

**Forian Inc. (Q1 2025 Earnings)**  
**May 14, 2025**

**Corporate Speakers**

- Max Wygod; Forian Inc.; Executive Chairman and Chief Executive Officer
- Michael Vesey; Forian Inc.; Chief Financial Officer

**Participants**

- Richard Baldry; ROTH Capital; Managing Director and Senior Research Analyst

**PRESENTATION**

Operator^ Greetings and welcome to Forian Inc.'s First Quarter 2025 Financial Results Conference Call and Webcast. (Operator Instructions) Participating today from Forian are Max Wygod, Executive Chairman and Chief Executive Officer; and Michael Vesey, Chief Financial Officer.

Before we begin, I would like to remind you that management's remarks today may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Actual results may differ materially from those indicated by those forward-looking statements due to a variety of important factors including those discussed in the risk factors section of the company's annual report on Form 10-K filed with the SEC on April 11, 2025.

In particular, management will discuss an estimate of its full year 2025 revenue outlook as of today. Estimating financial performance accurately for future performance is difficult as it involves assumptions and internal estimates that may prove to be incorrect and is based on plans and circumstances that may change.

There is therefore a significant risk that actual results could differ materially from the outlook provided today. Any forward-looking statements made on the call today represent the company's views as of this date. And the company undertakes no obligation to update them except as required by law.

Words such as estimates, projected, expect, anticipate, forecast, plan, intend, believe, seek, may, will, should, future, propose and variations of these words or similar expressions or versions of such words or expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future growth, anticipated performance and prospects.

Today's presenters will also refer to certain non-GAAP financial measures on our call such as adjusted EBITDA, which the company believes may be important to investors to assess its operating performance and should be considered a supplement to and not a substitute for financial measures prepared in accordance with GAAP.

A reconciliation of the comparable GAAP metric can be found in today's press release and webcast, both of which are available on the company's website. Those numbers are unaudited, and any statements regarding the company's anticipated performance may be subject to change including as a result of risks discussed in the risk factors section of the company's annual report on Form 10-K filed with the SEC on April 11, 2025.

Today's call and webcast is being recorded. A copy of the recording webcast as well as the full transcript and copies of today's press release and SEC filings will be available at [forian.com/investors](https://forian.com/investors). I am now pleased to introduce the company's Executive Chairman and Chief Executive Officer, Max Wygod. Sir, you may begin.

Max Wygod^ Good afternoon. And thank you for joining us today to review Forian's 2025 first quarter financial and business performance. In addition to reviewing our financial results we will share our outlook for 2025. To begin with, I am pleased to see the top line revenue growth momentum continue into the new year.

We started this momentum a couple of quarters prior while managing through a turbulent year with data supply disruptions and a tough macroeconomic environment, particularly for the health care sector, and we continue to build upon it as the Forian brand is becoming more known for delivering high-quality products.

We continue to support solving some of health care's most difficult challenges through health care information and advanced analytics. As we are an enterprise that relies on secure and stable sources of large-scale clinical data, it has been imperative for us to add new and incremental sources to stay competitive and to grow the business long term.

Our strong balance sheet and technical capabilities have put us into the position to cost-effectively tackle these challenges while building out a growing business. On today's call I will provide a summary of our first quarter results and discuss how Forian is in a position to capitalize on some larger trends. Then I will hand the call over to Mike to go through our financial performance.

I am pleased to start by sharing that we had a strong fiscal quarter to start off the new year. Our total first quarter revenue was \$7.1 million, which represents a 45% year-over-year growth, our net loss for the quarter was \$1.1 million, and our adjusted EBITDA was a negative \$51,000, which compares to a loss of \$1.2 million and \$104,000 year-over-year, respectively.

The revenue growth was highlighted by key new pharma projects and health services renewals as well as incorporating the full first quarter of Kyber Data Science's financials. The changes in

expenses and earnings are driven by new investments associated with new data contracts, integrations as well as the impact of the expense profile of the Kyber acquisition.

I would like to take a moment to speak about the Kyber acquisition. We acquired Kyber in Q4 of last year. Kyber is a health care-focused data analytics platform tailored towards the financial services industry that provides unique and rich real-world health care insights to help investors understand the U.S. market dynamics as they unfold.

By leveraging a curated and proprietary data set, Kyber offers visibility through an analytics platform powered by medical and pharmacy claims into patient journeys, provider behavior, manufacture revenue and payer trends. Kyber's analytics provide deep insight into trends such as revenue growth or degradation, patient adherence or abandonment to therapies, market access signals and launch uptakes helping clients make data-driven investment decisions.

Kyber delivers these insights through various flexible product offerings tailored to different levels of data engagement. Its products range from providing platform access for advanced data science teams to SaaS offerings showing key utilization metrics across pharmacy and medical channels.

With the team of health care data experts, Kyber continuously engages with clients providing back-tested KPIs, artificial intelligence and predictive analytics that help investors make informed decisions with a high degree of accuracy.

We believe that we can enhance its offerings by integrating it with the Forian Data Factory while eventually capitalizing on its advanced analytics and predictive capabilities in the life science markets.

In the first quarter, we again took advantage of the opportunity to acquire new data supply contracts to both offset previous data disruptions and grow our coverage. We work closely with our clients to offer the best analytics-ready solutions powered by the most advanced schemas in the market.

We believe that the eventual goal is to have many long-term integrations with the various sources of clinical data and unique insights. The disruptions in 2024 caused us to accelerate this process. We are comfortable with our process and the integration of the new vendors will likely be a recurring theme in 2025 and into 2026.

We are seeing the initial benefits of the new investments in our growth. While the majority of our client contracts are multiyear licenses, our Chronos Data Factory powers different types of informational offerings including project-based solutions such as health economics outcomes research.

We believe Forian is strategically positioned by our analytical expertise and data factory assets to greatly assist the need of our life science companies to generate evidence of the value of a new drug or other intervention and expect to drive growth in this area.

Additionally, we continue to serve clients across the health care and life science continuum, and with the Kyber acquisition now also include the financial services. We continue to see adoption with pharmaceutical manufacturers, while the majority of revenue is generated from healthcare services clients.

We will continue to actively seek accretive and strategic M&A that can either enhance our financial profile, improve capital market standing, expand access to pharma clients, or accelerate the commercialization of innovative products.

We are optimistic about 2025. We have approximately \$34 million of committed contracted backlog, which includes unearned revenue and unbilled amounts that will be recognized as revenue in future periods. We expect full year 2025 revenue of \$28 million to \$30 million, representing 39% to 49% growth year-over-year. This is a significant growth improvement from the previous year.

Our adjusted EBITDA margin range is expected to be negative \$1 million to positive \$1 million and the variation is primarily dependent on the increased investment in new data sources and the speed with which Kyber achieves profitability.

And finally, I want to thank our employees who worked diligently not only to build the best-in-class intelligence solutions, but also their willingness to take on additional workloads in an uncertain market. We are excited about the opportunities, the momentum and expect great things throughout 2025. I will now turn it over to Mike to run through the financials in detail.

Michael Vesey^ Thanks, Max. Today I will provide an overview of Forian's financial results for the quarter ended March 31, 2025. My discussion today will reference comparative results for the quarter ended March 31, 2024, unless noted otherwise.

As previously noted, we completed the acquisition of Kyber Data Science on October 31, 2024. As a result, our operating results for 2025 include the operations of Kyber as of that date. The press release issued today presents Forian's financial results on a GAAP basis.

As in prior quarters, we have also reported adjusted EBITDA, which management uses as a measure to track the performance of our business. As noted, the press release and these presentation materials include a detailed reconciliation of adjusted EBITDA to net income or loss.

Our consolidated revenues of \$7.1 million were up \$2.2 million or 45% compared to the same quarter last year. The impact of the Kyber acquisition contributed approximately \$1.7 million or 35% to the growth, with the remaining increase resulting from organic growth in our life sciences data business.

Operating loss was approximately \$1.4 million compared to \$1.8 million in the same quarter last year. The decrease in operating loss was primarily due to the aforementioned higher revenues,

offset by higher expenses related to the inclusion of Kyber operations and increased data costs. Net income decreased \$0.4 million from the prior year from \$0.7 million to \$0.3 million due to lower interest income and expense, resulting from the utilization of our cash and marketable securities balance to retire convertible notes in 2024, and the impact of a \$0.1 million gain on our debt redemption in the prior year. During 2024, we retired \$17 million in principal value of our convertible notes which were due in September 2025 for a gain, resulting in a lower interest-bearing cash and marketable securities balance than in the prior year.

Adjusted EBITDA which excludes stock-based compensation, depreciation, amortization, costs related to litigation and certain other nonrecurring items, was marginally negative at a loss of \$0.1 million compared to \$0.1 million positive in the same quarter last year. The decrease in adjusted EBITDA resulted primarily from the impact of incremental expenses related to the inclusion of Kyber and the higher data costs noted above. As noted earlier, a reconciliation of our net income or loss to adjusted EBITDA, along with an explanation of the reconciling items is included in today's earnings release.

Now turning to our balance sheet. We ended the period with \$35.7 million of cash and marketable securities and \$6.8 million in convertible notes and accrued interest maturing in September 2025. As previously mentioned, during 2024, we acquired the business of Kyber Data Science in exchange for assuming the normal course operating liabilities of the company. And we redeemed \$18.9 million of principal and accrued interest on our outstanding convertible notes for an aggregate redemption price of \$18.6 million, resulting in a gain of \$0.3 million.

After these events, we continue to maintain adequate capital to operate our business and to capitalize on incremental growth opportunities as they arise.

Reviewing our financial outlook. We ended 2024 with revenues of \$20.2 million and adjusted EBITDA of \$0.5 million. Our outlook for 2025 is for revenues of \$28 million to \$30 million, reflecting growth of 39% to 49% over the previous year. And adjusted EBITDA, in the range of negative \$1 million to positive \$1 million. Now I will turn the call over to the operator who will open the line for questions.

## QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Thank you. We have a question from the line of Richard Baldry with ROTH Capital.

Richard Baldry^ Could you talk a little bit or characterize maybe Kyber's revenue stream. Is that recurring-oriented, are there some onetime parts to that? Just so we sort of get an idea for how consistent it will be.

Max Wygod^ Sure. Rich, Kyber's revenue is typically one-year contracts. We've been working to see how we can get auto renewals in it, but it's set up as a SaaS platform on a one-year term.

Richard Baldry^ Got it. So when you talk about sort of the pacing on the year, whether you're at the upper or lower end of EBITDA, you said that a part of it will depend on Kyber moving to profitability. Do you expect that, that's -- as they would grow the top line, do you think there's some cost cutting? Is it a little bit of both? How -- what will determine sort of that move?

Max Wygod^ Sure. We expect as a growth in the top line to flow down to EBITDA. We've already taken out a lot of G&A expenses and built the company to consolidate more than as it would on a stand-alone. Most of the expectations on EBITDA are really going to be driven by just the flowdown of revenue. We secured the data contracts necessary for that growth. So it really is dependent mostly on hitting different growth profiles.

Richard Baldry^ Okay. And last for me, can you talk a little bit about the M&A environment? Obviously the step-up in scale looks like it could be pretty important from the Kyber one. Are there similar things out there? How do you feel about that backdrop?

Max Wygod^ Sure. We're seeing a bifurcated market. We are seeing the stronger private companies still demanding a premium. However I think that the majority of the VC-backed companies are struggling to bring in the same valuations as we've seen in the past. So I think there are going to be more opportunities like Kyber where companies that have a very strong balance sheet and foundation to take on additional products or individuals can get accretive transactions done, which is a big difference in the last couple of years.

On the public side, it's been fairly quiet. We haven't seen many transactions going through around our size. But we are seeing more interest from private equity in general in the space to see how the growing entities that are profitable can start to consolidate with competitors.

So we're actively seeking other acquisitions that work well with our company. We think we have the data factory and the assets that can really drive other businesses, and it's coming down to valuation and understanding realistic expectations.

Richard Baldry^ Maybe one last one, and it's probably a little premature to ask, but curious if you had -- against an executive order backdrop that looks like it could end up pressuring the revenue streams or pricing in the pharma market. Have you seen any hesitation or any sort of negative feedback with regard to sort of pipelines or hesitations in looking at new deals?

Max Wygod^ I haven't seen it on deals, I've seen hesitation in some of the companies that are waiting on FDA approvals. So there is starting to be a little bit of a slower timeframe to get to commercialization, which we look at and we work in, that has been the largest impact. Everything else has actually been fairly beneficial to us as a lot of companies are looking for really data-driven marketing tactics or expertise, and we're able to do that as well if not better than a lot of the competition and at a price point that wins deals. So for the most part, we've been fairly insulated from the larger either executive actions or what's happening at the FDA.

Operator^ Thank you. And ladies and gentlemen, this concludes our Q&A session for today and program. Thank you all for participating, and you may now disconnect. Good day, everyone.