



Streamline Health® Reports Fourth Quarter and Fiscal Year 2019 Financial Results

April 22, 2020

- Fourth Quarter 2019 revenue \$4.8 million; Net Loss (\$2.4 million); Adjusted EBITDA \$479,000
- Fiscal Year 2019 revenue \$20.7 million; Net Loss (\$2.9 million); Adjusted EBITDA \$3.1 million

Atlanta, GA, April 22, 2020 (GLOBE NEWSWIRE) -- Streamline Health Solutions, Inc. (NASDAQ: STRM), provider of integrated solutions, technology-enabled services and analytics to support revenue cycle optimization for healthcare enterprises, today announced financial results for the fourth quarter and fiscal year 2019 which ended January 31, 2020.

Total revenues for the fourth quarter of fiscal year 2019 were \$4.8 million, compared to \$5.5 million in the prior year period. Recurring revenue comprised 84% of fourth quarter 2019 revenue. Fiscal year 2019 revenue was \$20.7 million, compared to \$22.4M in fiscal year 2018.

Net loss for the fourth quarter of fiscal year 2019 was (\$2.4 million), compared to a loss of (\$3.1 million) during fourth quarter 2018. Fiscal year 2019 net loss was (\$2.9 million) compared to a loss of (\$5.9 million) during fiscal year 2018. The net loss for fiscal year 2019 included a number of non-recurring and transaction costs incurred by the Company to affect the sale of its enterprise content management ("ECM") business, which was closed and funded on February 24, 2020.

Adjusted EBITDA for the fourth quarter of fiscal year 2019 was \$479,000, compared to \$1.1 million in the fourth quarter of fiscal year 2018. Total Adjusted EBITDA for fiscal year 2019 was \$3.1 million, up 8.4% compared to \$2.9 million in fiscal year 2018.

"I believe fiscal year 2019 was a transformational one for our Company. In just the second half of the year, we fundamentally transformed our Company for future growth. It required numerous strategic moves such as raising capital to retire the Company's preferred shares and changing our banking relationship," stated Tee Green, President and Chief Executive Officer, Streamline Health. "All of this was necessary to sell our legacy ECM business and thereby remove the most significant headwind to improving revenue growth while providing an influx of capital so that we could remove our bank debt and invest in our flagship eValuator™ technology.

"As we look ahead to 2020 and beyond, Streamline Health is a smaller, more nimble, SaaS- based technology company focused on helping healthcare provider customers improve efficiency in the middle of their revenue cycle.

"While the novel Coronavirus has changed the healthcare landscape, we believe that its effects will generate greater demand for our solutions and services once hospitals return to more normal operations. Our customers need every dollar of revenue since postponed elective procedures provide better margins. Our eValuator technology will help them better capture the full reimbursement they deserve for the care they provide."

Highlights from the fourth quarter ended January 31, 2020 included

- Revenue for the fourth quarter 2019 was \$4.8 million
- Net loss for the fourth quarter 2019 was (\$2.4 million)
- Adjusted EBITDA for the fourth quarter 2019 was \$479,000
- Bookings for the fourth quarter 2019 were \$1.0 million

Highlights from the year ended January 31, 2020 included

- Revenue for fiscal 2019 was \$20.7 million
- Net loss for fiscal 2019 was (\$2.9 million)
- Adjusted EBITDA for fiscal 2019 was \$3.1 million
- Bookings for fiscal 2019 were \$8.9 million

Conference Call

The Company will conduct a conference call to review the results on Thursday, April 23, 2020 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 Thursday, April 23, 2020 at 12:00 PM ET to Thursday, April 30, 2020 at 12:00 PM ET by dialing 877-660-6853 or 201-612-7415 with conference ID 13701674. An online replay of the presentation will also be available for six 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, significant non-recurring operating 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 and a reconciliation to comparable GAAP measures is included in this press release.

About Streamline Health

[Streamline Health Solutions, Inc.](http://www.streamlinehealth.net) (NASDAQ: STRM) is a healthcare industry leader in capturing, aggregating, and translating enterprise data into knowledge – providing actionable insights that support revenue cycle optimization for healthcare enterprises. We deliver integrated solutions, services 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 AND CONDENSED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended		Twelve Months Ended	
	January 31,	2019	January 31,	2019
	2020		2020	
Revenues:				
Systems sales	\$ 173,000	\$ 645,000	\$ 1,219,000	\$ 2,472,000
Professional services	186,000	250,000	1,801,000	1,336,000
Audit Services	446,000	277,000	1,712,000	1,118,000
Maintenance and support	2,772,000	3,009,000	11,309,000	12,586,000
Software as a service	1,228,000	1,284,000	4,702,000	4,853,000
Total revenues	4,805,000	5,465,000	20,743,000	22,365,000
Operating expenses:				
Cost of systems sales	631,000	179,000	1,022,000	942,000
Cost of professional services	487,000	578,000	2,103,000	2,657,000
Cost of audit services	306,000	356,000	1,255,000	1,373,000
Cost of maintenance and support	410,000	453,000	1,685,000	2,173,000
Cost of software as a service	479,000	187,000	1,415,000	992,000
Selling, general and administrative	2,066,000	2,394,000	9,811,000	10,554,000
Research and development	1,170,000	959,000	3,555,000	4,261,000
Executive Transition Costs	168,000	-	789,000	-
Restructuring Charges	388,000	-	388,000	-
Transaction Costs	861,000	-	861,000	-
Impairment of Long-lived Assets		3,681,000	-	3,681,000

Loss on exit of operating lease	-	(334,000)	)	-	1,034,000
Total operating expenses	6,966,000	8,453,000		22,884,000	27,667,000
Operating loss	(2,161,000)	(2,988,000)	)	(2,141,000)	(5,302,000)
Other expense:					
Interest expense	(70,000)	(52,000)	)	(309,000)	(384,000)
Miscellaneous expense	(167,000)	(61,000)	)	(391,000)	(179,000)
Loss before income taxes	(2,398,000)	(3,101,000)	)	(2,841,000)	(5,865,000)
Income tax benefit (expense)	(6,000)	5,000	)	(22,000)	-
Net Loss	\$ (2,404,000)	\$ (3,096,000)	)	\$ (2,863,000)	\$ (5,865,000)
Add: Redemption of Series A Preferred Stock	4,894,000	-		4,894,000	-
Net income (loss) attributable to common shareholders	\$ 2,490,000	\$ (3,096,000)	)	\$ 2,031,000	\$ (5,865,000)
Net income (loss) per common share – basic	\$ 0.08	\$ (0.16)	)	\$ 0.09	\$ (0.30)
Weighted average number of common shares – basic	29,653,550	19,676,686		22,739,679	19,540,980
Net loss per common share - diluted	\$ (0.08)	\$ (0.16)	)	\$ (0.13)	\$ (0.30)
Weighted average number of common shares – diluted	29,653,550	19,676,686		22,739,679	19,540,980

STREAMLINE HEALTH SOLUTIONS, INC.

CONSOLIDATED AND CONDENSED BALANCE SHEETS

(Unaudited)

	January 31, 2020	January 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,649,000	\$ 2,376,000
Accounts receivable, net	3,166,000	2,933,000
Contract receivables	820,000	1,263,000
Prepaid hardware and other current assets	919,000	1,048,000
Total current assets	6,554,000	7,620,000
Non-current assets:		
Property and equipment, net	152,000	237,000
Contract Receivables, less current portion	-	407,000
Capitalized software development costs	7,598,000	5,698,000
Intangible assets, net	1,115,000	1,669,000
Goodwill	15,537,000	15,537,000
Other non-current assets	695,000	572,000
Total non-current assets	25,097,000	24,120,000
	\$ 31,651,000	\$ 31,740,000
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,270,000	\$ 1,280,000
Accrued compensation	866,000	789,000
Accrued other expenses	671,000	1,025,000
Current portion of term loan	3,825,000	597,000
Deferred revenues	7,990,000	8,338,000
Royalty Liability	969,000	-
Other	-	94,000
Total current liabilities	15,591,000	12,123,000
Non-current liabilities:		
Term loan, net of current portion	-	3,351,000
Royalty liability	-	905,000
Deferred revenues, less current portion	55,000	432,000
Other liabilities	-	41,000
Total non-current liabilities	55,000	4,729,000
Total liabilities	15,646,000	16,852,000
Series A 0% Convertible Redeemable Preferred Stock	-	8,686,000
Stockholders' equity	16,005,000	6,202,000
	\$ 31,651,000	\$ 31,740,000

STREAMLINE HEALTH SOLUTIONS, INC.

CONSOLIDATED AND CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

	Fiscal Year 2019	2018
Cash flows from operating activities:		
Net loss	\$ (2,863,000)	\$ (5,865,000)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	137,000	450,000
Amortization of capitalized software development costs	1,458,000	1,160,000
Amortization of intangible assets	554,000	937,000
Amortization of other deferred costs	480,000	415,000
Valuation adjustments	64,000	126,000
Loss on early extinguishment of debt	150,000	-
Impairment of long-lived assets	-	3,681,000
Loss on exit of operating lease	-	1,034,000
Loss on disposal of fixed assets	-	7,000
Share-based compensation expense	934,000	629,000
Provision for accounts receivable	(201,000)	13,000
Changes in assets and liabilities	(721,000)	(1,190,000)
Net cash (used in) provided by operating activities	(8,000)	1,397,000
Cash flows used in investing activities:		
Purchases of property and equipment	(52,000)	(21,000)
Proceeds from sales of property and equipment	-	21,000
Capitalization of software development costs	(3,358,000)	(3,003,000)
Net cash used in investing activities	(3,410,000)	(3,003,000)
Cash flows from financing activities:		
Proceeds from issuance of common stock	9,663,000	-
Payments for costs directly attributable to the issuance of common stock	(711,000)	-
Proceeds from term loan	4,000,000	-
Principal payments on term loan	(4,030,000)	(597,000)
Proceeds from exercise of stock options and stock purchase plan	8,000	44,000
Redemption of Series A Convertible Preferred Stock	(5,791,000)	-
Fees paid for redemption of Series A Convertible Preferred Stock	(22,000)	-
Payments related to settlement of employee shared-based awards	(99,000)	(62,000)
Payment of deferred financing costs	(325,000)	(23,000)
Other	(2,000)	-
Net cash provided by (used in) financing activities	2,691,000	(638,000)
Net decrease in cash and cash equivalents	(727,000)	(2,244,000)
Cash and cash equivalents at beginning of year	2,376,000	4,620,000
Cash and cash equivalents at end of year	1,649,000	2,376,000

STREAMLINE HEALTH SOLUTIONS, INC.

New Bookings

(Unaudited)

Table B

	January 31, 2020 Three Months Ended	Twelve Months Ended
Systems Sales	\$ 92,000	\$ 1,209,000
Professional Services	178,000	1,666,000
Audit Services	9,000	288,000
Maintenance and Support	28,000	1,679,000
Software as a Service	698,000	4,004,000
	\$ 1,005,000	\$ 8,846,000
Total FY 2018 bookings	\$ 1,123,000	\$ 8,221,000
Total FY 2017 bookings	\$ 1,192,000	\$ 4,756,000

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, significant non-recurring operating 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 loss to non-GAAP Adjusted EBITDA (in thousands):

(Unaudited)

	Three Months Ended,		Twelve Months Ended,	
	January 31, 2020	January 31, 2019	January 31, 2020	January 31, 2019
Net loss	\$ (2,404)	) \$ (3,095)	) \$ (2,863)	) \$ (5,865)
Interest expense	70	52	309	384
Income tax benefit	6	(6)	22	-
Depreciation	24	39	137	450
Amortization of capitalized software development	814	265	1,458	1,160
Amortization of intangible assets	130	232	554	937
Amortization of other costs	87	52	237	346
EBITDA	(1,273)	) (2,461)	) (146)	) (2,588)
Share-based compensation expense	215	136	934	629
Impairment of long-lived assets	-	3,681	-	3,681
Loss on disposal of fixed assets	-	2	-	7
Non-cash valuation adjustments	17	55	64	126
Executive transition costs (1)	168	-	725	-
Rationalization Charges	388	-	388	-
Transaction costs	861	-	861	-
Loss on early extinguishment of debt	-	-	150	-
Loss on exit of operating lease	-	(334)	-	1,034
Other non-recurring expenses	103	-	157	-
Adjusted EBITDA	\$ 479	\$ 1,079	\$ 3,133	\$ 2,889
Adjusted EBITDA per diluted share:				
Net loss per common share – diluted	\$ (0.08)	) \$ (0.16)	) \$ (0.13)	) \$ (0.30)
Adjusted EBITDA per adjusted diluted share (1)	\$ 0.02	\$ 0.05	\$ 0.12	\$ 0.13
Diluted weighted average shares	29,653,550	19,676,686	22,739,679	19,540,980
Includable incremental shares — Ad EBITDA (2)	442,627	3,161,821	2,343,382	3,065,402
Adjusted diluted shares (4)	30,096,176	22,838,507	25,083,061	22,606,382

(1) Executive transition cost on the consolidated statement of operations includes \$64,000 in stock compensation expense for fiscal 2019, which is included within Share-based compensation expense in the Adjusted EBITDA calculation above.

(2) Adjusted EBITDA as a percentage of GAAP net revenues.

(3) 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.

(4) 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.