



## **Streamline Health® Reports Third Quarter 2020 Revenues of \$2.6 million; (\$1.1 million) Net Loss; Adjusted EBITDA (\$0.7 million)**

December 8, 2020

Total First Nine Months of Fiscal 2020 Revenues of \$8.4 million; \$1.5 million Net Income; Adjusted EBITDA (\$1.7 million)

**Atlanta, GA, Dec. 08, 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 third quarter and first nine months of fiscal 2020, which ended October 31, 2020.

Total revenues for the third quarter of fiscal 2020 were \$2.6 million, compared to \$3.5 million in the prior year period. SaaS revenue was up \$287,000, or 48%, compared to the same quarter a year ago. The total revenue decline during the period was primarily attributable to one-time perpetual revenue during the third quarter of 2019 and lower professional services revenue offset by the significant growth of the Company's SaaS revenues. Recurring revenue comprised 74% of third quarter fiscal 2020 revenue compared to 55% of third quarter fiscal 2019 revenue. The Company has continued to experience headwinds as a result of the novel coronavirus. Hospitals are delaying final purchase decisions due to their need to focus on patient care, vaccine logistics and budgetary constraints.

For the first nine months of fiscal 2020, total revenue was \$8.4 million, compared to \$9.2 million during the first nine months of fiscal 2019. Although total revenue was lower, growth was reported by the Company in its SaaS revenue. Recurring revenue comprised 73% of revenue for the first nine months of fiscal 2020 compared to 64% during the prior year period.

The Company's focus has been on the growth of its eValuator product. SaaS -based revenue grew by \$287,000 or 48% in the third quarter and \$761,000 or 43% in the nine months ended, October 31, 2020, over the corresponding previous periods. The Company grew SaaS -based revenue by 10%, sequentially, from Q2 to Q3 2020 and is projected to grow by that rate, again, in Q4 2020.

Net loss for the third quarter of fiscal 2020 was (\$1.1 million) as compared to (\$0.2 million) during the third quarter of fiscal 2019. Third quarter fiscal 2020 net loss included a \$14,000 income from discontinued operations, in connection with the sale of the Company's legacy ECM business which closed February 24, 2020, compared to a \$1.4 million income from discontinued operations during the third quarter of fiscal 2019. Income from discontinued operations was offset by loss from continuing operations for the three months ended October 31, 2020 and 2019 of (\$1.1 million) and (\$1.5 million), respectively.

The company recorded \$1.5 million of net income for the nine months ended October 31, 2020, compared to a net loss of (\$0.5 million) during the same period of 2019. The first nine months fiscal 2020 net income included a \$4.7 million income from discontinued operations, in connection with the sale of the Company's legacy ECM business which closed February 24, 2020, compared to a \$3.4 million income from discontinued operations during the first nine months of fiscal 2019. The income from discontinued operations was offset by loss from continuing operations for the first nine months of fiscal 2020 of (\$3.2 million) as compared to (\$3.8 million) for the same period in 2019.

Adjusted EBITDA for the third quarter of fiscal 2020 was a loss of (\$0.7 million), compared to an adjusted EBITDA loss of (\$0.8 million) in the third quarter of fiscal 2019. For the nine months ended October 31, 2020, adjusted EBITDA was a loss of (\$1.7 million) compared to an adjusted EBITDA loss of (\$2.5 million) during the first nine months of fiscal 2019. The improvements have come from cost containment activities upon the sale of the ECM Business in February 2020.

"We thank our country's healthcare workers for the heroic job they do every day to provide care in their communities during these incredibly trying times," stated Tee Green, President and Chief Executive Officer, Streamline Health. "Like all Americans, we look forward to the arrival of vaccines to help us control this pandemic and allow us to return to a state of normalcy."

"Although we are pleased with the growth in our SaaS-based revenues as more eValuator customers come online, we did not meet our bookings goal in the quarter, primarily due to our prospects needing to deal with the effects of the pandemic. We remain enthusiastic, however, as our sales team has continued to expand the number and dollar value of new eValuator opportunities. We believe that purchase decision-making for our automated, cloud-based pre-bill auditing technology will accelerate as our prospects complete their logistic planning for distribution of the promised vaccines."

### **Highlights from the third quarter ended October 31, 2020 included:**

- Revenue for the third quarter of 2020 was \$2.6 million; SaaS revenue grew 48% compared to the third quarter of 2019;
- Loss from continuing operations for the third quarter of 2020 was (\$1.1 million);
- Adjusted EBITDA for the third quarter of 2020 was (\$0.7 million);
- Bookings for the third quarter of 2020 were \$1.4 million.

### **Conference Call**

The Company will conduct a conference call to review the results on Wednesday, December 9, 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 Wednesday, December 9, 2020 at 12:00 PM ET to Thursday, December 16, 2020 at 12:00 PM ET

by dialing 877-660-6853 or 201-612-7415 with conference ID 13712341. 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		Nine Months Ended	
	October 31		October 31	
	2020	2019	2020	2019
<b>Revenues:</b>				
Systems sales	\$ 19,000	\$ 636,000	\$ 234,000	\$ 968,000
Professional services	180,000	444,000	540,000	1,102,000
Audit Services	491,000	517,000	1,498,000	1,266,000
Maintenance and support	1,070,000	1,328,000	3,556,000	4,053,000
Software as a service	881,000	594,000	2,544,000	1,783,000
Total revenues	<u>2,641,000</u>	<u>3,519,000</u>	<u>8,372,000</u>	<u>9,172,000</u>
<b>Operating expenses:</b>				
Cost of systems sales	183,000	455,000	385,000	547,000
Cost of professional services	295,000	374,000	852,000	1,262,000
Cost of audit services	425,000	325,000	1,158,000	949,000
Cost of maintenance and support	160,000	201,000	528,000	504,000
Cost of software as a service	416,000	226,000	1,177,000	472,000

Selling, general and administrative	2,283,000	2,762,000	6,859,000	7,585,000
Research and development	753,000	501,000	1,946,000	1,750,000
Executive Transition Costs	-	481,000	-	621,000
Loss on exit of membership agreement	-	-	105,000	-
Total operating expenses	<u>4,515,000</u>	<u>5,325,000</u>	<u>13,010,000</u>	<u>13,690,000</u>
Operating loss	(1,874,000)	(1,806,000)	(4,638,000)	(4,518,000)
Other income (expense):				
Interest expense	(12,000)	(91,000)	(39,000)	(239,000)
Miscellaneous income (expense)	14,000	(80,000)	(68,000)	(199,000)
Loss before income taxes	(1,872,000)	(1,977,000)	(4,745,000)	(4,956,000)
Income tax benefit	803,000	454,000	1,536,000	1,134,000
Loss from continuing operations	<u>\$ (1,069,000)</u>	<u>\$ (1,523,000)</u>	<u>\$ (3,209,000)</u>	<u>\$ (3,822,000)</u>
Net loss from continuing operations	<u>\$ (1,069,000)</u>	<u>\$ (1,523,000)</u>	<u>\$ (3,209,000)</u>	<u>\$ (3,822,000)</u>
Income from discontinued operations:				
Gain on sale of discontinued operations	-	-	6,013,000	-
Income from discontinued operations	64,000	1,825,000	305,000	4,513,000
Income tax benefit (expense)	(50,000)	(466,000)	(1,626,000)	(1,150,000)
Income from discontinued operations	<u>14,000</u>	<u>1,359,000</u>	<u>4,692,000</u>	<u>3,363,000</u>
<b>Net (loss) income</b>	<b><u>\$ (1,055,000)</u></b>	<b><u>\$ (164,000)</u></b>	<b><u>\$ 1,483,000</u></b>	<b><u>\$ (459,000)</u></b>
Add: Redemption of Series A Preferred Stock	-	4,894,000	-	4,894,000
Net (loss) income from continuing operations attributable to common shareholders	<u>\$ (1,069,000)</u>	<u>\$ 3,371,000</u>	<u>\$ (3,209,000)</u>	<u>\$ 1,072,000</u>
Basic Earnings per Share:				
Continuing operations	\$ (0.04)	\$ 0.16	\$ (0.11)	\$ 0.05
Discontinued operations	-	0.06	0.16	0.15
Net (loss) income	<u>\$ (0.04)</u>	<u>\$ 0.22</u>	<u>\$ 0.05</u>	<u>\$ 0.20</u>
Weighted average number of common shares - basic	30,286,197	21,598,146	30,026,890	20,435,055
Diluted Earnings per Share:				
Continuing operations	\$ (0.04)	\$ (0.07)	\$ (0.11)	\$ (0.19)
Discontinued operations	-	0.06	0.15	0.14
Net (loss) income	<u>\$ (0.04)</u>	<u>\$ (0.01)</u>	<u>\$ 0.04</u>	<u>\$ (0.05)</u>
Weighted average number of common shares – diluted	30,892,526	24,334,221	30,450,572	23,412,022

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

<b>Assets</b>	<b>October 31, 2020</b>	<b>January 31, 2020</b>
Current assets:		
Cash and cash equivalents	\$ 3,031,000	\$ 1,649,000
Accounts receivable, net	937,000	2,016,000
Contract receivables	746,000	803,000
Prepaid hardware and other current assets	571,000	501,000
Current Assets from discontinued operations	<u>168,000</u>	<u>1,585,000</u>
Total current assets	<u>5,453,000</u>	<u>6,554,000</u>
Non-current assets:		
Property and equipment, net	105,000	98,000
Right of use asset on operating lease	432,000	-
Capitalized software development costs, net	6,200,000	5,782,000
Intangible assets, net	745,000	1,115,000
Goodwill	10,712,000	10,712,000
Other non-current assets	1,670,000	611,000
Long-term assets from discontinued operations	<u>28,000</u>	<u>6,826,000</u>
Total non-current assets	<u>19,892,000</u>	<u>25,144,000</u>
	<u>\$ 25,345,000</u>	<u>\$ 31,698,000</u>

**Liabilities and Stockholders' Equity**

Current liabilities:		
Accounts payable	\$ 267,000	\$ 756,000
Accrued expenses	1,185,000	1,395,000
Current portion of term loan	1,480,000	3,872,000
Deferred revenues	1,977,000	3,593,000
Royalty liability	500,000	969,000
Other	196,000	—
Current liabilities from discontinued operations	208,000	5,053,000
Total current liabilities	<u>5,813,000</u>	<u>15,638,000</u>
Non-current liabilities:		
Term loan, net of current portion	820,000	—
Deferred revenues, less current portion	71,000	55,000
Other liabilities	266,000	—
Total non-current liabilities	<u>1,157,000</u>	<u>55,000</u>
Total liabilities	<u>6,970,000</u>	<u>15,693,000</u>
Stockholders' equity	<u>18,375,000</u>	<u>16,005,000</u>
	\$ 25,345,000	\$ 31,698,000

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

	Nine Months Ended	
	October 31,	
	2020	2019
Cash flows from continuing operating activities:		
Loss from continuing operations	\$ (3,209,000)	\$ (3,822,000)
Adjustments to reconcile loss to net cash used in operating activities:		
Depreciation	35,000	33,000
Amortization of capitalized software development costs	1,128,000	834,000
Amortization of intangible assets	370,000	424,000
Amortization of other deferred costs	242,000	208,000
Valuation adjustments	31,000	48,000
Loss on exit of membership agreement	105,000	-
Share-based compensation expense	1,004,000	719,000
Benefit for accounts receivable allowance	(15,000)	(125,000)
Benefit for income taxes	(1,536,000)	(1,134,000)
Changes in assets and liabilities	(1,838,000)	(2,477,000)
Net cash used in operating activities	<u>(3,683,000)</u>	<u>(5,292,000)</u>
Net cash from operating activities - discontinued operations	<u>(2,319,000)</u>	<u>4,317,000</u>
Cash flows used in investing activities:		
Purchases of property and equipment	(42,000)	(51,000)
Capitalization of software development costs	(1,495,000)	(2,139,000)
Proceeds from sale of ECM assets	11,288,000	-
Net cash provided by (used in) investing activities	<u>9,751,000</u>	<u>(2,190,000)</u>
Net cash used in investing activities - discontinued operations	<u>-</u>	<u>(591,000)</u>
Cash flows from financing activities:		
Proceeds from term loan	2,301,000	-
Principal payments on term loan	(4,000,000)	-
Other	(668,000)	2,600,000
Net cash provided by financing activities	<u>(2,367,000)</u>	<u>2,600,000</u>
Net decrease in cash and cash equivalents	<u>1,382,000</u>	<u>(1,156,000)</u>
Cash and cash equivalents at beginning of year	<u>1,649,000</u>	<u>2,376,000</u>
Cash and cash equivalents at end of year	\$ 3,031,000	\$ 1,220,000

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

**October 31, 2020**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
Systems Sales	\$	20,000	\$	357,000
Professional Services		226,000		633,000
Audit Services		34,000		77,000
Maintenance and Support		4,000		380,000
Software as a Service		1,140,000		4,127,000
Q3 2020 Bookings	\$	1,424,000	\$	5,574,000
Q3 2019 Bookings (1)	\$	2,403,000	\$	7,129,000

(1) October 31, 2019 excludes bookings from the ECM business of approximately \$209,000 for the three months ended October 31, 2019 and \$489,000 for the nine months ended October 31, 2019.

**STREAMLINE HEALTH SOLUTIONS, INC.**

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

<b>Adjusted EBITDA Reconciliation</b>	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>October 31,</b>		<b>October 31,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Loss from continuing operations	\$ (1,069)	\$ (1,523)	\$ (3,209)	\$ (3,822)
Interest expense	12	91	39	239
Income tax benefit	(803)	(454)	(1,536)	(1,134)
Depreciation	4	11	35	33
Amortization of capitalized software development costs	477	598	1,128	834
Amortization of intangible assets	123	139	370	424
Amortization of other costs	89	72	242	208
EBITDA	(1,167)	(1,066)	(2,931)	(3,218)
Share-based compensation expense	442	290	1,054	719
Non-cash valuation adjustments	-	17	31	48
Loss on exit of operating lease	-	-	105	-
Adjusted EBITDA	\$ (725)	\$ (759)	\$ (1,741)	\$ (2,451)
<b>Adjusted EBITDA per diluted share:</b>				
Net loss per common share – diluted continuing operations	\$ (0.04)	\$ (0.07)	\$ (0.11)	\$ (0.19)
Adjusted EBITDA per adjusted diluted share (1)	\$ (0.02)	\$ (0.04)	\$ (0.06)	\$ (0.12)
Diluted weighted average shares (2)	30,286,197	21,598,146	30,026,890	20,435,055
Includable incremental shares — Adjusted EBITDA (3)	606,329	2,736,075	423,682	2,976,967
Adjusted diluted shares	30,892,526	24,334,221	30,450,572	23,412,022

(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.