

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Form 8-K**  
**Current Report**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **December 9, 2021**

**MARPAI, INC.**

(Exact name of registrant as specified in its charter)

**001-40904**

(Commission File Number)

**Delaware**

(State or other jurisdiction of  
incorporation)

**86-1916231**

(I.R.S. Employer Identification No.)

**5701 East Hillsborough Avenue, Suite 1417, Tampa, Florida 33610**

(Address of principal executive offices, with zip code)

**(646) 303-3483**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class                                | Ticker symbol(s) | Name of each exchange on which registered |
|--|------------------|---|
| Class A Common Stock, par value \$0.0001 per share | MRAI             | The NASDAQ Capital Market                 |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition.**

On December 9, 2021, Marpai, Inc. ("Marpai" or the "Company") issued a press release providing selected financial information for the three and nine months ended September 30, 2021, and its outlook. A copy of the press release is attached as Exhibit 99.1 hereto and is incorporated by reference into this Item 2.02 in its entirety.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

| Exhibit Number       | Description  |
|----------------------|--|
| <a href="#">99.1</a> | <a href="#">Press Release of Marpai Inc., dated December 9, 2021</a> |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**MARPAL, INC.**

Date: December 9, 2021

By: /s/ Edmundo Gonzalez  
Name: Edmundo Gonzalez  
Title: Chief Financial Officer

---



## MARPAI, INC. REPORTS THIRD QUARTER 2021 FINANCIAL RESULTS

22% INCREASE IN REVENUE IN Q3 2021 VERSUS THE SECOND QUARTER OF 2021

COMPANY PROVIDES 2021 FOURTH QUARTER REVENUE GUIDANCE OF \$5.6M-\$5.8M

DECEMBER 9, 2021

New York, NY--(BUSINESS WIRE)—Marpai, Inc. (“Marpai” or the “Company”) (NASDAQ: MRAI), a deep learning technology company transforming third party administration (TPA) in the self-funded health insurance market, today reported financial results for the quarter and nine months ended September 30, 2021.

The Company’s consolidated results of operations include the results of operations of Marpai and its wholly owned subsidiary Marpai Health, Inc. for all periods presented and the results of Continental Benefits, LLC. since its acquisition on April 1, 2021.

### Financial Highlights

- Net revenue of approximately \$4.8 million for the third quarter of 2021, compared to revenues of approximately \$3.5 million for the first six months of 2021 (which included the revenues of Continental Benefits for the period April 1, 2021 through June 30, 2021), representing a sequential increase of approximately 36%. The Company’s revenues for the third quarter of 2020 were zero as prior to the acquisition of Continental Benefit it did not have any revenues.
- Excluding purchase price related accounting adjustment to revenues of approximately \$400,000, net revenue for the three months ended June 30, 2021 were approximately \$3.9 million, which results in Q3 2021 sequential revenue growth of approximately 22%.
- The number of our customers’ employees covered under the Company’s administered health plans increased by approximately 23% from 20,400 on June 30, 2021 to 25,136 on September 30, 2021.
- Operating expenses were approximately \$9.5 million for the third quarter of 2021 as compared to approximately \$0.8 million for the third quarter of 2020, reflecting the acquisition of Continental Benefit and the increase in the overall level of activity in the Company.
- Net loss was approximately \$4.8 million for the third quarter of 2021 as compared to net loss of approximately \$0.9 million for the third quarter of 2020.
- Adjusted negative EBITDA of approximately \$3.7 million for the third quarter 2021 compared to negative EBITDA of approximately \$0.6 million for the third quarter of 2020.
- On October 29, 2021, the Company closed its initial public offering (IPO), and issued 7,187,500 shares of common stock (including the exercise and closing of the underwriters’ over-allotment option shares) at a price of \$4 per share with gross proceeds of \$28.75 million and net proceeds of approximately \$24.8 million, after deducting underwriting commissions and offering expenses.

“I am very pleased with our third quarter revenue growth,” said Edmundo, Gonzalez, Chief Executive Officer. “We are laser focused on bringing our Artificial Intelligence-powered services to market, allowing our self-funded clients to have a valuable alternative to traditional third-party administrators. Our successful IPO has provided us with the financial strength to accelerate these growth strategies. We are grateful for the support of our new and legacy investors, and I am very excited about the potential of Marpai moving forward.”

### Q4 2021 Financial Guidance

The Company expects fourth quarter 2021 revenue to be in a range of \$5.6 million to \$5.8 million, representing sequential growth of 17% to 21% compared to the third quarter of 2021.

The foregoing forward-looking statements reflect our expectations as of today’s date. Given the number of risk factors, uncertainties and assumptions discussed below, actual results may differ materially. We do not intend to update our financial outlook until our next quarterly results announcement.

### Webcast and Conference Call Information

Marpai will host a conference call and webcast today, Thursday, December 9 at 4:15 p.m. ET to answer questions about the Company’s operational and financial highlights for its third quarter ended September 30, 2021.

Investors interested in listening to the conference call may do so by dialing (844)-407-9716 for domestic callers or +1-201-493-6779 for international callers, or via webcast: [https://viaid.webcasts.com/starthere.jsp?ei=1517026&tp\\_key=d15f900a41](https://viaid.webcasts.com/starthere.jsp?ei=1517026&tp_key=d15f900a41).

For interested individuals unable to join the conference call, a dial-in replay of the call will be available until December 23, 2021 and can be accessed by dialing +1-844-512-2921 (U.S. Toll Free) or +1-412-317-6671 (International) and entering replay pin number: 13725448. A recording of the webcast will also be available for 90 days on the Marpai, Inc. investor relations site <https://ir.marpaihealth.com>.

### About Marpai, Inc.

Marpai, Inc. (Nasdaq: [MRAI](#)) is a technology company delivering an AI-powered alternative to traditional TPAs (third party administrators) in the self-funded health plan sector representing over \$1T in annual healthcare claims and 95 million Americans. Marpai uses advanced technologies, including proprietary predictive deep learning models, to drive healthcare costs down and health outcomes up. Marpai’s SMART services system predicts member health states to prevent costly events, elevates care quality, rigorously processes claims and empowers members to live healthier lives. Marpai serves self-funded employers nationwide, offers world class provider networks including Aetna and Cigna, and partners with brokers and consultants across the country. For more information, visit [www.marpaihealth.com](http://www.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, including statements regarding anticipated fourth-quarter results. Forward-looking statements can be identified through the use of words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "may," "can," "could," "will", "potential", "should," "goal" and variations of these words or similar expressions. 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>.

Media contact:  
Erika Beerbower  
Lightspeed PR  
[erika@lightspeedpr.com](mailto:erika@lightspeedpr.com)  
407-758-2727

Investor Relations contact:  
Dave Gentry  
RedChip Companies Inc.  
1-800-RED-CHIP (733-2447)  
or 407-491-4498  
[dave@redchip.com](mailto:dave@redchip.com)

---

## Use of Non-GAAP Financial Measures and Their Limitations

In addition to our results and measures of performance determined in accordance with U.S. GAAP presented in this press release, we believe that certain non-GAAP financial measures are useful in evaluating and comparing our financial and operational performance over multiple periods, identifying trends affecting our business, formulating business plans and making strategic decisions.

Adjusted EBITDA is a key performance measure that our management uses to assess our financial performance and is also used for internal planning and forecasting purposes.

We believe that Adjusted EBITDA, together with a reconciliation to net income, helps identify underlying trends in our business and helps investors make comparisons between our company and other companies that may have different capital structures, tax rates, or different forms of employee compensation. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects, and allowing for greater transparency with respect to a key financial metric used by our management in its financial and operational decision-making. Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider these measures in isolation or as a substitute for analysis of our financial results as reported under U.S. GAAP. Some of these potential limitations include:

- other companies, including companies in our industry which have similar business arrangements, may report Adjusted EBITDA, or similarly titled measures but calculate them differently, which reduces their usefulness as comparative measures;
- although depreciation and amortization expenses are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditures for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA also does not reflect changes in, or cash requirements for, our working capital needs or the potentially dilutive impact of stock-based compensation; and
- Adjusted EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt that we may incur.

Because of these and other limitations, you should consider our non-GAAP measures only as supplemental to other GAAP-based financial measures

---

MARPAI, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(in thousands, except share and per share data)  
(unaudited)

|   | September 30,<br>2021 | December 31,<br>2020 |
|---|-----------------------|----------------------|
| <b>ASSETS</b>                             |                       |                      |
| <b>Current assets:</b>                    |                       |                      |
| Cash and cash equivalents                 | \$ 1,191              | \$ 1,755             |
| Restricted cash                           | 7,810                 | 63                   |
| Accounts receivable                       | 300                   | -                    |
| Unbilled, receivable                      | 38                    | -                    |
| Prepaid expenses and other current assets | 774                   | 262                  |
| Other current assets                      | 53                    | 100                  |
| <b>Total current assets</b>               | <b>10,166</b>         | <b>2,180</b>         |
| Property and equipment, net               | 721                   | 195                  |
| Capitalized software, net                 | 6,617                 | 3,819                |
| Operating lease right-of-use assets       | 1,547                 | 337                  |

|                        |  |                  |                 |
|------------------------|--|------------------|-----------------|
| Goodwill               |  | 1,676            | -               |
| Intangible assets, net |  | 6,503            | -               |
| Security deposits      |  | 52               | -               |
| <b>Total assets</b>    |  | <u>\$ 27,282</u> | <u>\$ 6,532</u> |

#### LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

##### Current liabilities:

|  |               |              |
|--|---------------|--------------|
| Accounts payable                               | \$ 2,651      | \$ 159       |
| Accounts payable - related party               | -             | 16           |
| Accrued expenses                               | 1,933         | 268          |
| Accrued fiduciary obligations                  | 5,064         | -            |
| Deferred revenues                              | 1,352         | -            |
| Current portion of operating lease obligations | 714           | 96           |
| Current portion of convertible notes payable   | 999           | 1,866        |
| Short-term loan                                | 2,011         | -            |
| Due to related party                           | 4             | 244          |
| <b>Total current liabilities</b>               | <u>14,728</u> | <u>2,649</u> |

|   |               |               |
|---|---------------|---------------|
| Convertible notes payable, net of current portion   | 4,866         | 7,096         |
| Other long-term liabilities                         | 45            | -             |
| Operating lease liabilities, net of current portion | 1,027         | 283           |
| Deferred tax liabilities                            | 2,001         | -             |
| <b>Total liabilities</b>                            | <u>22,667</u> | <u>10,028</u> |

Commitments and contingencies

##### STOCKHOLDERS' EQUITY (DEFICIT)

|   |                  |                 |
|---|------------------|-----------------|
| Common stock, \$0.0001 par value, 227,791,050 shares authorized; 11,169,825 issued and outstanding at September 30, 2021 and 142,369 issued and outstanding as of December 31, 2020 (1) | 1                | 1               |
| Additional paid-in-capital  | 20,411           | 2,044           |
| Accumulated deficit   | (15,797)         | (5,541)         |
| <b>Total stockholders' equity (deficit)</b>   | <u>4,615</u>     | <u>(3,496)</u>  |
| <b>Total liabilities &amp; stockholders' equity (deficit)</b>   | <u>\$ 27,282</u> | <u>\$ 6,532</u> |

(1) Reflects 4.55821-for-1 forward split that became effective September 2, 2021.

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

|   | Three Months Ended<br>September 30, |                  | Nine Months Ended<br>September 30, |                   |
|---|-------------------------------------|------------------|------------------------------------|-------------------|
|   | 2021                                | 2020             | 2021                               | 2020              |
| <b>Revenue</b>  | \$ 4,799                            | \$ -             | \$ 8,331                           | \$ -              |
| <b>Costs and Expenses</b>   |                                     |                  |                                    |                   |
| Cost of revenue (exclusive of depreciation and amortization shown separately below) | 3,343                               | -                | 6,064                              | -                 |
| General and administrative  | 2,230                               | 281              | 5,045                              | 1,054             |
| Sales and marketing   | 1,589                               | 22               | 3,033                              | 28                |
| Information technology  | 770                                 | -                | 1,501                              | -                 |
| Research and development  | 569                                 | 471              | 1,118                              | 1,497             |
| Depreciation and amortization   | 802                                 | 18               | 1,223                              | 56                |
| Facilities  | 232                                 | -                | 459                                | -                 |
| <b>Total costs and expenses</b>   | <u>9,535</u>                        | <u>792</u>       | <u>18,443</u>                      | <u>2,635</u>      |
| <b>Operating Loss</b>   | (4,736)                             | (792)            | (10,112)                           | (2,635)           |
| <b>Other income (expenses)</b>  |                                     |                  |                                    |                   |
| Other income  | 55                                  | 6                | 109                                | 19                |
| Interest expense  | (109)                               | (138)            | (385)                              | (364)             |
| Foreign exchange loss   | (3)                                 | (3)              | (19)                               | (5)               |
| <b>(Loss) before provision for income taxes</b>                                     | <u>(4,793)</u>                      | <u>(926)</u>     | <u>(10,406)</u>                    | <u>(2,985)</u>    |
| Income tax benefit  | -                                   | -                | (150)                              | -                 |
| <b>Net loss</b>   | <u>\$ (4,793)</u>                   | <u>\$ (926)</u>  | <u>\$ (10,256)</u>                 | <u>\$ (2,985)</u> |
| <b>Net loss per share, basic &amp; fully diluted (1)</b>                            | <u>\$ (0.47)</u>                    | <u>\$ (0.37)</u> | <u>\$ (1.31)</u>                   | <u>\$ (1.29)</u>  |
| <b>Weighted average number of common shares, basic and fully diluted (1)</b>        | <u>10,261,001</u>                   | <u>2,521,010</u> | <u>7,846,348</u>                   | <u>2,315,544</u>  |

(1) Reflects 4.55821-for-1 forward split that became effective September 2, 2021. The computation of basis and diluted net loss per share was retroactively adjusted for all periods presented.

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

|  | <u>Nine Months Ended September 30,</u> |                |
|--|--|----------------|
|  | <u>2021</u>                            | <u>2020</u>    |
| <b>Cash flows from operating activities:</b>   |  |                |
| Net loss   | \$ (10,256)                            | \$ (2,985)     |
| Adjustments to reconcile net loss to net cash used in operating activities:  |  |                |
| Depreciation and amortization  | 1,223                                  | 56             |
| Share-based compensation   | 962                                    | 836            |
| Amortization of right-to-use asset   | 43                                     | 58             |
| Amortization of debt discount  | 27                                     | 75             |
| Non-cash interest  | 352                                    | 286            |
| Convertible note issued for professional services  | 75                                     | -              |
| Deferred taxes   | (150)                                  | -              |
| Changes in operating assets and liabilities:   |  |                |
| (Increase) in accounts receivable and unbilled receivables   | (245)                                  | -              |
| (Increase) in prepaid expenses and other assets  | (380)                                  | (106)          |
| Decrease in other receivables  | 47                                     | -              |
| Decrease in security deposits  | 3                                      | -              |
| Increase in accounts payable   | 1,566                                  | 70             |
| (Decrease) increase in accounts payable-related party  | (16)                                   | 16             |
| Increase in accrued expenses   | 397                                    | 113            |
| Increase in accrued fiduciary obligations  | 993                                    | -              |
| (Decrease) in operating lease liabilities  | (74)                                   | (65)           |
| (Decrease) in due to related party   | (240)                                  | -              |
| Increase in other liabilities  | 147                                    | -              |
| Net cash used in operating activities  | <u>(5,526)</u>                         | <u>(1,646)</u> |
| <b>Cash flows from investing activities</b>  |  |                |
| Cash and restricted cash acquired as part of the acquisition of Continental Benefits                                     | 11,384                                 | -              |
| Capitalization of software development costs   | (1,212)                                | (140)          |
| Purchase of property and equipment   | (67)                                   | (32)           |
| Reimbursement of leasehold improvements from lease   | -                                      | 46             |
| Net cash provided by (used in) investing activities  | <u>10,105</u>                          | <u>(126)</u>   |
| <b>Cash flows from financing activities</b>  |  |                |
| Proceeds from stock options exercised  | 1                                      | -              |
| Proceeds from convertible notes  | 550                                    | 2,000          |
| Proceeds from short-term loan  | 2,000                                  | -              |
| Proceeds from issuance of warrants   | 53                                     | -              |
| Net cash provided by financing activities  | <u>2,604</u>                           | <u>2,000</u>   |
| <b>Net increase in cash, cash equivalents and restricted cash</b>  | <b>7,183</b>                           | <b>227</b>     |
| <b>Cash, cash equivalents and restricted cash at beginning of the period</b>   | <b>1,818</b>                           | <b>246</b>     |
| <b>Cash, cash equivalents and restricted cash at end of period</b>   | <b>\$ 9,001</b>                        | <b>\$ 474</b>  |
| <b>Reconciliation of cash, cash equivalents and restricted cash reported in the condensed consolidated balance sheet</b> |  |                |
| Cash and cash equivalents  | \$ 1,191                               | \$ 414         |
| Restricted cash  | 7,810                                  | 59             |
| <b>Total cash, cash equivalents and restricted cash in the condensed consolidated statement of cash flows</b>            | <b>\$ 9,001</b>                        | <b>\$ 474</b>  |
| <b>Supplemental disclosures of non-cash activity</b>   |  |                |
| Conversion of convertible notes at the closing of the Continental Benefits acquisition                                   | \$ 4,175                               | \$ -           |
| Common stock issued as part of the acquisition of Continental Benefits   | \$ 8,500                               | \$ -           |

MARPAI, INC. AND SUBSIDIARIES  
RECONCILIATION OF NET LOSS TO NON-GAAP ADJUSTED EBITDA  
(in thousands)  
(unaudited)

|   | <u>Three Months Ended</u> |                 | <u>Nine Months Ended</u> |                   |
|---|---------------------------|-----------------|--------------------------|-------------------|
|   | <u>September 30,</u>      |                 | <u>September 31,</u>     |                   |
|   | <u>2021</u>               | <u>2020</u>     | <u>2021</u>              | <u>2020</u>       |
| <b>Net Income (loss)</b>                        | \$ (4,793)                | \$ (926)        | \$ (10,256)              | \$ (2,985)        |
| Interest expense and foreign exchange loss, net | 57                        | 135             | 295                      | 350               |
| Income tax (benefit)                            | -                         | -               | (150)                    | -                 |
| Depreciation and amortization expense           | 802                       | 18              | 1,223                    | 56                |
| Stock based compensation expense                | 253                       | 195             | 962                      | 836               |
| <b>Adjusted EBITDA</b>                          | <b>\$ (3,681)</b>         | <b>\$ (578)</b> | <b>\$ (7,926)</b>        | <b>\$ (1,743)</b> |

