

Syra Health Announces Second Quarter 2024 Financial Results, Led by Strong Revenue Growth of 101%

Conference call will be held today, Thursday, August 8 at 9:00 am ET

CARMEL, Ind., Aug. 8, 2024 — Syra Health Corp. (NASDAQ: SYRA), (“Syra Health” or the “Company”) a healthcare technology company powering better health by providing meaningful solutions, announced today its financial results for the second quarter ended June 30, 2024.



Q2 2024 Financial Highlights

- Revenue of \$2.0 million in 2Q24 compared to \$1.0 million in 2Q23.
- Gross margins in 2Q24 increased 468 basis points compared to 2Q23.
- High-margin business units, including Population Health, grew 347% and comprised 28% of total revenues in 2Q24, versus only 13% in 2Q23.
- Population Health, driven by the demand for data analytics and evaluation of state health department initiatives, saw an increase of 276% in 2Q24 compared to 2Q23.
- Cash balance of \$1.6 million and no long-term debt.

Recent Operational Highlights

- Announced as a subcontractor for a healthcare workforce contract vehicle awarded to LUKE by the Defense Health Agency (DHA), to provide medical staffing services at DHA facilities across the country. This contract vehicle has a term of 10 years and a ceiling value of \$43 billion.
- Secured a four-year, \$5.8 million statewide health education and training contract with Indiana Family and Social Services to train home and community support professionals.
- Currently has active contracts in 23 states across the nation.
- Awarded a population health contract by the Wyoming Department of Health, Behavioral Health Division to assess emergency preparedness plans.
- Delivered our fourth training to Maricopa County Department of Public Health.
- Secured a statewide nursing contract with the North Carolina Department of Public

Safety.

- Successfully implemented its propriety, AI-backed, mental health app, Syrenity, for two employers.

Management Commentary

Dr. Deepika Vuppalanchi, CEO, Syra Health, said “Our momentum has accelerated into the second quarter, where we achieved a 101% increase in our revenues. Our focus on higher-margin business units is proving successful, expanding our client base and diversifying our revenue streams. We are currently operating in 23 states in contrast to a handful of states a year ago. Our recent entry into the Federal Government sector is promising, with Syra Health now serving as subcontractors on contracts from the Health and Human Services (HHS) and DHA, and we expect to receive initial task orders in 2024. As anticipated, our legacy Healthcare Workforce business unit has continued to grow driven by new customers and contract extensions. The numerous contract wins across our business units announced in recent months are set to take effect in the latter half of 2024 and extend into 2025 and beyond. Additionally, our innovative AI-based mental health product, Syrenity, is generating significant interest and shows tremendous potential to transform the mental health space. We are committed to driving revenue growth while enhancing operational efficiencies to establish Syra Health as a leader in healthcare solutions.”

Q2 2024 Financial Results

Revenue for the quarter ended June 30, 2024, was \$2.0 million, compared to the \$1.0 million reported in the second quarter of 2023. Strong growth was driven by Population Health which grew 276% year over year, and Healthcare Workforce, which grew 66% year over year. Digital Health had revenues of \$92,250, compared to zero last year.

Gross profit margin in the second quarter of 2024 was 17.8%, compared to 13.1% in the second quarter of 2023. The 468-basis point increase in gross margins was due to a mix shift toward population health which carries higher margins and increased operational efficiency.

Total operating expenses for the second quarter of 2024 were \$1.7 million compared to \$912,113 in the second quarter of 2023. This temporary increase was driven by strategic investments in product development and corporate branding to drive future growth. However, we are committed to improving efficiency and managing costs more effectively.

Salaries and benefits expenses increased 51% due to increased operations and added office personnel to support the Company’s growth. Professional fees increased 10% due to increased legal and other professional costs related to the Company’s regulatory filings. Selling, general, and administrative expenses increased 110% due to increased operations. Depreciation expense was \$12,574 compared to \$12,293 in the second quarter of 2023, reflecting expanded office space and additional office equipment. R&D expenses were

\$277,548, reflecting the development of technology-based solutions.

Net Loss for the second quarter of 2024 was \$(1.4 million) compared to \$(802,800) in the second quarter of 2023.

Adjusted EBITDA for the second quarter 2024 was \$(1.3 million) compared to \$(771 thousand) in the second quarter 2023.

Cash on hand on June 30, 2024, was \$1.6 million.

Starting in the third quarter of 2024, we anticipate a reduction in operating expenses as a result of several key initiatives. We have recently streamlined our operations and optimized our workforce, leading to improvements in our cost structure. Additionally, we have implemented a 25% reduction in executive pay, which is part of our broader cost-saving strategy. These measures are designed to enhance operational efficiency and ensure that we continue to operate within a disciplined financial framework.

Conference Call

Management will hold a conference call to discuss the fiscal year's financial results at 9:00 am ET on August 8, 2024.

Interested parties can listen via a live webcast, from the link available in the Investor Relations section of the Company's website at <http://www.syrahealth.com/ir/presentations/q2-2024-earnings-call>.

A replay will be available after the call, in the Investor Relations section of the Company's website at <http://www.syrahealth.com/ir/presentations/q2-2024-earnings-call>.

Non-GAAP Financial Measures

In addition to financial results reported in accordance with accounting principles generally accepted in the United States of America ("GAAP"), we have provided the following non-GAAP financial measure in this release and the accompanying tables: adjusted EBITDA. We use this non-GAAP financial measures internally to facilitate period-to-period comparisons and analysis of our operating performance and liquidity, and believe it is useful to investors as a supplement to GAAP measures in analyzing, trending, and benchmarking the performance and value of our business. However, this measure is not intended to be a substitute for those reported in accordance with GAAP. These measures may be different from non-GAAP financial measures used by other companies, even when similar terms are used to identify such measures. For reconciliations of historical non-GAAP financial measures to the most comparable financial measures under GAAP, see the table below.

SYRA HEALTH CORP.

RECONCILIATION OF ADJUSTED EBITDA TO NET LOSS
(Unaudited)

| | Six Months Ended | | Six Months Ended | |
|----------------------|-------------------------|----------------------|-------------------------|----------------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| Net Loss | \$ (2,837,306) | \$ (1,588,692) | \$ (1,390,256) | \$ (802,800) |
| Interest expense | 7,806 | 30,269 | 3,729 | 18,850 |
| Depreciation expense | 29,919 | 24,056 | 17,374 | 12,293 |
| Taxes | - | - | - | - |
| EBITDA | \$ (2,799,581) | \$ (1,534,367) | \$ (1,369,153) | \$ (771,657) |

ABOUT SYRA HEALTH

Syra Health is a healthcare technology company powering better health in challenging areas such as behavioral and mental health, digital health, and population health, by providing innovative services and technology products. Syra Health's offerings are centered on prevention, improved access, and affordable care. Syra Health supplies its solutions to payers, providers, life sciences organizations, academic institutions, and the government. For more information, please visit www.syrahealth.com.

Forward-Looking Statements

Statements in this press release about future expectations, plans, and prospects, as well as any other statements regarding matters that are not historical facts, may constitute "forward-looking statements." These statements include but are not limited to, statements relating to the expected use of proceeds, the Company's operations and business strategy, and the Company's expected financial results. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will," "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. The forward-looking statements contained in this press release are based on management's current expectations and are subject to substantial risks, uncertainty, and changes in circumstances. Investors should read the risk factors set forth in our Form 10-K for the year ended December 31, 2023, and other periodic reports filed with the Securities and Exchange Commission. Any forward-looking statements contained in this press release speak only as of the date hereof, and, except as required by federal securities laws, the Company specifically disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

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**SYRA HEALTH CORP.
CONDENSED BALANCE SHEETS
(UNAUDITED)**

| | June 30, 2024 (Unaudited) | December 31, 2023 |
|--|--|------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 1,594,352 | \$ 3,280,075 |
| Accounts receivable, net | 790,095 | 1,060,634 |
| Accounts receivable related party | 51,411 | 50,614 |
| Other current assets | 391,019 | 389,787 |
| Total current assets | 2,826,877 | 4,781,110 |
| Property and equipment, net | 60,166 | 78,974 |
| Right-of-use asset | 351,193 | 63,199 |
| Total assets | \$ 3,238,236 | \$ 4,923,283 |
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Current liabilities: | | |
| Accounts payable | \$ 500,114 | \$ 462,991 |
| Accrued expenses | 174,217 | 198,978 |
| Deferred revenue | 6,108 | - |
| Current portion of operating lease liability, related party | 106,458 | 63,199 |
| Notes payable | 114,334 | 184,904 |
| Total current liabilities | 901,231 | 910,072 |
| Non-current portion of operating lease liability, related party | 244,735 | - |
| Total liabilities | 1,145,966 | 910,072 |
| Commitments and contingencies | | |
| Stockholders' equity (deficit): | | |
| Preferred stock, \$0.001 par value, 10,000,000 shares authorized, no shares designated, issued and outstanding | - | - |
| Class A common stock, \$0.001 par value, 100,000,000 shares authorized, 5,769,087 and 5,588,298 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively | 5,769 | 5,588 |
| Convertible class B common stock, \$0.001 par value, 5,000,000 shares authorized, 833,334 shares issued and outstanding | 833 | 833 |
| Additional paid-in capital | 9,987,929 | 9,071,745 |
| Accumulated deficit | (7,902,261) | (5,064,955) |
| Total stockholders' equity (deficit) | 2,092,270 | 4,013,211 |
| Total liabilities and stockholders' equity (deficit) | \$ 3,238,236 | \$ 4,923,283 |

**SYRA HEALTH CORP.
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)**

| | For the Three Months Ended | | For the Six Months Ended | |
|------------------|-----------------------------------|-------------|---------------------------------|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| Net revenues | \$ 1,969,681 | \$ 979,248 | \$ 3,722,021 | \$ 2,167,599 |
| Cost of services | 1,619,674 | 851,089 | 3,192,727 | 1,892,284 |

| | | | | |
|--|----------------|--------------|----------------|----------------|
| Gross profit | 350,007 | 128,159 | 529,294 | 275,315 |
| Operating expenses: | | | | |
| Salaries and benefits | 847,064 | 562,619 | 1,583,367 | 1,020,364 |
| Professional services | 141,456 | 128,844 | 336,036 | 365,504 |
| Research and development expenses | 277,894 | - | 555,442 | - |
| Selling, general and administrative expenses | 456,572 | 208,357 | 858,837 | 423,820 |
| Depreciation | 17,374 | 12,293 | 29,919 | 24,056 |
| Total operating expenses | 1,740,360 | 912,113 | 3,363,601 | 1,833,744 |
| Operating loss | (1,390,353) | (783,954) | (2,834,307) | (1,558,429) |
| Other income (expense): | | | | |
| Interest income | 3,826 | 4 | 4,807 | 6 |
| Interest expense | (3,729) | (18,850) | (7,806) | (30,269) |
| Total other income (expense) | 97 | (18,846) | (2,999) | (30,263) |
| Net loss | \$ (1,390,256) | \$ (802,800) | \$ (2,837,306) | \$ (1,588,692) |
| Weighted average common shares outstanding – basic and diluted | 6,602,421 | 4,378,751 | 6,548,817 | 4,390,363 |
| Net loss per common share – basic and diluted | \$ (0.21) | \$ (0.18) | \$ (0.43) | \$ (0.36) |

SYRA HEALTH CORP.
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(UNAUDITED)

| | For the Six Months Ended June 30, | |
|---|--------------------------------------|------------------|
| | 2024 | 2023 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss | \$ (2,837,306) | \$ (1,588,692) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation | 29,919 | 24,056 |
| Bad debt expense | - | 9,922 |
| Common stock issued for services | 37,750 | - |
| Non-cash lease expense | 63,199 | 59,676 |
| Stock-based compensation, stock options | 28,486 | 2,590 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 270,539 | 778,146 |
| Accounts receivable, related party | (797) | - |
| Other current assets | 148,927 | 24,513 |
| Accounts payable | 37,123 | 226,298 |
| Accounts payable, related parties | - | (3,200) |
| Deferred revenue | 6,108 | - |
| Accrued expenses | (24,761) | (106,396) |
| Operating lease liability | (63,199) | (59,676) |
| Net cash used in operating activities | (2,304,012) | (632,763) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (11,111) | (15,251) |
| Net cash used in investing activities | (11,111) | (15,251) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds received on exercise of warrants | 850,129 | - |
| Payment of deferred offering costs | - | (323,484) |
| Proceeds received from line of credit | - | 300,000 |
| Repayments on line of credit | - | (750,397) |
| Repayments on notes payable | (220,729) | - |
| Proceeds received from convertible notes payable | - | 1,455,000 |
| Net cash provided by financing activities | 629,400 | 681,119 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (1,685,723) | 33,105 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 3,280,075 | 3,344 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | \$ 1,594,352 | \$ 36,449 |
| SUPPLEMENTAL INFORMATION: | | |

| | | | | |
|---|----|---------|----|--------|
| Interest paid | \$ | 7,806 | \$ | 18,000 |
| Income taxes paid | \$ | - | \$ | - |
| NON-CASH INVESTING AND FINANCING ACTIVITIES: | | | | |
| Initial recognition of right-of-use asset and lease liability | \$ | 351,193 | \$ | - |
| Prepaid asset financed with note payable | \$ | 150,159 | \$ | - |

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