DarioHealth - InvestorRoom

DarioHealth Reports Third Quarter 2023 Financial and Operating Results

Nov 2, 2023

- *Third quarter total revenue of $3.52 million compared to $6.6 million in the third quarter of 2022, impacted mainly by lower commercial strategic partners revenues in the quarter of $209,000 as compared to $3.1 million in Q3 2022.*
- *Third quarter 2023 commercial B2B2C revenues from monthly recurring revenues derived from employers and health plans is up 19.3% over third quarter 2022; nine months YTD up 57% over comparable period in 2022.*
- *Aetna on track to launch its Dario powered behavioral health platform in the first quarter of 2024, with multiple employers already committed to the platform.*
- *Expanded our relationship with Aetna behavioral health to replace an existing vendor and add more than $1 million annual recurring revenues beginning in the first quarter of 2024.*
- *Expanded our relationship with an existing regional plan from our hypertension solution to now also include diabetes.*
- *Anticipate adding 15 new customers to Dario's platform in the first quarter of 2024.*
- *Announced a new agreement with PlanSource, a leading provider of cloud-based benefits administration and engagement technology, to offer Dario's full suite of digital health solutions to more than five million consumers.*
- *Introduced a new GLP-1 Behavioral Change Program to help members realize the transformational power of GLP-1s and other anti-obesity medications while also helping Dario's customers gain better insights on the impact of these medications across their populations.*
- *Cash and cash equivalents balance as of the end of the third quarter of 2023 of$44 million.*
- *Company to host investor conference call and webcast at 8:30 a.m. ET today.*

NEW YORK, Nov. 2, 2023 /PRNewswire/ -- DarioHealth Corp. (Nasdaq: DRIO) ("Dario" or the "Company"), a leader in the global digital health market, today reported financial results for the third quarter 2023 and provided a corporate and commercial update.

"As we discussed during our recent investor day, our revenue generally comes from three sources, our historical direct to consumer (B2C) business, recurring revenue from health plans and employers (B2B2C), and strategic revenue from partners like Sanofi U.S., which is milestone driven. During the third quarter of 2023, our total revenues amounted to $3.52 million. Our B2C business generated $2 million in the third quarter consistent our the expected $8 million to $9 million a year in revenue. Our core B2B2C business continued to grow over the prior year with revenue growth of 57% year-to-date compared to the same period in 2022, with $3.9 million in 2023 compared to $2.5 million in 2022. While our strategic revenue is at a run rate of approximately $6.3 million a year, third quarter revenues were only $209,000 which negatively impacted our revenue versus the prior quarter and the third quarter of 2022. Our relationship with Sanofi is unchanged and we anticipate that this annual revenue will continue into 2024, as part of the $30 million agreement signed in 2022, with the possibility for expansion," stated Erez Raphael, Chief Executive Officer of Dario.

"We ended the quarter in a strong financial position, with $44 million of cash and cash equivalents, and we anticipate that our growing B2B revenue combined with our continued expense management will enable us to continue to execute against our strategy," Mr. Raphael concluded.

"We achieved a significant win in the third quarter with our expansion of our Aetna business outside of our previously existing contract. We believe this is evidence of our strong Aetna relationship and it expands our footprint within Aetna. Based on our 2023 employer selling season, we anticipate adding at least 15 employers and health plans to Dario's platform in the first quarter of 2024, which includes only new customer business. As evidence of the results our customers are seeing, we anticipate several of our customers will expand our product offering beginning in the first and second quarter of 2024, including two of our existing health plans expanding either the size of the population or lines of business, which will add to our B2B2C revenue growth in the first half of 2024. In addition, we remain only partially penetrated with our large regional plans and MedOne Pharmacy Benefits Solution ("MedOne"), both of which launched in the third quarter of 2023. We expect that we will see increasing revenue from MedOne as it launches its new employers in the first quarter of 2024, and moving into the rest of the year, as Dario is now part of MedOne's standard offering for new customers. We achieved another significant win with our existing regional plans in the third quarter of 2023 as they expanded from hypertension to add diabetes as a condition on their platform. We anticipate that the diabetes program will launch by the first quarter of 2024, and we will see growth in revenue from this customer throughout 2024 as the plan expands its promotion of the program within its population. And, based on our current late-stage pipeline, we anticipate adding several additional health plans in 2024, directly and through partners," stated Rick Anderson, President of Dario. "These includes our partnership with PlanSource Benefits Administration, Inc., under the agreement we announced in the third quarter of 2023, to offer our full suite of digital health solutions to more than five million consumers."

"As we shared during our Investor Day on October 17, 2023, our named strategic partners represent 87 million members which translates to a potential market of about $1.7 billion available to us through these partnerships. Every 1% increase in penetration represents approximately $17 million in annualized recurring commercial B2B2C revenue. We believe that we have barely scratched the surface of what is currently available to us through these existing partnerships, and our large and growing pipeline further supports our confidence in our long-term growth prospects. We have near term customers in the pipeline through our partners, American Well Corporation and Solera Health Inc., including two national health plans and several regional health plans," Mr. Anderson concluded.

Q3 2023 and Recent Highlights

- Hosted an in-person investor day on the rise of digital health. The event featured presentations by digital health industry leaders, including Arnaud Robert, respected technology expert and former Head of Digital for Sanofi, Disney and Nike, and Felix Lee, U.S. Digital Healthcare Medical Head, Sanofi, who explained the rigor and value of the two third party studies of Dario data that were recently presented, including one showing a more than $5,000 difference in cost reduction for Dario members versus a propensity matched control. A replay of the event is available at https://dariohealth.investorroom.com/.
- Announced a new strategic partnership with a top five national employee benefits consulting firm to become the preferred digital health and chronic condition solution partner for its national employer clients. The partnership includes Dario's solutions for diabetes, pre-diabetes, hypertension, musculoskeletal and behavioral health.
- Announced a new agreement with PlanSource, a leading provider of cloud-based benefits administration and engagement technology, to offer Dario's full suite of digital health solutions to more than five million consumers.
- Announced a new contract with a large regional health plan through Dario's partnership with Solera. The contract, which launched in late July 2023, will initially offer Dario's hypertension solution to the plan's members. Recently signed an agreement to expand this customer to add Dario's diabetes solution.
- Announced a new contract with pharmacy benefits manager, MedOne, through Dario's strategic partnership with Sanofi. The contract was launched starting with Dario's diabetes solution.
- Introduced a new GLP-1 Behavioral Change Program to help members realize the transformational power of GLP-1s and other anti-obesity medications while also helping Dario's customers gain better insights on the impact of these medications across their populations.
- Announced new research presented by Sanofi at the Academy of Managed Care Pharmacy's 2023 annual conference Nexus demonstrating a 36% reduction in 30-day hospital readmissions for Dario users compared to non-users living with type 2 diabetes.
- Announced new research published in the Journal of Medical Internet Research (JMIR) demonstrating the positive impact of coaching and breathing exercises as part of Dario's behavioral health solution alongside coaching and breathing exercises for members living with depression or anxiety. Among the highlights, the analysis revealed a significant decrease in depression and anxiety symptoms during the first six weeks which was maintained throughout the rest of the 16-week program.
- Presented new research at the ADCES23 Annual Conference demonstrating Dario's ability to sustainably improve health outcomes for users with diabetes over a two-year period. The results showed that during the two years of data analyzed in the research study, users improved engagement 29% over two years.
- Announced new research conducted by Sanofi, further demonstrating the economic and clinical value of Dario's platform. The first study demonstrated clinically significant differences in reductions in HbA1c for all Dario users compared to non-users, resulting in a 23.5% reduction in hospitalizations for Dario users. In a separate study, an analysis of matched medical claims revealed $5,077 in incremental medical cost savings for Dario users living with Type-2 diabetes compared to non-users.
- Continue to demonstrate the strength of Dario's multi-condition suite, with more than 50% of pipeline opportunities for multi-condition contracts.

Financial Results for the Three Months Ended September 30, 2023:

Revenues for the third quarter ended September 30, 2023, were $3.52 million, a 46.7% decrease from $6.6 million for the third quarter ended September 30, 2022, and a decrease of 42.8% from $6.15 million for the second quarter of 2023. The decrease in revenues for the quarter ended September 30, 2023, as compared to the quarter ended September 30, 2022, resulted mainly from a reduction in revenues derived from the Company's strategic partnerships that are included in the revenues from services and the B2C channel.

Gross profit for the third quarter of 2023 was $610,000, a decrease of $1.19 million, compared to gross profit of $1.8 million for the third quarter of 2022, and a decrease of 70.6% from $2.1 million for the second quarter of 2023. Gross profit as a percentage of revenues decreased to 17.3% in the third quarter of 2023, from 27.3% in the third quarter of 2022, and decreased from 33.7% in the second quarter of 2023.

Pro-forma gross profit, excluding $1.1 million of amortization expenses related to the acquisition of technology, was $1.72 million, or 48.8% of revenues, for the three months ended September 30, 2023, compared to a pro-forma gross profit of $2.9 million, or 44% of revenues, for the three months ended September 30, 2022, and pro-forma-gross profit of $3.2 million, or 51.5% of revenues, for the three months ended June 30, 2023. A reconciliation of GAAP to non-GAAP measures has been provided in the financial statement tables included in this press release. An explanation of these measures is also included below under the heading "Non-GAAP Financial Measures."

Total operating expenses for the third quarter of 2023 were $16.2 million, compared with $16.4 million for the third quarter of 2022, and $16.1 million for the second quarter of 2023, a decrease of $0.2 million, or 1.3%, compared to the third quarter of 2022, and an increase of $62,000, or 0.4%, compared to the second quarter of 2023. The decrease compared to the third quarter of 2022 resulted mainly from the decrease in our marketing expenses. The increase compared to the second quarter of 2023 resulted mainly from an increase in research and development expenses. Total operating expenses excluding stock-based compensation, earn-out measurement, and depreciation for the third quarter of 2023 were $10.9 million, compared to $11.4 million for the third quarter of 2022, and $10.7 million for the second quarter of 2023.

Operating loss for the third quarter of 2023 was $15.5 million, an increase of $1 million, or 6.7%, compared to $14.5 million for the third quarter of 2022, and an increase of $1.5 million, or 10.9%, compared to $14 million for the second quarter of 2023. The increase compared to the third quarter of 2022 and compared to the second quarter of 2023, was mainly due to the decrease in gross profit.

Operating loss excluding stock-based compensation and depreciation for the third quarter of 2023 was $9.15 million compared to $8.4 million for the third quarter of 2022, and $7.5 million for the second quarter of 2023.

Net loss was $15.7 million in the third quarter of 2023, an increase of $100,000, or 0.6%, compared to a net loss of $15.6 million in the third quarter of 2022, and a decrease of $0.9 million, or 5.1%, compared to $16.6 million for the second quarter of 2023.

Net loss excluding stock-based compensation, acquisition related expenses and depreciation for the third quarter of 2023 was $9.15 million compared to $8.4 million for the third quarter of 2022 and $7.5 million in the second quarter of 2023.

Non-GAAP billings for the three months ended September 30, 2023, were $3.41 million, a 48% decrease from $6.6 million for the three months ended September 30, 2022. The decrease is a result of a reduction in revenues derived from the Company's strategic partnerships that are included in revenues from services and the B2C channel, in the three months ended September 30, 2023, compared to the three months ended September 30, 2022.

A reconciliation of GAAP to non-GAAP measures has been provided in the financial statement tables included in this press release. An explanation of these measures is also included below under the heading "Non-GAAP Financial Measures."

Financial Results for the Nine Months Ended September 30, 2023:

Revenues for the nine months ended September 30, 2023, were $16.74 million, a 19.7% decrease from $20.85 million for the nine months ended September 30, 2022. The decrease in revenues for the nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022, resulted mainly from the intended reduction in revenues from consumer hardware sales and a reduction in revenue relating to data access and development services derived from the Company's strategic partners that are included in revenues from providing services.

Gross profit for the nine months ended September 30, 2023, was $5.85 million, a decrease of 15.5%, or $1.07 million, compared to gross profit of $6.92 million for the nine months ended September 30, 2022.

Pro-forma gross profit, excluding $3.3 million of amortization of expenses related to acquisitions, was $9.1 million for the nine months ended September 30, 2023, compared to a pro-forma gross profit of $10 million for the nine months ended September 30, 2022. Pro-forma gross profit margin, excluding amortization of expenses related to the acquisitions, was 54.6% for the nine months ended September 30, 2023, compared to 48.2% for the nine months ended September 30, 2022.

Total operating expenses for the nine months ended September 30, 2023, were $47.8 million, a decrease of $6.9 million, or 12.6%, compared with $54.7 million for the nine months ended September 30, 2022. This resulted mainly from the decrease in sales and marketing expenses.

Total operating expenses excluding stock-based compensation and depreciation for the nine months ended September 30, 2023, were $32.3 million compared to $39.7 million for the nine months ended September 30, 2022.

Operating loss for the nine months ended September 30, 2023, decreased by $5.8 million to $42 million, compared to a $47.8 million operating loss for the nine months ended September 30, 2022. This decrease is mainly due to the decrease in operating expenses.

Net loss was $45.1 million for the nine months ended September 30, 2023, compared to a net loss of $49.6 million for the nine months ended September 30, 2022. The decrease was driven by lower operating expenses, partially offset by higher financing expenses.

Non-GAAP billings for the nine months ended September 30, 2023, were $16.1 million, a 22% decrease from $20.6 million for the nine months ended September 30, 2022.

Non-GAAP adjusted net loss for the nine months ended September 30, 2023, was $26.2 million, a 16.3% decrease from a $31.3 million non-GAAP adjusted net loss for the nine months ended September 30, 2022.

A reconciliation of GAAP to non-GAAP measures has been provided in the financial statement tables included in this press release. An explanation of these measures is also included below under the heading "Non-GAAP Financial Measures."

Conference Call Details: Thursday, November 2, 8:30am ET

Dial-in: 1-888-886-7786 (domestic) or 1-416-764-8658 (international)

Call me™: https://connectnow1.accutel.com/EventMeet/control?u=1https://connectnow1.accutel.com/EventMeet/control?u=1

Participants can use Guest dial-in #s above and be answered by an operator OR click the Call me™ link for instant telephone access to the event. This link will be made active 15 minutes prior to scheduled start time.

Conference title: DarioHealth Corp. – Third Quarter 2023 Results Call

Webcast link: https://viavid.webcasts.com/starthere.jsp?ei=1634656&tp_key=1861f55312

Participants are asked to dial-in approximately 10 minutes prior to the start of the event. A replay of the call will be available approximately two hours after completion through Saturday, December 2, 2023. To listen to the replay, dial 1-844-512-2921 (domestic) or 1-412-317-6671 (international) and use replay passcode 68054211.

About DarioHealth Corp.

DarioHealth Corp. (Nasdaq: DRIO) is a leading digital health company revolutionizing how people with chronic conditions manage their health through a user-centric, multi-chronic condition digital therapeutics platform. Our platform and suite of solutions deliver personalized and dynamic interventions driven by data analytics and one-on-one coaching for diabetes, hypertension, weight management, musculoskeletal pain and behavioral health.

Our user-centric platform offers people continuous and customized care for their health, disrupting the traditional episodic approach to healthcare. This approach empowers people to holistically adapt their lifestyles for sustainable behavior change, driving exceptional user satisfaction, retention and results and making the right thing to do the easy thing to do.

Dario provides its highly user-rated solutions globally to health plans and other payers, self-insured employers, providers of care and consumers. To learn more about Dario and its digital health solutions, or for more information, visit http://dariohealth.com.

Cautionary Note Regarding Forward-Looking Statements

This news release and the statements of representatives and partners of the Company related thereto contain or may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the generality of the foregoing, words such as "plan," "project," "potential," "seek," "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate" or "continue" are intended to identify forward-looking statements. For example, when the Company discusses that it expects to continue to add members to its platform throughout 2023 and 2024, that it anticipates adding 15 new customers to its platform in the first quarter of 2024, the expected timing of certain product launched with its customers, its expectations relating to its expected revenues from certain client contracts, its potential expansion of its relationship with Sanofi, its confidence with respect to the stability of its revenues, its expectation regarding its drive towards increasing its gross margin, the potential growth of its B2B2C business, and its belief that it has barely scratched the surface of what is currently available to it through its existing partnerships, and its large and growing pipeline further supports its confidence in its long-term growth prospects. Readers are cautioned that certain important factors may affect the Company's actual results and could cause such results to differ materially from any forward-looking statements that may be made in this news release. Factors that may affect the Company's results include, but are not limited to, regulatory approvals, product demand, market acceptance, impact of competitive products and prices, product development, commercialization or technological difficulties, the success or failure of negotiations and trade, legal, social and economic risks, and the risks associated with the adequacy of existing cash resources. Additional factors that could cause or contribute to differences between the Company's actual results and forward-looking statements include, but are not limited to, those risks discussed in the Company's filings with the U.S. Securities and Exchange Commission. Readers are cautioned that actual results (including, without limitation, the timing for and results of the Company's commercial and regulatory plans for Dario™ as described herein) may differ significantly from those set forth in the forward-looking statements. The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

Non-GAAP Financial Measures

We have provided in this release financial information that has not been prepared in accordance with Generally Accepted Accounting Principles (GAAP). These non-GAAP financial measures are not based on any standardized methodology prescribed by GAAP and are not necessarily comparable to similar measures presented by other companies. We use these non-GAAP financial measures internally in analyzing our financial results and believe they are useful to investors, as a supplement to GAAP measures, in evaluating our ongoing operational performance. We believe that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing our financial results with peer companies, many of which present similar non-GAAP financial measures to investors.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures provided in the financial statement tables below.

Billings (non-GAAP). We define billings as revenue recognized in accordance with GAAP plus the change in deferred revenue from the beginning to the end of the period and adjustment to the deferred revenue balance due to adoption of the new revenue recognition standard less any deferred revenue balances acquired from business combination(s) during the period. We consider billings to be a useful metric for management and investors because billings drive future revenue, which is an important indicator of the health and viability of our business. There are a number of limitations related to the use of billings instead of GAAP revenue. First, billings include amounts that have not yet been recognized as revenue and are impacted by the term of security and support agreements. Second, we may calculate billings in a manner that is different from peer companies that report similar financial measures. Management accounts for these limitations by providing specific information regarding GAAP revenue and evaluating billings together with GAAP revenue.

Operating expenses (non-GAAP). Our presentation of non-GAAP operating expenses excludes stock-based compensation expenses. Due to varying available valuation methodologies, subjective assumptions, and the variety of equity instruments that can impact a company's non-cash operating expenses, we believe that providing non-GAAP financial measures that exclude non-cash expense provides us with an important tool for financial and operational decision making and for evaluating our own core business operating results over different periods of time.

Net loss (non-GAAP). Our presentation of adjusted net loss excludes the effect of certain items that are non-GAAP financial measures. Adjusted net loss represents net loss determined under GAAP without regard to stock-based compensation expenses, deferred inventory, depreciation of fixed assets, earn-out remeasurement and acquisition related expenses and amortization. We believe these measures provide useful information to management and investors for analysis of our operating results.

DARIOHEALTH CORP. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED BALANCE SHEETS
U.S. dollars in thousands

		September 30, 2023 Unaudited		**December 31, 2022**
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$	43,878	$	49,357
Short-term restricted bank deposits		395		165
Trade receivables		4,533		6,416
Inventories		5,471		7,956
Other accounts receivable and prepaid expenses		1,934		1,630
Total current assets		56,211		65,524
NON-CURRENT ASSETS:				
Deposits		5		6
Operating lease right of use assets		978		1,206
Long-term assets		131		111
Property and equipment, net		999		788
Intangible assets, net		6,541		9,916
Goodwill		41,640		41,640
Total non-current assets		50,294		53,667
Total assets	$	106,505	$	119,191

DARIOHEALTH CORP. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED BALANCE SHEETS
U.S. dollars in thousands (except stock and stock data)

		September 30, 2023 Unaudited		**December 31, 2022**
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Trade payables	$	1,929	$	2,322
Deferred revenues		684		1,320
Operating lease liabilities		119		293
Other accounts payable and accrued expenses		5,374		6,592
Loan, current		—		8,823

Total current liabilities		8,106		19,350
NON-CURRENT LIABILITIES				
Operating lease liabilities		804		827
Long-term loan		29,000		18,105
Warrant liability		524		910
Other long-term liabilities		36		—
Total non-current liabilities		30,364		19,842
STOCKHOLDERS' EQUITY				
Common stock of $0.0001 par value - authorized: 160,000,000 shares; issued and outstanding: 27,215,157 and 25,724,470 shares on September 30, 2023 and December 31, 2022, respectively		3		3
Preferred stock of $0.0001 par value - authorized: 5,000,000 shares; issued and outstanding: 18,959 and 3,567 shares on September 30, 2023 and December 31, 2022, respectively		*) -		*) -
Additional paid-in capital		401,887		365,846
Accumulated deficit		(333,855)		(285,850)
Total stockholders' equity		68,035		79,999
Total liabilities and stockholders' equity	$	106,505	$	119,191

DARIOHEALTH CORP. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
U.S. dollars in thousands (except stock and stock data)

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	Unaudited		Unaudited	
Revenues:				
Services	$ 1,765	$ 4,553	$ 11,171	$ 12,802
Consumer hardware	1,753	2,052	5,565	8,045
Total revenues	3,518	6,605	16,736	20,847
Cost of revenues:				
Services	599	1,827	3,701	3,538
Consumer hardware	1,203	1,873	3,902	7,255
Amortization of acquired intangible assets	1,106	1,105	3,281	3,131
Total cost of revenues	2,908	4,805	10,884	13,924
Gross profit	610	1,800	5,852	6,923
Operating expenses:				
Research and development	$ 5,665	$ 4,803	$ 16,052	$ 14,867
Sales and marketing	6,363	7,571	19,163	26,403
General and administrative	4,128	3,999	12,611	13,453
Total operating expenses	16,156	16,373	47,826	54,723
Operating loss	15,546	14,573	41,974	47,800
Total financial expenses, net	186	1,059	3,168	1,775
Loss before taxes	15,732	15,632	45,142	49,575
Income Tax	—	—	—	1
Net loss	$ 15,732	$ 15,632	$ 45,142	$ 49,576
Other comprehensive loss:				

Deemed dividend	$ 1,172	$ 494	$ 2,863	$ 1,378
Net loss attributable to shareholders	$ 16,904	$ 16,126	$ 48,005	$ 50,954
Net loss per share:				
Basic and diluted loss per share of common stock	$ 0.49	$ 0.64	$ 1.52	$ 2.02
Weighted average number of common stock used in computing basic and diluted net loss per share	28,815,604	22,973,197	28,195,216	22,876,397

DARIOHEALTH CORP. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
U.S. dollars in thousands

	Nine months ended September 30,	
	2023	**2022**
	Unaudited	
Cash flows from operating activities:		
Net loss	$ (45,142)	$ (49,576)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Stock-based compensation, common stock, and payment in stock to directors, employees, consultants, and service providers	15,307	13,898
Depreciation	290	243
Change in operating lease right of use assets	228	(887)
Amortization of acquired intangible assets	3,375	3,224
Decrease (increase) in trade receivables	1,883	(3,211)
Decrease (increase) in other accounts receivable, prepaid expense and long-term assets	(324)	129
Decrease (increase) in inventories	2,485	(1,534)
Decrease in trade payables	(393)	(3,136)
Decrease in other accounts payable and accrued expenses	(1,182)	(1,401)
Decrease in deferred revenues	(636)	(205)
Change in operating lease liabilities	(196)	800
Remeasurement of earn-out	—	945
Non cash financial expenses	1,267	807
Net cash used in operating activities	(23,038)	(39,904)
Cash flows from investing activities:		
Purchase of property and equipment	(501)	(399)
Purchase of short-term investments	(4,996)	-
Proceeds from redemption of short-term investments	5,033	-
Purchase of intangible assets	-	(115)
Net cash used in investing activities	(464)	(514)
Cash flows from financing activities:		
Proceeds from issuance of common stock and prefunded warrants, net of issuance costs	1,614	38,023
Proceeds from issuance of preferred stock, net of issuance costs	14,868	-
Proceeds from borrowings on credit agreement	29,604	23,786
Repayment of long-term loan	(27,833)	-
Repurchase and retirement of common stock	-	(134)
Net cash provided by financing activities	18,253	61,675
Increase in cash, cash equivalents and restricted cash and cash equivalents	(5,249)	21,257
Cash, cash equivalents and restricted cash and cash equivalents at beginning of period	49,470	35,948
Cash, cash equivalents and restricted cash and cash equivalents at end of period	$ 44,221	$ 57,205
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest on long-term loan	$ 3,035	$ 969
Non-cash activities:		
Right-of-use assets obtained in exchange for lease liabilities	$ 14	$ 1,177

Reconciliation of Revenue to Billing (Non-GAAP)
U.S. dollars in thousands

Three Months Ended Nine Months Ended

	September 30,		September 30,	
	2023	2022	2023	2022
GAAP Revenue	3,518	6,605	16,736	20,847
Add:				
Change in deferred revenue	(105)	(9)	(636)	(205)
Billing (Non-GAAP)	3,413	6,596	16,100	20,642

Reconciliation of Operating Loss, Net Loss and Operating Expenses to Adjusted Operating Loss, Net Loss and Operating Expenses (Non-GAAP)
U.S. dollars in thousands

Three months ended September 30, 2023

	GAAP	Stock-Based Compensation Expenses	Amortization of acquisition related expenses and depreciation of fixed assets	Non-GAAP
Cost of Revenues	$ 2,908	(17)	(1,137)	1,754
Gross Profit	610	17	1,137	1,764
Research and development	5,665	(1,226)	(22)	4,417
Sales and Marketing	6,363	(1,879)	(39)	4,445
General and Administrative	4,128	(2,037)	(38)	2,053
Total Operating Expenses	16,156	(5,142)	(99)	10,915
Operating Loss	$ (15,546)	5,159	1,236	(9,151)
Financing expenses	186	-	-	186
Income Tax	-			-
Net Loss	$ (15,732)	5,159	1,236	(9,337)

Three months ended September 30, 2022

	GAAP	Stock-Based Compensation Expenses	Earn-out remeasurement, amortization of acquisition related expenses and depreciation of fixed assets	Non-GAAP
Cost of Revenues	$ 4,805	(25)	(1,132)	3,648
Gross Profit	1,800	25	1,132	2,957
Research and development	4,803	(1,166)	(12)	3,625
Sales and Marketing	7,571	(1,957)	(44)	5,570
General and Administrative	3,999	(1,778)	(43)	2,178
Total Operating Expenses	16,373	(4,901)	(99)	11,373
Operating Loss	$ (14,573)	4,926	1,231	(8,416)
Financing expenses	1,059	-		1,059
Income Tax				
Net Loss	$ (15,632)	4,926	1,231	(9,475)

Reconciliation of Operating Loss, Net Loss and Operating Expenses to Adjusted Operating Loss, Net Loss and Operating Expenses (Non-GAAP)
U.S. dollars in thousands

Nine months ended September 30, 2023

	Stock-Based	Amortization of acquisition related expenses

	GAAP	Compensation Expenses	and depreciation of fixed assets	Non-GAAP
Cost of Revenues	$ 10,884	(61)	(3,372)	7,451
Gross Profit	5,852	61	3,372	9,285
Research and development	16,052	(3,713)	(57)	12,282
Sales and Marketing	19,163	(5,550)	(129)	13,484
General and Administrative	12,611	(5,983)	(107)	6,521
Total Operating Expenses	47,826	(15,246)	(293)	32,287
Operating Loss	$ (41,974)	15,307	3,665	(23,002)
Financing expenses	3,168	-	-	3,168
Income Tax	-			-
Net Loss	$ (45,142)	15,307	3,665	(26,170)

Nine months ended September 30, 2022

	GAAP	Stock-Based Compensation Expenses	Earn-out remeasurement, amortization of acquisition related expenses and depreciation of fixed assets	Non-GAAP
Cost of Revenues	$ 13,924	(73)	(3,207)	10,644
Gross Profit	6,923	73	3,207	10,203
Research and development	14,867	(3,214)	(33)	11,620
Sales and Marketing	26,403	(5,089)	(348)	20,966
General and Administrative	13,453	(5,522)	(824)	7,107
Total Operating Expenses	54,723	(13,825)	(1,205)	39,693
Operating Loss	$ (47,800)	13,898	4,412	(29,490)
Financing income	1,775	-	-	1,775
Income Tax	1			1
Net Loss	$ (49,576)	13,898	4,412	(31,266)

DarioHealth Corporate Contact

Mary Mooney
VP Marketing
Mary@dariohealth.com
+1-312-593-4280

Media Contact:

Scott Stachowiak
Scott.Stachowiak@russopartnersllc.com
+1-646-942-5630

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https://dariohealth.investorroom.com/2023-11-02-DarioHealth-Reports-Third-Quarter-2023-Financial-and-Operating-Results