



Streamline Health® Reports Fiscal Second Quarter Financial Results

Sep 13, 2023

13% growth of SaaS revenue in the first half of fiscal 2023 compared to the first half of fiscal 2022

Atlanta, GA, Sept. 13, 2023 (GLOBE NEWSWIRE) -- [Streamline Health Solutions, Inc.](#) (“Streamline” or the “Company”) (Nasdaq: STRM), a leading provider of solutions that enable healthcare providers to proactively address revenue leakage and improve financial performance, today announced financial results for the second quarter of 2023 which ended July 31, 2023.

Fiscal Second Quarter and Six Months Ended July 31, 2023 GAAP Financial Results

The following financial results have been prepared in accordance with Generally Accepted Accounting Principles (“GAAP”).

Total revenue for the second quarter of fiscal 2023 was \$5.8 million as compared to \$6.0 million during the second quarter of fiscal 2022. For the six months ended July 31, 2023, revenue totaled \$11.1 million as compared to \$11.9 million during the same period of fiscal 2022. The change in total revenue was attributable to lower professional services revenue offset by higher SaaS revenue. As previously reported, the Company had a large professional services contract which did not renew at the end of its 2022 fiscal year. This professional services product is not expected to be part of the Company’s core business going forward.

During the second quarter and first six months of fiscal 2023, SaaS revenue grew \$0.4 million and \$0.8 million, respectively, as compared to the prior year periods.

Net loss for the second quarter of fiscal 2023 was (\$2.5 million) compared to a net a loss of (\$3.3 million) during the second quarter of fiscal 2022. For the first six months of fiscal 2023, net loss totaled (\$5.4 million) compared to a net loss of (\$6.1 million) during the first six months of fiscal 2022. The improvement in net loss was the result of lower headcount associated with the non-renewal of a large professional services contract, as well as cost savings achieved through the previously announced integration of the Avelead and eValuator divisions and non-cash valuation adjustments. The Company believes the decreased net loss on lower total revenue demonstrates the value of growing our high-margin SaaS business.

Fiscal Second Quarter and Six Months Ended July 31, 2023 Non-GAAP Financial Results

Adjusted EBITDA for the second quarter of fiscal 2023 was (\$0.9 million) compared to (\$1.1 million) during the second quarter of fiscal 2022. For the six months ended July 31, 2023, adjusted EBITDA was (\$2.2 million) compared to (\$2.4 million) during the six months ended July 31, 2022.

As of July 31, 2023, the Company’s total Booked SaaS Annual Contract Value (“ACV”) was \$17.6 million compared to \$17.2 million as of January 31, 2023. \$3.4 million of the Booked SaaS ACV was unimplemented as of July 31, 2023. Booked SaaS ACV represents the annualized value of all executed SaaS contracts, including contracts that have not been fully implemented as of the measurement date, assuming any contract that expires during the twelve months following the measurement date is renewed on its existing terms unless the Company has knowledge of the non-renewal.

Management Commentary

“The Streamline Health team has made significant progress as an organization in fiscal 2023. Our innovation team made significant advancements during the first half of the year which we expect to result in improved implementation timelines and lower expenses, while the services team has ensured our clients are receiving world-class support regardless of solution,” stated Tee Green, Chief Executive Officer, Streamline Health. “While our growth team has been encumbered by significant macro headwinds, health systems remain excited about the potential to transform their revenue cycle with our suite of pre-bill solutions which ensure they are accurately paid for all of the care they’ve provided.”

Conference Call

The Company will conduct a conference call on Thursday, September 14, 2023, at 9:00 AM ET to review results and provide a corporate update. Interested parties can access the call by joining the live webcast: [click here to register](#). You can also join by phone by dialing 877-407-8291. Following the conference call, management will host one-on-one meetings at the Lake Street Capital Markets 7th Annual Best Ideas Growth Conference in New York, NY.

A replay of the conference call will be available from Thursday, September 14, 2023, at 12:00 PM ET to Thursday, September 21, 2023, at 12:00 PM ET by dialing 877-660-6853 or 201-612-7415 with conference ID 13741041. An online replay of the presentation will also be available for six months following the presentation in the Investor Relations section of the Streamline website, [www.streamlinehealth.net](#).

About Streamline Health

Streamline Health Solutions, Inc. (Nasdaq: STRM) enables healthcare organizations to proactively address revenue leakage and improve financial performance. We deliver integrated solutions, technology-enabled services and analytics that drive compliant revenue leading to improved financial performance across the enterprise. For more information, visit [www.streamlinehealth.net](#).

Non-GAAP Financial Measures

Streamline reports its financial results in accordance with U.S. generally accepted accounting principles (“GAAP”). Streamline’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’s management believes that this measure provides useful supplemental information regarding the performance of Streamline’s business operations.

Streamline defines “adjusted EBITDA” as net earnings (loss) plus interest expense, tax expense, depreciation and amortization expense of tangible and intangible assets, share-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 reconciling this measure to “loss from continuing operations” is included in this press release.

Booked SaaS ACV represents the annualized value of all executed SaaS contracts, including contracts that have not been fully implemented, as of the measurement date, assuming any contract that expires during the twelve months following the measurement date is renewed on its existing terms unless the Company has knowledge of the non-renewal. Booked SaaS ACV should be viewed independently of revenue and does not represent revenue calculated in accordance with GAAP on an annualized basis, as it is an operating metric that can be impacted by contract execution start and end dates and renewal rates. Booked SaaS ACV is not intended to be a replacement for, or forecast of, revenue. There is no GAAP measure comparable to Booked SaaS ACV.

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, anticipated bookings, recognition of revenue from contracts included in Booked SaaS ACV, anticipated cost savings, expected improved implementation timelines and lower expenses for our clients, industry trends and market growth, 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 and Booked SaaS ACV, 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 generate cash from operations, the availability of additional debt and equity financing to fund the Company’s ongoing operations, 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, 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. UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(rounded to the nearest thousand dollars, except share and per share information)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2023	2022	2023	2022
Revenues:				
Software as a service	\$ 3,531,000	\$ 3,117,000	\$ 6,706,000	\$ 5,948,000
Maintenance and support	1,100,000	1,118,000	2,257,000	2,228,000
Professional fees and licenses	1,139,000	1,757,000	2,139,000	3,751,000
Total revenues	5,770,000	5,992,000	11,102,000	11,927,000
Operating expenses:				
Cost of software as a service	1,893,000	1,532,000	3,482,000	3,029,000
Cost of maintenance and support	32,000	90,000	121,000	136,000
Cost of professional fees and licenses	1,022,000	1,582,000	2,130,000	3,248,000
Selling, general and administrative expense	4,107,000	3,934,000	7,913,000	8,435,000
Research and development	1,305,000	1,461,000	3,006,000	2,773,000
Acquisition-related costs	9,000	49,000	44,000	139,000
Total operating expenses	8,368,000	8,648,000	16,696,000	17,760,000
Operating loss	(2,598,000)	(2,656,000)	(5,594,000)	(5,833,000)
Other (expense) income:				
Interest expense	(267,000)	(189,000)	(515,000)	(321,000)
Acquisition earnout valuation adjustments	359,000	(475,000)	723,000	25,000
Other	(1,000)	50,000	31,000	83,000
Loss before income taxes	(2,507,000)	(3,270,000)	(5,355,000)	(6,046,000)

Income tax expense	(8,000)	(2,000)	(61,000)	(13,000)
Net loss	<u>\$ (2,515,000)</u>	<u>\$ (3,272,000)</u>	<u>\$ (5,416,000)</u>	<u>\$ (6,059,000)</u>

Basic and Diluted Earnings Per Share:

Net loss per common share – basic and diluted	\$ (0.04)	\$ (0.07)	\$ (0.10)	\$ (0.13)
Weighted average number of common shares – basic and diluted	56,357,684	47,231,296	56,164,282	47,129,879

STREAMLINE HEALTH SOLUTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(rounded to the nearest thousand dollars, except share and per share information)

	<u>July 31, 2023</u>	<u>January 31, 2023</u>
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,087,000	\$ 6,598,000
Accounts receivable, net of allowance for credit losses of \$94,000 and \$132,000, respectively	2,790,000	7,719,000
Contract receivables	940,000	960,000
Prepaid and other current assets	895,000	710,000
Total current assets	<u>8,712,000</u>	<u>15,987,000</u>
Non-current assets:		
Property and equipment, net of accumulated amortization of \$266,000 and \$246,000 respectively	106,000	79,000
Right-of use asset for operating lease	—	32,000
Capitalized software development costs, net of accumulated amortization of \$7,107,000 and \$6,224,000, respectively	6,105,000	5,846,000
Intangible assets, net of accumulated amortization of \$3,527,000 and \$2,627,000, respectively	13,893,000	14,793,000
Goodwill	23,089,000	23,089,000
Other	1,410,000	1,695,000
Total non-current assets	<u>44,603,000</u>	<u>45,534,000</u>
Total assets	<u>\$ 53,315,000</u>	<u>\$ 61,521,000</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 657,000	\$ 626,000
Accrued expenses	1,939,000	3,265,000
Current portion of term loan	1,000,000	750,000
Deferred revenues	6,724,000	8,361,000
Current portion of operating lease obligation	—	35,000
Acquisition earnout liability	3,015,000	3,738,000
Total current liabilities	<u>13,335,000</u>	<u>16,775,000</u>
Non-current liabilities:		
Term loan, net of current portion and deferred financing costs	8,517,000	8,964,000
Deferred revenues, less current portion	212,000	167,000
Other non-current liabilities	147,000	104,000
Total non-current liabilities	<u>8,876,000</u>	<u>9,235,000</u>
Total liabilities	<u>22,211,000</u>	<u>26,010,000</u>
Stockholders' equity:		
Common stock, \$0.01 par value per share, 85,000,000 shares authorized; 58,895,071 and 57,567,210 shares issued and outstanding, respectively	589,000	576,000
Additional paid in capital	132,933,000	131,973,000
Accumulated deficit	<u>(102,418,000)</u>	<u>(97,038,000)</u>
Total stockholders' equity	31,104,000	35,511,000
Total liabilities and stockholders' equity	<u>\$ 53,315,000</u>	<u>\$ 61,521,000</u>

STREAMLINE HEALTH SOLUTIONS, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(rounded to the nearest thousand dollars)

Six Months Ended July 31,

	<u>2023</u>	<u>2022</u>
Net loss	\$ (5,416,000)	\$ (6,059,000)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,134,000	2,199,000
Acquisition earnout valuation adjustments	(723,000)	(25,000)
Provision for deferred income taxes	43,000	—
Share-based compensation expense	1,109,000	657,000
Provision for credit losses	—	21,000
Changes in assets and liabilities:		
Accounts and contract receivables	4,985,000	329,000
Other assets	(146,000)	(742,000)
Accounts payable	31,000	(109,000)
Accrued expenses and other liabilities	(1,361,000)	364,000
Deferred revenue	(1,592,000)	414,000
Net cash used in operating activities	<u>(936,000)</u>	<u>(2,951,000)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(47,000)	(10,000)
Capitalization of software development costs	(1,026,000)	(871,000)
Net cash used in investing activities	<u>(1,073,000)</u>	<u>(881,000)</u>
Cash flows from financing activities:		
Repayment of bank term loan	(250,000)	—
Payments related to settlement of employee share-based awards	(252,000)	(141,000)
Other	—	6,000
Net cash used in financing activities	<u>(502,000)</u>	<u>(135,000)</u>
Net decrease in cash and cash equivalents	<u>(2,511,000)</u>	<u>(3,967,000)</u>
Cash and cash equivalents at beginning of period	6,598,000	9,885,000
Cash and cash equivalents at end of period	\$ 4,087,000	\$ 5,918,000

**STREAMLINE HEALTH SOLUTIONS, INC.
NEW BOOKINGS**

(Unaudited, rounded to the nearest thousand dollars)

	<u>July 31, 2023</u>	
	<u>Three Months Ended</u>	<u>Six Months Ended</u>
Software as a service	765,000	2,841,000
Maintenance and support	-	-
Professional fees and licenses	266,000	364,000
Q2 2023 Bookings	\$ 1,031,000	3,205,000
Q2 2022 Bookings	\$ 5,152,000	14,015,000

**STREAMLINE HEALTH SOLUTIONS, INC.
RECONCILIATION OF NET LOSS TO NON-GAAP ADJUSTED EBITDA**

(Unaudited, in thousands)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>July 31, 2023</u>	<u>July 31, 2022</u>	<u>July 31, 2023</u>	<u>July 31, 2022</u>
Adjusted EBITDA Reconciliation				
Loss from continuing operations	\$ (2,515)	\$ (3,272)	\$ (5,416)	\$ (6,059)
Interest expense	267	189	515	321
Income tax expense	8	2	61	13
Depreciation and amortization	1,050	1,076	2,081	2,159
EBITDA	<u>\$ (1,190)</u>	<u>\$ (2,005)</u>	<u>\$ (2,759)</u>	<u>\$ (3,566)</u>
Share-based compensation expense	537	331	1,109	657
Non-cash valuation adjustments	(359)	475	(723)	(25)
Acquisition-related costs, severance, and transaction-related bonuses	119	122	176	623
Other non-recurring charges	—	(19)	(33)	(67)
Adjusted EBITDA	<u>\$ (893)</u>	<u>\$ (1,096)</u>	<u>\$ (2,230)</u>	<u>\$ (2,378)</u>



Source: Streamline Health Solutions, Inc.