

May 9, 2024



MARPAI REPORTS FIRST QUARTER 2024 FINANCIAL RESULTS

Reduces Operating Expense by over \$5 million and Net Loss by over 50% compared to 2023

TAMPA, Fla., May 9, 2024 /PRNewswire/ -- Marpai, Inc. ("Marpai" or the "Company") (Nasdaq: MRAI), an independent national Third-Party Administration (TPA) company transforming the \$22 billion TPA market supporting self-funded employer health plans with affordable, intelligent, healthcare, today announced financial results for the first quarter of 2024. The Company expects to hold a webcast to discuss the results on May 10, 2024.

Q1 2024 Financial Highlights:

- Net revenues were approximately \$7.4 million for the three months ended March 31, 2024, down \$2.3 million, or 24% lower year over year, compared to the three months ended March 31, 2023.
- Gross profit was \$2.5 million for the three months ended March 31, 2024, down \$0.7 million, or 23% lower year over year compared to the three months ended March 31, 2023.
- Operating expenses were \$6.6 million for the three months ended March 31, 2024, an improvement of \$5.2 million, or 44% lower year over year compared to the three months ended March 31, 2023.
- Operating loss was \$4.1 million for the three months ended March 31, 2024, an improvement of \$4.5 million, or 52% lower year over year compared to the three months ended March 31, 2023.
- Net loss was \$4.3 million for the three months ended March 31, 2024, an improvement of \$4.5 million, or 51% lower year over year compared to the three months ended March 31, 2023.
- Basic and diluted earnings per share were (\$0.46) for the three months ended March 31, 2024, an improvement of \$1.22 per share year over year compared to the three months ended March 31, 2023.

"The market is evolving, and we're adapting our approach to better serve our clients' needs. While we saw some client turnover in the first quarter, we are confident that our new initiatives will lead to long-term revenue growth and profitability," said Damien Lamendola, Chief Executive Officer of Marpai. "We are very pleased to have added a new "off cycle" client in Q1 and the expansion of our sales team with two highly successful industry executives."

John Powers, Marpai President commented, "Marpai is delivering on its promise to save! Our focus on operational efficiency has significantly reduced operating expenses. Building on this success, as previously announced, we implemented an additional cost-reduction program expected to generate \$3 million in annual savings. Marpai remains dedicated to its core mission: reducing client costs and improving member care through continuous

operational and financial improvements."

Webcast and Conference Call Information

Marpai expects to host a conference call and webcast on Friday, May 10, 2024, at 8:30 a.m. ET to answer questions about the Company's operational and financial highlights for its first quarter ended March 31, 2024.

Investors interested in listening to the conference call may do so by dialing (800)-836-8184 for domestic callers or +1-646-357-8785 for international callers, or via webcast:

<https://app.webinar.net/MVqDW74kNpl>

About Marpai, Inc.

Marpai, Inc. (Nasdaq: MRAI) is a leading, national TPA company bringing value-oriented health plan services to employers that directly pay for employee health benefits. Primarily competing in the \$22 billion TPA sector serving self-funded employer health plans representing over \$1 trillion in annual claims. Through its **Marpai Saves** initiative, the Company works to deliver the healthiest member population for the health plan budget. Operating nationwide, Marpai offers access to leading provider networks including Aetna and Cigna and all TPA services. For more information, visit www.marpaihealth.com, the content of which is not incorporated by reference into this press release. Investors are invited to visit <https://www.ir.marpaihealth.com>.

Forward-Looking Statement Disclaimer

This press release contains forward-looking statements, as that term is defined in the Private Litigation Reform Act of 1995, that involve significant risks and uncertainties. Forward-looking statements can be identified through the use of words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "guidance," "may," "can," "could", "will", "potential", "should," "goal" and variations of these words or similar expressions. For example, the Company is using forward looking statements when it discusses that it is confident that its new initiatives will lead to long-term revenue growth and profitability and that its additional cost-reduction program is expected to generate \$3 million in annual savings. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect Marpai's current expectations and speak only as of the date of this release. Actual results may differ materially from Marpai's current expectations depending upon a number of factors. These factors include, among others, adverse changes in general economic and market conditions, competitive factors including but not limited to pricing pressures and new product introductions, uncertainty of customer acceptance of new product offerings and market changes, risks associated with managing the growth of the business. Except as required by law, Marpai does not undertake any responsibility to revise or update any forward-looking statements whether as a result of new information, future events or otherwise.

More detailed information about Marpai and the risk factors that may affect the realization of forward-looking statements is set forth in Marpai's filings with the Securities and Exchange Commission. Investors and security holders are urged to read these documents free of charge on the SEC's web site at <http://www.sec.gov>.

MARPAI, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET

(in thousands, except share and per share data)

(Unaudited)

	March 31, 2024	December 31, 2023
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 851	\$ 1,147
Restricted cash	12,761	12,345
Accounts receivable, net of allowance for credit losses of \$25 and \$25	366	1,124
Unbilled receivable	727	768
Due from buyer for sale of business unit	800	800
Prepaid expenses and other current assets	1,000	901
Total current assets	16,505	17,085
Property and equipment, net	579	611
Capitalized software, net	1,512	2,127
Operating lease right-of-use assets	2,311	2,373
Goodwill	3,018	3,018
Intangible assets, net	4,874	5,177
Security deposits	1,267	1,267
Other long-term asset	22	22
Total assets	\$ 30,088	\$ 31,680
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current liabilities:		
Accounts payable	\$ 3,824	\$ 4,649
Accrued expenses	3,076	2,816
Accrued fiduciary obligations	9,510	11,573
Deferred revenue	1,481	661
Current portion of operating lease liabilities	523	512
Other short-term liabilities	1,709	632
Total current liabilities	20,123	20,843
Other long-term liabilities	19,724	19,401
Operating lease liabilities, net of current portion	3,547	3,684
Deferred tax liabilities	1,190	1,190
Total liabilities	44,584	45,118
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' (DEFICIT) EQUITY		
Common stock, \$0.0001 par value, 227,791,050 shares authorized; 10,308,038 shares and 7,960,938 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively (1)	1	1
Additional paid-in capital	66,595	63,307
Accumulated deficit	(81,092)	(76,746)
Total stockholders' (deficit) equity	(14,496)	(13,438)
Total liabilities and stockholders' (deficit) equity	\$ 30,088	\$ 31,680

(1) Reflects 1-for-4 reverse stock split that became effective June 29, 2023. See Note 1 to the unaudited condensed consolidated financial statements.

MARPAI, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, except share and per share data)
(Unaudited)

	Three Months Ended	
	March 31, 2024	March 31, 2023
Revenue	\$ 7,385	\$ 9,672
Costs and expenses		
Cost of revenue (exclusive of depreciation and amortization shown separately below)	4,871	6,409
General and administrative	3,421	5,226
Sales and marketing	602	2,179
Information technology	1,124	2,187
Research and development	7	500
Depreciation and amortization	951	1,044
Facilities	474	650
Total costs and expenses	<u>11,450</u>	<u>18,195</u>
Operating loss	<u>(4,065)</u>	<u>(8,523)</u>
Other income (expenses)		
Other income	120	50
Interest expense, net	(398)	(385)
Foreign exchange (loss) gain	(3)	(15)
Loss before provision for income taxes	<u>(4,346)</u>	<u>(8,873)</u>
Income tax expense	—	—
Net loss	<u>\$ (4,346)</u>	<u>\$ (8,873)</u>
Net loss per share, basic & fully diluted (1)	<u>\$ (0.46)</u>	<u>\$ (1.68)</u>
Weighted average common shares outstanding, basic and diluted (1)	<u>9,405,775</u>	<u>5,290,661</u>

(1) Reflects 1-for-4 reverse stock split that became effective June 29, 2023. See Note 1 to the unaudited condensed consolidated financial statements.

MARPAI, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, except share and per share data)
(Unaudited)

	Three Months Ended	
	March 31, 2024	March 31, 2023
Cash flows from operating activities:		
Net loss	\$ (4,346)	\$ (8,873)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	951	1,044
Share-based compensation	561	623
Common stock issued to vendors in exchange for services	—	79
Amortization of right-of-use asset	62	252
Non-cash interest	423	388
Changes in operating assets and liabilities:		
Accounts receivable and unbilled receivable	800	(239)
Prepaid expense and other assets	(99)	162
Accounts payable	(825)	653
Accrued expenses	215	(1,416)
Accrued fiduciary obligations	(2,063)	—
Operating lease liabilities	(126)	(363)
Other liabilities	862	1,149
Net cash used in operating activities	(3,585)	(6,541)
Cash flows from investing activities:		
Disposal of property and equipment	—	3
Net cash provided by investing activities	—	3
Cash flows from financing activities:		
Proceeds from sale of future cash receipts on accounts receivable	1,509	—
Payments to buyer of receivables	(57)	—
Payments to seller for acquisition	(474)	—
Proceeds from issuance of common stock in a public offering, net	2,727	—
Net cash provided by financing activities	3,705	—
Net increase (decrease) in cash, cash equivalents and restricted cash	120	(6,538)
Cash, cash equivalents and restricted cash at beginning of period	13,492	23,117
Cash, cash equivalents and restricted cash at end of period	\$ 13,612	\$ 16,579
Reconciliation of cash, cash equivalents, and restricted cash reported in the condensed consolidated balance sheet		
Cash and cash equivalents	\$ 851	\$ 6,174
Restricted cash	12,761	10,405
Total cash, cash equivalents and restricted cash shown in the condensed consolidated statement of cash flows	\$ 13,612	\$ 16,579
Supplemental disclosure of non-cash activity		
Measurement period adjustment to Goodwill	\$ —	\$ 36

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