



DarioHealth Corp.

# A Comprehensive, User-Centric Digital Health Platform

Feb 21<sup>st</sup>, 2024



# | Forward-looking statement

This presentation of DarioHealth Corp. ("Dario", the "Company", "we" and "our") and statements of our management or agents related thereto contain or may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Act"). Statements which are not historical reflect our current expectations and projections about our future results, performance, liquidity, financial condition, prospects and opportunities and are based upon information currently available to us and our management and their interpretation of what is believed to be significant factors affecting our business, including many assumptions regarding future events. For example, when we discuss our growth potential and return on investment, the potential synergies as a result of the combination with Twill, our expected gross margins and reduced operating expenses, the proposed path to profitability, the potential market opportunity, potential increase in revenue based on multi-condition accounts, the potential benefits to be realized by the strategic agreement with Sanofi U.S. Services Inc. ("Sanofi") and the expected contract value and potential revenues and product offering, we are using forward-looking statements. Words such as "seek," "intend," "believe," "plan," "estimate," "expect," "anticipate," "will," "would," and other similar expressions all denote forward-looking statements within the meaning of the Act.

Readers are cautioned that actual results, performance, liquidity, financial condition and results of operations, prospects and opportunities could differ materially and perhaps substantially from those expressed in, or implied by, these forward-looking statements as a result of various risks, uncertainties and other factors. Factors that could cause or contribute to such differences include, but are not limited to our compliance with regulatory requirements, the impact of current and any future competition, our current and future capital requirements and our ability to satisfy our capital needs through financing transactions or otherwise, our ability to manufacture, market and generate sales of our Dario® diabetes management solution, as well as other factors and risks discussed in the Company's filings (including the results of the Company's commercial and regulatory plans for Dario®) with the U.S. Securities and Exchange Commission (the "SEC").

We undertake 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.

In addition, readers are cautioned that any estimates, forecasts or projections contained in this presentation or as may be discussed by our management or agents have been prepared by our management in good faith on a basis believed to be reasonable. However, such estimates, forecasts and projections involve significant elements of subjective judgment and analysis and no representation can be made as to their attainability. No representation or warranty (express or implied) is made or is to be relied upon as a promise or representation as to our future performance. Readers are cautioned that such estimates, forecasts or projections have not been audited and have not been prepared in conformance with generally accepted accounting principles.

This presentation contains market data related to our business and industry, including projections that are based on a number of assumptions. If these assumptions turn out to be incorrect, our actual results may differ materially from the projections based on these assumptions. As a result, the market for our products may not grow at the rates projected by these data, or at all. If the assumptions upon which the projections are based prove to be incorrect, or if the market for our products fails to grow at the rates projected, our results will differ materially from the projections included in this presentation.

This presentation shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of any securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

This presentation also contains certain financial information that is presented on a non GAAP basis. A reconciliation of GAAP to non-GAAP measures has been provided in the financial statement tables annexed at the end of this presentation. An explanation of these measures is also included below under the heading "Non-GAAP Financial Measures."

# | Combined Company Highlights

## One of the Most Comprehensive Product Offerings

**6 covered conditions** with navigation technology to assign users to the correct therapeutic areas.

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## \$171B TAM\*

Operates in the future of the healthcare industry

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## \$5k Yearly Savings Expected to Increase

Economically incentivized clients see quantifiable benefits from partnering with Dario. Twill's **\$2,500/year\*\*** savings will increase this number and add more value to clients and partners

## Combined Entity Partnered With 3 of Top 8 National Health Plans

**Aetna, Sanofi, Blues Plan**, and other household name employers including 3 of the top 7 tech companies in the world.

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## Scaled Client Economics

Combination serves a larger eligible population, driving higher enrollment and higher ARPU (Average Revenue per User)

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## SaaS-like Financial Profile

Expected **80%-85% gross margins** with year over year rolling member based recurring revenues provide high growth potential and is expected to accelerate path to profitability.

# Combination Creates an Unrivaled Market Position Post Twill Acquisition



## Enhanced Product Offering

- Best in class **consumer centric** solution
- Comprehensive multi condition platform across **6 conditions**
- Powerful **AI driven** user **navigation** functionalities

**20M**

Covered  
Lives

## Optimized Go To Market Strategy

- Similar market channels across **Employers, Health plans** and **Pharma**
- Low customer overlap provides **cross-sell potential**
- Expanded breadth and depth will further **data monetization**

**3 of 8**

Top US Health  
Plans

## Better Clients and Member Economics

- Improvement in **client win rate**
- Accelerating per member economics from **larger eligible population** (6 eligible conditions), **increased enrollment rate** (from member navigation) resulting in **higher revenue per member** (ARPU)

**~\$30.5M**

Total combined  
revenues for first  
9Months 2023

## Financial Profile

- Expected **30% operating expense synergies**
- **85% gross margins** expected from combination
- Expected to reach **profitability** sooner **[2<sup>nd</sup> year]** and at a lower run rate

**85%**

Expected Combined  
Gross Margins

# | TAM – Exceptional and Untapped

\$171B opportunity in the U.S. alone of which less than 2% is already penetrated

**96M**

American adults (more than 1 in 3) have prediabetes <sup>(4)</sup>

**75%**

of aggregate U.S. healthcare spending accounted for chronic diseases <sup>(1)</sup>

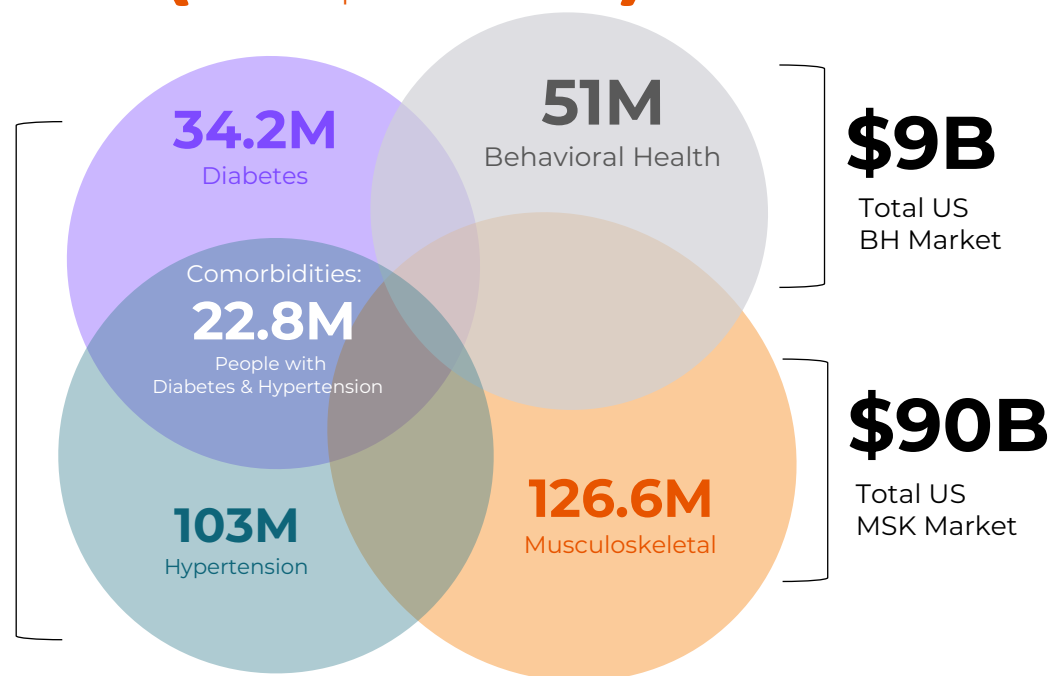
**\$4.1T**

Annual Health Care Costs to the U.S. economy <sup>(1)</sup>

**\$72B**

Total US Metabolic market

**2.4**  
( average number of managed conditions on the Dario platform )



**66%**

of people with diabetes also have high blood pressure <sup>(3)</sup>

**40%**

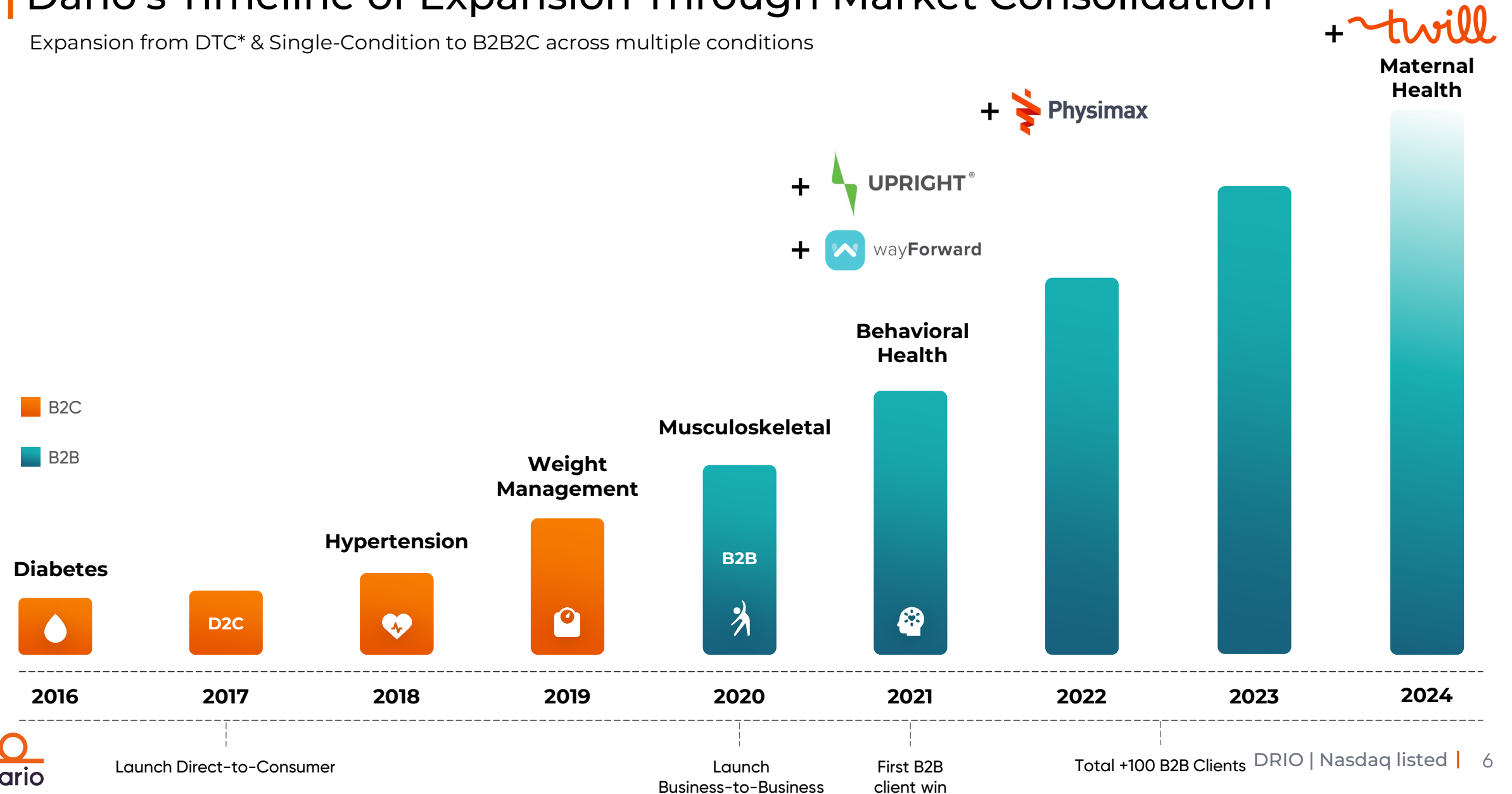
of U.S. adults live with two or more chronic diseases <sup>(2)</sup>

**60%**

Adults in the US have a chronic disease <sup>(2)</sup>

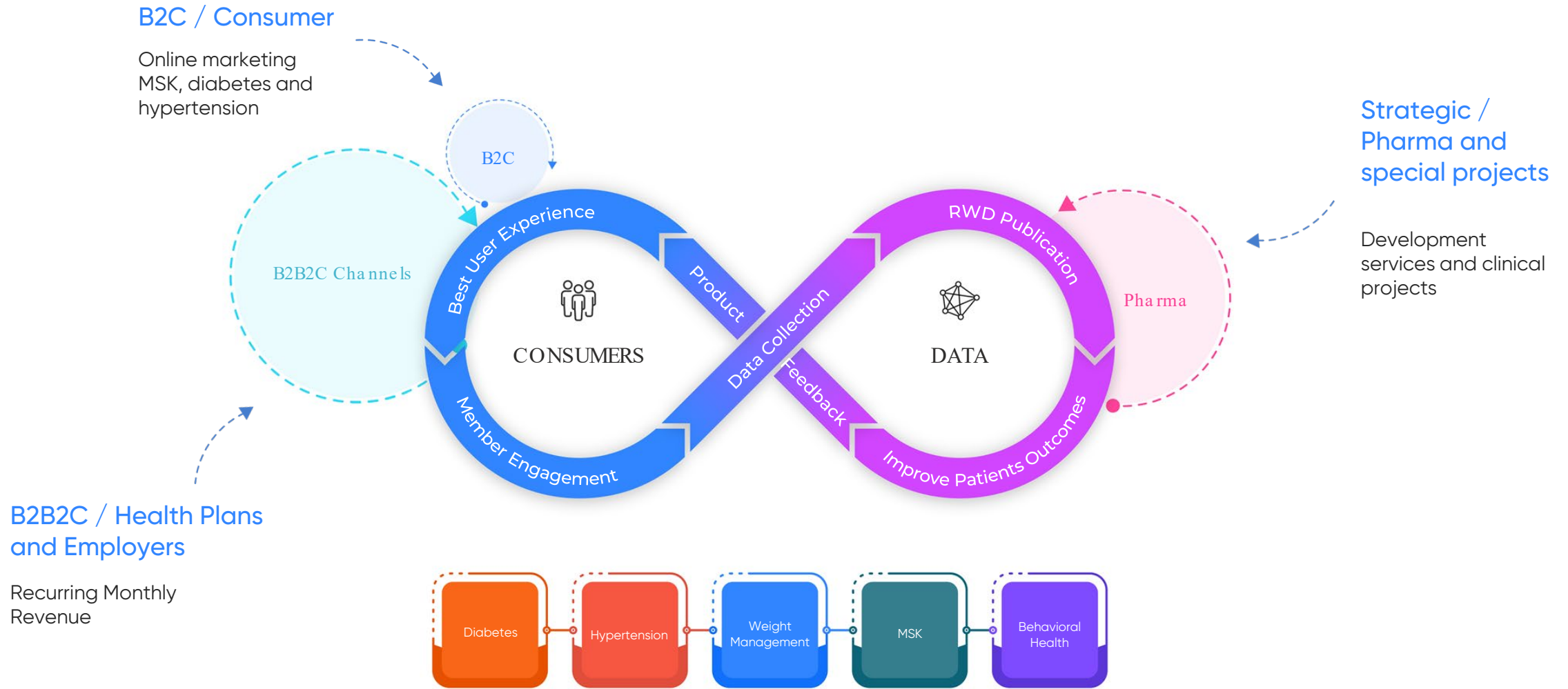
# Dario's Timeline of Expansion Through Market Consolidation

Expansion from DTC\* & Single-Condition to B2B2C across multiple conditions





# | Value Exchange Between Dario Stakeholders



# | A Combination to Create a Fully Integrated User Experience



**Multi condition platform clinically proven to deliver cost savings and improved clinical outcomes**

Diabetes,  
Hypertension,  
Weight Management,  
Musculoskeletal,  
Behavioral Health



**Integrated software solution powering user engagement and navigation to clinical resources**

Wellbeing,  
Maternal Health,  
Behavioral Health

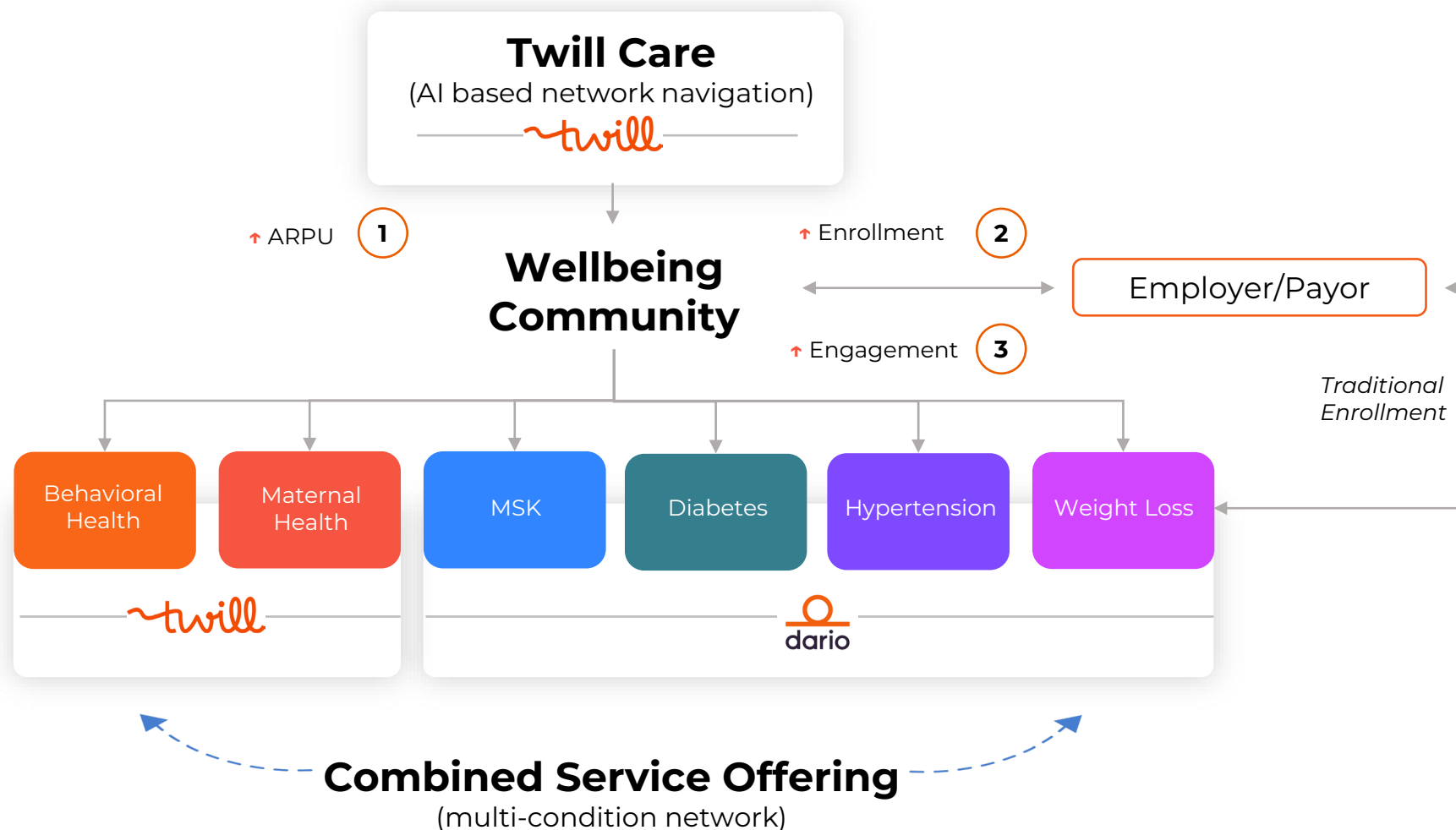


One of digital health's first **consumer centric platforms** which starts at navigation and ends at treatment **across 6 conditions.**



# | User Centricity Translates to Value Creation...

From Patient Navigation to Enrollment and full member management



**1** Support ongoing navigation from wellbeing to chronic care driving revenue per user

**2** Expanded patient reach through wider ability to engage patient population

**3** Engagement with community creates ability to further identify patient care gaps

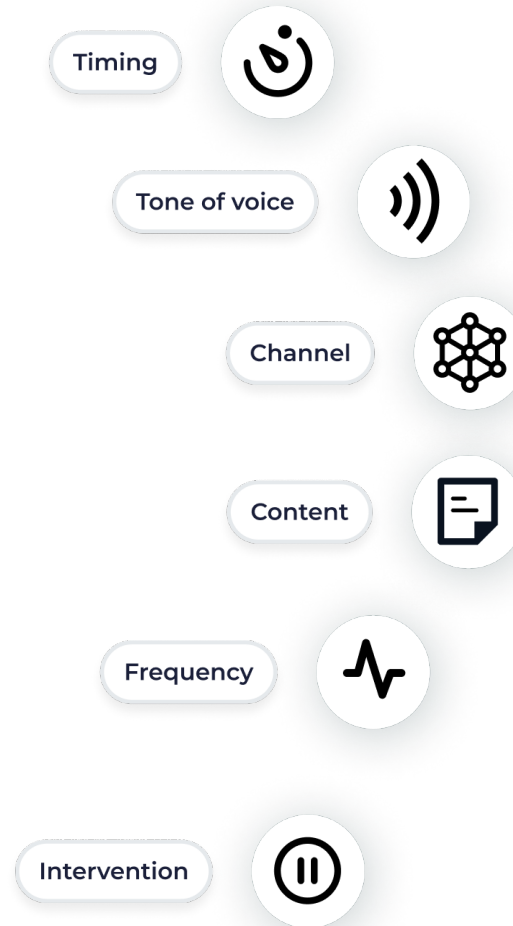
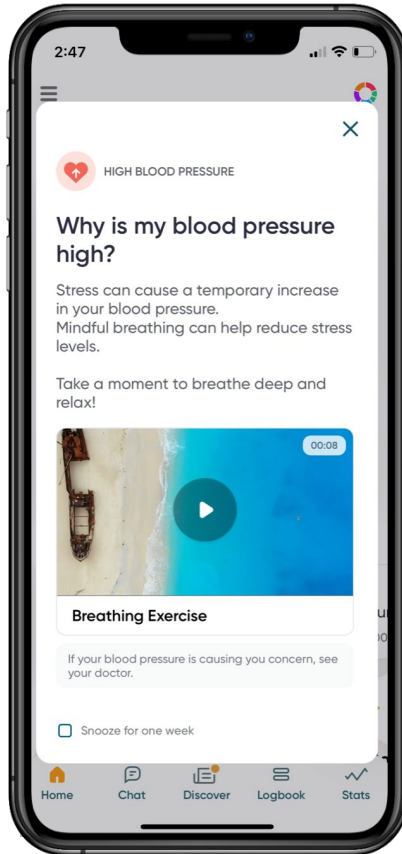
# | Dario has Built a Consolidated and Personalized Experience

The Dario ecosystem provides members the capability to monitor their progress with seamless integration across products



# | Dario Delivers Members a Dynamic, Personalized Journey Powered by AI

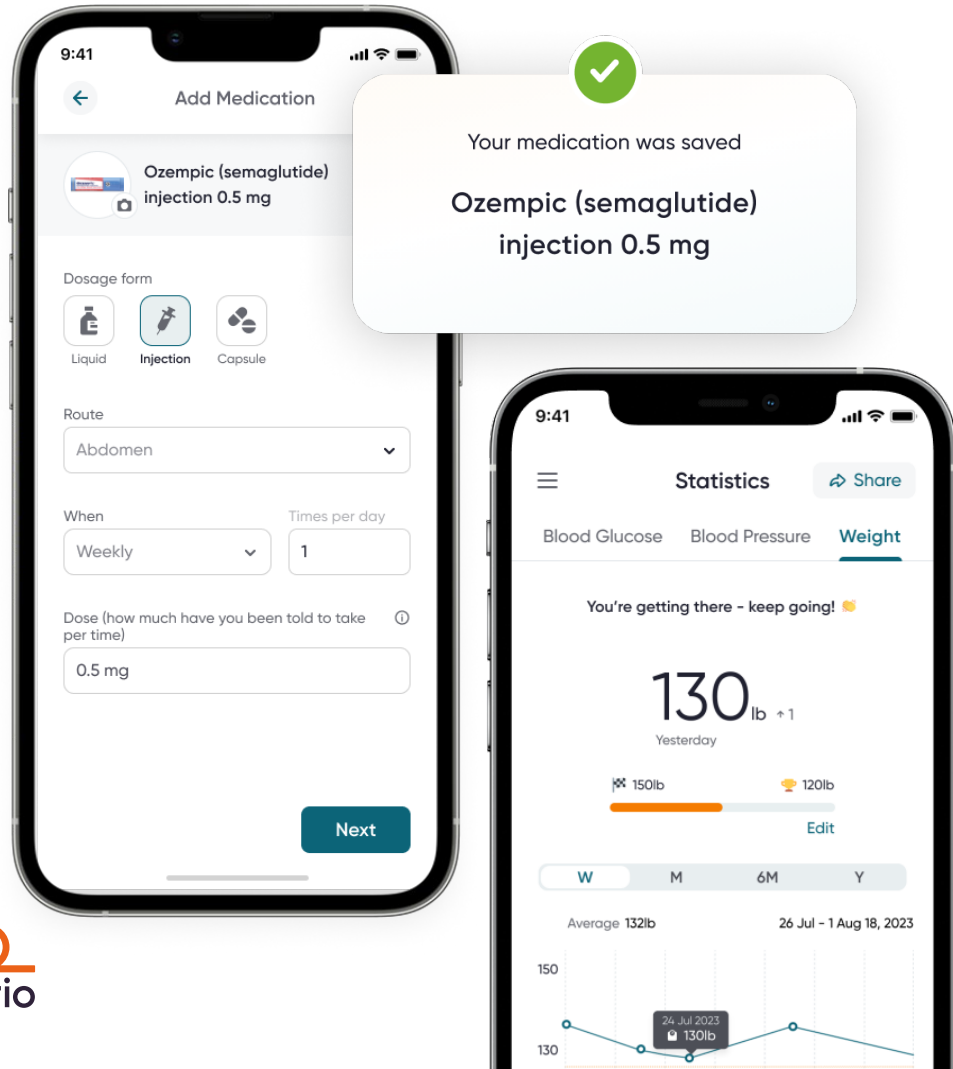
Insights dynamically applied to six domains of personalization creating engagement throughout patient journey



Dario's adaptive approach flexes to members' changing needs and circumstances, **using their unique data** to support them through challenges and help them stay on their path to better health.

# | GLP-1 Behavioral Change Program

The advantage of Dario's fundamental product offerings in the GLP-1 space, powered by new developments in collaboration with our strategic partners



## A tailored experience to help members achieve their goals:

According to published FDA statements, the drug needs to be supported by proper behavioral change. This includes onboarding and offboarding the drug as well as managing nutrition and exercise while taking it.

### **This is exactly the type of behavioral management that the Dario solutions address..**

- Onboarding with a clinical coach sets members up for success.
- Dedicated specialty health coaches support members on their health journey.
- Tailored weight loss program to help members achieve weight loss goals and develop healthy habits.

# | Real World Clinical Results

Real-world clinical studies have **proven product excellence**, as well as helped quantify the benefits that clients and members see

## User Centricity

**4.9/5 Stars**

app store rating

**20,000+**

reviews

**77**

NPS

## Engagement and Retention

**75%**

Retention year-over-year

## Clinical Outcomes

**8.4 mmHg reduction**

in systolic blood pressure for 70% of members

**1.1–2.3 pts Reduction**

in A1c

**58% reduction**

in hyperglycemic events

**54% reduction**

in severe pain

**48%, 59% reduction**

in Depression and Anxiety Symptoms (Respectively)

## ROI

**Scalable / Sustainable**

43 real-world-data Clinical Studies, 3 done by Sanofi

**\$5,077**

Medical cost savings for Dario users

**9% Population Improvement**

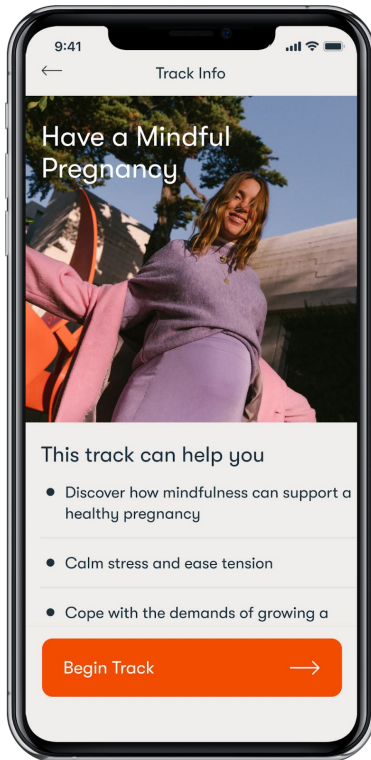
Well-controlled; -13% poorly controlled

# | Twill's Complimentary Platform and Capabilities



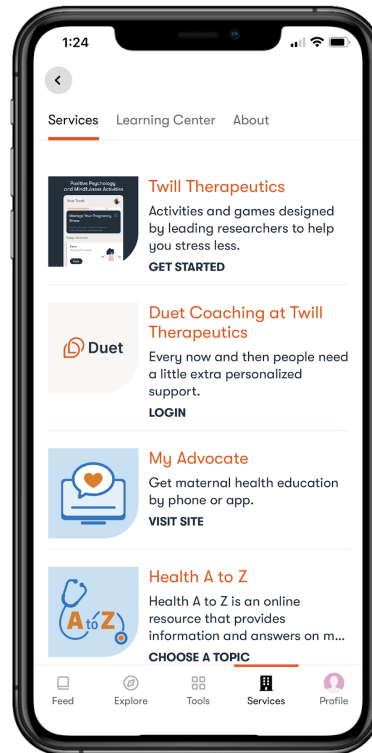
## Pregnancy Solution

Accelerated delivery of simple and seamless end-to-end maternal health care for Medicaid members



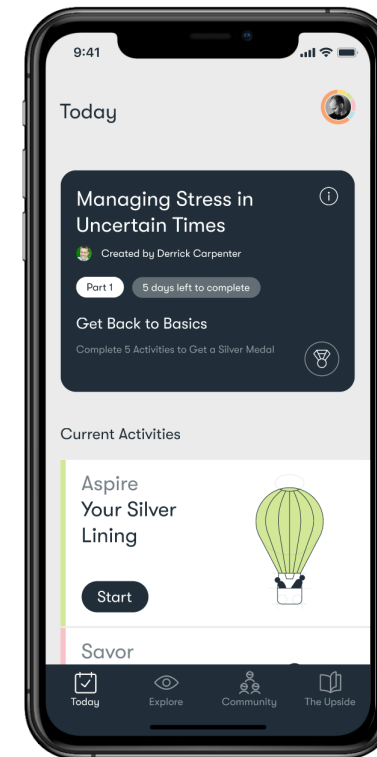
## Integrated Navigation

Authenticated benefits for eligible members or employees including both digital and human support



## Digital Therapeutics

Self-guided care for well-being delivering improvements in anxiety, depression and productivity



# 18M+

Covered Lives Across Customer Accounts

# 70%

Women Activated in 1<sup>st</sup> Trimester of Pregnancy

# 58%

More Effective in Improving Depression Symptoms vs. Control Group

# | The Combination Creates an End-to-End User Experience

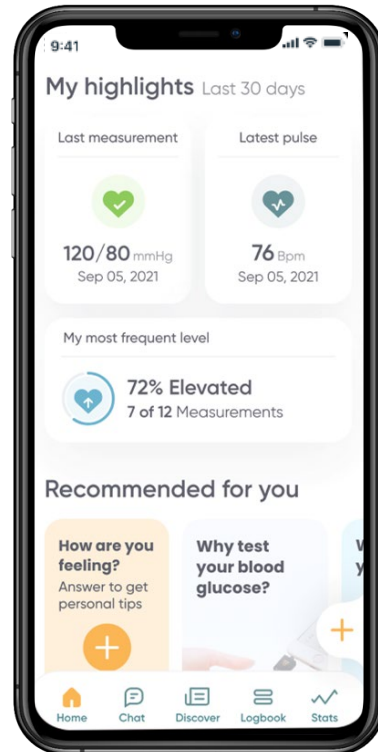
## Directing Users to Available Clinical Services

### Combined Services:

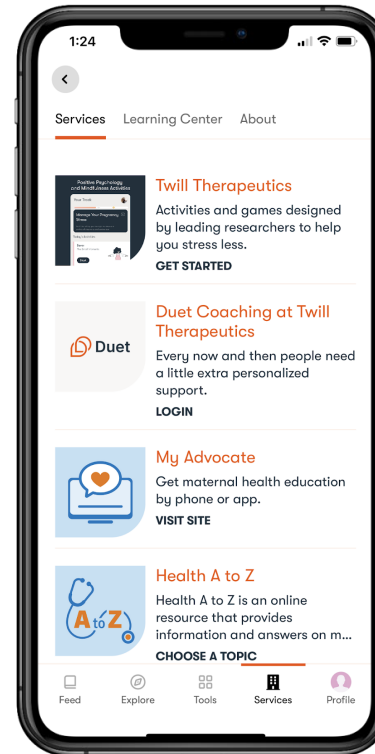
- Configurable Navigation
- Activation
- Community
- AI-Based Chat
- Devices
- DTx
- Coaching
- Integration to Clinical Networks



Integrated software and device  
patient experience



Integrated software and clinical  
services patient experience



### Precision Care Engine

A connected services flywheel utilizing data to help each user discover the treatment services that are available to them and navigate to the right one

Users become informed on their condition then directed to digital therapeutic services, live coaching, or third party services in their area as needed

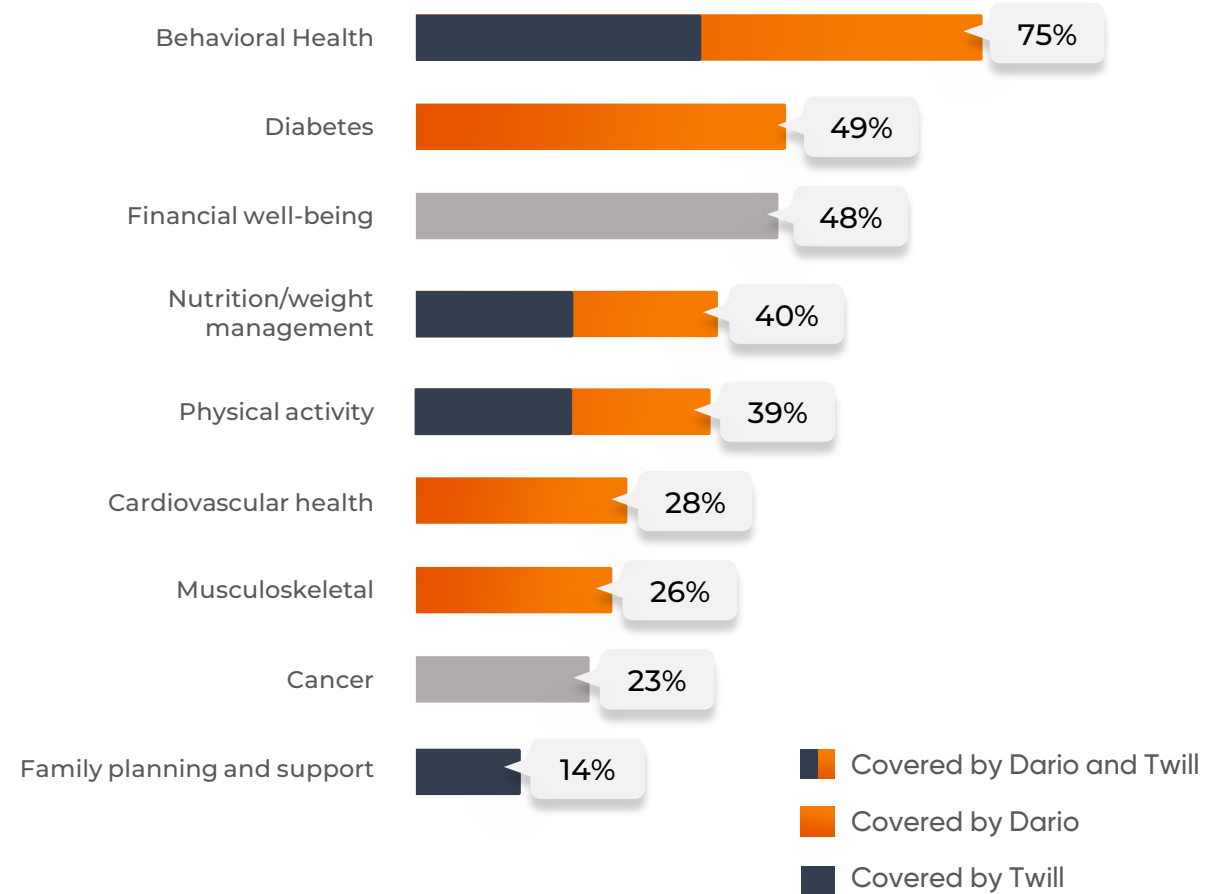
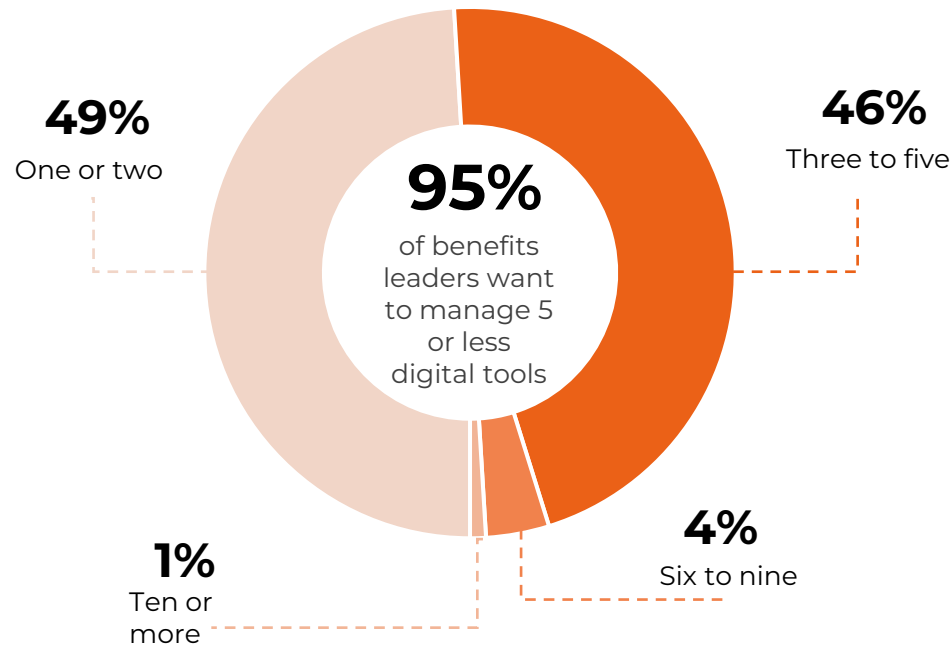
Hyper-personalization optimizes user navigation and strengthens engagement





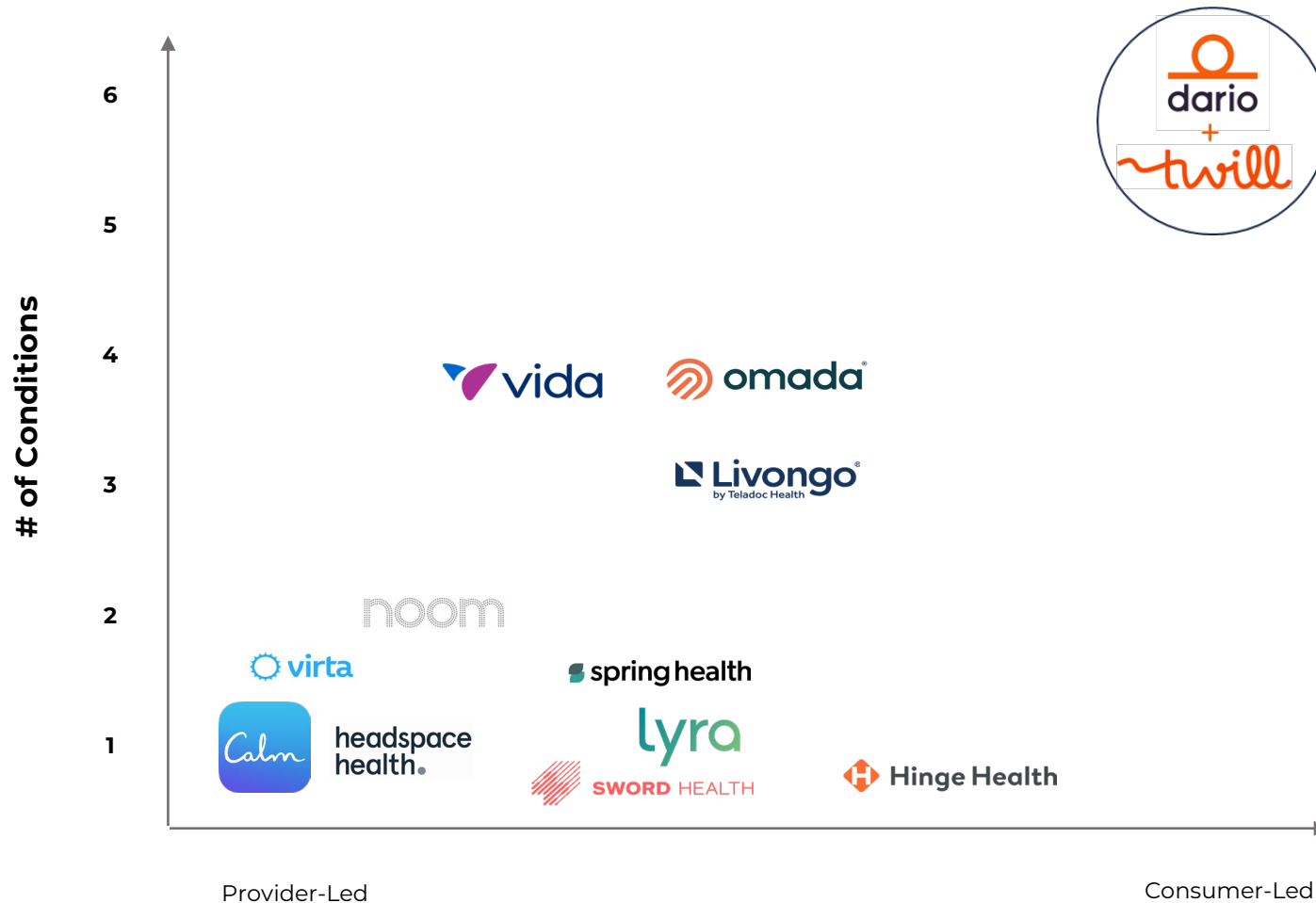
# | Together We Address Clients' Top Priorities

Payors have long been communicating a need to consolidate vendors. As a **single solution** that addresses the highest number of conditions that contribute most to healthcare costs among employers, the combination is very well positioned in the competitive landscape as the market consolidates.



# Combination Creates Vertically / Horizontally Integrated Platform

The only consumer centric, multi condition solution with real world clinical studies that show tangible results for payors, employers and end users alike



Comprehensive and feature filled  
**consumer platform**

Mental wellbeing serves as a foundation  
for **engagement and enrollment**

Patient centric experience designed to  
optimize activation and **sustained  
engagement**

Immediate **increase in breadth of  
customer reach** and availability to drive  
higher win rate



1 Impact of a Digital Diabetes Solution on Glycemic Control in Adults with Type 2 Diabetes Mellitus in the United States, ADA 2023  
2 The impact of a digital health technology on healthcare quality measures and clinical outcomes in adults with type 2 diabetes mellitus, AMCP-Nexus 2023  
3 A Retrospective Cohort Study Comparing Healthcare Resource Utilization, Length of Stay and 30-Day Readmissions in Users and Non-Users of a Digital Diabetes Health Intervention for Patients with Type 2 Diabetes Mellitus, AMCP-NEXUS 2023  
4 Effects of a Digital Diabetes Solution on All-Cause Healthcare Utilization Charges for Patients with Type 2 Diabetes, ADA 2023

# | Revenue Channels and Business Model

## 3 Revenue Channels:

### Strategic

Revenue Paid in Milestones

## Stakeholders per Channel:

### Strategic Partnerships

Pharma

Private Label or custom delivery

### B2B2C

Membership-driven  
Monthly Recurring Revenue

### Health Plans / PBMs

Managed Medicare & Medicaid

Fully insured commercial

### Self-Insured Employers

Direct to employer

Consultants/Brokers

Through health plans and PBMs

Through partners

### B2C

Membership-driven  
Monthly Recurring Revenue

### Members (Users on Dario Platform)

Direct to Consumer

Uninsured Individuals

## Membership Pricing Models:

### Per Engaged Member per Month

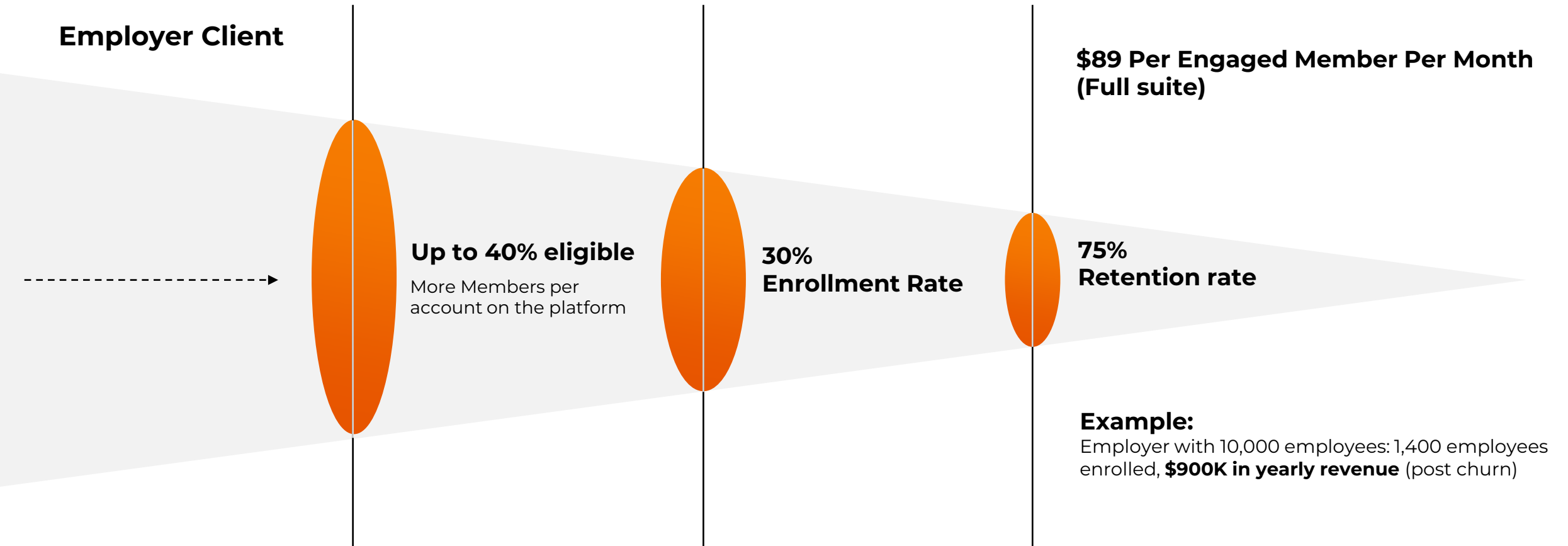
- Applied to metabolic conditions and full suite customers
- Paid per every member that is engaged on the platform
- The price ranges between **\$59 and \$89 / engaged member/month**

### Per Employee per Month (PEPM)

- Behavioral health and mid-market multi-condition customers
- Paid per every eligible member that will have access to the platform
- Price is in single digit per employee

# | Multi-Condition Strategy Compounds Economic Value

High market demand for multi-condition support evidenced by pipeline of future growth opportunities

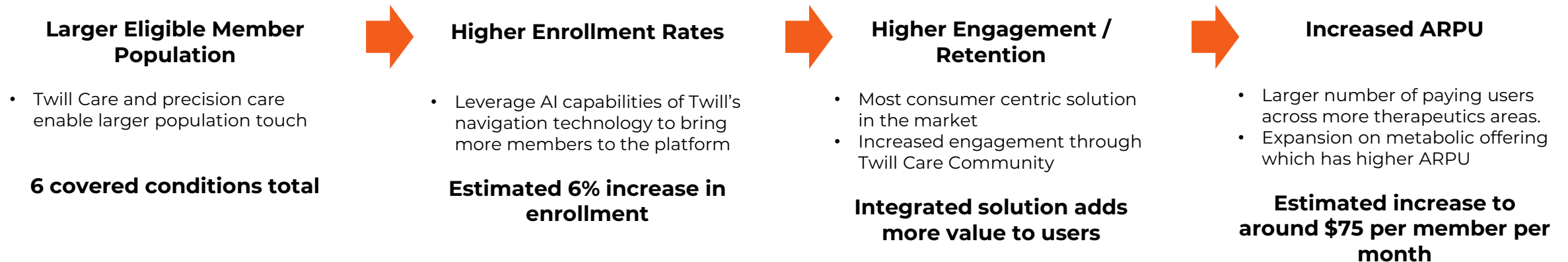


# | Dario-Twill Combination Accelerates Revenue Growth

Synergies Across the Full Spectrum of Growth Opportunities

## Improved Win-Rate

By increasing ROI for the clients across the full member populations



# Strategic Approach to Partnership Accelerates Commercial Adoption and Enhances Competitiveness

Gaining 1% Market Share Within Existing Partnerships is ~\$17M in ARR

Member lives:  
**87 Million\***

Total Addressable Market:  
**\$1.67B\*\***



 Partners network with access to:  
15,000 employers  
105 health plans

# | Near Term Growth – Dario Signed Partnerships

Rapidly growing pipeline through partners



One of the top  
3 national  
health plans

with access to:

**20M+ members**



One of the top  
3 national  
health plans

with access to:

**14M members**



A Rx General  
Purchasing Org

with access to:

**50M+ members**



January 2024  
Launch

available to:

**21M commercial  
and BH members**

**Amwell, Solera, and Aetna customers use existing contracts to shorten sales cycle**



# | Strategic Partnerships Advantage: **sanofi**

**\$30M**

**sanofi**

**Single  
Platform**

Multi-year, **\$30 million agreement**, will help accelerate the commercial adoption of Dario's full suite of digital therapeutics and drive the expansion of digital health solutions on the Dario platform.

**Sanofi selected Dario** to leverage its broad suite of digital therapeutics and its ability to engage patients for favorable clinical and financial outcomes, as the solution of choice for its U.S. commercial clients.

**Dario's single platform** helps patients manage diabetes, hypertension, weight management, musculoskeletal, and behavioral health, offering Sanofi managed care clients an attractive, easily scalable digital health solution that creates immediate access across a wide range of needs.

## **2 main areas of collaboration:**

### **Commercial**

Dario and Sanofi will collaborate on promoting the Dario multi-condition digital therapeutics solution, significantly increasing Dario's sales reach in the health plan market and selectively in the employer channel.

### **R&D**

Dario develops new or enhanced solutions leveraging its platform, and for the parties to generate robust evidence to support future commercialization in the health plan channel.

# | Dario – Twill Revenue 2023 – 9 Month Revenues

## ■ Consumer – B2C

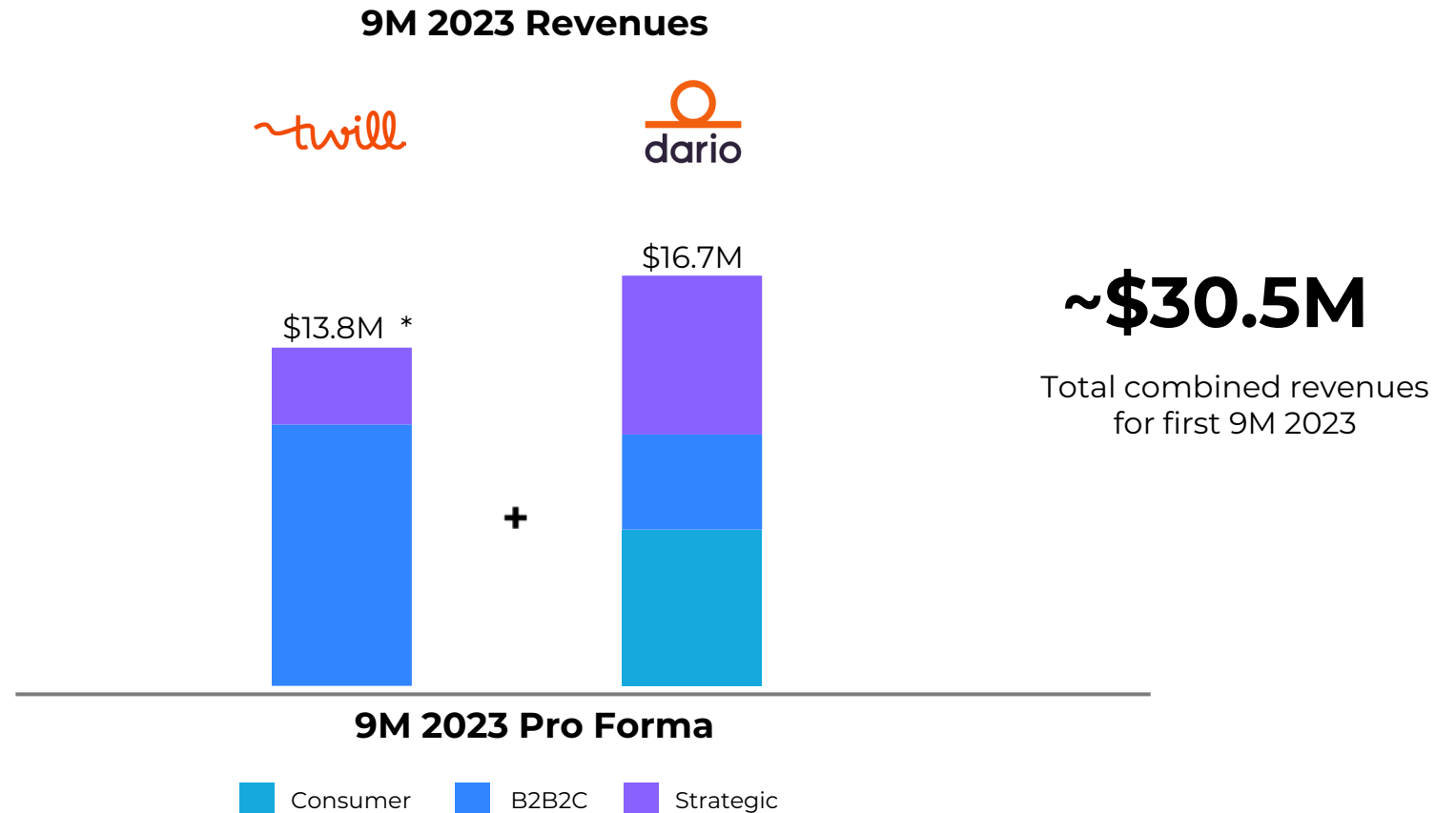
- \$8M – Dario Annual run rate
- *Cash positive business line*

## ■ Commercial – B2B2C

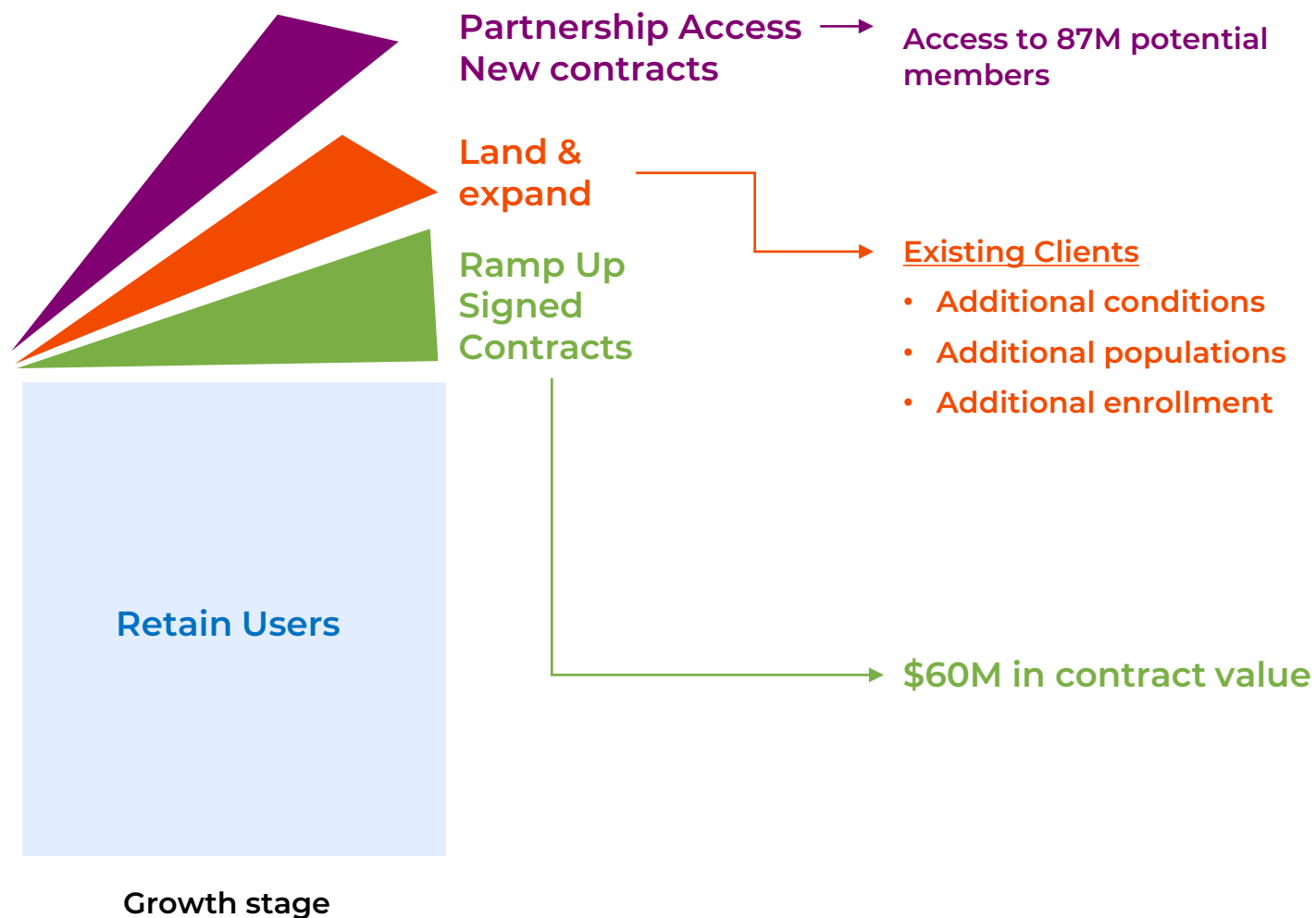
- \$5.5M – Dario recurring annual run rate

## ■ Commercial – Strategic

- \$6.3M – Strategic projects with Sanofi and Aetna
- \$3.5M – Platform access and data



# | Multiple Avenues of Revenue Growth



## Win-Rate Synergies

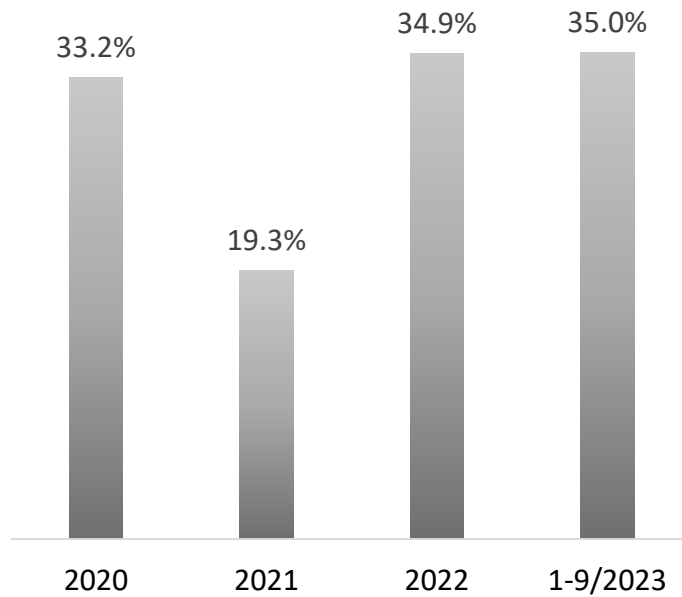
- Combined product with increased condition offerings is well-positioned to win deals
- Comprehensive platform expands combined company pipeline top-of-funnel

## Cross-Sell Synergies

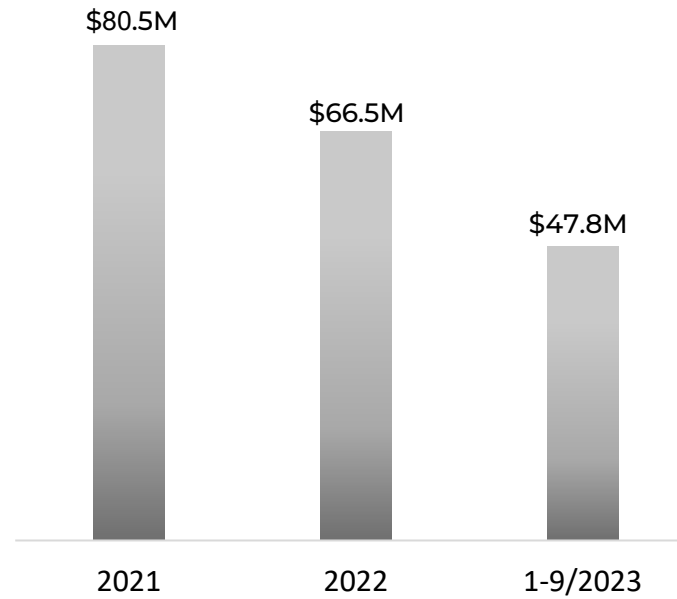
- Ample existing customers across both platforms creates significant sales opportunities

# | Financial Profile Improvement – GAAP

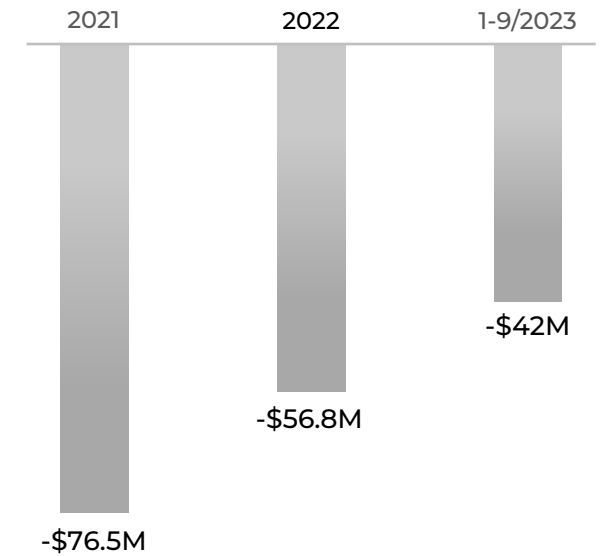
## Gross Profit



## Operating Expenses

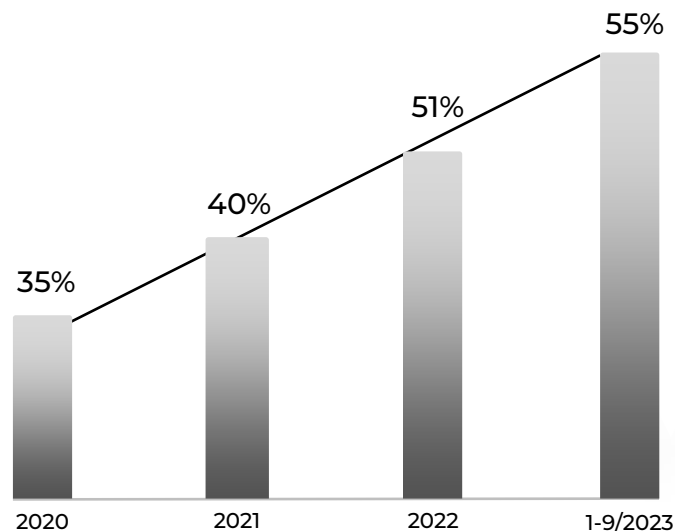


## Operating Loss



# Financial Profile Improvement – Non-GAAP

## Gross Margins Trend (Non-GAAP)

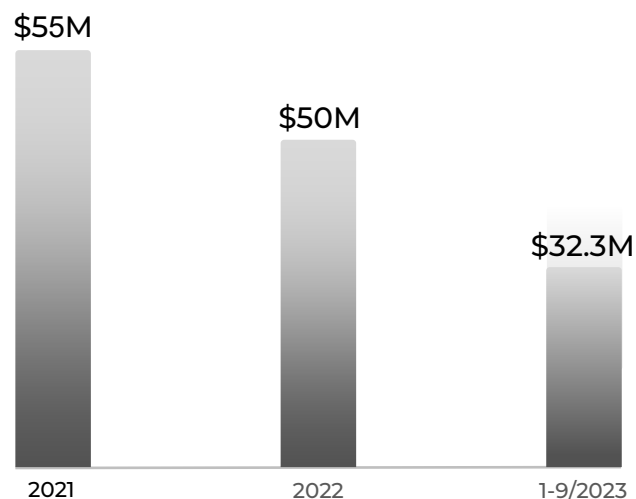


Continuous **improvement of gross margins** due to larger B2B2C business.

B2B2C business already achieved **70% gross margins**

Business expected to reach **80-85% gross margin at scale**

## Operating Expenses (Non-GAAP)

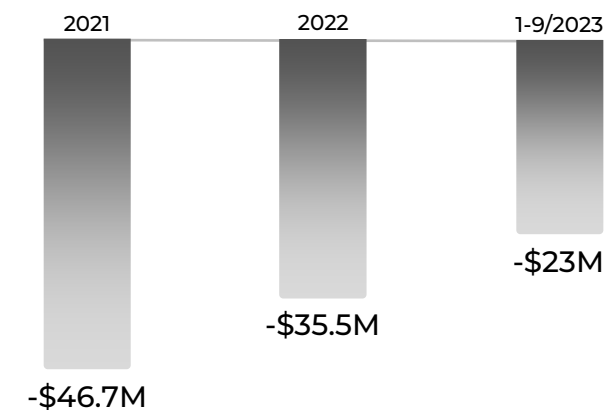


Continuous **Reduction in OPEX** trending also into 2024

### Reasons for reduction:

- B2C ramp down
- M&A consolidation
- Scale, Automation, offshore

## Operating Loss (Non-GAAP)



**Reduction in operating loss due to improvement in all parameters:**

- Commercial revenues, OPEX, Gross margins
- Reduction trend is expected into 2024

# | Capital structure

Balance Sheet & Capitalization Snapshot, as of February 28, 2024

Stock Price		Common Stock		Market Cap
\$2.21		27,787K		\$61M
		Pre-Funded Warrants (Includes 10,000K from Twill Acquisition)		11,283K
		Preferred Shares as Converted		17,861K
				56,931K
				\$126M
		Warrants		2,158K
		Min	\$1.08	
		Max	\$4.00	
		ESOP and RSU's		6,083K
		Warrants		1,636K
		Min	\$4.01	
		Max	\$25.00	
		Outstanding Equity		66,808K

Balances as of September 30, 2023:  
Cash and short-term investment (\*):  
\$43.9M

(\*) \$30 million long-term loan.

# | Experienced Executive Management Team



Erez Raphael  
CEO, Board Member



Rick Anderson  
President



Tomer Ben-Kiki  
Chief Operating Officer



Ofer Liedner  
Strategic Growth



Zvi Ben-David  
CFO



Omar Manejwala, M.D.  
Chief Medical Officer



Keren Zimmerman  
Chief Product Officer



Brian Harrigan  
SVP Employer Sales



Josh Fischer  
SVP Operations and Compliance



Mary Mooney  
VP Marketing





# | Board of Directors and Advisors



Yoav Shaked  
Chairman of the Board  
**SEQUOIA**



Dennis Matheis  
Board Member  
**SENTARA**



Allen Kamer  
Advisory Board  
**UNITEDHEALTH GROUP**  
OPTUM UnitedHealthcare



Eric Milledge  
Chairman of the  
Scientific Advisory  
Board  
**J&J**



Arnaud Robert  
Strategic Advisor  
The  
WALT DISNEY  
Company  
**sanofi**



Dennis M. McGrath  
Chair of Audit –  
Board Member  
**PAVmed**



Hila Karah  
Board Member  
**PERCEPTIVE  
ADVISORS**



Adam Stern  
Board Member  
**STERN AEGIS  
VENTURES**



Dr. David A. Horwitz, MD.  
Scientific Advisory Board  
**J&J**



Marilyn Ritholz, PhD  
Scientific Advisory Board  
**Joslin  
Diabetes  
Center**

# Thank You!

# | Non-GAAP Financial Measures

We have provided in this presentation 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.

*Gross profit and gross margin (non-GAAP).* Our presentation of non-GAAP gross profit and gross margin excludes amortization of acquired intangible assets, depreciation and stock-based compensation. We exclude these non-cash expenses, as we believe doing so better explains the profitability of our products on a cash basis as well as better presents the cash generation potential of our products.

*Operating expenses (non-GAAP).* Our presentation of non-GAAP operating expenses excludes stock-based compensation expenses, depreciation and amortization, earn out revaluation and acquisition costs. 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 and one-time expenses 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, amortization of acquired intangible assets, depreciation of fixed assets, amortization, earn out revaluation and one time acquisition costs. We believe these measures provide useful information to management and investors for analysis of our operating results.

## Reconciliation between Gross Profit and Gross Margin

	Year ended December 31,			Nine months ended
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>September 30. 2023</u>
Revenues:				
Services		\$2,085	\$17,859	\$11,171
Hardware and consumable products		\$18,428	\$9,797	\$5,565
Total revenues	\$7,576	\$20,513	\$27,656	\$16,736
Cost of revenues:				
Services		\$338	\$5,324	\$3,701
Hardware and consumable products		\$12,106	\$8,320	\$3,902
Amortization of acquired intangible assets		\$4,106	\$4,357	\$3,281
Total cost of revenues	<u>\$5,063</u>	<u>\$16,550</u>	<u>\$18,001</u>	<u>\$10,884</u>
Gross profit	\$2,513	\$3,963	\$9,655	\$5,852
Gross profit %	33.2%	19.3%	34.9%	35.0%
<u>Add back:</u>				
Amortization of acquired intangible assets		\$4,106	\$4,357	3,281
Depreciation and Stock-based compensation	<u>\$151</u>	<u>\$219</u>	<u>\$171</u>	<u>\$152</u>
Gross margin (non-GAAP)	\$2,664	\$8,288	\$14,183	\$9,285
Gross margin %	35%	40%	51%	55%

## Reconciliation between Operating Expenses and Operating Expenses (non-GAAP)

	Year ended December 31,		Nine months ended
	<u>2021</u>	<u>2022</u>	<u>September 30. 2023</u>
Operating expenses:			
Research and development	\$17,219	\$19,649	\$16,052
Sales and marketing	\$39,706	\$30,323	\$19,163
General and administrative	<u>\$23,532</u>	<u>\$16,493</u>	<u>\$12,611</u>
Total operating expenses	\$80,457	\$66,465	\$47,826
<u>Less:</u>			
Stock-based compensation	\$24,874	\$16,909	\$15,246
Acquisition costs	\$880		
Earn out revaluation	(\$503)	(\$497)	
Depreciation and Amortization	<u>\$229</u>	<u>\$375</u>	<u>\$293</u>
Total adjustments	\$25,480	\$16,787	\$15,539
Operating expenses (non-GAAP)	\$54,977	\$49,678	\$32,287

## Reconciliation between Operating Loss and Operating Loss (non-GAAP)

	Year ended December 31, <u>2021</u>	<u>2022</u>	Nine months ended <u>September 30, 2023</u>
Operating loss	\$76,494	\$56,810	\$41,974
<u>Less Gross profit adjustments:</u>			
Amortization of acquired intangible assets	\$4,106	\$4,357	\$3,281
Depreciation and Stock-based compensation	\$219	\$171	\$152
<u>Less operating expenses adjustments</u>			
Stock-based compensation	\$24,874	\$16,909	\$15,246
Acquisition costs	\$880	\$0	\$0
Earn out revaluation	(\$503)	(\$497)	\$0
Depreciation and Amortization	<u>\$229</u>	<u>\$375</u>	<u>\$293</u>
Total adjustments	\$29,805	\$21,315	\$18,972
Operating loss (non-GAAP)	\$46,689	\$35,495	\$23,002