



## **Streamline Health® Reports Second Quarter 2020 Revenues of \$2.9 million; (\$1.1 million) Net Loss; Adjusted EBITDA (\$0.4 million)**

Sep 9, 2020

Total First Half Fiscal 2020 Revenues of \$5.7 million; \$2.5 million Net Income; Adjusted EBITDA (\$1.0 million)

**Atlanta, GA, Sept. 09, 2020 (GLOBE NEWSWIRE) -- Streamline Health Solutions, Inc. (NASDAQ: STRM)**, provider of the eValuator™ Revenue Integrity Program to help healthcare providers proactively address revenue leakage and compliance exposure, today announced financial results for the second quarter and first half of fiscal 2020, which ended July 31, 2020.

Total revenues for the second quarter of fiscal 2020 were \$2.9 million, an increase of approximately 16% compared to \$2.5 million in the prior year period. SaaS revenue was up \$254,000, or 46%, over the same quarter a year ago. The revenue growth during the period was primarily attributable to higher perpetual revenue and new eValuator customers offset by lower professional services revenues which were negatively impacted by the COVID-19 pandemic. Recurring revenue comprised 70% of second quarter fiscal 2020 revenue compared to 73% of second quarter fiscal 2019 revenue.

For the first six months of fiscal 2020, total revenue was \$5.7 million, up \$78,000 compared to the first six months of fiscal 2019. SaaS revenue was up \$474,000, or 40%, over the first six months of fiscal 2019. Recurring revenue comprised 72% of revenue for the first six months of fiscal 2020 compared to 69% during the prior year period.

Net loss for the second quarter of fiscal 2020 was (\$1.1 million) as compared to a (\$0.6 million) net loss during the second quarter of fiscal 2019. Second quarter fiscal 2020 net loss included a \$28,000 gain from discontinued operations, in connection with the sale of the Company's legacy ECM business which closed February 24, 2020, compared to a \$1.0 million gain from discontinued operations during the second quarter of fiscal 2019. Gain from discontinued operations was offset by loss from continuing operations for the three months ended July 31, 2020 and 2019 of \$1.2 million and \$1.7 million, respectively.

The company recorded \$2.5 million of net income for the six months ended July 31, 2020, compared to a net loss of (\$0.3 million) during the same period of 2019. First half fiscal 2020 net income included a \$4.7 million gain from discontinued operations, in connection with the sale of the Company's legacy ECM business which closed February 24, 2020, compared to a \$2.0 million gain from discontinued operations during the first half of fiscal 2019. Gain from discontinued operations was offset by loss from continuing operations for the first six months of fiscal 2020 of (\$2.1 million) as compared to (\$2.3 million) for the same period in 2019.

Adjusted EBITDA for the second quarter of fiscal 2020 was a loss of (\$0.4 million), compared to an adjusted EBITDA loss of (\$1.4 million) in the second quarter of fiscal 2019. For the six months ended July 31, 2020, adjusted EBITDA was a loss of (\$1.0 million) compared to an adjusted EBITDA loss of (\$1.7 million) during the first six months of fiscal 2019.

"Our admiration and respect for the country's healthcare workers continues to grow as the effects of the novel coronavirus linger. We remain grateful for their incredible commitment to the health of the communities they serve," stated Tee Green, President and Chief Executive Officer, Streamline Health.

"We are pleased to report incremental growth of our eValuator client base during the period, while our management team continued to successfully control expenses. Our sales team is gaining traction into a robust prospect pipeline and our reseller opportunities are expanding."

"Even with the continuing negative financial impact the Coronavirus pandemic is having on our industry, the progress we are making and the performance we are generating builds our confidence that we are on the right path. With our eValuator automated, cloud-based, pre-bill coding analysis technology, we will lead an industry-wide movement to help healthcare providers improve revenue integrity."

### **Highlights from the second quarter ended July 31, 2020 included:**

- Revenue for the second quarter of 2020 was \$2.9 million; SaaS revenue was up \$254,000 for the second quarter;
- Loss from continuing operations for the second quarter of 2020 was (\$1.2 million);
- Adjusted EBITDA for the second quarter of 2020 was (\$0.4 million);
- Bookings for the second quarter of 2020 were \$2.9 million.

### **Conference Call**

The Company will conduct a conference call to review the results on Thursday, September 10, 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, September 10, 2020 at 12:00 PM ET to Thursday, September 17, 2020 at 12:00 PM ET by dialing 877-660-6853 or 201-612-7415 with conference ID 13708474. 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](http://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 is included in this press release.

#### About Streamline Health

Streamline Health Solutions, Inc. (NASDAQ: STRM) is a leader in pre-bill revenue integrity solutions for healthcare providers. Our eValuator™ Revenue Integrity Program includes integrated solutions, technology-enabled services and analytics that drive compliant revenue across the enterprise. 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](http://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.

#### Contact

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

	Three Months Ended		Six Months Ended	
	July 31		July 31	
	2020	2019	2020	2019
<b>Revenues:</b>				
Systems sales	\$ 215,000	\$ 111,000	\$ 215,000	\$ 332,000
Professional services	179,000	203,000	360,000	658,000
Audit Services	463,000	354,000	1,007,000	749,000
Maintenance and support	1,228,000	1,273,000	2,486,000	2,725,000
Software as a service	802,000	548,000	1,663,000	1,189,000
Total revenues	2,887,000	2,489,000	5,731,000	5,653,000
<b>Operating expenses:</b>				
Cost of systems sales	125,000	27,000	202,000	91,000
Cost of professional services	293,000	462,000	557,000	888,000
Cost of audit services	373,000	321,000	733,000	624,000
Cost of maintenance and support	182,000	176,000	368,000	303,000
Cost of software as a service	379,000	140,000	761,000	247,000
Selling, general and administrative	2,284,000	2,402,000	4,576,000	4,823,000
Research and development	509,000	660,000	1,193,000	1,249,000
Executive Transition Costs	-	140,000	-	140,000
Loss on exit of membership agreement	-	-	105,000	-
Total operating expenses	4,145,000	4,328,000	8,495,000	8,365,000
Operating loss	(1,258,000 )	(1,839,000 )	(2,764,000 )	(2,712,000 )

Other expense:								
Interest expense	(13,000	)	(70,000	)	(27,000	)	(148,000	)
Miscellaneous expense	(64,000	)	(103,000	)	(82,000	)	(119,000	)
Loss before income taxes	(1,335,000	)	(2,012,000	)	(2,873,000	)	(2,979,000	)
Income tax benefit	172,000		356,000		733,000		681,000	
Loss from continuing operations	\$ (1,163,000	)	\$ (1,656,000	)	\$ (2,140,000	)	\$ (2,298,000	)
Income from discontinued operations:								
Gain on sale of discontinued operations	4,000		-		6,013,000		-	
Income from discontinued operations	104,000		1,406,000		241,000		2,688,000	
Income tax benefit (expense)	(80,000	)	(358,000	)	(1,576,000	)	(685,000	)
Income from discontinued operations	28,000		1,048,000		4,678,000		2,003,000	
Net (loss) income	\$ (1,135,000	)	\$ (608,000	)	\$ 2,538,000		\$ (295,000	)
Basic Earnings per Share:								
Continuing operations	\$ (0.04	)	\$ (0.08	)	\$ (0.07	)	\$ (0.12	)
Discontinued operations	-		0.05		0.16		0.09	
Net (loss) income per share	\$ (0.04	)	\$ (0.03	)	\$ 0.09		\$ (0.03	)
Weighted average number of common shares - basic	30,026,658		19,913,658		29,897,236		19,853,510	
Diluted Earnings per Share:								
Continuing operations	\$ (0.04	)	\$ (0.08	)	\$ (0.07	)	\$ (0.12	)
Discontinued operations	-		0.05		0.15		0.09	
Net (loss) income per share	\$ (0.04	)	\$ (0.03	)	\$ 0.08		\$ (0.03	)
Weighted average number of common shares – diluted	30,421,473		23,076,807		30,229,595		22,950,923	

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

**Assets**

	July 31, 2020	January 31, 2020
Current assets:		
Cash and cash equivalents	\$ 5,707,000	\$ 1,649,000
Accounts receivable, net	418,000	2,016,000
Contract receivables	1,193,000	803,000
Prepaid hardware and other current assets	747,000	501,000
Current Assets from discontinued operations	154,000	1,585,000
Total current assets	8,219,000	6,554,000
Non-current assets:		
Property and equipment, net	101,000	98,000
Right of use asset on operating lease	473,000	-
Capitalized software development costs, net	6,263,000	5,782,000
Intangible assets, net	868,000	1,115,000
Goodwill	10,712,000	10,712,000
Other non-current assets	1,611,000	611,000
Long-term assets from discontinued operations	42,000	6,826,000
Total non-current assets	20,070,000	25,144,000
	\$ 28,289,000	\$ 31,698,000

**Liabilities and Stockholders' Equity**

Current liabilities:		
Accounts payable	\$ 121,000	\$ 756,000
Accrued expenses	1,892,000	1,395,000
Current portion of term loan	1,071,000	3,872,000
Deferred revenues	3,149,000	3,593,000
Royalty liability	1,000,000	969,000
Other	195,000	-
Current liabilities from discontinued operations	190,000	5,053,000
Total current liabilities	7,618,000	15,638,000
Non-current liabilities:		
Term loan, net of current portion	1,229,000	-

Deferred revenues, less current portion	36,000	55,000
Other liabilities	309,000	-
Total non-current liabilities	1,574,000	55,000
Total liabilities	9,192,000	15,693,000
Stockholders' equity	19,097,000	16,005,000
	\$ 28,289,000	\$ 31,698,000

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

	<b>Six Months Ended</b>	
	<b>July 31,</b>	
	<b>2020</b>	<b>2019</b>
Cash flows from continuing operating activities:		
Loss from continuing operations	\$ (2,140,000)	\$ (2,298,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	31,000	22,000
Amortization of capitalized software development costs	651,000	236,000
Amortization of intangible assets	247,000	285,000
Amortization of other deferred costs	153,000	136,000
Valuation adjustments	31,000	31,000
Loss on exit of membership agreement	105,000	-
Share-based compensation expense	575,000	429,000
Benefit for accounts receivable allowance	(15,000)	(125,000)
Benefit for income taxes	(733,000)	(683,000)
Changes in assets and liabilities	(876,000)	(1,108,000)
Net cash used in operating activities	(1,971,000)	(3,075,000)
Net cash from operating activities - discontinued operations	(2,374,000)	3,164,000
Cash flows used in investing activities:		
Purchases of property and equipment	(34,000)	(46,000)
Capitalization of software development costs	(1,094,000)	(1,543,000)
Proceeds from sale of ECM assets	11,288,000	-
Net cash provided by (used in) investing activities	10,160,000	(1,589,000)
Net cash used in investing activities - discontinued operations	-	(335,000)
Cash flows from financing activities:		
Proceeds from term loan	2,301,000	1,000,000
Principal payments on term loan	(4,000,000)	(298,000)
Other	(58,000)	(14,000)
Net cash used in financing activities	(1,757,000)	688,000
Net decrease in cash and cash equivalents	4,058,000	(1,147,000)
Cash and cash equivalents at beginning of year	1,649,000	2,376,000
Cash and cash equivalents at end of year	\$ 5,707,000	\$ 1,229,000

**STREAMLINE HEALTH SOLUTIONS, INC.**  
**New Bookings**  
(Unaudited)

	<b>July 31, 2020</b>	
	<b>Three Months Ended</b>	<b>Six Months Ended</b>
Systems Sales	\$ 245,000	\$ 337,000
Professional Services	236,000	414,000
Audit Services	26,000	35,000
Maintenance and Support	283,000	311,000
Software as a Service	2,075,000	2,773,000
Q2 2020 Bookings	\$ 2,865,000	\$ 3,870,000
Q2 2019 Bookings (1)	\$ 3,603,000	\$ 4,726,000

(1) July 31, 2019 excludes bookings from the ECM business of approximately \$180,000 for the three months ended July 31, 2019 and \$280,000 for the six months ended July 31, 2019.

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

Adjusted EBITDA Reconciliation	Three Months Ended July 31,		Six Months Ended July 31,	
	2020	2019	2020	2019
Loss from continuing operations	\$ (1,163)	) \$ (1,656)	) \$ (2,140)	) \$ (2,298)
Interest expense	13	70	27	148
Income tax benefit	(172)	) (356)	) (733)	) (681)
Depreciation	17	14	31	22
Amortization of capitalized software development costs	362	110	651	236
Amortization of intangible assets	124	142	247	285
Amortization of other costs	78	70	153	136
EBITDA	(741)	) (1,606)	) (1,764)	) (2,152)
Share-based compensation expense	349	160	613	429
Non-cash valuation adjustments	14	16	31	31
Loss on exit of operating lease	-	-	105	-
Adjusted EBITDA	\$ (378)	) \$ (1,430)	) \$ (1,015)	) \$ (1,692)
<b>Adjusted EBITDA per diluted share:</b>				
Net loss per common share – diluted	\$ (0.04)	) \$ (0.03)	) \$ 0.08	) \$ (0.03)
Adjusted EBITDA per adjusted diluted share (1)	\$ (0.01)	) \$ (0.07)	) \$ (0.03)	) \$ (0.09)
Diluted weighted average shares (2)	30,026,658	19,913,658	29,897,236	19,853,510
Includable incremental shares — Adjusted EBITDA (3)	394,815	3,163,149	332,359	3,097,413
Adjusted diluted shares	30,421,473	23,076,807	30,229,595	22,950,923

(1) Adjusted EBITDA per adjusted diluted share for our common stock is computed using the more dilutive of the two-class method or the if-converted method.

(2) Diluted EPS for our common stock was computed using the if-converted method, which yields the same result as the two-class method.

(3) The number of incremental shares that would be dilutive under an assumption that the Company is profitable during the reported period, which is only applicable for a period in which the Company reports a GAAP net loss. If a GAAP profit is earned in the reported periods, no additional incremental shares are assumed.



Source: Streamline Health Solutions, Inc.