
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 9, 2023

SEMLER SCIENTIFIC, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-36305
(Commission File Number)

26-1367393
(IRS Employer Identification No.)

2340-2348 Walsh Avenue, Suite 2344
Santa Clara, CA
(Address of principal executive offices)

95051
(Zip Code)

Registrant's telephone number, including area code: **(877) 774-4211**

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

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

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|----------------------|---|
| Common Stock, \$0.001 par value per share | SMLR | The Nasdaq Stock Market LLC |

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

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition.

On November 9, 2023, Semler Scientific, Inc. issued a press release announcing its financial results for the third quarter and nine months ended September 30, 2023. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K.

The information contained in this Item 2.02 and in the accompanying Exhibit 99.1 shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or incorporated by reference in any filing under the Exchange Act or the Securities Act of 1933, as amended, or the Securities Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

The information contained in this Item 9.01 and in the accompanying Exhibit 99.1 shall not be deemed filed for purposes of Section 18 of the Exchange Act or incorporated by reference in any filing under the Exchange Act or the Securities Act, except as shall be expressly set forth by specific reference in such filing.

(d) Exhibits.

| Exhibit No. | Description |
|----------------------|---|
| 99.1 | Press Release of Semler Scientific, Inc., dated November 9, 2023. |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

SIGNATURES

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

SEMLER SCIENTIFIC, INC.

Date: November 9, 2023

By: /s/ Renae Cormier

Name: Renae Cormier

Title: Chief Financial Officer (Principal Financial Officer
and Principal Accounting Officer)



Semler Scientific Reports Third Quarter and Year-to-Date 2023 Financial Results

2023 Q3 highlights:

- Revenue of \$16.3 million, an increase of 16% compared to the corresponding period of 2022
- Net income of \$5.5 million, an increase of 50% compared to the corresponding period of 2022
- Quarter-ending cash, cash equivalents and short-term investments of \$56.0 million

Santa Clara, CA – November 9, 2023 – Semler Scientific, Inc. (Nasdaq: SMLR), a company that develops, manufactures and markets innovative medical products and services that assist in evaluating and treating chronic diseases, today reported financial results for the three and nine months ended September 30, 2023.

“We are pleased to report consistent growth in year-over-year quarterly revenue and pre-tax net income, predominately from sales of QuantaFlo® for peripheral arterial disease testing,” said Doug Murphy-Chutorian, MD, chief executive officer of Semler Scientific. “We are encouraged by our results year-to-date and remained focused on expanding our business in support of the diagnosis of heart dysfunction.”

FINANCIAL RESULTS

For the quarter ended September 30, 2023, compared to the corresponding period of 2022, Semler Scientific reported:

- Revenue of \$16.3 million, an increase of \$2.3 million, or 16%, compared to \$14.0 million.
 - Fixed fee software license revenues of \$9.5 million, an increase of \$0.9 million, or 11%, compared to \$8.6 million.
 - Variable fee software license revenues of \$6.3 million, an increase of \$1.4 million, or 28%, compared to \$4.9 million.
 - Sales of other products of \$0.5 million, same as the prior year period.
- Cost of revenues of \$1.1 million, same as the prior year period. As a percentage of revenues, cost of revenues decreased to 7%, compared to 8% in the prior year period.
- Total operating expenses of \$10.0 million, which includes cost of revenues, an increase of \$0.4 million, or 5%, compared to \$9.6 million. As a percentage of revenues, operating expenses decreased to 61% compared to 68%.
- Pre-tax net income of \$7.0 million, an increase of \$2.4 million, or 52%, compared to \$4.6 million.
- Income tax expense of \$1.5 million, or an effective tax rate of 21%, compared to \$0.9 million, or an effective tax rate of 20%.
- Net income of \$5.5 million, or \$0.82 per basic share and \$0.71 per diluted share, an increase of \$1.8 million, or 50%, compared to \$3.7 million, or \$0.55 per basic share and \$0.46 per diluted share.

Semler Scientific’s three largest customers (including their affiliates) comprised 36%, 28% and 11% of third quarter revenues in 2023.

For the nine months ended September 30, 2023, compared to the corresponding period of 2022, Semler Scientific reported:

- Revenues of \$53.1 million, an increase of \$10.2 million, or 24%, compared to \$42.9 million.
 - Fixed fee software license revenues of \$28.5 million, an increase of \$3.4 million, or 14%, compared to \$25.1 million.
 - Variable fee software license revenues of \$23.2 million, an increase of \$6.5 million, or 39% compared to \$16.7 million.
 - Sales of other products of \$1.4 million, an increase of \$0.3 million, or 35%, compared to \$1.1 million.
- Cost of revenues of \$3.6 million, an increase of \$0.5 million, or 17%, compared to \$3.1 million. As a percentage of revenues, cost of revenues was flat at 7%.
- Total operating expenses of \$33.4 million, which includes cost of revenues, an increase of \$4.1 million, or 14%, compared to \$29.3 million. As a percentage of revenues, operating expenses decreased to 63%, compared to 68%.
- Pre-tax net income of \$21.3 million, an increase of \$7.6 million, or 55%, compared to \$13.7 million.
- Income tax expense of \$4.9 million, or an effective tax rate of 23% compared to \$2.6 million, or an effective tax rate of 19%.
- Net income of \$16.4 million, or \$2.44 per basic share and \$2.09 per diluted share, an increase of \$5.3 million, or 47%, compared to \$11.1 million, or \$1.65 per basic share and \$1.38 per diluted share.

Semler Scientific's two largest customers (including their affiliates) comprised 36% and 34% of year to date revenues in 2023.

THIRD QUARTER 2023 MAJOR ACCOMPLISHMENTS

1. Continued year-over-year quarterly revenue growth.
2. Continued year-over-year pre-tax net income growth.
3. Record balance of cash, cash equivalents and short-term investments balance.

Notice of Conference Call

Semler Scientific will host a conference call today at 4:30 p.m. ET. The call will address results of the third quarter and nine months ended September 30, 2023, as well as provide a business update on Semler Scientific's strategies for the near-term future.

Participants are encouraged to pre-register for the conference call using the following link:

<https://dpregrister.com/sreg/10182979/fa8e2b792d>. Callers who pre-register will be given a conference passcode and unique PIN to gain immediate access to the call and bypass the live operator. Participants may pre-register at any time, including up to and after the call start time. Those without internet access or who are unable to pre-register may dial in by calling:

Domestic callers: (866) 777-2509

International callers: (412) 317-5413

Please specify to the operator that you would like to join the "Semler Scientific Call." The conference call will be archived on Semler Scientific's website at www.semlescscientific.com.

Semler Scientific, Inc.
Condensed Statements of Income
Unaudited
(In thousands of U.S. Dollars, except share and per share data)

| | For the three months ended September 30, | | For the nine months ended September 30, | |
|--|--|-----------|---|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| Revenues | \$ 16,316 | \$ 14,047 | \$ 53,127 | \$ 42,891 |
| Operating expenses: | | | | |
| Cost of revenues | 1,111 | 1,138 | 3,599 | 3,070 |
| Engineering and product development | 1,174 | 1,244 | 4,566 | 3,444 |
| Sales and marketing | 3,423 | 4,153 | 13,601 | 13,031 |
| General and administrative | 3,710 | 3,045 | 11,028 | 9,760 |
| Strategic streamlining | 599 | — | 599 | — |
| Total operating expenses | 10,017 | 9,580 | 33,393 | 29,305 |
| Income from operations | 6,299 | 4,467 | 19,734 | 13,586 |
| Interest income | 692 | 137 | 1,772 | 151 |
| Change in fair value of notes held for investment | — | — | (217) | — |
| Other expense | (3) | (3) | (3) | (2) |
| Other income, net | 689 | 134 | 1,552 | 149 |
| Pre-tax net income | 6,988 | 4,601 | 21,286 | 13,735 |
| Income tax provision | 1,474 | 926 | 4,924 | 2,626 |
| Net income | \$ 5,514 | \$ 3,675 | \$ 16,362 | \$ 11,109 |
| Net income per share, basic | \$ 0.82 | \$ 0.55 | \$ 2.44 | \$ 1.65 |
| Weighted average number of shares used in computing basic net income per share | 6,717,301 | 6,678,175 | 6,708,675 | 6,738,717 |
| Net income per share, diluted | \$ 0.71 | \$ 0.46 | \$ 2.09 | \$ 1.38 |
| Weighted average number of shares used in computing diluted net income per share | 7,818,236 | 7,939,926 | 7,847,390 | 8,027,271 |

Semler Scientific, Inc.
Condensed Balance Sheets
(In thousands of U.S. Dollars, except share and per share data)

| | September 30, 2023 <u>Unaudited</u> | December 31, 2022 |
|--|---|----------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 37,497 | \$ 23,014 |
| Short-term investments | 18,530 | 20,073 |
| Trade accounts receivable, net of reserves of \$254 and \$109, respectively | 5,966 | 3,884 |
| Inventory, net | 439 | 469 |
| Prepaid expenses and other current assets | 1,946 | 1,468 |
| Total current assets | <u>64,378</u> | <u>48,908</u> |
| Assets for lease, net | 2,498 | 2,478 |
| Property and equipment, net | 765 | 667 |
| Long-term investments | 821 | 821 |
| Notes held for investment (includes measured at fair value of \$4,462 and \$3,679, respectively) | 5,462 | 4,679 |
| Other non-current assets | 2,744 | 2,842 |
| Deferred tax assets | 2,775 | 2,298 |
| Total assets | <u>\$ 79,443</u> | <u>\$ 62,693</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 300 | \$ 835 |
| Accrued expenses | 6,998 | 4,748 |
| Deferred revenue | 1,120 | 1,160 |
| Other short-term liabilities | 159 | 114 |
| Total current liabilities | <u>8,577</u> | <u>6,857</u> |
| Long-term liabilities: | | |
| Other long-term liabilities | 93 | 160 |
| Total long-term liabilities | <u>93</u> | <u>160</u> |
| Commitments and contingencies (Note 14) | | |
| Stockholders' equity: | | |
| Common stock, \$0.001 par value; 50,000,000 shares authorized; 6,941,554, and 6,906,544 shares issued, and 6,727,132 and 6,692,122 shares outstanding (treasury shares of 214,422 and 214,422), respectively | 7 | 7 |
| Additional paid-in capital | 15,184 | 16,449 |
| Retained earnings | 55,582 | 39,220 |
| Total stockholders' equity | <u>70,773</u> | <u>55,676</u> |
| Total liabilities and stockholders' equity | <u>\$ 79,443</u> | <u>\$ 62,693</u> |

Semler Scientific, Inc.
Condensed Statements of Cash Flows
Unaudited
(In thousands of U.S. Dollars)

| | Nine months ended September 30, | |
|--|---------------------------------|------------------|
| | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 16,362 | \$ 11,109 |
| Reconciliation of Net Income to Net Cash Provided by Operating Activities: | | |
| Depreciation | 439 | 462 |
| Deferred tax expense | (478) | (405) |
| Loss on disposal of assets for lease | 355 | 303 |
| Loss on disposal of inventory | 171 | — |
| Allowance for credit losses | 203 | 53 |
| Change in fair value of notes held for investment | 217 | — |
| Gain on short-term investments | (307) | — |
| Stock-based compensation | 907 | 708 |
| Changes in Operating Assets and Liabilities: | | |
| Trade accounts receivable | (2,284) | (107) |
| Inventory | 30 | 39 |
| Prepaid expenses and other current assets | (478) | 2,083 |
| Other non-current assets | 98 | (1,934) |
| Accounts payable | (535) | 40 |
| Accrued expenses | 2,250 | 3,217 |
| Other current and non-current liabilities | (22) | (52) |
| Deferred revenue | (40) | 237 |
| Net Cash Provided by Operating Activities | 16,888 | 15,753 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Additions to property and equipment | (310) | (388) |
| Purchase of notes held for investment | (1,000) | (1,179) |
| Proceeds from maturities of short-term investments | 59,719 | — |
| Purchase of short-term investments | (57,869) | — |
| Purchase of assets for lease | (773) | (961) |
| Net Cash Used in Investing Activities | (233) | (2,528) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Taxes paid related to net settlement of equity awards | (247) | (114) |
| Common stock warrants acquired | (1,949) | — |
| Treasury stock acquired | — | (4,991) |
| Proceeds from exercise of stock options | 24 | 93 |
| Net Cash Used in Financing Activities | (2,172) | (5,012) |
| INCREASE IN CASH | 14,483 | 8,213 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 23,014 | 37,323 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | \$ 37,497 | \$ 45,536 |

About Semler Scientific, Inc.:

Semler Scientific, Inc. develops, manufactures and markets innovative products and services that assist in evaluating and treating chronic diseases. Its flagship product, QuantaFlo[®], which is patented and cleared by the U.S. Food and Drug Administration (FDA), is a rapid point-of-care test that measures arterial blood flow in the extremities. The QuantaFlo[®] test aids in the diagnosis of cardiovascular diseases, such as peripheral arterial disease (PAD) and heart dysfunction (HD). QuantaFlo[®] is used by healthcare providers to evaluate their patient's risk of mortality and major adverse cardiovascular events (MACE). In addition, Semler Scientific has an agreement with Mellitus Health, Inc. (Mellitus) to exclusively market and distribute *Insulin Insights*[™], an FDA cleared software product that recommends optimal insulin dosing for diabetic patients in the United States, including Puerto Rico. Semler Scientific has a minority investment in Mellitus, as well as Monarch Medical Technologies LLC, a privately held company whose product EndoTool[®] offers a technological solution for inpatient glycemic management. Additional information about Semler Scientific can be found at www.semilerscientific.com.

Forward-Looking Statements

This press release contains "forward-looking" statements. Such statements can be identified by, among other things, the use of forward-looking language such as the words "believe," "goal," "may," "will," "intend," "expect," "anticipate," "estimate," "project," "would," "could" or words with similar meaning or the negatives of these terms or by the discussion of strategy or intentions. The forward-looking statements in this release include express or implied statements regarding development of its business in HD and diabetes; QuantaFlo[®]'s ability to aid in the diagnosis of cardiovascular diseases; among others. Such forward-looking statements are subject to a number of risks and uncertainties that could cause Semler Scientific's actual results to differ materially from those discussed here, such as whether or not insurance plans and other customers will continue to license its cardiovascular testing products, including the risk of changes in the reimbursement landscape for its customers including related to the recent CMS rate announcement; whether or not it will be able to successfully expand its product offering, including into HD and diabetes; whether or not QuantaFlo[®] can successfully aid in the diagnosis of PAD and HD; along with those risk factors detailed in Semler Scientific's filings with the Securities and Exchange Commission. These forward-looking statements involve assumptions, estimates, and uncertainties that reflect current internal projections, expectations or beliefs. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. All forward-looking statements contained in this press release are qualified in their entirety by these cautionary statements and the risk factors described above. Furthermore, all such statements are made as of the date of this release and Semler Scientific assumes no obligation to update or revise these statements unless otherwise required by law.

INVESTOR CONTACT:

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Chief Financial Officer
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SOURCE: Semler Scientific, Inc.