



Streamline Health(R) Reports Second Quarter 2019 Revenues Of \$4.8 Million; (\$0.6 Million) Net Loss; Adjusted EBITDA Of \$0.2 Million

September 11, 2019

Total First Half Fiscal 2019 Revenue Of \$10.2 Million; (\$0.3 Million) Net Loss; Adjusted EBITDA Of \$1.3 Million

ATLANTA, GA / ACCESSWIRE / September 11, 2019 / Streamline Health Solutions, Inc. (NASDAQ:STRM), provider of integrated solutions, technology-enabled services and analytics supporting revenue cycle optimization for healthcare enterprises, today announced financial results for the second quarter and first half of fiscal 2019, which ended July 31, 2019.

Revenues for the three-month period ended July 31, 2019 decreased approximately 9% to \$4.8 million over the July 31, 2018 quarter revenue of \$5.3 million. Recurring revenue comprised 82% of total revenue in the quarter. Revenues for the first six months of fiscal 2019 were \$10.2 million, down approximately 12% as compared to \$11.5 million in the first half of fiscal 2018. Recurring revenue comprised 79% of total revenue for the first half of fiscal 2019.

Net loss for the second quarter was (\$0.6 million) as compared to a (\$1.5 million) net loss in the same period a year ago. Net loss for the first six months of fiscal 2019 was (\$0.3 million) as compared to (\$2.1 million) net loss for the same period in 2018.

Adjusted EBITDA for the second quarter 2019 was \$0.2 million versus \$0.4 million in the second quarter of 2018. Adjusted EBITDA for the first six months of 2019 was \$1.3 million, up approximately 35% from \$1.0 million in the first half of fiscal 2018.

"One of my primary objectives is to help our company create greater velocity in all the things we do. As an innovative company, we want to be constantly improving so that our clients find our people, products and services to be indispensable," stated Tee Green, Interim President and Chief Executive Officer, Streamline Health. "With our eValuator cloud-based pre-bill coding analysis platform, I believe we are at the forefront of a pre-bill movement with an immense amount of opportunity in both the short and long term. Our second quarter bookings performance of nearly \$3.8 million was far superior to the that of previous quarters. This level of bookings performance demonstrates that the company has been executing on a good plan for sales growth, and I want to find ways to increase the velocity on that plan."

"I'm pleased to report that our nationwide search for a new President and Chief Executive Officer is going well, although it's in the early stages," continued Tee Green. "We have already interviewed a number of highly qualified candidates who are excited about the potential they see in our company. I will keep you updated as to the board's progress on this front, but I am excited to be working closely with the talented folks we have on our team."

Highlights for the second quarter ended July 31, 2019 included:

- New sales bookings for the second quarter 2019 were \$3.8 million;
- Revenue for the second quarter 2019 was \$4.8 million;
- Net loss for the second quarter 2019 was (\$0.6 million);
- Adjusted EBITDA for the second quarter 2019 was \$0.2 million.

Conference Call Information

The Company will conduct a conference call to review the results on Thursday, September 12, 2019 at 9:00 AM ET. Interested parties can access the call by joining the live webcast: [click here](#) to register. You can also join by phone by dialing 877-269-7756.

A replay of the conference call will be available from September 12, 2019 at 12:00 PM ET to Thursday, September 19, 2019 at 12:00 PM ET by dialing 877-660-6853 and entering passcode 13694220. An online replay of the presentation will also be available for 6 months following the presentation in the Investor Relations section of the Streamline Health website, www.streamlinehealth.net.

***Non-GAAP Financial Measures**

Streamline Health reports its financial results in accordance with U.S. generally accepted accounting principles ("GAAP"). Streamline Health's management also evaluates and makes operating decisions using various other measures. One such measure is adjusted EBITDA, which is a non-GAAP financial measure. Streamline Health's management believes that this measure provides useful supplemental information regarding the performance of Streamline Health's business operations.

Streamline Health defines "adjusted EBITDA" as net earnings (loss) plus interest expense, tax expense, depreciation and amortization expense of tangible and intangible assets, stock-based compensation expense, non-cash valuation adjustments to assets and liabilities, significant non-recurring expenses, and transactional related expenses including: gains and losses on debt and equity conversions, associate severances and related restructuring expenses, associate inducements, and professional and advisory fees. A table illustrating this measure is included in this press release.

About Streamline Health

Streamline Health Solutions, Inc. (NASDAQ: STRM) is a healthcare industry leader in capturing, aggregating, and translating enterprise data into knowledge - actionable insights that support revenue cycle optimization for healthcare enterprises. We deliver integrated solutions and analytics that enable providers to drive reimbursement in a value-based world. We share a common calling and commitment to advance the quality of life and the quality of healthcare - for society, our clients, the communities they serve, and the individual patient. For more information, please visit our website at www.streamlinehealth.net.

Safe Harbor statement under the Private Securities Litigation Reform Act of 1995

Statements made by Streamline Health Solutions, Inc. that are not historical facts are forward-looking statements that are subject to certain risks, uncertainties and important factors that could cause actual results to differ materially from those reflected in the forward-looking statements included herein. Forward-looking statements contained in this press release include, without limitation, statements regarding the Company's growth prospects, estimates of backlog, industry trends and market growth, results of investments in sales and marketing, adjusted EBITDA, success of future products and related expectations and assumptions. These risks and uncertainties include, but are not limited to, the timing of contract negotiations and execution of contracts and the related timing of the revenue recognition related thereto, the potential cancellation of existing contracts or clients not completing projects included in the backlog, the impact of competitive solutions and pricing, solution demand and market acceptance, new solution development and enhancement of current solutions, key strategic alliances with vendors and channel partners that resell the Company's solutions, the ability of the Company to control costs, the effects of cost-containment measures implemented by the Company, availability of solutions from third party vendors, the healthcare regulatory environment, potential changes in legislation, regulation and government funding affecting the healthcare industry, healthcare information systems budgets, availability of healthcare information systems trained personnel for implementation of new systems, as well as maintenance of legacy systems, fluctuations in operating results, effects of critical accounting policies and judgments, changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other similar entities, changes in economic, business and market conditions impacting the healthcare industry generally and the markets in which the Company operates and nationally, and the Company's ability to maintain compliance with the terms of its credit facilities, and other risks detailed from time to time in the Streamline Health Solutions, Inc. filings with the U. S. Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. The Company undertakes no obligation to publicly release the results of any revision to these forward-looking statements, which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

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STREAMLINE HEALTH SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| | Three Months Ended July 31, | | Six Months Ended July 31, | |
|-------------------------------------|--------------------------------|------------------|------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Revenues: | | | | |
| Systems sales | \$ 147,000 | \$ 386,000 | \$ 378,000 | \$ 1,518,000 |
| Professional services | 408,000 | 271,000 | 989,000 | 509,000 |
| Audit services | 354,000 | 248,000 | 749,000 | 608,000 |
| Maintenance and support | 2,759,000 | 3,216,000 | 5,710,000 | 6,525,000 |
| Software as a service | <u>1,125,000</u> | <u>1,148,000</u> | <u>2,324,000</u> | <u>2,372,000</u> |
| Total revenues | <u>4,793,000</u> | <u>5,269,000</u> | <u>10,150,000</u> | <u>11,532,000</u> |
| Operating expenses: | | | | |
| Cost of systems sales | 143,000 | 290,000 | 256,000 | 540,000 |
| Cost of professional services | 581,000 | 697,000 | 1,123,000 | 1,404,000 |
| Cost of audit services | 321,000 | 300,000 | 624,000 | 694,000 |
| Cost of maintenance and support | 413,000 | 566,000 | 822,000 | 1,215,000 |
| Cost of software as a service | 300,000 | 282,000 | 580,000 | 598,000 |
| Selling, general and administrative | 2,461,000 | 2,520,000 | 4,945,000 | 5,768,000 |

| | | | | |
|--|---------------------|-----------------------|---------------------|-----------------------|
| Research and development | 867,000 | 1,213,000 | 1,659,000 | 2,275,000 |
| Executive transition cost | 140,000 | -- | 140,000 | -- |
| Loss on exit of operating lease | -- | 806,000 | -- | 806,000 |
| Total operating expenses | <u>5,226,000</u> | <u>6,674,000</u> | <u>10,149,000</u> | <u>13,300,000</u> |
| Operating (loss) income | (433,000) | (1,405,000) | 1,000 | (1,768,000) |
| Other expense: | | | | |
| Interest expense | (70,000) | (110,000) | (148,000) | (227,000) |
| Miscellaneous expense | <u>(103,000)</u> | <u>(5,000)</u> | <u>(144,000)</u> | <u>(92,000)</u> |
| Loss before income taxes | (606,000) | (1,520,000) | (291,000) | (2,087,000) |
| Income tax expense | <u>(2,000)</u> | <u>(2,000)</u> | <u>(4,000)</u> | <u>(4,000)</u> |
| Net loss | <u>\$ (608,000)</u> | <u>\$ (1,522,000)</u> | <u>\$ (295,000)</u> | <u>\$ (2,091,000)</u> |
| Net loss per common share - basic and diluted | <u>\$ (0.03)</u> | <u>\$ (0.08)</u> | <u>\$ (0.01)</u> | <u>\$ (0.11)</u> |
| Weighted average number of common shares - basic and diluted | <u>19,913,658</u> | <u>19,532,044</u> | <u>19,853,510</u> | <u>19,415,676</u> |

STREAMLINE HEALTH SOLUTIONS, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

Assets

| | <u>July 31,</u> <u>2019</u> | <u>January 31,</u> <u>2019</u> |
|---|--------------------------------|-----------------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 1,229,000 | \$ 2,376,000 |
| Accounts receivable, net | 2,764,000 | 2,933,000 |
| Contract receivables | 861,000 | 1,263,000 |
| Prepaid hardware and other current assets | <u>1,786,000</u> | <u>1,346,000</u> |
| Total current assets | <u>6,640,000</u> | <u>7,918,000</u> |
| Non-current assets: | | |
| Property and equipment, net | 207,000 | 237,000 |
| Contract receivables, less current portion | 337,000 | 407,000 |
| Capitalized software development costs, net | 7,159,000 | 5,698,000 |
| Intangible assets, net | 1,384,000 | 1,669,000 |
| Goodwill | 15,537,000 | 15,537,000 |
| Other non-current assets | <u>287,000</u> | <u>274,000</u> |
| Total non-current assets | <u>24,911,000</u> | <u>23,822,000</u> |
| | <u>\$ 31,551,000</u> | <u>\$ 31,740,000</u> |

STREAMLINE HEALTH SOLUTIONS, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

Liabilities and Stockholders' Equity

| | <u>July 31,</u> <u>2019</u> | <u>January 31,</u> <u>2019</u> |
|-----------------------------------|--------------------------------|-----------------------------------|
| Current liabilities: | | |
| Accounts payable | \$ 927,000 | \$ 1,280,000 |
| Accrued expenses | 1,229,000 | 1,814,000 |
| Current portion of long-term debt | 597,000 | 597,000 |

| | | |
|---|----------------------|----------------------|
| Line of credit | 1,000,000 | -- |
| Deferred revenues | 8,624,000 | 8,338,000 |
| Royalty liability | 936,000 | -- |
| Other | 95,000 | 94,000 |
| Total current liabilities | <u>13,408,000</u> | <u>12,123,000</u> |
| Non-current liabilities: | | |
| Term loan, net of current portion and deferred cost | 3,081,000 | 3,351,000 |
| Royalty liability | -- | 905,000 |
| Deferred revenues, less current portion | 27,000 | 432,000 |
| Other liabilities | 24,000 | 41,000 |
| Total non-current liabilities | <u>3,132,000</u> | <u>4,729,000</u> |
| Total liabilities | <u>16,540,000</u> | <u>16,852,000</u> |
| Series A 0% Convertible Redeemable Preferred Stock | 8,686,000 | 8,686,000 |
| Total stockholders' equity | <u>6,325,000</u> | <u>6,202,000</u> |
| | <u>\$ 31,551,000</u> | <u>\$ 31,740,000</u> |

STREAMLINE HEALTH SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

| | <u>Six Months Ended,</u> | |
|---|--------------------------------|--------------------------------|
| | <u>July 31,</u> <u>2019</u> | <u>July 31,</u> <u>2018</u> |
| Cash flows from operating activities: | | |
| Net loss | \$ (295,000) | \$ (2,091,000) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation | 76,000 | 325,000 |
| Amortization of capitalized software development costs | 417,000 | 646,000 |
| Amortization of intangible assets | 285,000 | 470,000 |
| Amortization of other deferred costs | 136,000 | 228,000 |
| Valuation adjustment | 31,000 | 56,000 |
| Loss on exit of operating lease | -- | 806,000 |
| Gain on disposal of fixed assets | -- | (2,000) |
| Share-based compensation expense | 429,000 | 367,000 |
| Provision for accounts receivable | (125,000) | (64,000) |
| Changes in assets and liabilities, net | (865,000) | (265,000) |
| Net cash provided by operating activities | <u>89,000</u> | <u>476,000</u> |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (46,000) | (14,000) |
| Proceeds from sale of property and equipment | -- | 14,000 |
| Capitalization of software development costs | (1,878,000) | (1,529,000) |
| Net cash used in investing activities | <u>(1,924,000)</u> | <u>(1,529,000)</u> |
| Cash flows from financing activities: | | |
| Proceeds from revolving line of credit | 1,000,000 | -- |
| Principal payments on term loan | (298,000) | (298,000) |
| Payments related to settlement of employee share awards | (31,000) | (58,000) |
| Other | 17,000 | 35,000 |
| Net cash provided by (used in) financing activities | <u>688,000</u> | <u>(321,000)</u> |
| Decrease in cash and cash equivalents | (1,147,000) | (1,374,000) |
| Cash and cash equivalents at beginning of year | <u>2,376,000</u> | <u>4,620,000</u> |

| | | |
|--|---------------------|---------------------|
| Cash and cash equivalents at end of period | <u>\$ 1,229,000</u> | <u>\$ 3,246,000</u> |
|--|---------------------|---------------------|

STREAMLINE HEALTH SOLUTIONS, INC.
New Bookings
(Unaudited)
Table B

| | Three Months Ended July 31, 2019 |
|-------------------------|---|
| Systems Sales | \$ 112,000 |
| Professional Services | 478,000 |
| Audit Services | 124,000 |
| Maintenance and Support | 104,000 |
| Software as a Service | <u>2,966,000</u> |
| Q2 2019 bookings | <u>\$ 3,784,000</u> |
| Q2 2018 bookings | <u>\$ 1,904,000</u> |

Reconciliation of Non-GAAP Financial Measures
(Unaudited)
Table C

This press release contains a non-GAAP financial measure under the rules of the U.S. Securities and Exchange Commission for Adjusted EBITDA. This non-GAAP information supplements and is not intended to represent a measure of performance in accordance with disclosures required by generally accepted accounting principles. Non-GAAP financial measures are used internally to manage the business, such as in establishing an annual operating budget. Streamline Health's management in its operating and financial decision-making uses non-GAAP financial measures because management believes these measures reflect ongoing business in a manner that allows meaningful period-to-period comparisons. Accordingly, the Company believes it is useful for investors and others to review both GAAP and non-GAAP measures in order to (a) understand and evaluate current operating performance and future prospects in the same manner as management does and (b) compare in a consistent manner the Company's current financial results with past financial results. The primary limitations associated with the use of non-GAAP financial measures are that these measures may not be directly comparable to the amounts reported by other companies and they do not include all items of income and expense that affect operations. The Company's management compensates for these limitations by considering the Company's financial results and outlook as determined in accordance with GAAP and by providing a detailed reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures in the tables attached to this press release. Streamline Health defines "Adjusted EBITDA" as net earnings (loss) plus interest expense, tax expense, depreciation and amortization expense of tangible and intangible assets, stock-based compensation expense, non-cash valuation adjustments to assets and liabilities, significant non-recurring expenses, and transactional related expenses including: gains and losses on debt and equity conversions, associate severances and related restructuring expenses, associate inducements, professional and advisory fees, and internal direct costs incurred to complete transactions.

Reconciliation of net earnings (loss) to non-GAAP Adjusted EBITDA (in thousands):
(Unaudited)

| Adjusted EBITDA Reconciliation | <u>Three Months Ended,</u> | | <u>Six Months Ended,</u> | |
|--|----------------------------|----------------------|--------------------------|----------------------|
| | <u>July 31, 2019</u> | <u>July 31, 2018</u> | <u>July 31, 2019</u> | <u>July 31, 2018</u> |
| Net loss | \$ (608) | \$ (1,522) | \$ (295) | \$ (2,091) |
| Interest expense | 70 | 110 | 148 | 227 |
| Income tax expense | 2 | 2 | 4 | 3 |
| Depreciation | 41 | 153 | 76 | 325 |
| Amortization of capitalized software development costs | 211 | 331 | 417 | 646 |
| Amortization of intangible assets | 142 | 235 | 285 | 470 |
| Amortization of other costs | <u>55</u> | <u>91</u> | <u>105</u> | <u>193</u> |
| EBITDA | <u>(87)</u> | <u>(600)</u> | <u>740</u> | <u>(227)</u> |
| Share-based compensation expense | 160 | 144 | 429 | 367 |
| Gain on disposal of fixed assets | -- | -- | -- | (2) |
| Non-cash valuation adjustments to assets and liabilities | 16 | 5 | 31 | 56 |
| Other non-recurring operating expenses | 75 | 806 | 75 | 806 |
| Other non-recurring expenses | <u>74</u> | <u>--</u> | <u>74</u> | <u>--</u> |

| | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| Adjusted EBITDA | <u>\$ 238</u> | <u>\$ 355</u> | <u>\$ 1,349</u> | <u>\$ 1,000</u> |
| Adjusted EBITDA per diluted share | | | | |
| Loss per share - diluted | <u>\$ (0.03)</u> | <u>\$ (0.08)</u> | <u>\$ (0.01)</u> | <u>\$ (0.11)</u> |
| Adjusted EBITDA per adjusted diluted share ⁽¹⁾ | <u>\$ 0.01</u> | <u>\$ 0.02</u> | <u>\$ 0.06</u> | <u>\$ 0.04</u> |
| | | | | |
| Diluted weighted average shares | 19,913,658 | 19,532,044 | 19,853,510 | 19,415,676 |
| Includable incremental shares - Adjusted EBITDA ⁽²⁾ | <u>3,163,149</u> | <u>3,053,210</u> | <u>3,097,413</u> | <u>3,064,204</u> |
| Adjusted diluted shares | <u>23,076,807</u> | <u>22,585,254</u> | <u>22,950,923</u> | <u>22,479,880</u> |

Adjusted EBITDA per adjusted diluted share for the Company's common stock is computed using the more dilutive of the two-class method or the if-converted method.

The number of incremental shares that would be dilutive under profit assumption, only applicable under a GAAP net loss. If GAAP profit is earned in the current period, no additional incremental shares are assumed.

SOURCE:Streamline Health Solutions, Inc.

accesswire.com

<https://www.accesswire.com/559276/Streamline-HealthR-Reports-Second-Quarter-2019-Revenues-Of-48-Million-06-Million-Net-Loss-Adjusted-EBITDA-Of-02-Million>