



Streamline Health® Reports Fourth Quarter and Fiscal Year 2020 Financial Results

April 21, 2021

Fiscal 2020 Revenues of \$11.3 million; \$0.3 million Net Income; Adjusted EBITDA (\$1.9 million)

Atlanta, GA, April 21, 2021 (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 fourth quarter and fiscal year 2020, which ended January 31, 2021.

Total revenues for the fourth quarter of fiscal 2020 were \$3.0 million, compared to \$2.7 million in the prior year period. SaaS revenue was up \$349,000, approximately 50%, compared to the same quarter a year ago. The revenue growth during the quarter was driven by higher revenue from SaaS, system sales and professional services offset by lower revenue from audit services and maintenance and support. Recurring revenue comprised 75% of fourth quarter fiscal 2020 revenue compared to 80% of fourth quarter fiscal 2019 revenue.

Fiscal year 2020 revenue was \$11.3 million, compared to \$11.9 million during fiscal 2019. SaaS revenue in fiscal 2020 grew 46% to \$3.7 million compared to \$2.5 million during fiscal 2019. Recurring revenue comprised 74% of revenue during fiscal 2020 compared to 68% during the prior year.

Net loss for the fourth quarter of fiscal 2020 was (\$1.2 million) as compared to a net loss of (\$2.4 million) during the fourth quarter of fiscal 2019. Fourth quarter fiscal 2020 net loss included \$400,000 income from gain from sale, and discontinued operations of the Company's legacy ECM business which closed February 24, 2020, compared to \$18,000 income from discontinued operations during the fourth quarter of fiscal 2019. Income from discontinued operations was offset by a loss from continuing operations for the three months ended January 31, 2021 and 2020 of (\$1.6 million) and (\$2.4 million), respectively.

The company recorded \$0.3 million of net income for the fiscal year 2020, compared to a net loss of (\$2.9 million) during fiscal 2019. Fiscal year 2020 net income included \$5.1 million income from discontinued operations in connection with the sale of the Company's legacy ECM business which closed February 24, 2020, compared to \$3.3 million income from discontinued operations during fiscal 2019. The income from discontinued operations was offset by a loss from continuing operations during fiscal 2020 of (\$4.8 million) as compared to a loss of (\$6.2 million) during fiscal 2019.

Adjusted EBITDA for the fourth quarter of fiscal 2020 was a loss of (\$0.1 million), compared to an adjusted EBITDA loss of (\$0.6 million) in the fourth quarter of fiscal 2019. Fiscal year 2020 adjusted EBITDA was a loss of (\$1.9 million) compared to a loss of (\$2.3 million) during fiscal 2019. The profitability improvements have come from cost containment activities in all areas of our business.

"Last year was a very difficult and challenging one, especially for COVID patients and healthcare providers throughout the country. Today, with more Americans receiving vaccinations, we believe a 'return to normalcy' during the second half of this year is a real possibility. And that should free up departmental decision making, helping us generate more eValuator contracts from our pipeline which grew throughout 2020", stated Tee Green, President and Chief Executive Officer, Streamline Health.

"As the pandemic slowed contract closings, we asked our employees to focus on improving operations and preparing for growth. This internal focus enabled us to develop a top-level product management team to continually expand and improve our eValuator technology and build a superior customer success team to ensure customer satisfaction. I believe all of this will serve us well going forward."

Highlights from the fourth quarter ended January 31, 2021 included:

- Revenue for the fourth quarter of fiscal 2020 was \$3.0 million; SaaS revenue grew 50% compared to the fourth quarter of fiscal 2019;
- Loss from continuing operations for the fourth quarter of fiscal 2020 was (\$1.6 million);
- Adjusted EBITDA for the fourth quarter of fiscal 2020 was (\$0.1 million);
- Total bookings (total contract value) for the fourth quarter of fiscal 2020 were \$1.8 million.

Conference Call

The Company will conduct a conference call to review the results on Thursday, April 22, 2021 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 22, 2021 at 12:00 PM ET to Thursday, April 29, 2021 at 12:00 PM ET by dialing 877-660-6853 or 201-612-7415 with conference ID 13716445. 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 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 and improved financial performance 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.

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 AND CONDENSED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended		Twelve Months Ended	
	January 31		January 31	
	2021	2020	2021	2020
Revenues:				
Systems sales	\$ 356,000	\$ 153,000	\$ 590,000	\$ 1,121,000
Professional services	145,000	78,000	618,000	1,163,000
Audit Services	393,000	446,000	1,891,000	1,712,000
Maintenance and support	1,030,000	1,303,000	4,586,000	5,356,000
Software as a service	1,050,000	701,000	3,661,000	2,501,000
Total revenues	<u>2,974,000</u>	<u>2,681,000</u>	<u>11,346,000</u>	<u>11,853,000</u>
Operating expenses:				
Cost of systems sales	116,000	457,000	501,000	1,004,000
Cost of professional services	264,000	330,000	1,040,000	1,592,000
Cost of audit services	400,000	306,000	1,558,000	1,255,000
Cost of maintenance and support	156,000	172,000	684,000	676,000
Cost of software as a service	653,000	352,000	1,906,000	824,000
Selling, general and administrative	1,706,000	2,021,000	8,565,000	9,606,000
Research and development	987,000	940,000	2,933,000	2,690,000
Executive Transition Costs	-	168,000	-	789,000
Rationalization Charges	-	388,000	-	388,000
Transaction Costs	-	230,000	-	230,000
Loss on exit of membership agreement	-	-	105,000	-
Total operating expenses	<u>4,282,000</u>	<u>5,364,000</u>	<u>17,292,000</u>	<u>19,054,000</u>

Operating loss	(1,308,000)	(2,683,000)	(5,946,000)	(7,201,000)
Other expense:				
Interest expense	(12,000)	(70,000)	(51,000)	(309,000)
Miscellaneous expense	6,000	(167,000)	(62,000)	(366,000)
Loss before income taxes	(1,314,000)	(2,920,000)	(6,059,000)	(7,876,000)
Income tax benefit	(276,000)	498,000	1,260,000	1,632,000
Loss from continuing operations	\$ (1,590,000)	\$ (2,422,000)	\$ (4,799,000)	\$ (6,244,000)
Add: Redemption of Series A Preferred Stock	-	-	-	4,894,000
Net (loss) income from continuing operations	(1,590,000)	(2,422,000)	(4,799,000)	(1,350,000)
Income from discontinued operations:				
Gain on sale of discontinued operations	-	-	6,013,000	-
Income from discontinued operations	51,000	522,000	356,000	5,035,000
Income tax benefit (expense)	352,000	(504,000)	(1,274,000)	(1,654,000)
Income from discontinued operations	403,000	18,000	5,095,000	3,381,000
Net (loss) income	\$ (1,187,000)	\$ (2,404,000)	\$ 296,000	\$ 2,031,000
Basic Earnings per Share:				
Continuing operations	\$ (0.05)	\$ (0.08)	\$ (0.16)	\$ (0.06)
Discontinued operations	0.01	-	0.17	0.14
Net (loss) income	\$ (0.04)	\$ (0.08)	\$ 0.01	\$ 0.08
Weighted average number of common shares - basic	30,528,863	29,653,550	30,152,383	22,739,679
Diluted Earnings per Share:				
Continuing operations	\$ (0.05)	\$ (0.08)	\$ (0.16)	\$ (0.27)
Discontinued operations	0.01	-	0.17	0.13
Net (loss) income	\$ (0.04)	\$ (0.08)	\$ 0.01	\$ (0.14)
Weighted average number of common shares – diluted	31,211,252	30,096,177	30,640,742	25,083,061

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

	Assets	
	January 31, 2021	January 31, 2020
Current assets:		
Cash and cash equivalents	\$ 2,409,000	\$ 1,649,000
Accounts receivable, net	2,929,000	2,016,000
Contract receivables	174,000	803,000
Prepaid hardware and other current assets	1,216,000	501,000
Current Assets from discontinued operations	587,000	1,585,000
Total current assets	<u>7,315,000</u>	<u>6,554,000</u>
Non-current assets:		
Property and equipment, net	104,000	98,000
Right of use asset on operating lease	391,000	-
Capitalized software development costs, net	5,945,000	5,782,000
Intangible assets, net	624,000	1,115,000
Goodwill	10,712,000	10,712,000
Other non-current assets	873,000	611,000
Long-term assets from discontinued operations	13,000	6,826,000
Total non-current assets	<u>18,662,000</u>	<u>25,144,000</u>
	<u>\$ 25,977,000</u>	<u>\$ 31,698,000</u>

Liabilities and Stockholders' Equity

Current liabilities:		
Accounts payable	\$ 272,000	\$ 756,000
Accrued expenses	908,000	1,395,000
Current portion of term loan	1,534,000	3,872,000
Deferred revenues	3,862,000	3,593,000

Royalty liability	-	969,000
Current portion of operating lease obligation	198,000	-
Current liabilities from discontinued operations	595,000	5,053,000
Total current liabilities	<u>7,369,000</u>	<u>15,638,000</u>
Non-current liabilities:		
Term loan, net of current portion	767,000	-
Deferred revenues, less current portion	130,000	55,000
Operating Lease obligations, less current portion	222,000	-
Total non-current liabilities	<u>1,119,000</u>	<u>55,000</u>
Total liabilities	<u>8,488,000</u>	<u>15,693,000</u>
Stockholders' equity	<u>17,489,000</u>	<u>16,005,000</u>
	\$ 25,977,000	\$ 31,698,000

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

	Fiscal Year Ended	
	January 31,	
	<u>2021</u>	<u>2020</u>
Cash flows from continuing operating activities:		
Loss from continuing operations	\$ (4,799,000)	\$ (6,244,000)
Depreciation	64,000	43,000
Amortization of capitalized software development costs	1,662,000	1,494,000
Amortization of intangible assets	491,000	554,000
Amortization of other deferred costs	359,000	480,000
Valuation adjustments	31,000	64,000
Loss on exit of membership agreement	105,000	-
Loss on early extinguishment of debt	-	150,000
Share-based compensation expense	1,403,000	934,000
Benefit for accounts receivable allowance	(31,000)	(201,000)
Benefit for income taxes	(1,274,000)	(1,654,000)
Changes in assets and liabilities	(1,504,000)	(1,329,000)
Net cash used in operating activities	<u>(3,493,000)</u>	<u>(5,709,000)</u>
Net cash from operating activities - discontinued operations	<u>(2,264,000)</u>	<u>5,701,000</u>
Cash flows used in investing activities:		
Purchases of property and equipment	(44,000)	(52,000)
Capitalization of software development costs	(1,784,000)	(2,800,000)
Proceeds from sale of ECM assets	11,288,000	-
Net cash provided by (used in) investing activities	<u>9,460,000</u>	<u>(2,852,000)</u>
Net cash used in investing activities - discontinued operations	<u>-</u>	<u>(558,000)</u>
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	2,301,000	4,000,000
Principal payments on term loan	(4,000,000)	(4,030,000)
Redemption of Series A Convertible Preferred Stock	-	(5,791,000)
Other	(1,244,000)	(440,000)
Net cash used in financing activities	<u>(2,943,000)</u>	<u>2,691,000</u>
Net decrease in cash and cash equivalents	760,000	(727,000)
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	2,409,000	\$ 1,649,000

STREAMLINE HEALTH SOLUTIONS, INC.
New Bookings
(Unaudited)

January 31, 2021	
<u>Three Months Ended</u>	<u>Twelve Months Ended</u>

Systems Sales	\$	203,000	\$	560,000
Professional Services		175,000		808,000
Audit Services		37,000		114,000
Maintenance and Support		203,000		583,000
Software as a Service		1,200,000		5,327,000
Q4 2020 Bookings	\$	1,818,000	\$	7,392,000
Q4 2019 Bookings (1)	\$	763,000	\$	7,892,000

(1) January 31, 2020 excludes bookings from the ECM business of approximately \$242,000 for the three months ended January 31, 2020 and \$731,000 for the twelve months ended January 31, 2020.

STREAMLINE HEALTH SOLUTIONS, INC.
Reconciliation of loss from continuing operations to non-GAAP Adjusted EBITDA
(in thousands)
(Unaudited)

	Three Months Ended January 31,		Twelve Months Ended January 31,	
	2021	2020	2021	2020
Loss from continuing operations	\$ (1,590)	\$ (2,422)	\$ (4,799)	\$ (6,244)
Interest expense	12	70	51	309
Income tax (benefit) expense	276	(498)	(1,260)	(1,632)
Depreciation	17	11	64	43
Amortization of capitalized software development costs	534	661	1,662	1,494
Amortization of intangible assets	121	130	491	554
Amortization of other costs	117	272	359	480
EBITDA	(513)	(1,776)	(3,432)	(4,996)
Share-based compensation expense	400	214	1,403	934
Impairment of long-lived assets	-	-	-	-
Loss on disposal of fixed assets	-	-	-	-
Non-cash valuation adjustments	(9)	17	31	64
Loss on exit of operating lease	-	-	105	-
Other non-recurring operating expenses	-	786	-	1,342
Other non-recurring expenses	-	150	-	308
Adjusted EBITDA	\$ (122)	\$ (609)	\$ (1,893)	\$ (2,348)
Adjusted EBITDA per diluted share:				
Net loss per common share – diluted	\$ (0.05)	\$ (0.08)	\$ (0.16)	\$ (0.27)
Adjusted EBITDA per adjusted diluted share (1) \$	-	\$ (0.02)	\$ (0.06)	\$ (0.10)
Diluted weighted average shares (2)	30,528,863	29,653,550	30,152,383	22,739,679
Includable incremental shares — Adjusted EBITDA (3)	682,389	442,627	488,359	2,343,382
Adjusted diluted shares	31,211,252	30,096,177	30,640,742	25,083,061

(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.