

March 26, 2024



MARP AI REPORTS FOURTH QUARTER AND FULL YEAR 2023 FINANCIAL RESULTS

Full Year Benefit of Maestro Acquisition and Q4 Corrective Actions Driving Financial Improvement

TAMPA, Fla., March 26, 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 fourth quarter and fiscal year 2023. The Company expects to hold a webcast to discuss the results on March 27, 2024.

Q4 2023 Financial Highlights:

- Net revenues were \$8.7 million for the three months ended December 31, 2023, an improvement of \$1.1 million, or 14% higher year over year, for the three months ended December 31, 2022.
- Gross profit was \$3.0 million for the three months ended December 31, 2023, an improvement of \$0.2 million, or 6.5% higher year over year for the three months ended December 31, 2022.
- Operating expenses were \$8.2 million for the three months ended December 31, 2022, an improvement of \$3.6 million, or 30.6% lower year over year for the three months ended December 31, 2022.
- Operating loss was \$5.2 million for the three months ended December 31, 2022, an improvement of \$3.8 million, or 42.3% lower year over year for the three months ended December 31, 2022.
- Net loss was \$5.0 million for the three months ended December 31, 2022, an improvement of \$3.5 million, or 41.1% lower year over year for the three months ended December 31, 2022.
- Basic and diluted earnings per share were (\$0.65) an improvement of \$1.00 per share year over year for the three months ended December 31, 2022.

Full Year 2023 Highlights:

- Net revenues were \$37.2 million for the year ended December 31, 2023, an improvement of \$12.8 million, or 52.6% higher year over year compared to the year ended December 31, 2022.
- Gross profit was \$12.9 million for the year ended December 31, 2023, an improvement of \$5.7 million, or 79.2% higher year over year compared to the year ended December 31, 2022.
- Operating expenses were \$40.9 million, for the year ended December 31, 2023, an increase of \$6.7 million, or 19.7% higher year over year compared to the year ended

December 31, 2022. The \$1.3 million variance for the operating expenses and operating loss from our previously announced preliminary results was due to the reclassification of \$3.0 million goodwill impairment and \$1.7 million gain on sale of our non-core FSA business.

- Operating loss was \$28.0 million for the year ended December 31, 2023, or an increase of \$1.0 million, or 3.8% higher year over year compared to the year ended December 31, 2022.
- Net loss was \$28.8 million for the year ended December 31, 2023, an increase of \$2.3 million, or 8.6% higher, compared to the year ended December 31, 2022.
- Basic and diluted earnings per share were (\$4.14) for the year ended December 31, 2023, an improvement of \$1.09 per share compared to the year ended December 31, 2022.

"The Company delivered on several actions identified when the new executive team joined in early November 2023," said Damien Lamendola, Chief Executive Officer of Marpai. "We are starting to gain the benefits of the Maestro Health acquisition. We remain committed to our overall vision that **Marpai Saves**, through operational and financial improvements, reduces costs for our clients and improves the quality of care for our members."

Webcast and Conference Call Information

Marpai expects to host a conference call and webcast on Wednesday, March 27, 2024, at 8:30 a.m. ET to answer questions about the Company's operational and financial highlights for its fourth quarter and year ended December 31, 2023.

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/8OgAYdJmbd9>

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. Marpai 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.

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 its financial results and that it remains committed to its overall vision that Marpai Saves, through operational and financial improvements, reduces cost for its clients and

improving the quality of care for its members. 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
CONSOLIDATED BALANCE SHEETS
(in thousands)

| | December 31, 2023 | December 31, 2022 |
|--|----------------------|-------------------|
| ASSETS: | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,147 | \$ 13,765 |
| Restricted cash | 12,345 | 9,353 |
| Accounts receivable, net of allowance for credit losses of \$24,617 and \$23,458 | 1,125 | 1,438 |
| Unbilled receivable | 768 | 350 |
| Due from buyer for sale of business unit | 800 | |
| Prepaid expenses and other current assets | 892 | 1,602 |
| Other receivables | 8 | 31 |
| Total current assets | 17,085 | 26,538 |
| Property and equipment, net | 611 | 1,506 |
| Capitalized software, net | 2,128 | 4,589 |
| Operating lease right-of-use assets | 2,373 | 3,842 |
| Goodwill | 3,017 | 5,837 |
| Intangible assets, net | 5,177 | 6,323 |
| Security deposits | 1,267 | 1,293 |
| Other long-term asset | 21 | 22 |
| Total assets | \$ 31,679 | \$ 49,950 |
| LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 4,649 | \$ 1,458 |
| Accrued expenses | 2,816 | 5,275 |
| Accrued fiduciary obligations | 11,573 | 9,024 |
| Deferred revenue | 661 | 288 |
| Current portion of operating lease liabilities | 512 | 1,311 |
| Other short-term liabilities | 632 | — |
| Due to related party | — | 3 |
| Total current liabilities | 20,843 | 17,360 |
| Other long-term liabilities | 19,401 | 20,204 |
| Operating lease liabilities, net of current portion | 3,684 | 4,772 |
| Deferred tax liabilities | 1,189 | 1,480 |
| Total liabilities | 45,117 | 43,815 |
| COMMITMENTS AND CONTINGENCIES | | |
| STOCKHOLDERS' (DEFICIT) EQUITY | | |
| Common stock, \$0.0001 par value, 227,791,050 shares authorized; 7,960,938 issued and outstanding at December 31, 2023 and 5,319,758 issued and outstanding at December 31, 2022 (1) | | |
| | 1 | 1 |
| Additional paid-in capital | 63,307 | 54,128 |
| Accumulated deficit | (76,746) | (47,994) |
| Total stockholders' (deficit) equity | (13,438) | 6,134 |
| Total liabilities and stockholders' (deficit) equity | \$ 31,679 | \$ 49,950 |

MARPAI, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)

| | Twelve Months Ended | |
|---|---------------------|-------------------|
| | December 31, 2023 | December 31, 2022 |
| Revenue | \$ 37,155 | \$ 24,342 |
| Costs and expenses | | |
| Cost of revenue (exclusive of depreciation and amortization shown separately below) | 24,239 | 17,136 |
| General and administrative | 19,177 | 12,319 |
| Sales and marketing | 6,597 | 6,939 |
| Information technology | 5,834 | 6,373 |
| Research and development | 1,312 | 3,708 |
| Depreciation and amortization | 3,897 | 3,538 |
| Impairment of goodwill | 3,018 | - |
| Facilities | 2,472 | 1,013 |
| Loss on disposal of assets | 335 | 273 |
| Gain on sale of business unit | (1,749) | - |
| Total costs and expenses | 65,132 | 51,299 |
| Operating loss | (27,977) | (26,957) |
| Other expenses | | |
| Other income | 489 | 235 |
| Interest expense, net | (1,527) | (267) |
| Foreign exchange loss | (27) | — |
| Loss before provision for income taxes | (29,042) | (26,989) |
| Income tax benefit | (290) | (521) |
| Net loss | \$ (28,752) | \$ (26,468) |
| Net loss per share, basic & fully diluted | \$ (4.14) | \$ (5.23) |
| Weighted average common shares outstanding, basic and diluted | 6,951,669 | 5,059,959 |

MARPAI, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)

| | Three Months Ended | |
|---|--------------------|-------------------|
| | December 31, 2023 | December 31, 2022 |
| Revenue | \$ 8,707 | \$ 7,628 |
| Costs and expenses | | |
| Cost of revenue (exclusive of depreciation and amortization shown separately below) | 5,709 | 4,813 |
| General and administrative | 3,239 | 4,379 |
| Sales and marketing | 1,103 | 2,109 |
| Information technology | 1,059 | 2,510 |
| Research and development | 21 | 1,024 |
| Depreciation and amortization | 923 | 1,034 |
| Impairment of goodwill | 3,018 | — |
| Facilities | 554 | 426 |
| Loss on disposal of assets | (15) | 213 |
| Gain on sale of business unit | (1,749) | - |
| Total costs and expenses | 13,862 | 16,508 |
| Operating loss | (5,155) | (8,880) |
| Other expenses | | |
| Other income | 258 | 107 |
| Interest expense, net | (425) | (226) |
| Foreign exchange loss | 6 | 5 |
| Loss before provision for income taxes | (5,316) | (8,994) |
| Income tax benefit | (290) | (521) |
| Net loss | \$ (5,026) | \$ (8,473) |
| Net loss per share, basic & fully diluted | \$ 0.65 | \$ 1.63 |
| Weighted average common shares outstanding, basic and diluted | 7,738,879 | 5,186,573 |

MARPAI, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

| | Twelve Months Ended | |
|---|----------------------|-------------------|
| | December 31, 2023 | December 31, 2022 |
| Cash flows from operating activities: | | |
| Net loss | \$ (28,752) | \$ (26,468) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 3,897 | 3,538 |
| Loss on disposal of assets | 335 | 273 |
| Share-based compensation | 2,099 | 3,105 |
| Warrant expense | 242 | — |
| Shares issued to vendors in exchange for services | 79 | 39 |
| Amortization of right-of-use asset | 1,502 | 599 |
| Goodwill impairment | 3,018 | — |
| Gain on sale of business unit | (1,749) | — |
| Non-cash interest | 1,527 | 259 |
| Deferred taxes | (290) | (521) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable and unbilled receivable | (105) | (597) |
| Prepaid expense and other assets | 710 | 893 |
| Other receivables | 22 | 60 |
| Security deposit | 26 | — |
| Accounts payable | 3,191 | 181 |
| Accrued expenses | (2,496) | (2,052) |
| Accrued fiduciary obligations | 2,548 | (12,823) |
| Operating lease liabilities | (1,887) | (661) |
| Due To related party | (3) | (3) |
| Other liabilities | 337 | (1,068) |
| Other asset | — | 7 |
| Net cash used in operating activities | (15,749) | (35,239) |
| Cash flows from investing activities: | | |
| Cash and restricted cash acquired as part of acquisitions | — | 33,388 |
| Capitalization of software development costs | — | (603) |
| Proceeds from sale of business unit | 1,000 | — |
| Disposal of property and equipment | 27 | — |
| Purchase of property and equipment | — | (363) |
| Net cash provided by (used in) investing activities | 1,027 | 32,422 |
| Cash flows from financing activities: | | |
| Proceeds from issuance of common stock in a public offering, net | 6,432 | — |
| Payments to seller for acquisition | (1,663) | — |
| Proceeds from issuance of warrants | 32 | — |
| Proceeds from issuance of common stock in a private offering, net | 295 | — |
| Proceeds from stock option exercises | — | — |
| Net cash provided by financing activities | 5,096 | — |
| Net decrease in cash, cash equivalents and restricted cash | (9,626) | (2,817) |
| Cash, cash equivalents and restricted cash at beginning of period | 23,117 | 25,934 |
| Cash, cash equivalents and restricted cash at end of period | \$ 13,491 | \$ 23,117 |
| Reconciliation of cash, cash equivalents, and restricted cash reported in the condensed consolidated balance sheet | | |
| Cash and cash equivalents | \$ 1,147 | \$ 13,764 |
| Restricted cash | 12,344 | 9,353 |
| Total cash, cash equivalents and restricted cash shown in the condensed consolidated statement of cash flows | \$ 13,491 | \$ 23,117 |

Supplemental disclosure of non-cash activity

Measurement period adjustment to Goodwill
Long term liability incurred in connection with the acquisition of Maestro Health, LLC

| | | | |
|----|-----|----|--------|
| \$ | 198 | \$ | — |
| \$ | — | \$ | 19,900 |

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View original content to download multimedia <https://www.prnewswire.com/news-releases/marpai-reports-fourth-quarter-and-full-year-2023-financial-results-302100113.html>

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