0.3	0.2	(1.0)	(0.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	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	0.0	0.0	0.0	0.0	0.0
Deferred offering Costs	0.0	(0.2)	0.2	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
Prepays and Other Current Assets	0.0	0.1	0.0	0.1	0.1	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	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)	(2.8)	(6.7)	(2.0)	(2.2)	(2.3)	(2.3)	(8.8)	(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	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	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	1.3	6.5	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	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	0.0	0.0	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)	0.0	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from Issuance of Series C Preferred Co	0.2	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
Deferred Financing Costs	0.0	(0.4)	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 cash provided by financing activities	2.7	3.8	5.2	(0.1)	(0.1)	1.3	6.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash increase (decrease)	0.2	0.2	3.4	(1.2)	(1.1)	(1.5)	(0.5)	(2.0)	(2.2)	(2.3)	(2.3)	(8.8)	(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	0.4	(1.6)	(3.8)	(6.1)	0.4	(8.4)	(10.8)	(12.9)	(14.9)	(14.9)
Cash balance at end of period	0.7	0.9	4.3	3.1	2.0	0.4	0.4	(1.6)	(3.8)	(6.1)	(8.4)	(8.4)	(10.8)	(12.9)	(14.9)	(16.8)	(16.8)

Source: Company reports, Ascendant Capital Markets estimates

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Heart Test Laboratories, Inc.

- Ascendant Capital Markets, LLC has not received compensation for advisory or investment banking services from the company in the past 12 months.

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Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
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Sell	1	2%	0	0%
Total	45	100%	18	40%

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