

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended January 31, 2025

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 000-28132

**STREAMLINE HEALTH SOLUTIONS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**31-1455414**  
(I.R.S. Employer  
Identification No.)

**2400 Old Milton Pkwy., Box 1353**  
**Alpharetta, GA 30009**  
(Address of principal executive offices) (Zip Code)

**(888) 997-8732**  
(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

<b>Title of each class</b>	<b>Trading Symbol</b>	<b>Name of each exchange on which registered</b>
<b>Common Stock, \$0.01 par value per share</b>	<b>STRM</b>	<b>Nasdaq Capital Market</b>

**Securities registered pursuant to Section 12(g) of the Act:**

**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant, computed using the closing price as reported by The NASDAQ Stock Market, Inc. for the Registrant's Common Stock on July 31, 2024, the last business day of the Registrant's most recently completed second fiscal quarter, was \$23,470,199.

The number of shares outstanding of the Registrant's Common Stock, \$0.01 par value per share, as of April 28, 2025 was 4,331,315.

**Documents incorporated by reference:**

Information required by Part III is incorporated by reference from the Registrant's Proxy Statement for its 2025 annual meeting of stockholders or an amendment to this Annual Report on Form 10-K, which will be filed with the Securities and Exchange Commission within 120 days after the end of its fiscal year ended January 31, 2025.

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## FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this Annual Report on Form 10-K (the "Report") and in other materials we file with the Securities and Exchange Commission ("SEC") or otherwise make public. These statements about future events and expectations are "forward-looking" within the meaning of Sections 27A of the Securities Act of 1933, as amended, and 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In this Report, both Part I, Item 1, "Business," and Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," contain forward-looking statements. In addition, our senior management makes forward-looking statements to analysts, investors, the media, and others. Statements with respect to expected revenue, income, receivables, backlog, client attrition, acquisitions and other growth opportunities, sources of funding operations and acquisitions, the integration of our solutions, the performance of our channel partner relationships, the sufficiency of available liquidity, research and development, and other statements of our plans, beliefs or expectations are forward-looking statements. These and other statements using words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "project," "target," "can," "could," "may," "should," "will," "would" and similar expressions also are forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement. The forward-looking statements we make are not guarantees of future performance, and we have based these statements on our assumptions and analyses in light of our experience and perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Forward-looking statements by their nature involve substantial risks and uncertainties that could significantly affect expected results, and actual future results could differ materially from those described in such statements. Management cautions against putting undue reliance on forward-looking statements or projecting any future results based on such statements or present or historical earnings levels.

Among the factors that could cause actual future results to differ materially from our expectations are the risks and uncertainties described in Part I, Item 1A, "Risk Factors" herein, and the other cautionary statements in other documents we file with the SEC, including the following:

- competitive products and pricing;
- product demand and market acceptance;
- entry into new markets;
- new product and services development and commercialization;
- key strategic alliances with vendors and channel partners that resell our products;
- uncertainty in continued relationships with clients due to termination rights;
- our ability to control costs;
- availability, quality and security of products produced and services provided by 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;
- the success of our relationships with channel partners;
- fluctuations in operating results;
- our future cash needs;
- the consummation of resources in researching acquisitions, business opportunities or financings and capital market transactions;
- the failure to adequately integrate past and future acquisitions into our business;
- critical accounting policies and judgments;
- changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other standard-setting organizations;
- changes in economic, business and market conditions impacting the healthcare industry and the markets in which we operate;
- our ability to maintain compliance with the terms of our credit facilities;
- the extent to which health epidemics and other outbreaks of communicable diseases could disrupt our operations and/or materiality and adversely affect our business and financial conditions; and
- our ability to maintain compliance with the continued listing standards of the Nasdaq Capital Market (“Nasdaq”).

Most of these factors are beyond our ability to predict or control. Any of these factors, or a combination of these factors, could materially affect our future financial condition or results of operations and the ultimate accuracy of our forward-looking statements. There also are other factors that we may not describe (generally because we currently do not perceive them to be material) that could cause actual results to differ materially from our expectations.

We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

## PART I

### Item 1. *Business*

#### Company Overview

Incorporated in 1989, Streamline Health Solutions, Inc. is a provider of solutions and services in the middle of the revenue cycle for healthcare providers throughout the United States and Canada. Streamline Health's technology helps hospitals improve their financial performance by optimizing data and coding for every patient encounter prior to bill submission. By performing these activities before billing, providers can drive net revenue through reduced revenue leakage, overbilling, and days in accounts receivable. This enables providers to achieve more predictable revenue streams using technology rather than manual intervention.

The Company provides software solutions, professional consulting, and auditing services, which capture, aggregate, and translate structured and unstructured data to deliver intelligently organized, easily-accessible predictive insights to its clients. Hospitals and certain hospital-owned-and operated physician groups use the knowledge generated by Streamline Health to help them improve their financial performance.

The Company's software solutions are delivered to clients either by access to the Company's hosted web applications in the cloud through a secure connection, commonly referred to as a software as a service ("SaaS") delivery method, or by a fixed-term or perpetual license, where such software is installed locally in the client's data center.

The Company operates exclusively in one segment as a provider of health information technology solutions and associated services that improve healthcare processes and information flows within a healthcare facility. The Company sells its solutions and services in North America to hospitals and health systems through its direct sales force and its reseller partnerships.

Unless the context requires otherwise, references to "Streamline Health," the "Company," "we," "us" and "our" in this Report are intended to mean Streamline Health Solutions, Inc. and its wholly-owned subsidiaries. All references to a fiscal year refer to the fiscal year commencing February 1 in that calendar year and ending on January 31 of the following calendar year.

#### Solutions

The Company offers solutions and services to assist its clients in revenue cycle management including its two flagship technologies RevID™ and eValuator™. RevID offers automated, daily reconciliation of clinical event activity to patient billing charge items prior to billing. eValuator provides 100% automated coding analysis prior to billing. In addition, the Company offers an array of professional services, including system implementation. The Company's solutions and services are designed to improve the flow of critical revenue cycle information throughout the enterprise. The solutions and services help to transform the structure of information between disparate information technology systems into actionable data, giving the end user comprehensive access to clinical and business intelligence to enhance billing accuracy and decision-making. Solutions can be accessed securely through SaaS or delivered either by a perpetual license or by a fixed-term license installed locally.

***RevID Automated Revenue Reconciliation*** – RevID is a cloud-based SaaS solution that delivers automated, daily charge reconciliation. RevID identifies discrepancies between a provider's clinical and billing departments and ensures that every medical service is tracked, accounted for, and ultimately accurately billed, thereby reducing revenue leakage. RevID functions on a pre-bill basis, allowing providers to catch mistakes and discrepancies prior to billing.

***eValuator Coding Analysis Platform*** – This technology is a cloud-based SaaS solution that delivers the capability of fully automated analysis on 100% of billing codes entered by a healthcare provider’s coding team. This is done on a pre-bill basis, enabling providers to identify and address their highest-impact cases prior to billing. Rule sets are enabled for inpatient, outpatient and pro-fee cases. With eValuator, providers can add an audit function on a pre-bill basis to all cases, allowing the provider to better optimize reimbursements and mitigate risk on its billing practices.

***Data Comparison Engine (“DCE” or “Compare”)*** – Compare has been sunset by the Company. Compare is a cloud-based SaaS system synchronization module that reconciles data in different software used by hospitals within their operations. Compare operates continuously and automates the reconciliation of these systems to identify discrepancies or errors occurring between systems. Additionally, the Compare module can be utilized as a maintenance check when a hospital adds additional disparate software systems or converts to a new software system.

***Coding & CDI Solutions*** – CDI provides an integrated on-premise or cloud-based software suite that enhances the productivity of CDI and Coding staff and enables the seamless sharing of patient data. This suite of solutions includes workflows such as CDI, Abstracting and Physician Query.

***Financial Management Solutions (FMBA)*** – FMBA has been sunset by the Company. FMBA solutions enable financial staff across the healthcare enterprise to drill down quickly into actionable and real-time financial data and key performance indicators to improve revenue realization. This suite of solutions includes individual workflows such as accounts receivable management, denials management, claims processing, spend management and audit management.

## **Professional Services**

***Audit and Coding Services*** — The Company provides technology-enabled Audit and Coding services to help clients review and optimize their internal clinical documentation and coding functions across the applicable segment of the client’s enterprise. The Company offers its audit and coding services to primarily support eValuator clients by expanding audit capacity to drive net revenue retention rates. The Company provides these services using experienced coders and auditors through use of its eValuator proprietary software to improve the targeting of records with the highest likelihood of requiring an audit. The audit services are provided for inpatient diagnostic-related group (DRG) code auditing, outpatient ambulatory payment classification (APC) auditing, hierarchical condition categories (HCC) auditing and Physician/Pro-Fee services coding and auditing.

***Software Services*** – Software services relates to implementation of our core software modules, including data collection, configuration of the software based on the clients’ needs, training and support. Support services include non-specified upgrades to the software.

***Professional Services*** – The Company’s professional services are typically associated with hospital revenue cycle assistance and include troubleshooting, staff augmentation and “ad hoc” services. Services may include, but are not limited to, review of workflow processes, development and optimization of new workflows, optimization of interfaces, performance of audits and reconciliations, interim resources and project management of system implementations or conversions. The Company has replaced its emphasis on professional services with technology solutions. The Company’s premise is that technology on the front end of the revenue cycle process will reduce waste and errors in the coding and the backend.

## **Clients and Strategic Partners**

The Company provides transformational, data-driven solutions to some of the most well-respected healthcare enterprises in the United States and Canada. The Company provides these solutions through a combination of direct sales and relationships with strategic channel partners.

During fiscal 2024, no individual client accounted for 10% or more of our revenue. During fiscal 2023, one client accounted for approximately \$5.1 million of total revenue, or 22% of total revenue. In the third quarter of fiscal 2023, the Company received notice from a client of its intent not to renew its contract for the Company's SaaS solutions following the expiration of the contract's term on December 31, 2023. Revenue recognized related to that client's SaaS contract represented approximately 19% of total revenue for fiscal 2023, and the Company recognized no SaaS revenue from that client in fiscal 2024. Three clients represented 20%, 20%, and 14% respectively, of accounts receivable as of January 31, 2025, and four clients represented 14%, 12%, 12% and 11%, respectively, of accounts receivable as of January 31, 2024. Many of our clients are invoiced on an annual basis.

For more information regarding our major clients, please see "Risks Relating to Our Business - Our sales have been concentrated in a small number of clients" in Part 1, Item 1A, "Risk Factors" herein.

## **Acquisitions**

The Company regularly evaluates opportunities for acquisitions and divestitures of portions of the Company that may not align with current growth strategies.

The Company acquired all of the equity interests of Avelead as part of the Company's strategic expansion into the revenue cycle management, acute-care healthcare space. The acquisition was completed on August 16, 2021. The aggregate consideration for the purchase of Avelead was approximately \$29.7 million (at fair value) consisting of (i) \$12.5 million in cash, net of cash acquired, (ii) \$6.5 million in common stock, and (iii) approximately \$10.7 million in contingent consideration. The Company issued 344,798 shares of its restricted common stock to Avelead equity holders in connection with the acquisition. See Note 3 - Business Combination to our consolidated financial statements included in Part II Item 8, "Financial Statements and Supplementary Data" for additional information regarding the acquisition.

## **Business Segments**

The Company has determined it has only one operating segment based on the guidance of ASC 280-10-50 paragraphs 1 through 8. The Company has a sole chief operating decision maker who reviews a single set of financials, information, has accountability for the performance of the organization, and allocates resources to drive success.

For total assets at January 31, 2025 and 2024 and total revenue and net loss for the fiscal years ended January 31, 2025 and 2024, see our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" herein.

## **Contracts, License and Services Fees**

The Company enters into agreements with its clients that specify the scope of the system to be installed and/or services to be provided by the Company, as well as the agreed-upon pricing, applicable term duration and the timetable for the associated licenses and services.

For clients purchasing software to be installed locally or provided on a SaaS model, there are multiple performance obligations that include either a perpetual or term license and right to access the applicable software functionality (whether installed locally at the client site or the right to use the Company's solutions as a part of SaaS services), terms regarding maintenance and support services, and professional services for implementation, integration, process engineering, optimization and training, as well as fees and payment terms for each of the foregoing. If the client purchases solutions on a perpetual license model, the client is billed the license fee up front. Maintenance and support is provided on a term basis for separate fees, with an initial term typically from one to five years in length. The maintenance and support fee is charged annually, in advance, commencing either upon contract execution or deployment of the solution in live production. If the client purchases solutions on a term-based model, the client is billed periodically a combined access fee for a specified term, typically from one to seven years in length. The access fee includes the access rights along with all maintenance and support services.

The Company also generally provides software and SaaS clients professional services for implementation, integration, process engineering, optimization and training. These services and the associated fees are separate from the license, maintenance and access fees. Professional services are provided on either a fixed-fee or hourly arrangements billable to clients based on agreed-to payment milestones (fixed fee) or monthly payment structure on hours incurred (hourly). These services can either be included at the time the related locally installed software or SaaS solution is licensed as part of the initial purchase agreement or added as an addendum to the existing agreement for services required after the initial implementation. The Company recognizes revenue for implementation for certain of its eValuator SaaS solution over the contract term, as it has been determined that those implementation services are not a distinct performance obligation, whereas for other SaaS and Software solutions such as Coding & CDI, RevID and Compare, it has been determined that its implementation services are a distinct performance obligation and, accordingly, are recognized separately as professional services.

Audit and coding services are provided through a stand-alone services agreement or services addendum to an existing master services agreement with the client. These review services are available as either a one-time service or recurring monthly, quarterly or annual review structure. These services are typically provided on a per reviewed account/chart basis. Monthly minimums are required where material discounts have been offered. Revenue is generally recognized when the chart is reviewed (i.e., service is completed).

The commencement of revenue recognition on software solutions varies depending on the size and complexity of the system and/or services involved, the implementation or performance schedule requested by the client and usage by clients of SaaS for software-based components. The Company's agreements are generally non-cancellable but provide that the client may terminate its agreement upon a material breach by the Company and/or may delay certain aspects of the installation or associated payments in such events. The Company does allow for termination for convenience in certain situations. Therefore, it is difficult for the Company to accurately predict the revenue it expects to achieve in any particular period, and a termination or installation delay of one or more phases of an agreement, or the failure of the Company to procure additional agreements, could have a material adverse effect on the Company's business, financial condition, and results of operations, as further discussed in Part 1, Item 1A, "Risk Factors" herein.

In the third quarter of fiscal 2023, the Company received notice from a client of its intent not to renew its contract for the Company's SaaS solutions following the expiration of the contract's term on December 31, 2023. Revenue recognized related to that client's SaaS contract represented approximately 19% of total revenue for fiscal 2023, and the Company recognized no SaaS revenue from that client in fiscal 2024. With the exception of the foregoing, the Company has not historically experienced a material amount of contract cancellations; however, the Company sometimes experiences delays in the course of contract performance and the Company accounts for them accordingly.

### **Third-Party License Fees**

The Company incorporates software licensed from various third-party vendors into its proprietary software. The Company licenses these software products and pays the required license fees when such software is delivered to clients.

## Associates

As of January 31, 2025, the Company had 70 employees, a net decrease of 7 employees during fiscal 2024. All employees are full-time employees. The Company utilizes independent contractors to supplement its staff, as needed. None of the Company's associates are represented by a labor union or subject to a collective bargaining agreement. The Company has never experienced a work stoppage and believes that its employee relations are good. The Company's success depends, to a significant degree, on its management, sales and technical personnel.

For more information on contracts, backlog, acquisitions and research and development, see also Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

## Competition

The RevID product has competition in charge reconciliation, generally. The Company believes RevID's automated charge reconciliation technique is unique in the industry as it interacts with disparate clinical systems identifying unbilled services. There are products that purport to provide similar services, including FinThrive's Charge Capture Audit Tool. The Company anticipates that additional competition may develop as pre-bill, daily charge reconciliation becomes a standard within the industry.

The eValuator product has numerous competitors in the auditing software industry. The Company believes eValuator is unique in that it is designed and has the requisite workflow to perform audits on a pre-bill basis. The Company believes it is an industry leader in pre-bill auditing technology. We have seen competition from similar products that are being utilized by clients as a pre-bill auditing tool, such as PwC Smart and the Solventum 360 Encompass Audit Expert System, however, these similar products are intended to be utilized for post-bill auditing which follows a different workflow than what is necessary for pre-bill auditing. We expect to have competition in the pre-bill technology industry. Client processes dictate that correcting errors prior to billing is more efficient and effective than having an audit after billing. There will be larger and more sophisticated competitors than our Company. Accordingly, using the time we have to gain market share prior to direct competition is critical to the Company's success.

Regarding our Coding and CDI Solutions and eValuator Coding Analysis Platform, several companies historically have dominated the clinical information system software market. The industry is undergoing consolidation and realignment as companies position themselves to compete more effectively. Strategic alliances between vendors of other healthcare systems are increasing. Barriers to entry to this market include technological and application sophistication, the ability to offer a proven product, creating and utilizing a well-established client base and distribution channels, brand recognition, the ability to operate on a variety of operating systems and hardware platforms, the ability to integrate with pre-existing systems and capital for sustained development and marketing activities. The Company has many competitors including clinical information system vendors that are larger, more established and have substantially more resources than the Company.

Regarding our audit and coding services, there are numerous companies and independent consultants who offer these services. Barriers to entry to this market include creating and utilizing a well-established client base and distribution channels, brand recognition, establishing differentiators for our services and capital for sustained development and marketing activities.

The Company believes that these obstacles taken together represent a moderate to high-level barrier to entry. The Company believes that the principal competitive factors in its market are client recommendations and references, company reputation, system reliability, system features and functionality (including ease of use), technological advancements, client service and support, breadth and quality of the systems, the potential for enhancements and future compatible products, the effectiveness of marketing and sales efforts, price, and the size and perceived financial stability of the vendor. In addition, the Company believes that the speed with which companies in its market can anticipate the evolving healthcare industry structure and identify unmet needs are important competitive factors.

## **Additional Intellectual Property Rights**

In addition to the software licenses described in other sections of this Item 1, “Business,” the Company also holds registered trademarks for its Streamline Health® and other key trademarks used in selling its products. These marks are currently active, with registrations being valid for a period of three years each. The Company actively renews these marks at the end of each registration period.

## **Regulations**

Our clients derive a substantial portion of their revenue from third-party private and governmental payors, including through Medicare, Medicaid and other government-sponsored programs. Our clients also have express handling and retention obligations under information-based laws such as the Health Insurance Portability and Accountability Act of 1996. There are no material regulatory proposals of which the Company is aware that we believe currently have a high likelihood of passage that we anticipate would have a material impact on the operation or demand of the Company’s products and services. However, the Company acknowledges there is currently great uncertainty in the U.S. healthcare market, generally, from a regulatory perspective. In addition, there is regulatory uncertainty in the data and technology sectors as it relates to information security regulations. Material changes could have unanticipated impact on demand or usability of the Company’s solutions, require the Company to incur additional development and/or operating costs (on a one-time or recurring basis) or cause clients to terminate their agreements or otherwise be unable to pay amounts owed to the Company, as further discussed in Part 1, Item 1A, “Risk Factors” herein.

## **Environmental Matters**

We believe we are compliant in all material aspects with all applicable environmental laws. We do not anticipate that such compliance will have a material effect on capital expenditures, earnings or the competitive position of our operations.

## **Code of Business Conduct and Ethics**

We have a Code of Business Conduct and Ethics that guides and binds each of our employees, officers and directors which is available on the “Investor Relations” page of our website, [www.streamlinehealth.net](http://www.streamlinehealth.net), under the “Corporate Governance” tab. We use an anonymous compliance hotline for employees and outside parties to report potential instances of noncompliance.

## **Insider Trading Policy**

As part of our commitment to the ethical business practices, we have adopted a comprehensive Insider Trading Policy. This policy governs the purchase, sale, and other dispositions of our securities by directors, officers, associated, and designated individuals. It is designed to ensure full compliance with all applicable insider trading laws and regulations. A copy of this policy is filed as Exhibit 19 to this report. Additionally, regarding our trading activities involving our own securities, we adhere to federal securities laws and the relevant exchange listing requirements.

## **Available Information**

Copies of documents filed by the Company with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and all amendments to those reports and statements, if any, can be found at the website <http://investor.streamlinehealth.net> as soon as practicable after such material is electronically filed with, or furnished to, the SEC. The information contained on the Company’s website is not part of, or incorporated by reference into, this Report. Copies can be downloaded free of charge from the Company’s website or directly from the SEC website, <https://www.sec.gov>. Also, copies of the Company’s annual report on Form 10-K will be made available, free of charge, upon written request to the Company, attention: Corporate Secretary, 2400 Old Milton Pkwy, Box 1353, Alpharetta, GA 30009.

## **Item 1A. Risk Factors**

An investment in our common stock or other securities involves a number of risks. You should carefully consider each of the risks described below before deciding to invest in our common stock or other securities. If any of the following risks develops into actual events, our business, financial condition or results of operations could be negatively affected, the market price of our common stock or other securities could decline, and you may lose all or part of your investment.

## Risks Relating to Our Business

### *Our sales have been concentrated in a small number of clients.*

Our revenues have been concentrated in a relatively small number of large clients, and we have historically derived a substantial percentage of our total revenue from a few clients. For the fiscal years ended January 31, 2025 and 2024, our five largest clients accounted for 25% and 38%, respectively, of our total revenue. In the third quarter of fiscal 2023, the Company received notice from a client of its intent not to renew its contract for the Company's SaaS solutions following the expiration of the contract's term on December 31, 2023. Revenue recognized related to that client's SaaS contract represented approximately 19% of total revenue for fiscal 2023, and the Company recognized no SaaS revenue from that client in fiscal 2024. If one or more clients terminate all or any portion of a master agreement, delay installations or if we fail to procure additional agreements, there could be a material adverse effect on our business, financial condition and results of operations. See Note 9 - Major Clients to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data", herein for further information regarding representation of the Company's largest individual major clients.

### *Over the last several years, we have completed acquisitions, and may undertake additional acquisitions in the future. Any failure to adequately integrate past and future acquisitions into our business could have a material adverse effect on us.*

Acquisitions will require that we integrate into our existing operations separate companies that historically operated independently or as part of another, larger organization, and had different systems, processes and cultures. Acquisitions may require integration of finance and administrative organizations and involve exposure to different legal and regulatory regimes in jurisdictions in which we have not previously operated.

Over the last several years, we have completed acquisitions of businesses through asset and stock purchases. We expect that we will make additional acquisitions in the future.

Acquisitions involve a number of risks, including, but not limited to:

- the potential failure to achieve the expected benefits of the acquisition, including the inability to generate sufficient revenue to offset acquisition costs, or the inability to achieve expected synergies or cost savings;
- unanticipated expenses related to acquired businesses or technologies and their integration into our existing businesses or technology;
- the diversion of financial, managerial and other resources from existing operations;
- the risks of entering into new markets in which we have little or no experience or where competitors may have stronger positions;
- potential write-offs or amortization of acquired assets or investments;
- the potential loss of key employees, clients or partners of an acquired business;
- delays in client purchases due to uncertainty related to any acquisition;
- potential unknown liabilities associated with an acquisition; and
- the tax effects of any such acquisitions.

If we fail to successfully integrate acquired businesses or fail to implement our business strategies with respect to acquisitions, we may not be able to achieve projected results or support the amount of consideration paid for such acquired businesses, which could have an adverse effect on our business and financial condition.

Finally, if we finance acquisitions by issuing equity or convertible or other debt securities, our existing stockholders may be diluted, or we could face constraints related to the terms of and repayment obligations related to the incurrence of indebtedness. This could adversely affect the market price of our securities.

***We could consume resources in researching acquisitions, business opportunities or financings and capital market transactions that are not ultimately consummated, which could materially adversely affect our financial condition and subsequent attempts to locate and acquire or invest in another business.***

We anticipate that the investigation of each specific acquisition or business opportunity and the negotiation, drafting, and execution of relevant agreements, disclosure documents, and other instruments with respect to such transaction will require substantial management time and attention and substantial costs for financial advisors, accountants, attorneys and other advisors. If a decision is made not to consummate a specific acquisition, business opportunity or financing and capital market transaction, the costs incurred up to that point for the proposed transaction likely would not be recoverable. Furthermore, even if an agreement is reached relating to a specific acquisition, investment target or financing, we may fail to consummate the investment or acquisition for any number of reasons, including those beyond our control. Any such event could consume significant management time and result in a loss to us of the related costs incurred, which could adversely affect our financial position and our ability to consummate other acquisitions and investments.

***A significant increase in new SaaS contracts could require a significant cash outlay, which could adversely affect near term cash flow.***

If new or existing clients purchase significant amounts of our SaaS services, we may have to expend a significant amount of initial setup costs and time before those new clients are able to begin using such services, and we cannot begin to recognize revenues from those SaaS agreements until the commencement of such services. Accordingly, we anticipate that our near-term cash flow may be adversely affected by significant incremental setup costs from new SaaS clients that would not be offset by revenue until new SaaS clients go into production. While we anticipate long-term growth in profitability through increases in recurring SaaS subscription fees and significantly improved profit visibility, any inability to adequately finance setup costs for new SaaS solutions could result in the failure to put new SaaS solutions into production and could have a material adverse effect on our liquidity, financial position and results of operations. In addition, this near-term cash flow demand could adversely impact our financial flexibility and cause us to forego otherwise attractive business opportunities or investments.

***We may not see the anticipated market interest or growth in our software solutions. In addition, coding audit services and associated software and technologies represent a new market for the Company, and we may not see the anticipated market interest or growth due to being a new player in the industry.***

The Company is currently investing in the eValuator platform and RevID as well as new software-based technologies relating to high automation and machine-based analytics regarding a client's coding audit process. The return on this investment requires that the product developments continue to be defined and completed in a timely and cost-effective manner, there remains general interest in the marketplace (for both existing and future clients) for this technology, the demand for the product generates sufficient revenue in light of the development costs and that the Company is able to execute a successful product launch for these technologies. If the Company is unable to meet these requirements when launching these technologies, or if there is a delay in the launch process, the Company may not see an increase in revenue to offset the current development costs or otherwise translate to added growth and revenue for the Company.

***Clients may exercise termination rights within their contracts, which may cause uncertainty in anticipated and future revenue streams.***

The Company generally does not allow for termination of a client's agreement except at the end of the agreed upon term or for cause. However, certain of the Company's client contracts provide that the client may terminate the contract without cause prior to the end of the term of the agreement by providing written notice, sometimes with relatively short notice periods. In the third quarter of fiscal 2023, the Company received notice from a client of its intent not to renew its contract for the Company's SaaS solutions following the expiration of the contract's term on December 31, 2023. Revenue recognized related to that client's SaaS contract represented approximately 19% of total revenue for fiscal 2023, and the Company recognized no SaaS revenue from that client in fiscal 2024. The Company also provides trial or evaluation periods for certain clients, especially for new products and services. Furthermore, there can be no assurance that a client will not cancel all or any portion of an agreement, even without an express early termination right, and the Company may face additional costs or hardships collecting on amounts owed if a client terminates an agreement without such a right. Whether resulting from termination for cause or the limited termination for convenience rights discussed above, the existence of contractual relationships with these clients is not an assurance that we will continue to provide services for our clients through the entire term of their respective agreements. If clients representing a significant portion of our revenue terminated their agreements unexpectedly, we may not, in the short-term, be able to replace the revenue and income from such contracts and this would have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. In addition, client contract terminations could harm our reputation within the industry, especially any termination for cause, which could negatively impact our ability to obtain new clients.

***Changes in healthcare regulations impacting coding, payers and other aspects of the healthcare regulatory cycle could have substantial impact on our financial performance, growth and operating costs.***

Our sales and profitability depend, in part, on the extent to which coverage of and reimbursement for medical care provided is available from governmental health programs, private health insurers, managed care plans and other third-party payors. Unanticipated regulatory changes could materially impact the need for and/or value of our solutions. For example, if governmental or other third-party payors materially reduce reimbursement rates or fail to reimburse our clients adequately, our clients may suffer adverse financial consequences. Changes in regulations affecting the healthcare industry, such as any increased regulation by governmental agencies of the purchase and sale of medical products, or restrictions on permissible discounts and other financial arrangements, could also directly impact the capabilities our solutions and services provide and the pricing arrangements we are required to offer to be competitive in the market. Similarly, the U.S. Congress may adopt legislation that may change, override, conflict with or pre-empt the currently existing regulations and which could restrict the ability of clients to obtain, use or disseminate patient health information and/or impact the value of the functionality our products and services provide.

These situations would, in turn, reduce the demand for our solutions or services and/or the ability for a client to purchase our solutions or services. This could have a material impact on our financial performance. In addition, the speed with which the Company can respond to and address any such changes when compared with the response of other companies in the same market (especially companies who may accurately anticipate the evolving healthcare industry structure and identify unmet needs) are important competitive factors. If the Company is not able to address the modifications in a timely manner compared with our competition, that may further reduce demand for our solutions and services.

***The potential impact on us of new or changes in existing federal, state and local regulations governing healthcare information could be substantial.***

Healthcare regulations issued to date have not had a material adverse effect on our business. However, we cannot predict the potential impact of new or revised regulations that have not yet been released or made final, or any other regulations that might be adopted. The U.S. Congress may adopt legislation that may change, override, conflict with or pre-empt the currently existing regulations and which could restrict the ability of clients to obtain, use or disseminate patient health information. Although the features and architecture of our existing solutions can be modified, it may be difficult to address the changing regulation of healthcare information.

***The healthcare industry is highly regulated. Any material changes in the political, economic or regulatory healthcare environment that affect the group purchasing business or the purchasing practices and operations of healthcare organizations, or that lead to consolidation in the healthcare industry, could require us to modify our services or reduce the funds available to providers to purchase our solutions and services.***

Our business, financial condition and results of operations depend upon conditions affecting the healthcare industry generally and hospitals and health systems particularly. Our ability to grow will depend upon the economic environment of the healthcare industry, as well as our ability to increase the number of solutions that we sell to our clients. The healthcare industry is highly regulated and is subject to changing political, economic and regulatory influences. Factors such as changes in reimbursement policies for healthcare expenses, consolidation in the healthcare industry, regulation, litigation and general economic conditions affect the purchasing practices, operation and, ultimately, the operating funds of healthcare organizations. In particular, changes in regulations affecting the healthcare industry, such as any increased regulation by governmental agencies of the purchase and sale of medical products, or restrictions on permissible discounts and other financial arrangements, could require us to make unplanned modifications to our solutions and services, or result in delays or cancellations of orders or reduce funds and demand for our solutions and services.

Our clients derive a substantial portion of their revenue from third-party private and governmental payors, including through Medicare, Medicaid and other government-sponsored programs. Our sales and profitability depend, in part, on the extent to which coverage of and reimbursement for medical care provided is available from governmental health programs, private health insurers, managed care plans and other third-party payors. If governmental or other third-party payors materially reduce reimbursement rates or fail to reimburse our clients adequately, our clients may suffer adverse financial consequences, which in turn, may reduce the demand for and ability to purchase our solutions or services.

***We face significant competition, including from companies with significantly greater resources.***

We currently compete with many other companies for the licensing of similar software solutions and related services. Several companies historically have dominated the clinical information systems software market and several of these companies have either acquired, developed, or are developing their own analytics and coding/clinical documentation improvement solutions, as well as the resultant workflow technologies. The industry is undergoing consolidation and realignment as companies position themselves to compete more effectively. Many of these companies are larger than us and have significantly more resources to invest in their business. In addition, information and document management companies serving other industries may enter the market. Suppliers and companies with whom we may establish strategic alliances also may compete with us. Such companies and vendors may either individually, or by forming alliances excluding us, place bids for large agreements in competition with us. A decision on the part of any of these competitors to focus additional resources in any of our solution focuses (charge reconciliation, coding audit solutions, analytics and coding/clinical documentation improvement), workflow technologies and other markets addressed by us could have a material adverse effect on us.

***The healthcare industry is evolving rapidly, which may make it more difficult for us to be competitive in the future.***

The U.S. healthcare system is under intense pressure to improve in many areas, including modernization, universal access and controlling skyrocketing costs of care. We believe that the principal competitive factors in our market are client recommendations and references, company reputation, system reliability, system features and functionality (including ease of use), technological advancements, client service and support, breadth and quality of the systems, the potential for enhancements and future compatible solutions, the effectiveness of marketing and sales efforts, price and the size and perceived financial stability of the vendor. In addition, we believe that the speed with which companies in our market can anticipate the evolving healthcare industry structure and identify unmet needs is an important competitive factor. If we are unable to keep pace with changing conditions and new developments, we will not be able to compete successfully in the future against existing or potential competitors.

***Rapid technology changes and short product life cycles could harm our business.***

The market for our solutions and services is characterized by rapidly changing technologies, regulatory requirements, evolving industry standards and new product introductions and enhancements that may render existing solutions obsolete or less competitive. As a result, our position in the healthcare information technology market could change rapidly due to unforeseen changes in the features and functions of competing products, as well as the pricing models for such products. Our future success will depend, in part, upon our ability to enhance our existing solutions and services and to develop and introduce new solutions and services to meet changing requirements. Moreover, competitors may develop competitive products that could adversely affect our operating results. We need to maintain an ongoing research and development program to continue to develop new solutions and apply new technologies to our existing solutions but may not have sufficient funds with which to undertake such required research and development. If we are not able to foresee changes or to react in a timely manner to such developments, we may experience a material, adverse impact on our business, operating results and financial condition.

***Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our solutions and services.***

Our intellectual property, which represents an important asset to us, has some protection against infringement through copyright and trademark law. We generally have little patent protection on our software. We rely upon license agreements, employment agreements, confidentiality agreements, nondisclosure agreements and similar agreements to maintain the confidentiality of our proprietary information and trade secrets. Notwithstanding these precautions, others may copy, reverse engineer or independently design technology similar to our solutions. If we fail to protect adequately our intellectual property through trademarks and copyrights, license agreements, employment agreements, confidentiality agreements, nondisclosure agreements or similar agreements, our intellectual property rights may be misappropriated by others, invalidated or challenged, and our competitors could duplicate our technology or may otherwise limit any competitive technology advantage we may have. It may be necessary to litigate to enforce or defend our proprietary technology or to determine the validity of the intellectual property rights of others. Any litigation, successful or unsuccessful, may result in substantial cost and require significant attention by management and technical personnel.

Due to the rapid pace of technological change, we believe our future success is likely to depend upon continued innovation, technical expertise, marketing skills and client support and services rather than on legal protection of our intellectual property rights. However, we have aggressively asserted our intellectual property rights when necessary and intend to do so in the future.

***We could be subjected to claims of intellectual property infringement that could be expensive to defend.***

While we do not believe that our solutions and services infringe upon the intellectual property rights of third parties, the potential for intellectual property infringement claims continually increases as the number of software patents and copyrighted and trademarked materials continues to rapidly expand. Any claim for intellectual property right infringement, even if not meritorious, could be expensive to defend. If we were held liable for infringing third party intellectual property rights, we could incur substantial damage awards, and potentially be required to cease using the technology, produce non-infringing technology or obtain a license to use such technology. Such potential liabilities or increased costs could be material to us.

***If we are unable to maintain effective internal control over financial reporting, we may fail to prevent or detect material misstatements in our financial statements, in which case investors may lose confidence in the accuracy and completeness of our financial statements.***

In connection with the preparation of the consolidated financial statements for each of our fiscal years, our management conducts a review of our internal control over financial reporting. We are also required to maintain effective disclosure controls and procedures. Any failure to maintain adequate controls or to adequately implement required new or improved controls could harm operating results, or cause failure to meet reporting obligations in a timely and accurate manner.

***Third party products are essential to our software.***

Our software incorporates software licensed from various vendors into our proprietary software. In addition, third-party, stand-alone software is required to operate some of our proprietary software modules. The loss of the ability to use these third-party products, or ability to obtain substitute third-party software at comparable prices, could have a material adverse effect on our ability to license our software.

***Our solutions may not be error-free and could result in claims of breach of contract and liabilities.***

Our solutions are very complex and may not be error-free, especially when first released. Although we perform extensive testing, failure of any solution to operate in accordance with its specifications and documentation could constitute a breach of the license agreement and require us to correct the deficiency. If such deficiency is not corrected within the agreed-upon contractual limitations on liability and cannot be corrected in a timely manner, it could constitute a material breach of a contract allowing the termination thereof and possibly subjecting us to liability. Also, we sometimes indemnify our clients against third-party infringement claims. If such claims are made, even if they are without merit, they could be expensive to defend. Our license and SaaS agreements generally limit our liability arising from these types of claims, but such limits may not be enforceable in some jurisdictions or under some circumstances. A significant uninsured or under-insured judgment against us could have a material adverse impact on us.

***We could be liable to third parties from the use of our solutions.***

Our solutions provide access to patient information used by physicians and other medical personnel in providing medical care. The medical care provided by physicians and other medical personnel are subject to numerous medical malpractice and other claims. We attempt to limit any potential liability of ours to clients by limiting the warranties on our solutions in our agreements with our clients (i.e., healthcare providers). However, such agreements do not protect us from third-party claims by patients who may seek damages from any or all persons or entities connected to the process of delivering patient care. We maintain insurance, which provides limited protection from such claims, if such claims result in liability to us. Although no such claims have been brought against us to date regarding injuries related to the use of our solutions, such claims may be made in the future. A significant uninsured or under-insured judgment against us could have a material adverse impact on us.

***Our SaaS and support services could experience interruptions.***

We provide SaaS for many clients, including the storage of critical patient, financial and administrative data. In addition, we provide support services to clients through our client support organization. We have redundancies, such as backup generators, redundant telecommunications lines and backup facilities built into our operations to prevent disruptions. However, complete failure of all generators, impairment of all telecommunications lines or severe casualty damage to the primary building or equipment inside the primary building housing our hosting center or client support facilities could cause a temporary disruption in operations and adversely affect clients who depend on the application hosting services. Any interruption in operations at our data center or client support facility could cause us to lose existing clients, impede our ability to obtain new clients, result in revenue loss, cause potential liability to our clients, and increase our operating costs.

***Our business and operations would suffer in the event of computer system failures, cyber-attacks or a deficiency in our cybersecurity. Our SaaS solutions are provided over an internet connection and any breach of security or confidentiality of protected health information could expose us to significant expense and harm our reputation.***

Despite the implementation of security measures, our internal computer systems, and those of third parties on which we rely, are vulnerable to damage from a variety of causes, including computer viruses, malware, intentional or accidental mistakes or errors by users with authorized access to our computer systems, natural disasters, terrorism, war, telecommunication and electrical failures, cyber-attacks or cyber-intrusions over the Internet, or attachments to emails. The risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusions, including by computer hackers, non-U.S. governments, extra-state actors and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased.

We provide remote SaaS solutions for clients, including the storage of critical patient, financial and administrative data. We have security measures in place to prevent or detect misappropriation of protected health information. We must maintain facility and systems security measures to preserve the confidentiality of data belonging to clients, as well as their patients, that resides on computer equipment in our data center, which we handle via application hosting services, or that is otherwise in our possession. Notwithstanding efforts undertaken to protect data, it can be vulnerable to infiltration as well as unintentional lapse. If any disruption or security breach was to result in a loss of or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we could face claims for contract breach, penalties and other liabilities for violation of applicable laws or regulations, significant costs for remediation and re-engineering to prevent future occurrences and serious harm to our reputation.

In the current environment, there are numerous and evolving risks to cybersecurity and privacy, including criminal hackers, hacktivists, state-sponsored intrusions, industrial espionage, employee malfeasance and human or technological error. High-profile security breaches at other companies and in government agencies have increased in recent years, and security industry experts and government officials have warned about the risks of hackers and cyber-attacks targeting businesses such as ours. Computer hackers and others routinely attempt to breach the security of technology products, services and systems, and to fraudulently induce employees, clients, or others to disclose information or unwittingly provide access to systems or data. We can provide no assurance that our current IT systems, software, or third-party services, or any updates or upgrades thereto will be fully protected against third-party intrusions, viruses, hacker attacks, information or data theft or other similar threats.

Legislative or regulatory action in these areas is also evolving, and we may be unable to adapt our IT systems to accommodate these changes. We have experienced and expect to continue to experience sophisticated attempted cyber-attacks of our IT networks. Although none of these attempted cyber-attacks has had a material adverse impact on our operations or financial condition, we cannot guarantee that any such incidents will not have such an impact in the future.

***The loss of key personnel could adversely affect our business.***

Our success depends, to a significant degree, on our management, sales force and technical personnel. We must recruit, motivate and retain highly skilled managers, sales, consulting and technical personnel, including solution programmers, database specialists, consultants and system architects who have the requisite expertise in the technical environments in which our solutions operate. Competition for such technical expertise is intense. Our failure to attract and retain qualified personnel could have a material adverse effect on us.

***Our future success depends upon our ability to grow, and if we are unable to manage our growth effectively, we may incur unexpected expenses and be unable to meet our clients' requirements.***

We will need to expand our operations if we successfully achieve greater demand for our products and services. We cannot be certain that our systems, procedures, controls and human resources will be adequate to support expansion of our operations. Our future operating results will depend on the ability of our officers and employees to manage changing business conditions and to implement and improve our technical, administrative, financial control and reporting systems. We may not be able to expand and upgrade our systems and infrastructure to accommodate these increases. Difficulties in managing any future growth, including as a result of integrating any prior or future acquisition with our existing businesses, could cause us to incur unexpected expenses or render us unable to meet our clients' requirements, and consequently have a significant negative impact on our business, financial condition and operating results.

***We may not have access to sufficient or cost-efficient capital to support our growth, execute our business plans and remain competitive in our markets.***

As our operations grow and as we implement our business strategies, we expect to use both internal and external sources of capital. In addition to cash flow from normal operations, we may need additional capital in the form of debt or equity to operate and support our growth, execute our business plans and remain competitive in our markets. We may have no or limited availability to such external capital, in which case our future prospects may be materially impaired. Furthermore, we may not be able to access external sources of capital on reasonable or favorable terms. Our business operations could be subject to both financial and operational covenants that may limit the activities we may undertake, even if we believe they would benefit the Company. While we believe our existing sources of liquidity will provide sufficient resources to meet our current working capital and cash requirements, if we require an increase in capital to meet our future business needs or if we are unable to comply with covenants under our credit facilities, such capital may not be available to us on terms acceptable to us, or at all.

***Unstable market and economic conditions and potential disruptions in the credit markets may adversely affect our business, including the availability and cost of short-term funds for liquidity requirements and our ability to meet long-term commitments, which could adversely affect our results of operations, cash flows and financial condition.***

If internally generated funds are not available from operations, we may be required to rely on the banking and credit markets to meet our financial commitments and short-term liquidity needs. Our access to funds under our revolving credit facility or pursuant to arrangements with other financial institutions is dependent on the financial institution's ability to meet funding commitments. Financial institutions may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience high volumes of borrowing requests from other borrowers within a short period of time.

Global credit and financial markets have recently, and may continue to, experience extreme volatility and disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, inflationary pressure and interest rate changes and uncertainty about economic stability. There can be no assurance that future credit and financial market instability and a deterioration in confidence in economic conditions will not occur. Our general business strategy may be adversely affected by any such economic downturn, liquidity shortages, volatile business environment or continued unpredictable and unstable market conditions. If the equity and credit markets deteriorate, or if adverse developments are experienced by financial institutions, it may cause short-term liquidity risk and also make any necessary debt or equity financing more difficult, more costly and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to delay or abandon clinical development plans. In addition, there is a risk that one or more of our current service providers, financial institutions, manufacturers and other partners may be adversely affected by the foregoing risks, which could directly affect our ability to attain our operating goals on schedule and on budget.

***We must maintain compliance with the terms of our existing credit facilities or receive a waiver for any non-compliance. The failure to maintain compliance could have a material adverse effect on our ability to finance our ongoing operations and we may not be able to find an alternative lending source if a default occurs.***

We have a credit facility with Western Alliance Bank (“WAB”) pursuant that certain Second Amended and Restated Loan and Security Agreement (as amended and modified, the “Loan Agreement”). The Loan Agreement includes (i) a term loan facility with an initial maximum principal amount of \$10,000,000 and (ii) a \$2,000,000 revolving line of credit. The Loan Agreement is secured by substantially all of the assets of the Company, its subsidiaries, and certain of our affiliates.

The Loan Agreement has a five-year term, and the maximum principal amount was advanced in a single-cash advance on or about the closing date. Interest accrued under the Loan Agreement is due monthly, and the Company is required to make monthly interest-only payments through the one-year anniversary of the closing date. From the first anniversary of the closing date through the maturity date, the Company is required to make monthly payments of principal and interest that increase over the term of the agreement. The Loan Agreement requires principal repayments of \$500,000 in the second year, \$1,000,000 in the third year, \$2,000,000 in the fourth year, and \$3,000,000 in the fifth year, respectively, with the remaining outstanding principal balance and all accrued but unpaid interest due in full on the maturity date. The Loan Agreement may also require early repayments if certain conditions are met.

The Loan Agreement also includes negative covenants, subject to exceptions, which limit transfers, capital expenditures, indebtedness, certain liens, investments, acquisitions, dispositions of assets, restricted payments and the business activities of the Company, as well as customary representations and warranties, affirmative covenants and events of default, including cross defaults and a change of control default. Specifically, the Loan Agreement requires us to satisfy a Maximum ARR Net Leverage Ratio, Maximum Debt to Adjusted EBITDA Ratio, and Fixed Charge Coverage Ratio (as such terms are defined in the Loan Agreement) and maintain minimum Adjusted EBITDA on an ongoing basis, measured at the end of each fiscal quarter. For the period ended January 31, 2025, the Company was not in compliance with certain financial covenants under the Loan Agreement; however, on March 27, 2025, the Company received a waiver from WAB pursuant to that certain Sixth Modification and Waiver (the “Sixth Modification”) to the Loan Agreement (see Refer to Note 14 – Subsequent Events to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” for additional information regarding the Sixth Modification.).

If we do not maintain compliance with the continuing covenants and other terms and conditions of our existing credit facilities or are unable to secure a waiver for any non-compliance, we could be required to repay outstanding borrowings on an accelerated basis, which could subject us to decreased liquidity and other negative impacts on our business, results of operations and financial condition. Furthermore, it may be difficult for us to find an alternative lending source. In addition, because our assets are pledged as a security under our credit facilities, if we are not able to cure any default or repay outstanding borrowings, our assets are subject to the risk of foreclosure by our lenders. Without a sufficient credit facility, we would be adversely affected by a lack of access to liquidity needed to operate our business. Any disruption in access to credit could force us to take measures to conserve cash, such as deferring important research and development expenses, which could have a material adverse effect on the Company.

***Economic conditions in the U.S. and globally may have significant effects on our clients and suppliers that could result in material adverse effects on our business, operating results and stock price.***

Economic conditions in the U.S. and globally could deteriorate and cause the worldwide economy to enter into a stagnant period that could materially adversely affect our clients' access to capital or willingness to spend capital on our solutions and services or their levels of cash liquidity with which to pay for solutions that they will order or have already ordered from us. In addition, the ongoing conflict between Russia and Ukraine could lead to disruption, instability and volatility in global markets and industries that could negatively impact our operations. The U.S. government, and other governments in jurisdictions in which we operate, have imposed severe sanctions and export controls against Russia and Russian interests and threatened additional sanctions and controls. The impact of these measures, as well as potential responses to them by Russia, is currently unknown and they could adversely affect our business, partners or clients. Challenging economic conditions also would likely negatively impact our business, which could result in: (1) reduced demand for our solutions and services; (2) increased price competition for our solutions and services; (3) increased risk of collectability of cash from our clients; (4) increased risk in potential reserves for doubtful accounts and write-offs of accounts receivable; (5) reduced revenues; and (6) higher operating costs as a percentage of revenues.

All of the foregoing potential consequences of a deterioration of economic conditions are difficult to forecast and mitigate. As a consequence, our operating results for a particular period are difficult to predict, and, therefore, prior results are not necessarily indicative of future results. Any of the foregoing effects could have a material adverse effect on our business, results of operations, and financial condition and could adversely affect the market price of our common stock and other securities.

***The variability of our quarterly operating results can be significant.***

Our operating results have fluctuated from quarter-to-quarter in the past, and we may experience continued fluctuations in the future. Future revenues and operating results may vary significantly from quarter-to-quarter as a result of a number of factors, many of which are outside of our control. These factors include: the relatively large size of client agreements; unpredictability in the number and timing of software licenses and sales of application hosting services; length of the sales cycle; delays in installations; changes in clients' financial conditions or budgets; increased competition; the development and introduction of new products and services; the loss of significant clients or remarketing partners; changes in government regulations, particularly as they relate to the healthcare industry; the size and growth of the overall healthcare information technology markets; any liability and other claims that may be asserted against us; our ability to attract and retain qualified personnel; national and local general economic and market conditions; and other factors discussed in this Annual Report and our other filings with the SEC.

***Our business, results of operations and financial condition has been, and may continue to be, materially adversely affected by the COVID-19 pandemic.***

The COVID-19 pandemic, and its attendant economic damage, has had an adverse impact on our revenue and may continue to adversely affect our business, results of operations and financial condition. These and other potential impacts of COVID-19 may continue to materially and adversely affect our business, results of operations and financial condition. We may experience adverse impacts to our business as a result of any economic recession or depression that has occurred or may occur in the future as a result of the COVID-19 pandemic. For instance, changes in the behavior of customers, businesses and their employees as a result of the COVID-19 pandemic, including social distancing practices, even after formal restrictions have been lifted, are unknown. Furthermore, the financial condition of our customers and vendors may be adversely impacted, which may result in a decrease in the demand for our products, the inability and our franchisees' ability to operate store locations or a disruption to our supply chain. Any of these events may, in turn, have a material adverse impact our business, results of operations and financial condition.

***The preparation of our financial statements requires the use of estimates that may vary from actual results.***

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make significant estimates that affect the financial statements. One of our most critical estimates is the capitalization of software development costs. Due to the inherent nature of these estimates, we may be required to significantly increase or decrease such estimates upon determination of the actual results. Any required adjustments could have a material adverse effect on us and our results of operations.

***Failure to improve and maintain the quality of internal control over financial reporting and disclosure controls and procedures or other lapses in compliance could materially and adversely affect our ability to provide timely and accurate financial information about us or subject us to potential liability.***

In connection with the preparation of the consolidated financial statements for each of our fiscal years, our management conducts a review of our internal control over financial reporting. We are also required to maintain effective disclosure controls and procedures. Any failure to maintain adequate controls or to adequately implement required new or improved controls could harm operating results, or cause failure to meet reporting obligations in a timely and accurate manner.

## Risks Relating to our Common Stock

*The market price of our common stock is likely to be highly volatile as the stock market in general can be highly volatile.*

The public trading of our common stock is based on many factors that could cause fluctuation in the price of our common stock. These factors may include, but are not limited to:

- General economic and market conditions;
- Actual or anticipated variations in annual or quarterly operating results;
- Lack of or negative research coverage by securities analysts;
- Conditions or trends in the healthcare information technology industry;
- Changes in the market valuations of other companies in our industry;
- Announcements by us or our competitors of significant acquisitions, strategic partnerships, divestitures, joint ventures or other strategic initiatives;
- Announced or anticipated capital commitments;
- Ability to maintain listing of our common stock on Nasdaq;
- Additions or departures of key personnel; and
- Sales and repurchases of our common stock by us, our officers and directors or our significant stockholders, if any.

Most of these factors are beyond our control. Further, as a result of our relatively small public float, our common stock may be less liquid, and the trading price for our common stock may be more effected by relatively small volumes of trading than is the case for the common stock of companies with a broader public ownership. These factors may cause the market price of our common stock to decline, regardless of our operating performance or financial condition.

*All of our debt obligations and any preferred stock that we may issue in the future will have priority over our common stock with respect to payment in the event of a bankruptcy, liquidation, dissolution or winding up.*

In any bankruptcy, liquidation, dissolution or winding up of the Company, our shares of common stock would rank in right of payment or distribution below all debt claims against us and all of our outstanding shares of preferred stock, if any. As a result, holders of our shares of common stock will not be entitled to receive any payment or other distribution of assets in the event of a bankruptcy or upon a liquidation or dissolution until after all of our obligations to our debt holders and holders of preferred stock have been satisfied. Accordingly, holders of our common stock may lose their entire investment in the event of a bankruptcy, liquidation, dissolution or winding up of the Company. Similarly, holders of our preferred stock would rank junior to our debt holders and creditors in the event of a bankruptcy, liquidation, dissolution or winding up of the Company.

***There may be future sales or other dilution of our equity, which may adversely affect the market price of our common stock.***

As of January 31, 2025, we had outstanding options and warrants to purchase 3,630 and 237,027 shares of the Company's common stock, respectively. The exercise of such options and warrants and conversion of convertible securities would dilute the ownership percentages of our existing stockholders, and any sales in the public market of common stock underlying such securities could adversely affect prevailing market prices for our common stock. We are generally not restricted from issuing in public or private offerings additional shares of common stock or preferred stock, and other securities that are convertible into or exchangeable for, or that represent a right to receive, common stock or preferred stock or any substantially similar securities. Such offerings represent the potential for a significant increase in the number of outstanding shares of our common stock. The market price of our common stock could decline as a result of sales of common stock, preferred stock or similar securities in the market made after an offering or the perception that such sales could occur.

***The issuance of preferred stock could adversely affect holders of shares of our common stock, which may negatively impact your investment.***

Our Board of Directors is authorized to issue classes or series of preferred stock without any action on the part of the stockholders. The Board of Directors also has the power, without stockholder approval, to set the terms of any such classes or series of preferred stock that may be issued, including rights and preferences over the shares of common stock with respect to dividends or upon our dissolution, winding-up or liquidation, and other terms. If we issue preferred stock in the future that has a preference over the shares of our common stock with respect to the payment of dividends or upon our dissolution, winding up or liquidation, or if we issue preferred stock with voting rights that dilute the voting power of the shares of our common stock, the rights of the holders of shares of our common stock or the market price of our common stock could be adversely affected.

As of January 31, 2025, we had no shares of preferred stock outstanding.

***We do not currently intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend solely on appreciation in the price of our common stock.***

We have never declared or paid any cash dividends on our common stock and do not currently intend to do so for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth. Therefore, you are not likely to receive any dividends on your common stock for the foreseeable future and the success of an investment in shares of our common stock will depend upon any future appreciation in its value. The trading price of our common stock could decline and you could lose all or part of your investment.

***Sales of shares of our common stock or securities convertible into our common stock in the public market may cause the market price of our common stock to fall.***

The issuance of shares of our common stock or securities convertible into our common stock in an offering from time to time could have the effect of depressing the market price for shares of our common stock. In addition, because our common stock is thinly traded, resales of shares of our common stock by our largest stockholders or insiders could have the effect of depressing market prices for our common stock.

***If we are unable to maintain compliance with Nasdaq listing requirements, our stock could be delisted, and the trading price, volume and marketability of our stock could be adversely affected.***

Our common stock is listed on The Nasdaq Capital Market. To maintain listing on The Nasdaq Capital Market, we must satisfy minimum financial and other continued listing requirements and standards, including the Minimum Bid Price Requirement and those regarding director independence and independent committee requirements, minimum stockholders' equity, and certain corporate governance requirements.

There can be no assurance that the Company will be able to maintain compliance with the continued listing requirements and standards of The Nasdaq Capital Market. In the event that our common stock is delisted from The Nasdaq Capital Market and is not eligible for quotation or listing on another market or exchange, trading of our common stock could be conducted only in the over-the-counter market or on an electronic bulletin board established for unlisted securities such as the Pink Sheets or the OTC Bulletin Board. In such event, it could become more difficult to dispose of, or obtain accurate price quotations for, our common stock, and there would likely also be a reduction in our coverage by securities analysts and the news media, which could cause the price of our common stock to decline further. Also, it may be difficult for us to raise additional capital if we are not listed on a major exchange.

Such a delisting would also likely have a negative effect on the price of our common stock and would impair your ability to sell or purchase our common stock when you wish to do so. In the event of a delisting, we may take actions to restore our compliance with The Nasdaq Stock Market's continued listing requirements and standards, but we can provide no assurance that any such action taken by us would allow our common stock to become listed again, stabilize the market price or improve the liquidity of our common stock, prevent our common stock from dropping below the Minimum Bid Price Requirement or prevent future non-compliance with the continued listing requirements and standards of The Nasdaq Capital Market.

## **Note Regarding Risk Factors**

The risk factors presented above are all of the ones that we currently consider material. However, they are not the only ones facing the Company. Additional risks not presently known to us, or which we currently consider immaterial, may also adversely affect us. There may be risks that a particular investor views differently from us, and our analysis might be wrong. If any of the risks that we face actually occur, our business, financial condition and operating results could be materially adversely affected and could differ materially from any possible results suggested by any forward-looking statements that we have made or might make. In such case, the market price of our common stock or other securities could decline and you could lose all or part of your investment. **We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.**

### **Item 1B. Unresolved Staff Comments**

None.

### **Item 1C. Cybersecurity**

#### **Risk Management and Strategy**

We recognize the critical importance of developing, implementing, and maintaining robust cybersecurity measures to maintain the security, confidentiality, integrity, and availability of our business systems and confidential information, including personal information and intellectual property.

Our cybersecurity program includes systems and processes for assessing, identifying and managing material risks from cybersecurity threats and include maintenance and monitoring of information security policies aligned with information technology controls; user and employee awareness of cybersecurity policies and practices; information systems configuration management; and infrastructure security systems. Management makes concerted efforts to select third-party software providers with a demonstrated track-record of effectively addressing cybersecurity concerns. In event of a cybersecurity incident, we would rely upon these providers. We have developed and implemented cybersecurity and data privacy processes and procedures that are informed by recognized cybersecurity frameworks and standards, including Microsoft Azure CSPM and SOC 2. We use this framework, together with information collected from periodic manual assessments and automated testing, to tailor aspects of our cybersecurity practices given the nature of our assets, operations and business.

The members of our information technology team actively monitor threats to the information technology environment and work with our third-party service providers to monitor cybersecurity threats. In light of the Company's current size and limited personnel, management believes relying on experienced third-party providers is the most prudent and cost-effective course.

As of the date of this Annual Report, there have been no cybersecurity threats that have materially affected or are reasonably likely to materially affect our business, operations, or financial condition. For more information on how cybersecurity risk could materially affect our company's business strategy, results of operations, or financial condition, please refer to the "Risk Factors" section of this Annual Report.

#### **Governance**

Cybersecurity is an important part of our risk management processes and an area of focus for our Board of Directors and management. Our Board of Directors is responsible for general cybersecurity risk oversight and stays informed on data privacy and information security issues and vulnerabilities that may be applicable to the Company. Our Board of Directors reviews and evaluates management's evaluation and mitigation of cybersecurity risks as part of its oversight of the Company's risk management program. Management periodically reviews cybersecurity risks and risk mitigation plans and activities with the Board of Directors. We outsource most aspects of our information technology management and these third-party providers are available to address any cybersecurity issues that may arise.

**Item 2. Properties**

In March 2020, the Company moved its principal offices to a subleased office space at 11800 Amber Park Drive, Suite 125, Alpharetta, Georgia 30009. The office space totals 7,409 square feet and the sublease expired on March 31, 2023. In October 2021, we subleased this space to a third party for the remaining lease period.

On August 16, 2021, contemporaneous with the acquisition of Avelead, the Company assumed a lease of office space at 1172 Satellite Boulevard NW, Office Suite 100, Suwanee, Georgia 30024. The lease expired on February 28, 2022. The lease was renewed in February 2022 for one year on substantially the same terms. The tenant of the lease is an entity controlled by the former owner of Avelead and former Chief Strategy Officer of the Company. The lease expired on February 28, 2023 and was not renewed.

The Company relies on a virtual office model and does not have a physical office space. Membership agreements and daily space rentals are leveraged by the Company when groups need to meet in person. Our mailing address is 2400 Old Milton Pkwy, Box 1353, Alpharetta, GA 30009. We believe the virtual environment is adequate for the Company's current and planned future operations. Suitable alternative space is available to accommodate the expansion of the Company's operations.

**Item 3. Legal Proceedings**

We are, from time to time, a party to various legal proceedings and claims, which arise in the ordinary course of business. We are not aware of any legal matters that could have a material adverse effect on our consolidated results of operations, financial position or cash flows.

**Item 4. Mine Safety Disclosures**

Not applicable.

## PART II

### Item 5. Market For Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company’s common stock trades on The Nasdaq Capital Market under the symbol STRM.

According to the Company’s stock transfer agent’s records, the Company had 112 stockholders of record as of April 28, 2025. Because brokers and other institutions on behalf of stockholders hold many of such shares, the Company is unable to determine with complete accuracy the current total number of stockholders represented by these record holders. The Company estimates that it has approximately 2,800 stockholders, based on information provided by Broadridge Financial Solutions.

The Company has never declared or paid any cash dividends on its common stock and does not currently intend to do so for the foreseeable future. The Company currently intends to invest its future earnings, if any, to fund its growth.

During the fiscal year ended January 31, 2025, we issued 68,235 shares of common stock to 180 Consulting (as defined below) as compensation for services provided pursuant to the Master Services Agreement, effective March 19, 2020, by and between the Company and 180 Consulting and related statements of work. The shares were issued in reliance on the exemption from registration available under Section 4(a)(2) of the Securities Act and the certificates representing such shares have a legend imprinted on them stating that the shares have not been registered under the Securities Act and cannot be transferred until properly registered under the Securities Act or pursuant to an exemption from such registration.

180 Consulting has earned, cumulatively, through the Master Services Agreement, 218,581 shares of common stock through January 31, 2025. 62,928 shares of common stock were earned but not issued as of January 31, 2025.

On May 7, 2024, the Company filed a Registration Statement on Form S-3 (Registration No. 333-279190), as amended by that certain Pre-Effective Amendment No. 1 to Form S-3 filed on May 24, 2024, for purpose of registering for resale 37,647 shares of common stock issued to 180 Consulting. The Registration Statement was declared effective by the SEC on June 10, 2024. See Note 12 – Commitments and Contingencies to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data”.

The following table sets forth information with respect to our repurchases of common stock during the three months ended January 31, 2025:

	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased under the Plans or Programs
November 1 - November 30	1,424	\$ 2.33	—	—
December 1 - December 31	327	2.94	—	—
January 1 - January 31	385	3.71	—	—
Total	<u>2,136</u>	<u>\$ 2.67</u>	<u>—</u>	<u>—</u>

(1) Amount represents shares surrendered by employees to satisfy tax withholding obligations resulting from restricted stock that vested during the three months ended January 31, 2025.

### Item 6. [Reserved]

## **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

### **Executive Overview**

The Company has identified its primary role as aiding healthcare providers to enhance their revenue cycle management by concentrating on the intermediary stages of the revenue cycle, specifically from initial charge capture to bill drop. This strategic focus remains consistent as the Company continues to prioritize initiatives within this segment. Our clients predominantly consist of acute-care hospital systems and their affiliated clinics.

Our commitment to this segment is underscored by our two flagship software solutions: RevID and eValuator. The Company is dedicated to spearheading an industry-wide effort aimed at improving the financial performance of healthcare providers by shifting billing interventions upstream to enhance coding accuracy. As a result of our solutions, clients have reduced revenue leakage, mitigated risks of under-billing and over-billing, and reduced both denials and accounts receivable turnover.

By focusing on the intermediary stages of the revenue cycle, we believe we offer a distinctive and compelling value proposition that can help us attract more clients. Through innovation and strategic acquisitions, we have broadened our target markets beyond inpatient facilities to encompass outpatient centers, clinics, and physician practices. Our suite of revenue cycle solutions, including eValuator and RevID, is highly competitive, enabling us to secure five significant new clients and our first enterprise client (using multiple products) in fiscal 2024. These clients represent some of the most renowned names in healthcare, reflecting our salesforce's emphasis on industry-leading organizations whose processes often serve as benchmarks for smaller facilities.

On October 16, 2023, the Company announced it was executing a strategic restructuring designed to reduce expenses while maintaining the Company's ability to expand its SaaS business (the "Strategic Restructuring"). The Strategic Restructuring initiatives included a reduction in force, resulting in the termination of 26 employees, or approximately 24% of the Company's workforce. To execute the Strategic Restructuring, the Company recognized one-time restructuring costs associated with the workforce reduction of \$759,000, which consisted of approximately \$731,000 in severance and other employee termination-related expenses and approximately \$28,000 in incurred legal fees, in fiscal 2023. As of January 31, 2025, the Company has recorded all expenses related to the Strategic Restructuring.

### **Acquisitions**

On August 16, 2021, the Company completed an acquisition of Avelead, a recognized leader in providing solutions and services to improve revenue integrity for healthcare providers nationwide. Refer to Note 3 – Business Combination in our consolidated financial statements included in Part I, Item I, "Financial Statements" for further information on the Avelead acquisition.

### **Macro-Economic Conditions**

Regardless of the state of the Affordable Care Act, the healthcare industry continues to face sweeping changes and new standards of care that are putting greater pressure on healthcare providers to be more efficient in every aspect of their operations. We believe these changes represent ongoing opportunities for our Company to work with our direct clients and various resellers to provide information technology solutions to help providers meet these new requirements.

The COVID-19 pandemic, and its attendant economic damage, had an adverse impact on our revenue. Our healthcare clients were significantly impacted by the pandemic, and continue to struggle with high turnover rates and a challenging labor market in clinical and administrative departments resulting in a backlog of IT projects. As a result, our market has become highly unpredictable, diminishing our ability to accurately forecast the timing of sales and implementations.

## Results of Operations

### Statements of Operations for the fiscal years ended January 31, 2025 and 2024 (in thousands):

	Fiscal Year		\$ Change	% Change
	2024	2023		
Software as a Service	\$ 11,839	\$ 14,075	\$ (2,236)	(16)%
Maintenance and Support	3,490	4,318	(828)	(19)%
Professional fees and licenses	2,572	4,203	(1,631)	(39)%
Total revenues	17,901	22,596	(4,695)	(21)%
Cost of sales	9,562	11,053	(1,491)	(13)%
Selling, general and administrative	11,739	14,710	(2,971)	(20)%
Research and development	4,629	5,704	(1,075)	(19)%
Impairment of goodwill	—	9,813	(9,813)	(100)%
Impairment of long-lived assets	—	963	(963)	(100)%
Total operating expenses	25,930	42,243	(16,313)	(39)%
Operating loss	(8,029)	(19,647)	11,618	59%
Other (expense) income, net	(2,130)	904	(3,034)	(336)%
Income tax benefit	—	46	(46)	(100)%
Net loss	\$ (10,159)	\$ (18,697)	\$ 8,538	46%
Adjusted EBITDA(1)	\$ (1,296)	\$ (1,386)	\$ 90	6%

(1) Non-GAAP measure meaning net earnings (loss) before net interest expense, tax (expense) benefit, depreciation, amortization, stock-based compensation expense, transactional and other expenses that do not relate to our core operations. See “Use of Non-GAAP Financial Measures” below for additional information and reconciliation.

The following table sets forth, for each fiscal year indicated, certain operating data as percentages of total revenues:

**Statements of Operations (1)**

	Fiscal Year	
	2024	2023
Software as a service	66.1%	62.3%
Maintenance and support	19.5	19.1
Professional fees and licenses	14.4	18.6
Total revenues	100%	100%
Cost of sales	53.4%	48.9%
Selling, general and administrative	65.6	65.1
Research and development	25.9	25.2
Impairment of goodwill	—	43.4
Impairment of long-lived assets	—	4.3
Total operating expenses	144.9%	186.9%
Operating loss	(44.9)%	(86.9)%
Other (expense) income, net	(11.9)	4.0
Income tax benefit	—	0.2
Net loss	(56.8)%	(82.7)%
Cost of Sales to Revenues ratio, by revenue stream:		
Software as a service	50.2%	46.7%
Maintenance and support	4.7%	7.3%
Professional fees and licenses	134.5%	99.1%

(1) A significant percentage of the operating costs are incurred at levels that are not necessarily correlated with revenue levels, therefore, a variation in the timing of software licenses and installations and the resulting revenue recognition can cause significant variations in operating results. As a result, period-to-period comparisons may not be meaningful with respect to the past results nor are they necessarily indicative of the future results of the Company in the near or long-term. The data in the table is presented solely for the purpose of reflecting the relationship of various operating elements to revenues for the periods indicated.

**Comparison of Fiscal 2024 with Fiscal 2023**

**Revenues**

(in thousands):	Fiscal Year		2024 to 2023 Change	
	2024	2023	\$	%
Software as a service	\$ 11,839	\$ 14,075	\$ (2,236)	(16)%
Maintenance and support	3,490	4,318	(828)	(19)%
Professional fees and licenses	2,572	4,203	(1,631)	(39)%
Total Revenues	\$ 17,901	\$ 22,596	\$ (4,695)	(21)%

*Software as a service (SaaS)* — Revenues from SaaS are primarily comprised of the Company’s flagship products: eValuator and RevID. Revenues from SaaS in fiscal 2024 were \$11,839,000, as compared to \$14,075,000 in fiscal 2023. The \$2,236,000 decrease in SaaS revenue was primarily attributable to client non-renewals. In fiscal 2023, the Company received notice from a significant SaaS client of its intent not to renew its contract following the expiration of the current term on December 31, 2023. Fiscal 2024 SaaS revenue reflects losing eleven months of revenue related to that client compared to fiscal 2023, totaling \$3,812,000. There was no revenue recognized for that client in fiscal 2024. New client go lives and incremental full-year revenue from prior go lives provided the offset to the overall SaaS revenue decrease. The Company expects significant growth in its SaaS business year-over-year and forecasts the growth will increase sequentially throughout fiscal 2025 as the Company implements existing and new SaaS contracts supported by renewed focus on client acquisition efforts. As of January 31, 2025, the Company had approximately \$1,700,000 in SaaS annual contract value for contracts that has not been implemented.

**Maintenance and support** — Revenues from maintenance and support are derived from our legacy CDI and Abstracting products. In fiscal 2024, these revenues decreased by \$828,000 compared to fiscal 2023. \$951,000 of the revenue decline was the result of site terminations and reductions, which was partially offset by \$123,000 of new revenue from existing clients related to CPI adjustments. As the Company maintains its focus on SaaS products, the Company expects maintenance and support revenue will continue to decrease in fiscal 2025 as a result of pricing pressure, anticipated non-renewal of contracts and minimal new sales.

**Professional fees and licenses** — Revenues from professional fees and licenses include proprietary software, term license, professional services and audit and coding services revenues. Total professional fees and licenses revenues in fiscal 2024 were \$2,572,000, a decline of \$1,631,000 as compared to \$4,203,000 in fiscal 2023.

Term license revenue for fiscal 2024 totaled \$284,000, representing a \$46,000 increase over fiscal 2023. The increase was primarily driven by one existing maintenance and support client who purchased a term license in fiscal 2024 partially offset by client non-renewals.

Professional services revenues in fiscal 2024 were \$649,000 as compared to \$1,764,000 in fiscal 2023. Professional services revenue reflects the amounts allocated to the implementation of certain products and recognized as the implementation is completed. The overall decrease in professional services is a reflection of clients completing their product implementations in prior years.

Revenues from audit and coding services in fiscal 2024 were \$1,639,000, as compared to \$2,201,000 in fiscal 2023. The decline in revenues from audit and coding service was result of discontinuation of services by certain clients which represented \$910,000 of revenue during fiscal 2023, partially offset by \$348,000 of new services for certain clients. The Company believes demand for its onshore, technically proficient coders and auditors in the marketplace is strong and that it has a competitive edge in providing audit and coding services as an offering with the eValuator solution as a technology-enabled service. The Company anticipates the audit and coding services business to remain relatively flat in fiscal 2025 to support shifting demand among clients.

### Cost of Revenue

(in thousands):	Fiscal Year		2024 to 2023 Change	
	2024	2023	\$	%
Cost of software as a service	\$ 5,939	\$ 6,573	\$ (634)	(10)%
Cost of maintenance and support	164	315	(151)	(48)%
Cost of professional fees and licenses	3,459	4,165	(706)	(17)%
Total cost of sales	\$ 9,562	\$ 11,053	\$ (1,491)	(13)%

**Cost of software as a service (SaaS)** — The Cost of SaaS consists of expenses associated with (i) amortization of capitalized software, (ii) royalties payable to third-parties for use of their coding related content, and (iii) personnel and network infrastructure required to deploy and support applications for each client. Expenses related to the Cost SaaS decreased \$634,000 in fiscal 2024 compared to fiscal 2023. This change was driven by decreases of \$311,000 and \$543,000 in payroll and contractor expenses and computer software and maintenance, respectively, for fiscal 2024 compared to fiscal 2023. These decreases were partially offset by an increase in royalty expense of \$178,000 and an increase of \$103,000 related to amortization of capitalized software features that were put into service during the fiscal year. The Company expects amortization of capitalized software costs to stay relatively consistent in fiscal 2025 as compared to fiscal 2024.

Certain expenses included in our cost of SaaS are tied to volumes. These expenses include coding tools supporting eValuator and a third-party system that translates data from the hospital system to the Company's systems. In fiscal 2024 and 2023, cost of SaaS included non-cash amortization of capitalized software amounts of \$2,357,000 and \$2,229,000, respectively. The Company expects SaaS margins will expand as it implements new clients. Certain expenses included in Cost of SaaS, such as labor and third-party content providers, negatively impact gross margin before a client is fully implemented and revenue is recognized.

*Cost of maintenance and support* – The cost of maintenance and support includes compensation and benefits for client support personnel required to provide product support for clients on our CDI and Abstracting software licenses. Fiscal 2024 costs from maintenance and support decreased \$151,000 from fiscal 2023. This cost decreased by approximately \$145,000 related to payroll and contractor expense for client support personnel in fiscal 2024 compared to fiscal 2023. The Company continuously analyzes the allocation of its support resources and adjusts their alignment accordingly as the Company shifts away from license-based software to its flagship SaaS products. As clients move to other solutions, we expect these costs to continue to decline. The Company expects the overall cost of maintenance and support to remain relatively flat in fiscal 2025 compared to fiscal 2024.

*Cost of professional fees and licenses* – The cost of professional fees and licenses includes the cost of software licenses, the cost of professional services and the cost of audit and coding services. The aggregate cost of professional fees and licenses was \$3,459,000 and \$4,165,000 for fiscal 2024 and fiscal 2023, respectively. The \$706,000 decrease in cost of professional fees and licenses was attributable to a reduction of personnel compensation and associated benefit expenses for fiscal 2024 as compared to fiscal 2023. \$616,000 of the decrease was attributable to lower compensation and benefits expenses for internal audit services personnel, reflective of reduced audit services revenue.

Software license costs increased \$53,000 from fiscal 2023 to fiscal 2024 as a result of higher amortization of development costs associated with the Company's Coding and CDI product. The Company fully amortized the remaining capitalized Coding and CDI software license costs in fiscal 2024 and does not anticipate recognizing any additional expense related to Coding and CDI software license revenues going forward.

The gross margin from professional fees and licenses revenue decreased in fiscal 2024 as compared to fiscal 2023 primarily due to the 39% decrease in related revenue including the high margin software license revenue which was partially offset by lower expenses related to the Company's audit services.

#### ***Selling, General and Administrative Expense***

<b>(in thousands):</b>	<b>Fiscal Year</b>		<b>2024 to 2023 Change</b>	
	<b>2024</b>	<b>2023</b>	<b>\$</b>	<b>%</b>
General and administrative expenses	\$ 7,960	\$ 9,841	\$ (1,881)	(19)%
Sales and marketing expenses	3,779	4,869	(1,090)	(22)%
<b>Total selling, general, and administrative expense</b>	<b>\$ 11,739</b>	<b>\$ 14,710</b>	<b>\$ (2,971)</b>	<b>(20)%</b>

General and administrative expenses comprise various costs including compensation and associated benefits, reimbursable travel and entertainment expenses related to our executive and administrative staff, general corporate expenditures, amortization of intangible assets, and occupancy costs. For fiscal 2024, the decrease of \$1,881,000 as compared to fiscal 2023 was primarily attributable to a reduction of \$1,807,000 in employee compensation and related benefits and a \$125,000 decrease in amortization costs.

In alignment with the Company's strategic plan to streamline operations, these expenses are strategically managed to support sustainable growth, enhanced profitability, and improved cash flows. This comprehensive approach reflects our commitment to simplifying our business operations while pursuing our overarching objectives.

Sales and marketing expenses primarily encompass compensation, associated benefits, travel and entertainment costs for our sales and marketing personnel. Additionally, sales and marketing expenses include costs from third parties related to advertising, marketing and trade show attendance. In fiscal 2024, sales and marketing expenses decreased by \$1,090,000 compared to fiscal 2023. The decline in sales and marketing expense was comprised of a reduction in overall staff augmentation and other related expenses of approximately \$1,122,000 partially offset by an increase of \$162,000 related to professional fees and contractor expenses in fiscal 2024 as compared to fiscal 2023.

### ***Research and Development***

<b>(in thousands):</b>	<b>Fiscal Year</b>		<b>2024 to 2023 Change</b>	
	<b>2024</b>	<b>2023</b>	<b>\$</b>	<b>%</b>
Research and development expense	\$ 4,629	\$ 5,704	\$ (1,075)	(19)%
Capitalized research and development cost	953	1,697	(744)	(44)%

Research and development expenses consist primarily of employee compensation and related benefits, the use of independent contractors for specific near-term development projects. Total research and development expense and capitalized research and development expense for fiscal 2024 were \$4,629,000 and \$953,000, respectively. The \$1,075,000 decrease in research and development expense was driven by decreases of \$1,178,000 for employee compensation and related benefits and a \$589,000 decrease of independent contractor expense for fiscal 2024 compared to fiscal 2023. The decrease in employee and independent contractor expenses drove a reduction of capitalizable research and development cost, inclusive of capitalized stock compensation, of \$740,000 in fiscal 2024 as compared to fiscal 2023. The Company continues to focus research and development activities on eValuator and RevID, its flagship SaaS solutions.

For fiscal 2024 and fiscal 2023, as a percentage of revenue, research and development costs were approximately 26% and 23%, respectively. While research and development costs decreased in fiscal 2024 compared to fiscal 2023, its percentage change was not as significant as the corresponding revenue decrease as the Company continues to invest in the eValuator and RevID platforms. In fiscal 2023, the Company was awarded a \$61,000 research and development tax credit from the State of Georgia. This tax credit did not recur in fiscal 2024. As of January 31, 2025, the Company had a \$62,000 balance of unused research and development credits, as compared to \$149,000 as of January 31, 2024. These research and development tax credits can be applied to current Georgia payroll taxes due.

### ***Impairment of Goodwill***

In the third quarter of fiscal 2024 and 2023, the Company tested the reporting unit's goodwill for possible impairment as of October 31, 2024 and 2023. Refer to Note 6 – Goodwill and Intangible Assets to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” for more information on the goodwill impairment testing.

The Company concluded that goodwill was impaired based on the weighted combination of the discounted debt-free net cash flow and the market capitalization method value estimates which resulted in a calculated fair value lower than its carrying value. The Company reported no goodwill impairments for fiscal 2024, and recorded an impairment of goodwill in the amount of \$9,813,000 for fiscal 2023.

***Impairment of long-lived assets***

Intangible assets consist of the following:

	<u>Estimated Useful Life (years)</u>	<u>January 31, 2025</u>		
		<u>Gross Assets</u>	<u>Accumulated Amortization</u>	<u>Net Assets</u>
Finite-lived assets:				
Client relationships	10	\$ 8,370,000	\$ 2,895,000	\$ 5,475,000
Internally developed software	9	6,380,000	2,451,000	\$ 3,929,000
Trademarks and tradenames	15	1,340,000	309,000	\$ 1,031,000
Total		<u>\$ 16,090,000</u>	<u>\$ 5,655,000</u>	<u>\$ 10,435,000</u>

As mentioned above, in the third quarter of fiscal 2023, the Company tested long-lived assets, including intangible assets, for recoverability that, if failed, would indicate impairment as of October 31, 2023. The Company, in reviewing long-lived assets to define asset group(s), identified an abandoned asset. A separate long-lived asset for “client relationships” related to the Avelead acquisition was no longer going to be used following the Company’s determination that these services were not part of its core offerings going forward and was classified as abandoned (the “Abandoned Asset”). The Company adjusted the Abandoned Asset’s carrying value to its salvage value which would be zero given no future cash flows. In fiscal 2023, the Company recorded \$963,000 for the impairment of the Abandoned Asset. No long-lived impairments were reported in fiscal 2024. The Company wrote-off the Abandoned Asset during fiscal 2024 with a gross asset value of \$1,330,000. There was no impact to the consolidated statements of operations as this eliminated the asset and accumulated amortization of the fully amortized intangible assets.

Refer to Note 6 – Goodwill and Intangible Assets to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” for more information on the long-lived asset impairment testing.

**Other (Expense) income**

<b>(in thousands):</b>	<b>Fiscal Year</b>		<b>2024 to 2023 Change</b>	
	<b>2024</b>	<b>2023</b>	<b>\$</b>	<b>%</b>
Interest expense	\$ (2,013)	\$ (1,071)	\$ (942)	88%
Acquisition earnout valuation adjustments	(115)	1,944	(2,059)	(106)%
Other	(2)	31	(33)	(106)%
Total other (expense) income	<u>\$ (2,130)</u>	<u>\$ 904</u>	<u>\$ (3,034)</u>	<u>(336)%</u>

Interest expense consists of interest associated with the Company's term loan and the revolving line of credit, deferred interest associated with the Company's unsecured subordinated promissory notes, deferred financing costs, less interest related to capitalization of software. Interest expense increased in fiscal 2024 from the prior year period primarily due to the issuance of unsecured subordinated promissory notes in the first quarter of fiscal 2024, as well as the related deferred financing costs amortized through interest (Refer to Note 5 – Debt to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” for additional information). The Company expects that interest expense will be higher in fiscal 2025 due to the increasing principal value of its unsecured subordinated promissory notes and ongoing higher interest rates on its term loan.

Acquisition earnout valuation adjustments for fiscal 2024 totaled a loss of \$115,000 as compared to a gain of \$1,944,000 for fiscal 2023. The valuation adjustments are related to the acquisition earnout liabilities associated with the Avelead acquisition (Refer to Note 3 – Business Combination of the consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data”).

Other income for fiscal 2023 primarily includes income related to the sublease of the Alpharetta location (Refer to Note 4 – Operating Leases).

**Provision for Income Taxes**

For fiscal 2024 and fiscal 2023, we recorded \$0 and \$46,000 of income tax benefit, respectively, which is comprised of estimated federal, state, and local income tax provisions. The Company has a substantial amount of net operating losses for federal and state income tax purposes. The Company recorded an increase to the federal income tax valuation allowance in each of fiscal 2024 and fiscal 2023 of approximately \$1.9 and \$4.0 million, respectively, which offset related tax benefits for operating losses.

## Use of Non-GAAP Financial Measures

In order to provide investors with greater insight and allow for a more comprehensive understanding of the information used by management and the Board of Directors in its financial and operational decision-making, the Company has supplemented the Consolidated Financial Statements presented on a GAAP basis in this Report with the following non-GAAP financial measures: EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin.

These non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of Company results as reported under GAAP. The Company compensates for such limitations by relying primarily on our GAAP results and using non-GAAP financial measures only as supplemental data. We also provide a reconciliation of non-GAAP to GAAP measures used. Investors are encouraged to carefully review this reconciliation. In addition, because these non-GAAP measures are not measures of financial performance under GAAP and are susceptible to varying calculations, these measures, as defined us, may differ from and may not be comparable to similarly titled measures used by other companies.

### *EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin*

We define: (i) EBITDA as net earnings (loss) before net interest expense, income tax expense (benefit), depreciation and amortization; (ii) Adjusted EBITDA as net earnings (loss) before net interest expense, income tax expense (benefit), depreciation, amortization, share-based compensation expense, valuation adjustments, restructuring charges, transaction related expenses and other expenses that do not relate to our core operations such as severance and impairment charges; and (iii) Adjusted EBITDA Margin as Adjusted EBITDA as a percentage of GAAP net revenue. EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin are used to facilitate a comparison of our operating performance on a consistent basis from period to period and provide for a supplemental understanding of factors and trends affecting our business than GAAP measures alone. These measures assist management and the Board and may be useful to investors in comparing our operating performance consistently over time as they remove the impact of our capital structure (primarily interest charges), asset base (primarily depreciation and amortization), items outside the control of the management team (taxes) and expenses that do not relate to our core operations including: transaction-related expenses (such as professional and advisory services), corporate restructuring expenses (such as severances) and other operating costs that are expected to be non-recurring in nature. Adjusted EBITDA removes the impact of share-based compensation expense, which is another non-cash item.

The Board of Directors and management also use these measures (i) as one of the primary methods for planning and forecasting overall expectations and for evaluating, on at least a quarterly and annual basis, actual results against such expectations; and (ii) as a performance evaluation metric in determining achievement of certain executive and associate incentive compensation programs.

Our lender uses a measurement that is similar to the Adjusted EBITDA measurement described herein to assess our operating performance. The lender under our Loan Agreement requires delivery of compliance reports certifying compliance with financial covenants, certain of which are based on a measurement that is similar to the Adjusted EBITDA measurement reviewed by our management and Board of Directors.

EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin are not measures of liquidity under GAAP or otherwise and are not alternatives to cash flow from continuing operating activities, despite the advantages regarding the use and analysis of these measures as mentioned above. EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin, as disclosed in this Report have limitations as analytical tools, and you should not consider these measures in isolation or as a substitute for analysis of our results as reported under GAAP; nor are these measures intended to be measures of liquidity or free cash flow for our discretionary use. Some of the limitations of EBITDA and its variations are:

- EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

- EBITDA does not reflect the interest expense, or the cash requirements to service interest or principal payments under our Loan Agreement;
- EBITDA does not reflect income tax payments that we may be required to make; and
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized often will have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements.

Adjusted EBITDA has all the inherent limitations of EBITDA. To properly and prudently evaluate our business, the Company encourages readers to review the GAAP financial statements included elsewhere in this Report, and not rely on any single financial measure to evaluate our business. We also strongly urge readers to review the reconciliation of these non-GAAP financial measures to the most comparable GAAP measure in this section, along with the consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data”.

The following table reconciles EBITDA and Adjusted EBITDA to net loss for the fiscal years ended January 31, 2025 and 2024 (amounts in thousands). All of the items included in the reconciliation from EBITDA and Adjusted EBITDA to net loss are either recurring non-cash items, or items that management does not consider in assessing our on-going operating performance. In the case of the non-cash items, management believes that investors may find it useful to assess the Company’s comparative operating performance because the measures without such items are less susceptible to variances in actual performance resulting from depreciation, amortization and other expenses that do not relate to our core operations and are more reflective of other factors that affect operating performance. In the case of items that do not relate to our core operations, management believes that investors may find it useful to assess our operating performance if the measures are presented without these items because their financial impact does not reflect ongoing operating performance.

(in thousands)	Fiscal Year	
	2024	2023
<b>Adjusted EBITDA Reconciliation</b>		
Net loss	\$ (10,159)	\$ (18,697)
Interest expense	2,013	1,071
Income tax expense (benefit)	—	(46)
Depreciation and amortization	4,344	4,229
EBITDA	<u>(3,802)</u>	<u>(13,443)</u>
Share-based compensation expense	1,964	2,102
Impairment of goodwill	—	9,813
Impairment of long-lived assets	—	963
Non-cash valuation adjustments	115	(1,944)
Acquisition-related costs, severance, and transaction-related bonuses	427	397
Other non-recurring expenses	—	(33)
Restructuring charges	—	759
Adjusted EBITDA	<u>\$ (1,296)</u>	<u>\$ (1,386)</u>
Adjusted EBITDA margin (1)	<u>(7)%</u>	<u>(6)%</u>

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

#### Application of Critical Accounting Policies

The following is a summary of the Company’s most critical accounting policies. Refer to Note 2 – Significant Accounting Policies to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” for a complete discussion of the significant accounting policies and methods used in the preparation of our consolidated financial statements.

## ***Revenue Recognition***

The Company derives revenue from the sale of internally developed software, either by licensing for local installation or by a SaaS delivery model, through our direct sales force or through third-party resellers. Licensed, locally installed clients on a perpetual model utilize our support and maintenance services for a separate fee, whereas term-based locally installed license fees and SaaS fees include support and maintenance. The Company also derives revenue from professional services that support the implementation, configuration, training and optimization of the applications, as well as audit and consulting services. The Company recognizes revenue to depict the transfer of promised goods or services to clients in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Performance obligations are the unit of accounting for revenue recognition and generally represent the distinct goods or services that are promised to the client. If we determine that we have not satisfied a performance obligation, we will defer recognition of the revenue until the performance obligation is deemed to be satisfied. Maintenance and support and SaaS agreements are generally non-cancellable or contain significant penalties for early cancellation, although clients typically have the right to terminate their contracts for cause if we fail to perform material obligations. However, if non-standard acceptance periods, non-standard performance criteria, or cancellation or right of refund terms are required, revenue is recognized upon the satisfaction of such criteria. Certain contracts may include aspects of variable consideration as it relates to performance guarantees and service level agreements. Significant judgment is required to determine the standalone selling price (“SSP”) for each performance obligation, impact of variable consideration on total contract price, the amount allocated to each performance obligation and whether it depicts the amount that the Company expects to receive in exchange for the related product and/or service. The Company recognizes revenue for implementation for certain of its eValuator SaaS solution over the contract term, as it has been determined that those implementation services are not a distinct performance obligation. Services for other SaaS and Software solutions such as CDI, RevID and Compare, have been determined as a distinct performance obligation. For these agreements, the Company estimates SSP of its software licenses using the residual approach when the software license is sold with other services and observable SSPs exist for the other services. The Company estimates the SSP for maintenance, professional services, software as a service and audit services based on observable standalone sales.

Refer to Note 2 – Significant Accounting Policies to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” for additional information regarding our revenue recognition policies.

## ***Capitalized Software Development Costs***

Internal-use software development costs are accounted for in accordance with ASC 350-40, *Internal-Use Software*. The costs incurred in the preliminary stages of development are expensed as research and development costs as incurred. Once an application has reached the development stage, internal and external costs incurred to develop internal-use software are capitalized and amortized on a straight-line basis over the estimated useful life of the software (typically three to four years). Maintenance and enhancement costs, including those costs in the post-implementation stages, are typically expensed as incurred, unless such costs relate to substantial upgrades and enhancements to the software that result in added functionality, in which case the costs are capitalized and amortized on a straight-line basis over the estimated useful life of the software. The Company reviews the carrying value for impairment whenever facts and circumstances exist that would suggest that assets might be impaired or that the useful lives should be modified. Amortization expense related to capitalized internal-use software development costs is included in Cost of software as a service on the consolidated statements of operations.

### ***Goodwill and Intangible Assets***

Goodwill and other intangible assets were recognized in conjunction with the acquisitions of Interpoint Partners, LLC (“Interpoint”), Meta Health Technology, Inc. (“Meta”), Clinical Looking Glass® (“CLG”), Opportune IT, Unibased Systems Architecture, Inc. (“Unibased”), and Avelead. Identifiable intangible assets include purchased intangible assets with finite lives, which primarily consist of internally-developed software, client relationships, non-compete agreements and license agreements. Finite-lived purchased intangible assets are amortized over their expected period of benefit, which generally ranges from one month to 15 years, using the straight-line method.

We assess the useful lives and possible impairment of existing recognized goodwill on at least an annual basis, and goodwill and intangible assets when an event occurs that may trigger such a review. Factors considered important which could trigger a review include:

- significant under-performance relative to historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for the overall business;
- identification of other impaired assets within a reporting unit;
- disposition of a significant portion of an operating segment;
- significant negative industry or economic trends;
- significant decline in the Company’s stock price for a sustained period; and
- a decline in the market capitalization relative to the net book value.

The Company completed an interim goodwill assessment as of October 31, 2024 and its annual assessment for fiscal 2024 as of November 1, 2024. The Company's fair value is not substantially in excess of its carrying value which introduces risk that testing for impairment does not pass the first step and requires detailed testing on an interim basis. The Company used a weighted sum of income and market approaches to determine the fair value of the Company's goodwill. Under the income approach, the fair value was based on the present value of the estimated debt-free, discounted cash flows that the reporting unit is expected to generate. Cash flow projections were based on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. The discount rate was based on the weighted average cost of capital appropriate for the Company. Under the market approach, the fair value was based on the Company's market capitalization adjusted for a control premium, which was determined by assessing recent change in control transactions of comparable companies.

Refer to Note 6 – Goodwill and Intangible Assets for additional information regarding our goodwill and intangible testing.

The fair value of our reporting unit and intangible assets is subjective in nature and involves the use of significant estimates and assumptions, particularly related to future operating results and cash flows. These estimates and assumptions include, but are not limited to, revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, control premiums, and future economic and market conditions. If we do not achieve our forecasts or the Company's share price declines further, it is possible the goodwill of the Company could be deemed to be impaired again in a future period.

The risks and potential impacts on the fair value of our goodwill and long-lived assets are included in our risk factor disclosures referenced under "Item 1A. Risk Factors".

### ***Income Taxes***

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for tax credits and loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. In assessing net deferred tax assets, we consider whether it is more likely than not that some or all of the deferred tax assets will not be realized. We establish a valuation allowance when it is more likely than not that all or a portion of deferred tax assets will not be realized. Refer to Note 7 – Income Taxes to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for further details.

## Liquidity and Capital Resources

### Overview

The Company's liquidity is dependent upon numerous factors including: (i) the timing and amount of revenues and collection of contractual amounts from clients, (ii) amounts invested in research and development and capital expenditures, and (iii) the level of operating expenses, all of which can vary significantly from quarter-to-quarter. The Company's primary cash requirements include regular payment of payroll and other business expenses, principal and interest payments on debt and minor amounts of capital expenditures. Capital expenditures generally include computer hardware and computer software to support internal development efforts or SaaS data center infrastructure. Operations are funded with cash generated by operations, borrowings under the bank credit facilities and unsecured subordinated promissory notes and sales of the Company's common stock. To date, the Company has not generated sufficient revenues to allow it to generate cash flow from operations and the Company anticipates the need for additional liquidity in the next twelve months. Cash and cash equivalent balances at January 31, 2025 and 2024 were \$2,183,000 and \$3,190,000, respectively.

### Capital Raise

#### *Debt Private Placement*

On February 1, 2024, the Company entered into a securities purchase agreement with certain accredited investors, including certain directors and officers of the Company, pursuant to which the Company agreed to sell to the investors unsecured subordinated promissory notes in the aggregate principal amount of \$4.4 million and warrants to purchase up to an aggregate of 267,728 shares of the Company's common stock in a private placement (the "Debt Private Placement"). The closing of the Debt Private Placement occurred on February 7, 2024.

#### *Common Stock Private Placement*

On February 6, 2024, the Company completed the sale of 17,543 shares of the Company's common stock to an accredited investor at a purchase price of \$5.70 per share for an aggregate purchase price of \$100,000 (the "Common Stock Private Placement").

### Authorized Shares Amendment

At the 2023 Annual Meeting of Stockholders (the "2023 Annual Meeting") held on June 15, 2023, the Company's stockholders approved an amendment to the 2013 Plan to increase the number of shares of the Company's common stock authorized for issuance thereunder by 66,666 shares, from 681,549 shares to 748,216 shares.

At the 2024 Annual Meeting of Stockholders (the "2024 Annual Meeting") held on June 13, 2024, the Company's stockholders approved a new 2024 Omnibus Employee Incentive Plan and allocated 449,260 of shares of the Company's common stock authorized for issuance thereunder.

## Credit Facility

The Company has liquidity through the Loan Agreement with Western Alliance Bank (“WAB”). On November 29, 2022, the Company executed the Second Modification (the “Second Modification”) to the Loan Agreement which expanded the Company’s total borrowing to include a \$2,000,000 revolving line of credit. The revolving line of credit is co-terminus with the term loan portion of the Loan Agreement and matures on August 26, 2026. There are no requirements to draw on the line of credit. Amounts outstanding under the line of credit portion of the Loan Agreement bear interest at a per annum rate equal to the Prime Rate (as published in The Wall Street Journal) plus 1.5%, with a Prime “floor” rate of 3.25%. On November 13, 2024, the Company executed the Fifth Modification (the “Fifth Modification”) to the Loan Agreement which amended certain financial covenants under the Loan Agreement. Refer to Note 5 – Debt to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” for additional information regarding the Loan Agreement, the Second Modification, and the Fifth Modification. At January 31, 2025, there was a \$1,000,000 outstanding balance on the revolving line of credit.

Under the Loan Agreement, the Company has a term loan facility with an initial, maximum, principal amount of \$10,000,000. Amounts outstanding under the Loan Agreement bear interest at a per annum rate equal to the Prime Rate (as published in The Wall Street Journal) plus 1.5%, with a Prime “floor” rate of 3.25%.

The Fifth Modification includes customary financial covenants as follows:

- a. **Maximum ARR Net Leverage Ratio.** Commencing with the month ended September 30, 2024, Borrowers’ ARR Net Leverage Ratio, measured on a monthly basis as of the last day of each month, shall not be greater than the amount set forth under the heading “Maximum ARR Net Leverage Ratio” as of, and for each of the dates appearing adjacent to such “Maximum ARR Net Leverage Ratio”.

<b>Month Ending</b>	<b>Maximum ARR Net Leverage Ratio</b>
September 30, 2024	0.68 to 1.00
October 31, 2024	0.66 to 1.00
November 30, 2024	0.64 to 1.00
December 31, 2024	0.60 to 1.00
January 31, 2025	0.35 to 1.00
April 30, 2025	0.35 to 1.00

- b. **Minimum Adjusted EBITDA.** Commencing with the month ended September 30, 2024, Borrowers shall maintain Adjusted EBITDA, measured on a monthly basis as of the last day of each month, in an amount *not* less than the amounts (or, in the case of amounts set forth in parentheses, no worse than the amounts) set forth under the heading “Minimum Adjusted EBITDA” as of, and for each of the dates appearing adjacent to such “Minimum Adjusted EBITDA.”

<b>Month Ending</b>	<b>Minimum Adjusted EBITDA</b>
September 30, 2024	(225,000)
October 31, 2024	(500,000)
November 30, 2024	(150,000)
December 31, 2024	(100,000)
January 31, 2025 and on the last day of each month thereafter through April 30, 2025	0

The Loan Agreement includes customary negative covenants, subject to exceptions, which limit transfers, capital expenditures, indebtedness, certain liens, investments, acquisitions, dispositions of assets, restricted payments, and the business activities of the Company, as well as customary representations and warranties, affirmative covenants and events of default, including cross defaults and a change of control default. The line of credit is also subject to customary prepayment requirements. For the period ended January 31, 2025, the Company was not in compliance with certain financial covenants under the Loan Agreement; however, on March 27, 2025, the Company received a waiver from WAB in connection with the execution of the Third Modification (as defined below). Refer to Note 5 – Debt to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” for more information.

On March 27, 2025, the Company executed the Sixth Modification and Waiver (the “Sixth Modification”) to the Loan Agreement. Refer to Note 14 – Subsequent Events to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” for additional information regarding the Sixth Modification.

### ***Significant cash obligations***

<b>(in thousands)</b>	<b>As of January, 31</b>	
	<b>2025</b>	<b>2024</b>
Term loan (1)	\$ 7,709	\$ 9,066
Notes payable (2)	4,415	—
Acquisition earnout liability (3)	377	1,794
Line of credit (4)	1,000	1,500

(1) Term loan balance is reported net of unamortized deferred financing costs of \$36,000 and \$69,000 plus accrued financing costs payable of \$245,000 and \$135,000 each as of January 31, 2025 and 2024, respectively. Refer to Note 5 – Debt to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” for additional information. The term loan balance as of January 31, 2025 and January 31, 2024 was bank term debt.

(2) Refer to Note 5 – Debt for additional information. The cash obligation is net of discounts on notes payable of \$573,000 and deferred financing costs of \$107,000.

(3) The fair value of the acquisition earnout liability is based upon a probability-weighted discounted cash flow as of January 31, 2024. As of January 31, 2025, the acquisition earnout liability reflects the remaining cash balance. Refer to Note 3 – Business Combination for additional information.

(4) Refer to Note 5 – Debt for additional information.

### ***Operating cash flow activities***

<b>(in thousands)</b>	<b>Fiscal Year</b>	
	<b>2024</b>	<b>2023</b>
Net loss	\$ (10,159)	\$ (18,697)
Non-cash adjustments to net loss	7,567	15,151
Cash impact of changes in assets and liabilities	1,078	1,331
Net cash used in operating activities	\$ (1,514)	\$ (2,215)

The Company had a lower net loss from operations and lower non-cash adjustments to net loss primarily due goodwill and intangible impairments than fiscal 2024.

**Investing cash flow activities**

<b>(in thousands)</b>	<b>Fiscal Year</b>	
	<b>2024</b>	<b>2023</b>
Purchases of property and equipment	(7)	(54)
Capitalized software development costs	(851)	(1,567)
Net cash used in investing activities	<u>\$ (858)</u>	<u>\$ (1,621)</u>

The cash used in investing activities for fiscal 2024 and fiscal 2023 includes capitalized software development costs. The Company expects continued capitalizable projects associated with the Company's flagship products; however, the rate of capitalization may temporarily remain constant or decrease as a result of the Strategic Restructuring.

**Financing cash flow activities**

<b>(in thousands)</b>	<b>Fiscal Year</b>	
	<b>2024</b>	<b>2023</b>
Proceeds from issuance of common stock	\$ 100	\$ —
Proceeds from line of credit	1,000	1,500
Payments of acquisition earnout liabilities	(886)	—
Repayment of line of credit	(1,500)	—
Repayment of bank term loan	(1,500)	(750)
Proceeds from notes payable	4,400	—
Repurchase of common shares to satisfy employee tax withholding	(81)	(280)
Payment of deferred financing costs	(168)	(44)
Other	—	2
Net cash provided by financing activities	<u>\$ 1,365</u>	<u>\$ 428</u>

The cash provided by financing activities for fiscal 2024 was primarily attributable to proceeds from issuance of unsecured subordinated promissory notes in connection with the Company's debt private placement, draws on the line of credit offset by the principal payments on the term loan and line of credit and payments related to the acquisition and earnout liabilities. Refer to Note 5 – Debt to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for more information.

The cash provided by financing activities for fiscal 2023 was primarily attributable to draws on the Company's line of credit offset by principal payments on the term loan and repurchases of the Company's stock related to employee tax withholdings.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

As a "smaller reporting company," as defined by Item 10 of Regulation S-K, we are not required to provide this information.

**Item 8. Financial Statements and Supplementary Data**

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All other financial statement schedules are omitted because they are not applicable or the required information is included in the consolidated financial statements or notes thereto.

## Report of Independent Registered Public Accounting Firm

To the Shareholders, Board of Directors, and Audit Committee  
Streamline Health Solutions, Inc.

### ***Opinion on the Consolidated Financial Statements***

We have audited the accompanying consolidated balance sheets of Streamline Health Solutions, Inc. and its subsidiaries (the “Company”) as of January 31, 2025 and 2024, the related consolidated statements of operations, changes in stockholders’ equity, and cash flows for each of the years in the two-year period ended January 31, 2025, and the related notes and financial statement schedule II (collectively referred to as the “financial statements”). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of January 31, 2025 and 2024, and the results of their operations and their cash flows for each of the years in the two-year period ended January 31, 2025, in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

### ***Going Concern***

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 2 to the financial statements, the Company has identified certain conditions relating to its outstanding debt that are outside the control of the Company. In addition, the Company has generated recent losses. These factors, among others, raise substantial doubt regarding the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2 to the accompanying financial statements. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### ***Basis for Opinion***

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits.

We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### ***Critical Audit Matters***

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

### ***Critical Audit Matter - Capitalized Software Development Costs***

As described in Note 2 to the financial statements, the Company develops internal-use software within the scope of ASC 350-40, *Internal-Use Software* (“*Topic 350*”). Costs associated with the preliminary stages of development are classified as research and development costs and expensed as incurred. Costs associated with the application development stage are capitalized. Maintenance and enhancement costs, including costs in the post-implementation stages, are typically expensed as incurred, unless such costs relate to substantial upgrades and enhancements that result in added functionality, in which case the costs are capitalized. Capitalized amounts are amortized on a straight-line basis over the estimated useful life of the software.

We identified capitalized internal-use software development costs as a critical audit matter. Our principal considerations for this determination were the high degree of auditor judgment and subjectivity required in evaluating management’s determination of the activities and costs that qualify for capitalization.

The primary procedures we performed to address this critical audit matter included:

- Obtained an understanding of the Company's process for determining the activities and costs that qualify for capitalization.
- Tested the completeness and accuracy of capitalized software and related amortization expense, including any applicable system-generated reports.
- For a sample of capitalized costs, we evaluated the relevance of the software development guidance applied, by performing the following:
  - Assessed the eligibility of costs for capitalization, in accordance with applicable guidance, and whether such costs were incurred during the application development stage.
  - Recalculated the capitalized amount based on hours incurred for direct payroll related costs or associated vendor contracts and invoices for work performed by third parties.
  - Evaluated the software implementation timelines supporting the capitalization periods for implementation and development as well as the dates software was placed in service.
  - Tested the reasonableness of the nature of the costs and the time devoted to capitalized activities for significant projects.

### ***Critical Audit Matter – Goodwill Impairment Assessment***

As described in Notes 2 and 6 to the financial statements, based on a triggering event, the Company identified indicators of possible impairment and initiated testing using a valuation date of October 31, 2024. The testing for impairment was performed under the guidance of ASC 350, *Intangibles - Goodwill and Other* (“Topic 350”).

In analyzing goodwill for potential impairment in the quantitative impairment test, the Company uses a combination of the income and market approaches to estimate the fair value of the Company’s equity. Under the income approach, the Company calculates the fair value based on discounted estimated future cash flows. Under the market approach, the Company estimates the fair value based on the total number of shares outstanding and the current market price of the shares as of the valuation date with a control premium applied.

We identified the quantitative impairment test of goodwill as a critical audit matter. Our principal considerations for that determination included the judgment involved in assessing management’s impairment test of goodwill due to the measurement uncertainty involved in determining the fair value of equity of the reporting unit. In particular, the fair value estimate under the income approach is sensitive to changes in certain assumptions particularly as it relates to discount and revenue growth rates.

The primary procedures we performed to address this critical audit matter included:

- Obtained an understanding of management’s process for assessing goodwill impairment and performing the quantitative goodwill impairment test, including management’s process for developing assumptions used in the income and market approaches to estimate the fair value of equity.
- Evaluated management’s revenue growth rates against current industry and economic trends, while also considering the current and future business and customer base.
- Assessed revenue growth and cash flows by comparing past projections to actual performance.
- Tested the mathematical accuracy of the fair value models utilized by the valuation specialist.
- With the assistance of our valuation professionals with specialized skills and knowledge, we evaluated the valuation methodology, discount rate, and long-term revenue growth rate used in the income approach to estimate the fair value.

### ***Critical Audit Matter – Classification of Warrants***

As described in Note 5, the Company issued certain warrants in connection with a debt private placement offering. The warrants contained a registration rights provision that provided for a potential cash settlement until the registration statement was filed. The filing of the Company's registration statement eliminated the potential cash settlement feature that caused the liability classification and the warrants were then reclassified to paid in capital after a final re-remeasurement.

We identified the classification of the warrants as a critical audit matter. The principal considerations for that determination included the complexity and effort required in identifying all relevant features of and obligations under the instruments for evaluation against the criteria for classification. This required a high degree of auditor effort, including specialized skills and knowledge, and significant auditor judgment in evaluating the features of and obligations under the warrants and the determination of whether such features met equity or liability classification. Also, as described in the Company's Item 9A disclosure related to internal controls over financial reporting, a material weakness was identified in relation to the accounting and classification of the warrants issued.

The primary procedures we performed to address this critical audit matter included:

- Obtained an understanding of management's process for identifying and evaluating the critical terms of the warrant agreements in determining the classification.
- With the assistance of professionals in our firm with specialized skills and knowledge in accounting for debt and equity instruments:
  - Evaluated management's analysis and conclusions regarding the relevant provisions and features of the warrants in light of relevant guidance and the criteria for classification.
  - Evaluated the relevant features and settlement provisions within the private placement and underlying warrant agreements.

**/s/ Forvis Mazars, LLP**

We have served as the Company's auditor since 2019.

**Atlanta, Georgia  
May 2, 2025**

**STREAMLINE HEALTH SOLUTIONS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

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

ASSETS	January 31,	
	2025	2024
Current assets:		
Cash and cash equivalents	\$ 2,183,000	\$ 3,190,000
Accounts receivable, net of allowance for credit losses of \$59,000 and \$86,000, respectively	1,585,000	4,237,000
Contract receivables	1,571,000	780,000
Prepaid and other current assets	438,000	629,000
Total current assets	5,777,000	8,836,000
Non-current assets:		
Property and equipment, net of accumulated depreciation of \$110,000 and \$291,000, respectively	49,000	88,000
Capitalized software development costs, net of accumulated amortization of \$6,762,000 and \$7,960,000, respectively	4,850,000	5,798,000
Intangible assets, net of accumulated amortization of \$5,655,000 and \$4,019,000, respectively	10,435,000	12,071,000
Goodwill	13,276,000	13,276,000
Other	1,192,000	1,666,000
Total non-current assets	29,802,000	32,899,000
<b>Total assets</b>	<b>\$ 35,579,000</b>	<b>\$ 41,735,000</b>

See accompanying notes to consolidated financial statements.

	January 31,	
	2025	2024
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,541,000	\$ 1,253,000
Accrued expenses	1,921,000	2,023,000
Current portion of term loan	7,709,000	1,500,000
Current portion of line of credit	1,000,000	—
Current portion of notes payable	4,415,000	—
Deferred revenues	6,099,000	7,112,000
Acquisition earnout liability	377,000	1,794,000
Total current liabilities	<u>23,062,000</u>	<u>13,682,000</u>
Non-current liabilities:		
Term loan, net of deferred financing costs	—	7,566,000
Line of credit, net of current portion	—	1,500,000
Deferred revenues, less current portion	240,000	173,000
Total non-current liabilities	<u>240,000</u>	<u>9,239,000</u>
Total liabilities	<u>23,302,000</u>	<u>22,921,000</u>
<b>Commitments and contingencies – Note 12</b>		
Stockholders' equity		
Common stock, \$0.01 par value per share, 85,000,000 shares authorized; 4,264,482 and 3,929,446 shares issued and outstanding, respectively	43,000	39,000
Additional paid in capital	138,092,000	134,474,000
Accumulated deficit	(125,858,000)	(115,699,000)
<b>Total stockholders' equity</b>	<u>12,277,000</u>	<u>18,814,000</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 35,579,000</u>	<u>\$ 41,735,000</u>

See accompanying notes to consolidated financial statements.

**STREAMLINE HEALTH SOLUTIONS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

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

	Fiscal Year	
	2024	2023
<b>Revenues:</b>		
Software as a service	\$ 11,839,000	\$ 14,075,000
Maintenance and support	3,490,000	4,318,000
Professional fees and licenses	2,572,000	4,203,000
Total revenues	<u>17,901,000</u>	<u>22,596,000</u>
<b>Operating expenses:</b>		
Cost of software as a service	5,939,000	6,573,000
Cost of maintenance and support	164,000	315,000
Cost of professional fees and licenses	3,459,000	4,165,000
Selling, general and administrative expense	11,739,000	14,710,000
Research and development	4,629,000	5,704,000
Impairment of goodwill	—	9,813,000
Impairment of long-lived assets	—	963,000
Total operating expenses	<u>25,930,000</u>	<u>42,243,000</u>
Operating loss	(8,029,000)	(19,647,000)
Other income (expense):		
Interest expense	(2,013,000)	(1,071,000)
Valuation adjustments	(115,000)	1,944,000
Other	(2,000)	31,000
Loss before income taxes	<u>(10,159,000)</u>	<u>(18,743,000)</u>
Income tax benefit	—	46,000
<b>Net loss</b>	<u>\$ (10,159,000)</u>	<u>\$ (18,697,000)</u>
Basic and Diluted Earnings Per Share	\$ (2.53)	\$ (4.96)
Weighted average number of common shares – basic and diluted	4,008,846	3,767,361

See accompanying notes to consolidated financial statements.

**STREAMLINE HEALTH SOLUTIONS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

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

	Common stock shares	Common stock	Additional paid in capital	Accumulated deficit	Total stockholders' equity
Balance at January 31, 2023	3,837,560	\$ 38,000	\$ 132,511,000	\$ (97,038,000)	\$ 35,511,000
Restricted stock issued	129,849	1,000	(1,000)	—	—
Restricted stock forfeited	(25,233)	—	—	—	—
Surrender of stock	(12,730)	—	(280,000)	—	(280,000)
Issuance of common stock	—	—	—	—	—
Exercise of warrants	—	—	—	—	—
Warrant reclassification	—	—	—	—	—
Adoption of ASU 2016-13	—	—	—	36,000	36,000
Share-based compensation expense	—	—	2,244,000	—	2,244,000
Net loss	—	—	—	(18,697,000)	(18,697,000)
Balance at January 31, 2024	3,929,446	\$ 39,000	\$ 134,474,000	\$ (115,699,000)	\$ 18,814,000
Restricted stock issued	249,570	3,000	(3,000)	—	—
Restricted stock forfeited	(31,709)	—	—	—	—
Surrender of stock	(13,644)	—	(81,000)	—	(81,000)
Issuance of common stock	123,502	1,000	769,000	—	770,000
Exercise of warrants	7,317	—	—	—	—
Warrant reclassification	—	—	837,000	—	837,000
Offering expenses	—	—	(4,000)	—	(4,000)
Share-based compensation expense	—	—	2,100,000	—	2,100,000
Net loss	—	—	—	(10,159,000)	(10,159,000)
Balance at January 31, 2025	4,264,482	\$ 43,000	\$ 138,092,000	\$ (125,858,000)	\$ 12,277,000

See accompanying notes to consolidated financial statements.

**STREAMLINE HEALTH SOLUTIONS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(rounded to the nearest thousand dollars)

	Fiscal Year	
	2024	2023
<b>Cash flows from operating activities:</b>		
Net loss	\$ (10,159,000)	\$ (18,697,000)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Depreciation and amortization	4,851,000	4,331,000
Accrued interest expense - notes payable	695,000	—
Valuation adjustments	115,000	(1,944,000)
Benefit for deferred income taxes	—	(104,000)
Share-based compensation expense	1,964,000	2,102,000
Impairment of goodwill	—	9,813,000
Impairment of long-lived assets	—	963,000
Provision for credit losses	(58,000)	(10,000)
<b>Changes in assets and liabilities:</b>		
Accounts and contract receivables	1,919,000	3,708,000
Other assets	(81,000)	(401,000)
Accounts payable	288,000	544,000
Accrued expenses and other liabilities	(102,000)	(1,277,000)
Deferred revenues	(946,000)	(1,243,000)
Net cash used in operating activities	(1,514,000)	(2,215,000)
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(7,000)	(54,000)
Capitalization of software development costs	(851,000)	(1,567,000)
Net cash used in investing activities	(858,000)	(1,621,000)
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of common stock	100,000	—
Payment of acquisition earnout liabilities	(886,000)	—
Repayment of bank term loan	(1,500,000)	(750,000)
Repayment of line of credit	(1,500,000)	—
Proceeds from line of credit	1,000,000	1,500,000
Proceeds from notes payable	4,400,000	—
Repurchase of common shares to satisfy employee tax withholding	(81,000)	(280,000)
Payment of deferred financing costs	(168,000)	(44,000)
Other	—	2,000
Net cash provided by financing activities	1,365,000	428,000
Net decrease in cash and cash equivalents	(1,007,000)	(3,408,000)
Cash and cash equivalents at beginning of period	3,190,000	6,598,000
Cash and cash equivalents at end of period	\$ 2,183,000	\$ 3,190,000
<b>Supplemental cash flow disclosures:</b>		
Interest paid, net of amounts capitalized	\$ 834,000	\$ 989,000
Income taxes paid	\$ 45,000	\$ 66,000

See accompanying notes to consolidated financial statements.

**STREAMLINE HEALTH SOLUTIONS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**January 31, 2025 and 2024**

**NOTE 1 — ORGANIZATION AND DESCRIPTION OF BUSINESS**

Streamline Health Solutions, Inc. and each of its wholly-owned subsidiaries, Streamline Health, LLC, Avelead Consulting, LLC, Streamline Consulting Solutions, LLC and Streamline Pay & Benefits, LLC, (collectively, unless the context requires otherwise, “we”, “us”, “our”, “Streamline”, or the “Company”) operates in one segment as a provider of healthcare information technology solutions and associated services. The Company provides these capabilities through the licensing of its Coding & CDI, eValuator coding analysis platform, RevID, and other workflow software applications and the use of such applications by software as a service (“SaaS”). The Company also provides audit services to help clients optimize their internal clinical documentation and coding functions, as well as implementation and consulting services to complement its software solutions. The Company’s software and services enable hospitals and integrated healthcare delivery systems in the United States and Canada to capture, store, manage, route, retrieve and process patient clinical, financial and other healthcare provider information related to the patient revenue cycle.

The Company has one operating segment and one reporting unit due to the singular nature of our products, product development and distribution process, and client base as a provider of computer software-based solutions and services for acute-care healthcare providers.

**Fiscal Year**

All references to a fiscal year refer to the fiscal year commencing February 1 in that calendar year and ending on January 31 of the following calendar year.

**Reverse Stock Split**

On September 25, 2024, the Company filed a Certificate of Amendment to the Company’s Certificate of Incorporation to effect a 1-for-15 reverse stock split pursuant to which each 15 shares of the Company’s issued and outstanding common stock immediately prior to the effective time, which was 12:01 am Eastern Daylight Time on October 4, 2024, were combined into one share of the Company’s common stock, without effecting a change to the par value per share of Common Stock. The Company’s common stock began trading on a split-adjusted basis when the market opened on October 4, 2024.

The Reverse Stock Split did not change the Company’s authorized number of shares of common stock. The Reverse Stock Split did not change the par value of the common stock, therefore, the Company recorded an increase to additional paid in capital of \$551,000 as of January 31, 2024, and an offsetting adjustment to the carrying value of common stock. No fractional shares were issued in connection with the Reverse Stock Split, and stockholders who would otherwise have been entitled to receive a fractional share instead received a cash payment equal to the fraction of a share of common stock in lieu of such fractional share. Proportionate adjustments were made to the number of shares authorized under the Company’s equity incentive plans, the number of shares subject to any award or purchase right under the Company’s equity incentive plans, and the exercise price or purchase price with respect to any stock option award or purchase right under the Company’s equity incentive plans. All shares of the Company’s common stock, stock-based instruments and per-share data included in these condensed consolidated financial statements have been retrospectively adjusted as though the Reverse Stock Split had been effected prior to all periods presented. All of the Company’s equity incentive plans included existing conversion language in the event of a stock split and thus did not result in modification accounting or additional incremental expense as a result of this transaction.

## **NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

The consolidated financial statements include the accounts of Streamline Health Solutions, Inc. and its wholly-owned subsidiaries, Streamline Health, LLC, Avelead Consulting, LLC, Streamline Consulting Solutions, LLC and Streamline Pay & Benefits, LLC. All significant intercompany transactions and balances are eliminated in consolidation. All amounts in the consolidated financial statements, notes and tables have been rounded to the nearest thousand dollars, except share and per share amounts, unless otherwise indicated.

### **Going Concern**

The Company's financial statements are prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of obligations in the normal course of business. To date, the Company has not generated sufficient revenues to allow it to generate cash flow from operations and the Company anticipates the need for additional liquidity in the next twelve months. The Company has historically accumulated losses and used cash from its financing activities to supplement its operations. The Company's current forecast projects that it is probable that the Company will not maintain compliance with certain of its financial covenants under its current credit agreement with the term loan lender in the next twelve months. Further, our recent private placement notes payables have cross-default conditions with the senior term loan debt. These conditions raise substantial doubt about the ability of the Company to continue as a going concern within one year after the date that the financial statements are issued.

In view of these matters, continuation as a going concern is dependent upon the Company's ability to achieve cash from operations and raise additional debt or equity capital to fund its ongoing operations.

As of January 31, 2025, the Company had approximately \$13.1 million of total outstanding debt associated with its term loan, line of credit and private placement notes payables, which is classified as a current liability. The Company's ability to refinance its existing debt is based upon credit markets and economic forces that are outside of its control. There can be no assurance that the Company will be successful in raising additional capital or that such capital, if available, will be on terms that are acceptable to the Company. After considering the factors outlined above, substantial doubt about our ability to continue as a going concern exists.

The financial statements do not include any adjustments to the amount and classification of assets and liabilities that may be necessary should the Company not continue as a going concern.

## Segments

The Company operates as a single operating segment. The Company's chief operating decision maker is one individual and has the role of Chief Executive Officer (the "CODM"). The CODM reviews financial information including operating results and assets on a consolidated basis, accompanied by the Company's revenue consistent with the categories presented below. For information about how the Company derives revenue, as well as the Company's accounting policies, refer to Note 2—Significant Accounting Policies. The CODM uses consolidated net income to assess performance, evaluate cost optimization, and allocate financial, capital and personnel resources. This measure is used in the annual operating plan and forecasting process as well as ongoing decisions driven by the monthly reviews of the plan versus actual results. The following table sets forth significant expense categories and other specified amounts included in consolidated net loss that are reviewed by the CODM, or are otherwise regularly provided to the CODM, for fiscal years 2024 and 2023:

	Fiscal Year	
	2024	2023
<b>Revenues:</b>		
Software as a service	\$ 11,839,000	\$ 14,075,000
Maintenance and support	3,490,000	4,318,000
Professional fees and licenses	2,572,000	4,203,000
Total revenues	<u>17,901,000</u>	<u>22,596,000</u>
<b>Operating expenses:</b>		
Cost of sales(1)	6,804,000	8,275,000
General & administrative(1)	5,807,000	6,922,000
Sales & marketing(1)	2,481,000	3,816,000
Research & development(1)	4,101,000	5,005,000
Share-based compensation	1,964,000	2,102,000
Depreciation & amortization expense	4,344,000	4,229,000
Impairment of goodwill	—	9,813,000
Impairment of long-lived assets	—	963,000
Other operating expenses(2)	429,000	1,118,000
Total operating expenses	<u>25,930,000</u>	<u>42,243,000</u>
Operating loss	(8,029,000)	(19,647,000)
Other income (expense):		
Interest expense	(2,013,000)	(1,071,000)
Valuation adjustments	(115,000)	1,944,000
Other	(2,000)	31,000
Loss before income taxes	<u>(10,159,000)</u>	<u>(18,743,000)</u>
Income tax benefit	—	46,000
<b>Net loss</b>	<u>\$ (10,159,000)</u>	<u>\$ (18,697,000)</u>

(1)Excludes share-based compensation, depreciation, and amortization.

(2)Other operating expenses primarily consists of severance related expenses.

For total assets at January 31, 2025 and 2024 and total revenue and net loss for the fiscal years ended January 31, 2025 and 2024, see our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" herein.

## Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. On an ongoing basis, management evaluates its estimates and judgments, including those related to the recognition of revenue, share-based compensation, capitalization of software development costs, intangible assets, the allowance for credit losses, contingent consideration and income taxes. Actual results could differ from those estimates.

## Cash and Cash Equivalents

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash demand deposits. Cash deposits are placed in Federal Deposit Insurance Corporation (“FDIC”) insured financial institutions. Cash deposits may exceed FDIC insured levels from time to time. For purposes of the consolidated balance sheets and consolidated statements of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

## Non-Cash Items

The Company had the following items that were non-cash items related to the consolidated statements of cash flows:

	Fiscal Year	
	2024	2023
Payment of acquisition earnout liabilities in restricted common stock	690,000	—
Capitalized software purchased with stock (See Note 12)	136,000	140,000
Deferred financing costs	—	83,000

For the years ended January 31, 2025 and 2024, the Company recorded capitalized software purchased with stock, totaling \$136,000 and \$140,000, respectively, as non-cash items as it relates to non-cash investing activities in the condensed consolidated statements of cash flow.

For the year ended January 31, 2025, the Company settled the second year acquisition earnout liability in connection with the Avelead acquisition with the issuance of common shares in the amount of \$690,000, issued warrants in the amount of \$881,000 as debt discounts, settled the warrant liability of \$837,000 with an equity based warrant, deferred financing costs for the Notes (refer to Note 5 – Debt) in the amount of \$20,000 that was capitalized and paid in fiscal year 2023, and professional fees for the Common Stock Private Placement (refer to Note 7 – Equity) in the amount of \$4,000, respectively, as non-cash items as it relates to financing activities in the condensed consolidated statements of cash flows. The Company did not have any similar non-cash financing activities in the year ended January 31, 2024.

## Receivables

Accounts and contract receivables are comprised of amounts owed to the Company for licensed software, professional services, including coding audit services, consulting services, maintenance services, and software as a service and are presented net of the allowance for credit losses. The timing of revenue recognition may not coincide with the billing terms of the client contract, resulting in unbilled receivables or deferred revenues; therefore, certain contract receivables represent revenues recognized prior to client billings. Individual contract terms with clients or resellers determine when receivables are due. Accounts receivable represent amounts that the entity has an unconditional right to consideration. For billings where the criteria for revenue recognition have not been met, deferred revenue is recorded until the Company satisfies the respective performance obligations.

## Allowance for Credit Losses

The Company adjusts accounts receivable down to net realizable value. Effective February 1, 2023, the Company implemented ASC 326-10, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“CECL”). CECL provides the framework for the Company to evaluate its allowance for credit losses. In determining the allowance for credit losses, the Company established a historical credit loss rate adjusted for a premium, addressing any prospective changes to the risk of credit loss, that is applied against current sales. The Company evaluates individual receivables based upon the most recent information available and the status of any open or unresolved issues with the client preventing the payment thereof. Corrective action, if necessary, is taken by the Company to resolve open issues related to unpaid receivables. During these periodic reviews, significant judgement is required for the Company to determine the appropriate allowances for credit losses for estimated losses resulting from the unwillingness of its clients or resellers to make required payments. The Company believes its reserve is adequate, however, results may differ in future periods.

The following table summarizes the changes to the allowance account with the adoption of CECL:

	<u>January 31, 2024</u>	<u>CECL Adoption</u>	<u>Provision adjustments</u>	<u>Write-offs &amp; Recoveries</u>	<u>January 31, 2025</u>
Allowance for credit losses	\$ 86,000	\$ —	\$ (58,000)	\$ 31,000	\$ 59,000

  

	<u>January 31, 2023</u>	<u>CECL Adoption</u>	<u>Provision adjustments</u>	<u>Write-offs &amp; Recoveries</u>	<u>January 31, 2024</u>
Allowance for credit losses	\$ 132,000	\$ (36,000)	\$ (10,000)	\$ —	\$ 86,000

## Accrued Expenses

Accrued expenses consisted of the following:

	January 31,	
	2025	2024
Employee benefits and related compensation	\$ 929,000	\$ 1,071,000
Professional fees and services	338,000	389,000
Third party licenses	236,000	43,000
Customer concessions	238,000	233,000
State income and sales taxes payable	135,000	226,000
Interest, primarily on term loan	45,000	61,000
Total accrued expenses	<u>\$ 1,921,000</u>	<u>\$ 2,023,000</u>

## Concessions Accrual

The Company offers certain service level agreements within its client contracts such as uptime, support hours, and levels of support. Our contracts may include, and we may offer, credits to clients when these service line agreements are not met. The service level agreements are accounted for as variable consideration using a portfolio approach. As a result, we record an estimate of these concessions against our recorded revenue. In determining the concessions accrual, the Company evaluates historical concessions granted relative to revenue as well as future potential risk that these service level agreements will not be met. The Company records a provision, reducing revenue, for the estimated amount of concessions incurred on the revenue recorded. The Company evaluates the amount of the concession accrual each period for adequacy. Historically, concessions have not been significant. The concession accrual included in accrued expenses on the Company's consolidated balance sheet was \$238,000 and \$233,000 as of January 31, 2025 and 2024, respectively.

## Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method, over the estimated useful lives of the related assets. Estimated useful lives are as follows:

Computer equipment and software (years)	3 - 4
Office equipment (years)	5
Office furniture and fixtures (years)	5 - 7
Leasehold improvements	Term of lease or estimated useful life, whichever is shorter

Depreciation expense for property and equipment in fiscal 2024 and 2023 was \$46,000 and \$45,000, respectively.

Normal repairs and maintenance are expensed as incurred. Replacements are capitalized and the property and equipment accounts are relieved of the items being replaced or disposed of, if no longer of value. The related cost and accumulated depreciation of the disposed assets are eliminated and any gain or loss on disposition is included in the results of operations in the year of disposal.

## Leases

We determine whether an arrangement is a lease at inception. Right-of-use assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease.

Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the expected lease term. Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Since our lease arrangements do not provide an implicit rate, we use our estimated incremental borrowing rate for the expected remaining lease term at commencement date in determining the present value of future lease payments. We recognize operating lease cost on a straight-line basis by aggregating any rent abatement with the total expected rental payments and amortizing the expense ratably over the term of the lease. Sublease income is recognized as other income over the period of the lease, as the sublease is outside of the Company's normal business operations. See Note 4 – Operating Leases for further details.

## Debt Issuance Costs

Costs related to the Second Amended and Restated Loan and Security Agreement (as amended and modified, the "Loan Agreement") with Western Alliance Bank ("WAB") were capitalized and amortized to interest expense on a straight-line basis, which is not materially different from the effective interest method, over the term of the related debt, and presented on the Company's consolidated balance sheets as a direct deduction from the carrying amount of the current portion of our term loan. In fiscal 2023, the costs were presented on the Company's consolidated balance sheets as a direct deduction from the carrying amount of the non-current portion of our term loan.

## Impairment of Long-Lived Assets

The Company reviews the carrying value of long-lived assets for impairment whenever facts and circumstances exist that would suggest that assets might be impaired or that the useful lives should be modified. Among the factors the Company considers in making the evaluation are changes in market position and profitability. If facts and circumstances are present which may indicate that the carrying amount of the assets may not be recoverable, the Company will prepare a projection of the undiscounted cash flows of the specific asset or asset group and determine if the long-lived assets are recoverable based on these undiscounted cash flows. If impairment is indicated, an adjustment will be made to reduce the carrying amount of these assets to their fair values. For fiscal 2023, an impairment of long-lived assets in the amount of \$963,000 was recorded. Refer to Note 6 – Goodwill and Intangible Assets to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for additional information.

## Capitalized Software Development Costs

Software development costs for software to be sold, leased, or marketed are accounted for in accordance with ASC 985-20, *Software — Costs of Software to be Sold, Leased or Marketed*. Costs associated with the planning and design phase of software development are classified as research and development costs and are expensed as incurred. Once technological feasibility has been established, a portion of the costs incurred in development, including coding, testing and quality assurance, are capitalized until available for general release to clients, and subsequently reported at the lower of unamortized cost or net realizable value. Amortization is calculated on a solution-by-solution basis and is included in cost of professional fees and licenses on the consolidated statements of operations. Annual amortization is measured at the greater of (i) the ratio of the software product's current gross revenues to the total of current and expected gross revenues or (ii) straight-line over the remaining economic life of the software (typically two years). Unamortized capitalized costs determined to be in excess of the net realizable value of a solution are expensed at the date of such determination. Capitalized software development costs for software to be sold, leased, or marketed, net of accumulated amortization, totaled \$0 and \$287,000 as of January 31, 2025 and 2024, respectively.

Internal-use software development costs are accounted for in accordance with ASC 350-40, *Internal-Use Software*. The costs incurred in the preliminary stages of development are expensed as research and development costs as incurred. Once an application has reached the development stage, internal and external costs incurred to develop internal-use software are capitalized and amortized on a straight-line basis over the estimated useful life of the software (typically three to four years). Maintenance and enhancement costs, including those costs in the post-implementation stages, are typically expensed as incurred, unless such costs relate to substantial upgrades and enhancements to the software that result in added functionality, in which case the costs are capitalized and amortized on a straight-line basis over the estimated useful life of the software. The Company reviews the carrying value for impairment whenever facts and circumstances exist that would suggest that assets might be impaired or that the useful lives should be modified. Amortization expense related to capitalized internal-use software development costs is included in Cost of software as a service on the consolidated statements of operations. Capitalized software development costs for internal-use software, net of accumulated amortization, totaled \$4,850,000 and \$5,511,000 as of January 31, 2025 and 2024, respectively.

The estimated useful lives of software (including software to be sold and internal-use software) are reviewed frequently and adjusted as appropriate to reflect upcoming development activities that may include significant upgrades and/or enhancements to the existing functionality. The Company reviews, on an on-going basis, the carrying value of its capitalized software development expenditures, net of accumulated amortization. During fiscal 2024, the Company reviewed the remaining life of its Compare software and determined that the remaining life should be adjusted to be fully amortized as of year-end. At the time, the related asset was \$189,000 net of accumulated amortization, resulting in \$136,000 in additional amortization expense for the year ended January 31, 2025.

Amortization expense on all capitalized software development was \$2,644,000 and \$2,463,000 in fiscal 2024 and 2023, respectively. Further, the Company recognized an impairment of \$0 and \$18,000 in fiscal 2024 and fiscal 2023, respectively, related to cancelled or abandoned enhancement projects during fiscal 2024 and fiscal 2023 that have been recognized within amortization expense. Additionally, in fiscal 2024, \$3,132,000 of fully amortized assets were offset from their corresponding capitalization and accumulated amortization balance sheet accounts. In fiscal 2023, \$18,000 of abandoned assets were offset from their corresponding capitalization and accumulated amortization balance sheet accounts.

The Company uses the “carry-over” method for amortizing capitalized software development costs. Under the “carry-over” method, the costs of the enhancements are added to the unamortized costs of the previous version of the product and the combined amount is amortized over the remaining useful life of the product. Including unamortized cost of the original product with the cost of the enhancement for purposes of applying the net realizable value test and amortization provisions is consistent with accounting guidance for software companies that improve their software and discontinue selling or marketing the older versions.

	Fiscal Year	
	2024	2023
Amortization expense on internally-developed software included in:		
Cost of software as a service	\$ 2,357,000	\$ 2,229,000
Cost of professional fees and licenses	287,000	234,000
Total amortization expense on internally-developed software	<u>\$ 2,644,000</u>	<u>\$ 2,463,000</u>

The interest capitalized to software development cost reduces the Company’s interest expense recognized in the consolidated statements of operations. For fiscal year 2024 and 2023, interest capitalized totaled to \$34,000 and \$9,000, respectively.

Research and development expense was \$4,629,000 and \$5,704,000 in fiscal 2024 and 2023, respectively.

## Fair Value of Financial Instruments

The FASB’s authoritative guidance on fair value measurements establishes a framework for measuring fair value and expands disclosure about fair value measurements. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Under this guidance, assets and liabilities carried at fair value must be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value based on the short-term maturity of these instruments. Cash and cash equivalents are classified as Level 1. For fiscal 2024 and 2023, there were no transfers of assets or liabilities between Levels 1, 2, or 3.

The table below provides information on our liabilities that are measured at fair value on a recurring basis:

	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>At January 31, 2024</b>				
Acquisition earnout liability (1)	\$ 1,794,000	\$ —	\$ —	\$ 1,794,000

(1) On March 27, 2024, the Company issued the shares of its common stock owed as part of the acquisition earnout liability related to the acquisition of Avelead Consulting, LLC (“Avelead”). The remaining obligation related to the acquisition earnout liability is to be settled in cash (refer to Note 3 – Business Combinations for more information). At that time, the acquisition earnout liability no longer qualified as a Level 3 fair value calculation and was transferred out. As of that date, the Company recorded a valuation adjustment of \$159,000 using the value of the shares issued adjusted for a discount for lack of marketability. See the table below for the roll-forward of values including the amount transitioned out of Level 3.

The table below provides the Level 3 roll-forward on the fair value of our acquisition earnout liability for the year ended January 31, 2025:

	<b>January 31, 2025</b>
Beginning balance	\$ 1,794,000
Settlement - common stock	(690,000)
Settlement - cash	(447,000)
Realized loss	159,000
Transfer out	(817,000)
Ending balance	\$ —

The value of the Company’s acquisition earnout liability at January 31, 2025, represents the remaining cash obligation of \$377,000. The Company reached an agreement with the former owners of Avelead to settle the cash obligation by making periodic payments. The remaining outstanding amounts were originally contractually due by October 31, 2024.

The fair value of the Company's term loan under its Loan Agreement was determined through an analysis of the interest rate spread from the date of closing the loan ( August 2021) to the date of the most recent balance sheets, January 31, 2025 and January 31, 2024. The term loan bears interest at a per annum rate equal to the Prime Rate (as published in The Wall Street Journal) plus 1.5%, with a Prime "floor" rate of 3.25%. The prime rate is variable and, thus accommodates changes in the market interest rate. However, the interest rate spread (the 1.5% added to the Prime Rate) is fixed. We estimated the impact of the changes in the interest rate spread by analogizing the effect of the change in the Corporate bond rates, reduced for any changes in the market interest rate. This provided us with an estimated change to the interest rate spread of approximately 0.5% from the date we entered the debt agreement to January 31, 2025 and January 31, 2024. The fair value of the debt as of January 31, 2025 and January 31, 2024 was estimated to be \$7,330,000 and \$8,807,000, respectively, or a discount to book value of \$171,000 and \$193,000, respectively. The fair value of the line of credit as of January 31, 2025 and January 31, 2024, was estimated to be \$991,000 and \$1,463,000, respectively, or a discount to book value of \$9,000 and \$37,000, respectively. The fair value of the Company's term loan and line of credit represents a Level 2 measurement.

The estimated fair value of the Company's notes payable under its private placement notes payables was determined through an analysis of the interest rate spread from the date of closing of the private placement, February 7, 2024 (the "Issuance Date"), to the date of the most recent balance sheet, January 31, 2025 (the "Measurement Date"). The Company estimated the yield of a 30-month treasury by interpolating the yields of the 1-month through 10-year treasury yields on the Issuance Date and the Measurement Date. A High Yield Index Option Adjusted Spread, as published by the Federal Reserve Bank of St. Louis, for the same dates was added to the treasury yield spread to calculate a High-Yield Spread Adjusted 30-Month Rate. This provided an estimated change to the effective interest rate spread of approximately 1.25% less than the Issuance Date. The fair value of the Company's notes payable as of January 31, 2025, was estimated to be \$4,357,000, or a discount to book value of \$58,000. The fair value of the Company's notes payable represents a Level 2 measurement.

## Revenue Recognition

We derive revenue from the sale of internally-developed software, either by licensing for local installation or by a SaaS delivery model, through our direct sales force or through third-party resellers. Licensed, locally-installed clients on a perpetual model utilize our support and maintenance services for a separate fee, whereas term-based locally installed license fees and SaaS fees include support and maintenance. We also derive revenue from professional services that support the implementation, configuration, training and optimization of the applications, as well as audit services and consulting services.

We recognize revenue in accordance with Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Clients* (“ASC 606”), under the core principle of recognizing revenue to depict the transfer of promised goods or services to clients in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

We commence revenue recognition (Step 5 below) in accordance with that core principle after applying the following steps:

- Step 1: Identify the contract(s) with a client
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Often contracts contain more than one performance obligation. Performance obligations are the unit of accounting for revenue recognition and generally represent the distinct goods or services that are promised to the client. Revenue is recognized net of any taxes collected from clients and subsequently remitted to governmental authorities.

If we determine that we have not satisfied a performance obligation, we defer recognition of the revenue until the performance obligation is satisfied. Maintenance and support and SaaS agreements are generally non-cancellable or contain significant penalties for early cancellation, although clients typically have the right to terminate their contracts for cause if we fail to perform material obligations. However, if non-standard acceptance periods, non-standard performance criteria, or cancellation or right of refund terms are required, revenue is recognized upon the satisfaction of such criteria.

The transaction price is determined by summing all the consideration the Company expects to receive from the client under the contract. At times, a contract may have variable attributes (i.e., performance guarantees, service level agreements, optional terms) that the Company must consider when establishing the transaction price to mitigate significant revenue reversals for the contract. The determined transaction price is allocated based on the standalone selling price (“SSP”) of the performance obligations in contract. Significant judgment is required to determine the SSP for each performance obligation, inclusion of variable consideration, the amount allocated to each performance obligation and whether it depicts the amount that the Company expects to receive in exchange for the related product and/or service. The Company recognizes revenue for implementation of its eValuator SaaS solution over the contract term, as it has been determined that those implementation services are not a distinct performance obligation. Services for other SaaS and Software solutions such as CDI, RevID and Compare, have been determined as a distinct performance obligation. For these agreements, the Company estimates SSP of its software licenses using the residual approach when the software license is sold with other services and observable SSPs exist for the other services. The Company estimates the SSP for maintenance, professional services, software as a service and audit services based on observable standalone sales.

### *Contract Combination*

The Company may execute more than one contract or agreement with a single client. The Company evaluates whether the agreements were negotiated as a package with a single objective, whether the amount of consideration to be paid in one agreement depends on the price and/or performance of another agreement, or whether the goods or services promised in the agreements represent a single performance obligation. The conclusions reached can impact the allocation of the transaction price to each performance obligation and the timing of revenue recognition related to those arrangements.

The Company has utilized the portfolio approach as the practical expedient. We have applied the revenue model to a portfolio of contracts with similar characteristics where we expected that the financial statements would not differ materially from applying it to the individual contracts within that portfolio.

### *Software Licenses*

The Company's software license arrangements provide the client with the right to use functional intellectual property. Implementation, support, and other services are typically considered distinct performance obligations when sold with a software license unless these services are determined to significantly modify the software. Revenue is recognized at a point in time. Typically, this is upon shipment of components or electronic download of software.

### *Maintenance and Support Services*

Our maintenance and support obligations include multiple discrete performance obligations, with the two largest being unspecified product upgrades or enhancements, and technical support, which can be offered at various points during a contract period. We believe that the multiple discrete performance obligations within our overall maintenance and support obligations can be viewed as a single performance obligation since both the unspecified upgrades and technical support are activities to fulfill the maintenance performance obligation and are rendered concurrently. Maintenance and support agreements entitle clients to technology support, version upgrades, bug fixes and service packs. We recognize maintenance and support revenue over the contract term.

### *Software-Based Solution Professional Services*

The Company provides various professional services to clients with software licenses. These include project management, software implementation and software modification services. Revenues from arrangements to provide professional services are generally distinct from the other promises in the contract and are recognized as the related services are performed. Consideration payable under these arrangements is either fixed fee or on a time-and-materials basis and is recognized over time as the services are performed.

### *Software as a Service*

SaaS-based contracts include a right to use of the Company's platform and support which represent a single promise to provide continuous access to its software solutions. Implementation services for the Company's eValuator product are included as part of the single promise for its respective contracts. The Company recognizes revenue for implementation of the eValuator product over the contract term as it is determined that the implementation on eValuator is not a distinct performance obligation. Implementation services for other SaaS products are deemed to be separate performance obligations that are recognized over time as the services are performed.

### *Audit Services*

The Company provides technology-enabled coding audit services to help clients review and optimize their internal clinical documentation and coding functions across the applicable segment of the client's enterprise. Audit services are a separate performance obligation. We recognize revenue over time as the services are performed.

### *Disaggregation of Revenue*

The following table provides information about disaggregated revenue by type and nature of revenue stream:

	Fiscal Year	
	2024	2023
Over time revenue	\$ 17,617,000	\$ 22,358,000
Point in time revenue	284,000	238,000
<b>Total revenue</b>	<b>\$ 17,901,000</b>	<b>\$ 22,596,000</b>

The Company includes revenue categories of (i) over time and (ii) point in time revenue. The Company includes revenue categories of (i) SaaS, (ii) maintenance and support, (iii) professional services, and (iv) audit services as over time revenue. For point in time revenue, the performance obligation is recognized as the point in time when the obligation is fully satisfied. The Company includes software licenses as point in time revenue.

### *Contract Assets and Deferred Revenues*

The Company receives payments from clients based upon contractual billing schedules. Contract receivables include amounts related to the Company's contractual right to consideration for completed performance obligations not yet invoiced. Deferred revenues include payments received in advance of performance under the contract or amounts billed, but not collected, under a contractual right. Our contract receivables and deferred revenue are reported on an individual contract basis at the end of each reporting period. Contract receivables are classified as current or noncurrent based on the timing of when we expect to bill the client. Deferred revenue is classified as current or noncurrent based on the timing of when we expect to recognize revenue. In the year ended January 31, 2025, we recognized approximately \$6,807,000 in revenue from deferred revenues outstanding as of January 31, 2024. Revenue allocated to remaining performance obligations was \$28,899,000 as of January 31, 2025, of which the Company expects to recognize approximately 47% over the next 12 months and the remainder thereafter.

### *Deferred costs (costs to fulfill a contract and contract acquisition costs)*

We defer the direct costs, which include salaries and benefits, for professional services related to SaaS contracts as a cost to fulfill a contract. These deferred costs will be amortized on a straight-line basis over the contractual term. As of January 31, 2025, and 2024, we had deferred costs of \$65,000 and \$77,000, respectively, net of accumulated amortization of \$67,000 and \$102,000, respectively. Amortization expense of these costs was \$57,000 and \$82,000 in fiscal 2024 and 2023, respectively. There were no impairment losses for these capitalized costs for the fiscal 2024 and 2023. Additionally, in fiscal 2024, approximately \$92,000 of fully amortized contracts were cleared from their corresponding capitalization and accumulated amortization balance sheet accounts, compared to \$155,000 in fiscal 2023.

Contract acquisition costs, which consist of sales commissions paid or payable, is considered incremental and recoverable costs of obtaining a contract with a client. Sales commissions for initial and renewal contracts are deferred and then amortized on a straight-line basis over the contract term. As a practical expedient, we expense sales commissions as incurred when the amortization period of related deferred commission costs would have been one year or less.

Deferred commissions costs paid and payable, which are included on the consolidated balance sheets within other non-current assets totaled \$1,127,000 and \$1,461,000, respectively, as of January 31, 2025 and 2024. In fiscal 2024 and 2023, amortization expense associated with deferred sales commissions was \$669,000 and \$588,000, respectively, and was included in selling, general and administrative expenses on the consolidated statements of operations. For the years ended January 31, 2025 and 2024, the Company recorded an impairment of \$93,000 and \$35,000, respectively, for the deferred commission costs.

### **Concentrations**

Financial instruments, which potentially expose the Company to concentrations of credit risk, consist primarily of accounts receivable. The Company's accounts receivables are concentrated in the healthcare industry. However, the Company's clients typically are well-established hospitals, medical facilities or major health information systems companies with good credit histories that resell the Company's solutions. Payments from clients have been received within normal time frames for the industry. However, some hospitals and medical facilities have experienced significant operating losses as a result of limits on third-party reimbursements from insurance companies and governmental entities and extended payment of receivables from these entities is not uncommon.

To date, the Company has relied on a limited number of clients and remarketing partners for a substantial portion of its total revenues. The Company expects that a significant portion of its future revenues will continue to be generated by a limited number of clients and its remarketing partners.

## Goodwill and Intangible Assets

Goodwill and other intangible assets were recognized in conjunction with the Avelead acquisition, and certain other acquisitions from fiscal 2013 and prior (prior to divestiture of such assets). Identifiable intangible assets include purchased intangible assets with finite lives, which primarily consist of internally-developed software and client relationships. Finite-lived purchased intangible assets are amortized over their expected period of benefit, which generally ranges from one to 15 years, using the straight-line method.

The Company assesses the useful lives and possible impairment of intangible assets when an event occurs that may trigger such a review. Factors considered important which could trigger a review include:

- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for the overall business;
- identification of other impaired assets within a reporting unit;
- disposition of a significant portion of an operating segment;
- significant negative industry or economic trends;
- significant decline in the Company's stock price for a sustained period; and
- a decline in the market capitalization relative to the net book value.

Determining whether a triggering event has occurred involves significant judgment by the Company.

The Company assesses goodwill annually (as of November 1), or more frequently when events and circumstances, such as the ones mentioned above, occur indicating that the recorded goodwill may be impaired. In assessing qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company assesses relevant events and circumstances that may impact the fair value and the carrying amount of a reporting unit. The identification of relevant events and circumstances and how these may impact a reporting unit's fair value or carrying amount involve significant judgments by management. These judgments include the consideration of macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, events which are specific to the Company and trends in the market price of the Company's common stock. Each factor is assessed to determine whether it impacts the impairment test positively or negatively, and the magnitude of any such impact.

During the third quarter of fiscal 2024, the Company's market capitalization fell below the Company's carrying value of equity for a prolonged period of time (the "2024 Triggering Event"). Based on the 2024 Triggering Event, the Company identified indicators of possible impairment and initiated testing using a valuation date of October 31, 2024. The impairment tests were conducted under guidance of ASC Topic 360, Impairment and Disposal of Long-Lived Assets ("ASC 360") for certain long-lived assets, including capitalized contract costs, developed technology, client relationships and trade names, and in accordance with ASC Topic 350, Intangibles – Goodwill and Other ("ASC 350") with respect to the reporting unit's goodwill. The results of the impairment test showed the fair value of the reporting unit was higher than the equity carrying value, resulting in no goodwill impairment.

In the third quarter of fiscal 2023, the Company received a notice from a significant SaaS client of its intent not to renew its contract following the expiration of the current term on December 31, 2023. At that time, the Company elected to accelerate the execution of the Strategic Restructuring that was designed to reduce costs while maintaining the Company's ability to expand its SaaS business. Both the client termination and the execution of the Strategic Restructuring were announced on October 16, 2023. Following these announcements, the Company's share price declined significantly. Based on these events (collectively, the "Triggering Events"), the Company identified indicators of possible impairment and initiated testing using a valuation date of October 31, 2023. The impairment tests were conducted under guidance of ASC Topic 360, Impairment and Disposal of Long-Lived Assets ("ASC 360") for certain long-lived assets, including capitalized contract costs, developed technology, client relationships and trade names, and in accordance with ASC Topic 350, Intangibles – Goodwill and Other ("ASC 350") with respect to the reporting unit's goodwill.

Reporting units are determined based on the organizational structure the entity has in place at the date of the impairment test. A reporting unit is an operating segment or component business unit with the following characteristics: (a) it has discrete financial information, (b) segment management regularly reviews its operating results (generally an operating segment has a segment manager who is directly accountable to and maintains regular contact with the chief operating decision maker to discuss operating activities, financial results, forecasts or plans for the segment), and (c) its economic characteristics are dissimilar from other units (this contemplates the nature of the products and services, the nature of the production process, the type or class of client for the products and services and the methods used to distribute the products and services). The Company determined that for fiscal 2024 and 2023 it has one operating segment and one reporting unit.

The Company estimates the fair value of its reporting unit using a combination of the market approach and income approach, via a discounted cash flow valuation model which includes, but is not limited to a “risk-free” rate of return on an investment, and assumptions such as, the weighted average cost of capital of a market participant and future revenue, operating margin, working capital and capital expenditure trends. Determining the fair value of the reporting unit and goodwill includes significant judgment by management, and different judgments could yield different results.

Based on the analysis performed for fiscal 2024, the fair value of the reporting unit exceeded the carrying amount of the reporting unit, including goodwill, and, therefore, a goodwill impairment loss was not recognized. The Company performed an interim goodwill assessment for fiscal 2023 as of October 31, 2023 using the approaches described above. The assessment identified a goodwill impairment of \$9,813,000 that was recorded. Refer to Note 6 – Goodwill and Intangible Assets to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” for additional information.

## **Equity Awards**

The Company accounts for share-based payments based on the grant-date fair value of the awards with compensation cost recognized as expense over the requisite service period. For awards to non-employees, the Company recognizes compensation expense in the same manner as if the entity had paid cash for the goods or services. The Company incurred total annual compensation expense related to stock-based awards of \$1,964,000 in fiscal 2024, net of \$136,000 of capitalized non-employee stock compensation, and \$2,102,000, net of \$140,000 of capitalized non-employee stock compensation, in fiscal 2023.

The fair value of the stock options granted are estimated at the date of grant using a Black-Scholes option pricing model. Option pricing model input assumptions such as expected term, expected volatility and risk-free interest rate impact the fair value estimate. The Company recognizes forfeitures as they occur. These assumptions are subjective and are generally derived from external (such as, risk-free rate of interest) and historical data (such as, volatility factor, expected term and forfeiture rates). Future grants of equity awards accounted for as stock-based compensation could have a material impact on reported expenses depending upon the number, value and vesting period of future awards.

The Company issues restricted stock awards in the form of Company common stock. The fair value of these awards is based on the market close price per share on the grant date. The Company expenses the compensation cost of these awards as the restriction period lapses, which is typically a one- to four-year service period to the Company. In fiscal 2024 and 2023, 13,644 and 12,730 shares of common stock were surrendered to the Company to satisfy tax withholding obligations totaling \$81,000 and \$280,000, respectively, in connection with the vesting of restricted stock awards. Shares surrendered by the restricted stock award recipients in accordance with the applicable plan are deemed cancelled, and therefore are not available to be reissued. The Company issued 174,654 and 99,228 shares of restricted stock in fiscal 2024 and 2023, respectively.

### *Market-Based Awards*

For awards with a market condition, the Company adjusts the grant date fair value for the condition. The Company used separate Monte Carlo valuation models, as of the grant date, to determine the expected length and fair value of this particular award. Both models used the Company's historical equity volatility, current stock price, and hurdle target price for vesting. The service period model also included an assumption for the Company's 10-year normalized risk-free rate. The associated compensation expense is recognized provided the service condition is provided regardless of whether the market condition is satisfied.

On July 18, 2024, the Company executed a Restricted Stock Agreement (the “Restricted Stock Agreement”) to issue 13,333 shares of restricted stock with a market vesting condition to a member of the Board. The shares will vest on the date the stock closes at a fair market value of at least \$26.25 per share.

On September 4, 2024, the Restricted Stock Agreement was amended to rescind 6,666 shares of restricted stock. The remaining shares will vest in full upon the stock closing at a fair market value of at least \$26.25 per share, but no earlier than July 18, 2025. The award modification was reevaluated using the same Monte Carlo valuation model and input as the original grant with a change to account for the minimum vesting period. The impacts of the modification were immaterial.

## **Warrants**

The Company reviews the specific terms for its warrants and applies the authoritative FASB guidance under ASC topics 480, Distinguishing Liabilities from Equity ("ASC 480") and ASC 815, Derivatives and Hedging ("ASC 815") to account for the warrants as either equity-classified or liability-classified instruments. This review identifies if the warrants are freestanding financial instruments under ASC 480, should be defined as a liability under ASC 480, and whether the warrants meet all requirements of ASC 815 to be classified as equity, including whether the warrants are indexed to the Company's own common stock, if there are conditions where warrant holders could potentially require "net cash settlement" in a circumstance that would be outside of the Company's control, among other conditions for equity classification. This assessment requires the use of professional judgment and is conducted at the time of warrant issuance plus as of each subsequent quarterly period end date while the warrants are outstanding.

For the issued or modified warrants that qualify for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the condensed consolidated Statements of Operations as "valuation adjustments." The fair value of the warrants is estimated using a Black-Scholes pricing model.

The warrants initially met the classification of liability as of the origination date on February 7, 2024. In the Company's second quarter, the warrants met the requirements of equity classification, and a final valuation of the fair value of the warrant liability was performed and recorded. The estimated fair value of the warrant liability is calculated using a Black-Scholes pricing model. The model input uses the warrant strike prices of \$5.70 and \$5.85, market prices on the measurement dates (\$5.10 as of February 7, 2024, \$4.50 as of April 30, 2024, and \$4.95 as of May 7, 2024) plus assumptions and model inputs for expected term, historical volatility and risk-free interest rate impact the fair value estimate. These assumptions are subjective and are generally derived from external (such as, risk-free rate of interest) and historical data (such as, volatility factor and expected term). The warrants carry a term of 48 months and the Company assumes they are held until expiration. The risk-free rate was determined from the U.S. Treasury published daily treasury yields corresponding with the remaining expected term which ranged between 4% - 5%. The Company's common stock volatility was estimated between 91% - 92% utilizing its historical average closing price for preceding trading days equal to expected term remaining.

## **Income Taxes**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for tax credit and loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. In assessing net deferred tax assets, the Company considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. The Company establishes a valuation allowance when it is more likely than not that all or a portion of deferred tax assets will not be realized. Refer to Note 7 – Income Taxes to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for further details.

The Company provides for uncertain tax positions and the related interest and penalties based upon management’s assessment of whether certain tax positions are more likely than not to be sustained upon examination by tax authorities. At January 31, 2025, the Company believes it has appropriately accounted for any uncertain tax positions.

### Net Earnings (Loss) Per Common Share

The Company presents basic and diluted earnings per share (“EPS”) data for our common stock.

Our unvested restricted stock awards are considered non-participating securities because holders are not entitled to non-forfeitable rights to dividends or dividend equivalents during the vesting term. In accordance with ASC 260, securities are deemed not to be participating in losses if there is no obligation to fund such losses. Diluted EPS for our common stock is computed using the treasury stock method.

The following is the calculation of the basic and diluted net loss per share of common stock:

	Fiscal Year	
	2024	2023
<b>Basic earnings (loss) per share:</b>		
Net loss	\$ (10,159,000)	\$ (18,697,000)
Basic net loss per share of common stock	\$ (2.53)	\$ (4.96)
<b>Diluted earnings (loss) per share (1):</b>		
Loss available to common stockholders	\$ (10,159,000)	\$ (18,697,000)
Diluted net loss per share of common stock	\$ (2.53)	\$ (4.96)
Net loss	\$ (10,159,000)	\$ (18,697,000)
Weighted average shares outstanding – Basic (1)	4,008,846	3,767,361
Effect of dilutive securities – Stock options and Restricted stock (2)	—	—
Weighted average shares outstanding – Diluted	4,008,846	3,767,361
Basic and diluted net loss per share of common stock	\$ (2.53)	\$ (4.96)

(1) Excludes the effect of unvested restricted shares of common stock, which are considered non-participating securities. As of January 31, 2025 and 2024, there were 213,273 and 131,350 unvested restricted shares of common stock, respectively.

(2) Diluted net loss per share excludes the effect of shares that are anti-dilutive. As of January 31, 2025, there were 3,630 outstanding stock options and 213,273 unvested restricted shares of common stock. As of January 31, 2024, there were 4,496 outstanding stock options and 131,350 unvested restricted shares of common stock.

## Loss Contingencies

We are subject to the possibility of various loss contingencies arising in the normal course of business. We consider the likelihood of the loss or impairment of an asset or the incurrence of a liability as well as our ability to reasonably estimate the amount of loss in determining loss contingencies. An estimated loss contingency is accrued when it is probable that a liability has been incurred or an asset has been impaired, and the amount of loss can be reasonably estimated. We regularly evaluate current information available to us to determine whether to accrue for a loss contingency and adjust any previous accrual.

## Restructuring

On October 16, 2023, the Company announced it was executing a Strategic Restructuring designed to reduce expenses while maintaining the Company's ability to expand its SaaS business. The Strategic Restructuring initiatives included a reduction in force, resulting in the termination of 26 employees, or approximately 24% of the Company's workforce. To execute the Strategic Restructuring, the Company incurred one-time restructuring costs associated with the workforce reduction of approximately \$759,000, and the Company has recognized all expenses associated with the Strategic Restructuring as of the end of fiscal 2023. The costs pertain to severance and other employee termination-related costs and various professional fees the Company required to assist with execution of the Strategic Restructuring. The following is a reconciliation of the Strategic Restructuring liability reflected on the Company's consolidated balance sheet under "Accrued expenses".

	(in thousands)					
	Accrued Balance as of January 31, 2024	2024 Expenses to Date	2024 Cash Payments	Accrued Balance as of January 31, 2025	As of January 31, 2025	
					Total Costs Incurred to Date	Total Expected Costs
<b>Severance expense</b>						
Cost of sales	\$ —	\$ —	\$ —	\$ —	\$ 154	\$ 154
Selling, general, and administrative	74	—	(74)	—	350	350
Research and development	—	—	—	—	227	227
<b>Total severance expense</b>	<b>\$ 74</b>	<b>\$ —</b>	<b>\$ (74)</b>	<b>\$ —</b>	<b>\$ 731</b>	<b>\$ 731</b>
Professional fees	—	—	—	—	28	28
<b>Total</b>	<b>\$ 74</b>	<b>\$ —</b>	<b>\$ (74)</b>	<b>\$ —</b>	<b>\$ 759</b>	<b>\$ 759</b>

	(in thousands)			
	Accrued Balance as of January 31, 2023	2023 Expenses to Date	2023 Cash Payments	Accrued Balance as of January 31, 2024
<b>Severance expense</b>				
Cost of sales	\$ —	\$ 154	\$ (154)	\$ —
Selling, general, and administrative	—	350	(276)	74
Research and development	—	227	(227)	—
<b>Total severance expense</b>	<b>\$ —</b>	<b>\$ 731</b>	<b>\$ (657)</b>	<b>\$ 74</b>
Professional fees	—	28	(28)	—
<b>Total</b>	<b>\$ —</b>	<b>\$ 759</b>	<b>\$ (685)</b>	<b>\$ 74</b>

## Accounting Pronouncements Recently Adopted

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"), which provides amendments to improve reportable segment disclosures requirements. The Company adopted ASU 2023-07 in the annual report for the fiscal year ending January 31, 2025. As a result, the Company has included the additional required disclosures in Note 2 with retrospective presentation to all prior periods presented in the financial statements. The adoption of ASU 2023-07 did not impact the Company's results of operations, cash flows, or balance sheets.

## Recent Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which enhance the transparency and decision usefulness of income tax disclosures. For public entities, ASU 2023-09 is effective for annual periods beginning after December 15, 2024. The adoption of this ASU is not expected to have a material impact on our consolidated financial statements or disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which improves financial reporting by requiring public entities to disclose additional information about specific expense categories in the notes of the financial statements at interim and annual reporting period. ASU 2024-03 is effective for all public entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. The adoption of this ASU is expected to improve reporting and is not expected to have an overall material impact on our financial disclosures.

## **NOTE 3 — BUSINESS COMBINATION**

### *Avelead Acquisition*

The Company acquired all of the equity interests of Avelead as part of the Company's strategic expansion into the revenue cycle management, acute-care healthcare space (the "Transaction"). The Transaction was completed on August 16, 2021.

The aggregate consideration for the purchase of Avelead was approximately \$29.7 million (at fair value) consisting of (i) \$12.5 million in cash, net of cash acquired, (ii) \$6.5 million in common stock, and (iii) approximately \$10.7 million in contingent consideration (see below). The Company issued 334,798 shares of its restricted common stock (the "Acquisition Restricted Common Stock"). The Acquisition Restricted Common Stock had a fair value as of the closing date of the acquisition of \$6.5 million. Additionally, the Transaction included two types of contingent consideration; the first is referred to herein as "SaaS Contingent Consideration" and the second is referred to herein as "Renewal Contingent Consideration." The SaaS Contingent Consideration and Renewal Contingent Consideration had an aggregate value of approximately \$10.7 million as of the date of closing. The owners of Avelead are also referred to herein as "Sellers" and are enumerated in the UPA (as defined below).

The Unit Purchase Agreement (hereafter referred to as the "UPA"), stated that the purchase price for Avelead at closing included a cash payment of \$11.9 million. Additionally, the Company paid \$285,000 of the Sellers' closing costs, \$285,000 related to the working capital adjustment as defined in the UPA. Finally, at closing, the Company issued the Acquisition Restricted Common Stock with a fair value of approximately \$6.5 million, based on a 30-day average of the closing price of the Company's common stock prior to the closing date. The SaaS Contingent Consideration and the Renewal Contingent Consideration described in more detail below were included in the UPA as potential future consideration for the Transaction. These are reflected on the Company's consolidated balance sheet as "Acquisition earnout liability."

The contingent consideration is comprised of "SaaS Contingent Consideration" and "Renewal Contingent Consideration" which are described in more detail as follows:

- The SaaS Contingent Consideration is calculated based upon Avelead's recurring SaaS revenue recognized during the first and second year following the closing of the Transaction. The Company will pay the SaaS Contingent Consideration as follows: (i) 50% in cash and (ii) 50% in shares of Company common stock valued at the time the earnout is paid subject to a collar, as described below.
- The first year SaaS Contingent Consideration was calculated as 75% of Avelead's recognized SaaS revenue from September 1, 2021 to August 31, 2022. The first-year payment was subject to a deduction of \$665,000 spread equally between the cash and common stock portion of the earnout consideration. Assuming that Avelead was within 80% of its forecasted SaaS revenue in the first year earnout, the Company agreed to a floor and ceiling on the value of the Company's restricted common stock issued as consideration for the earnout. That collar had a floor of \$52.50 per share and a ceiling of \$82.50 per share for the first year earnout. The first year SaaS Contingent Consideration was paid on November 21, 2022, as discussed in more detail below.

- The second year SaaS Contingent Consideration was calculated as 40% of Avelead’s recognized SaaS revenue from September 1, 2022 to August 31, 2023. Assuming that Avelead was within 80% of its forecasted SaaS revenue in the second year earnout, the Company agreed to a floor and ceiling on the Company’s restricted common stock issued as consideration for the earnout. That collar had a floor of \$67.50 per share and a ceiling of \$97.50 per share for the second year earnout. A portion of the cash payout for the second year SaaS Contingent Consideration remained outstanding as of January 31, 2025, as described below.
- The Renewal Contingent Consideration was tied directly to a successful renewal of a specific client of Avelead. To meet the definition of a renewal, Avelead was required to achieve a minimum threshold of contracted revenue in an updated, annual, renewed contract with the specified client. The renewal occurred on or about June 1, 2022 and June 1, 2023. The Renewal Contingent Consideration was payable in shares of Company restricted common stock valued as of the date of closing. The Renewal Contingent Consideration is either earned or not earned based upon the renewal of the specified client at the minimum amount of contracted revenue. There is no pro-ration of the underlying Renewal Contingent Consideration.

On November 21, 2022, the Company made the first year earnout payments and issued shares of restricted common stock to the Sellers in accordance with the UPA. In connection with the first year earnout payment, the Company made an aggregate cash payment of \$2,012,000 and issued a combined total of 124,735 unregistered securities in the form of restricted common stock, par value \$0.01 per share (“restricted common stock”), with respect to the first year earnout consideration. The estimated aggregate value of the first year earnout payment was \$4,000,000 with respect to the SaaS Contingent Consideration and \$1,000,000 with respect to the Renewal Contingent Consideration.

As of January 31, 2024, the estimated aggregate value of the second year earnout consideration was \$1,794,000. On March 27, 2024, the Company issued 105,958 unregistered securities in the form of restricted common stock, par value \$0.01 per share, with respect to the second year earnout consideration. The Company has made cash payments of \$887,000 related to the second year earnout consideration. The remaining outstanding amounts were originally contractually due by October 31, 2024, and is reflected on the Company’s consolidated balance sheet as “acquisition earnout liability” totaling \$377,000 as of January 31, 2025.

The Company entered into an employment agreement and a separation agreement with each of the two Sellers. Acquisition-related costs include the cost of a two-year separation agreement with one of the Sellers. The separation agreement was expensed at the closing of the transaction as there were no material future obligations of the Seller to the Company within acquisition-related costs. The employment agreement with the other Seller had a two-year term and entitled the Seller to six-months separation pay in the event of termination without cause. The expense for the employment agreement is recognized ratably over the service period customary with other employment agreements within selling, general, and administrative expense. On September 1, 2023, the Company terminated the employment agreement. In exchange for a general release from the Seller, the Company agreed to accelerate the vesting of 10,000 outstanding and unvested shares of restricted common stock of the Company previously granted to the Seller, subject to such Seller’s non-revocation of a general release of claims against the Company.

#### **NOTE 4 — OPERATING LEASES**

We determine whether an arrangement is a lease at inception. Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the expected lease term. Since our lease arrangements do not provide an implicit rate, we use our incremental borrowing rate for the expected remaining lease term at commencement date for new and existing leases in determining the present value of future lease payments. Operating lease expense is recognized on a straight-line basis over the lease term. The Company has moved to a virtual office model and does not have a physical office space. Membership agreements and daily space rentals are leveraged by the Company when groups need to meet in person with the costs expensed as incurred. As of January 31, 2025 and 2024, the Company recorded \$28,000 and \$30,000, respectively, related to such space rentals.

##### *Alpharetta Office Lease*

The Company entered into a lease for office space in Alpharetta, Georgia, on March 1, 2020. The lease expired on March 31, 2023. At inception, the Company recorded a right-of use asset of \$540,000, and related current and long-term operating lease obligation in the accompanying consolidated balance sheet. As of January 31, 2024, operating lease right-of use assets totaled \$32,000, and the associated lease liability of \$35,000 was included in current liabilities. The Company used a discount rate of 6.5% to determine the lease liability. As of January 31, 2025 and 2024, the Company had lease operating costs of approximately \$0 and \$32,000, respectively. The Company paid cash of approximately \$0 and \$36,000 for the lease in fiscal 2024 and fiscal 2023, respectively.

On October 1, 2021, the Company entered into an agreement with a third-party to sublease its office space in Alpharetta, Georgia, (the “Sublease Agreement”). The sublease term is for 18 months which coincides with the Company’s underlying lease (see below). The Company received \$292,000 from the sublessee over the term of the sublease. The sublease did not relieve the Company of its original obligation under the lease, and therefore the Company did not adjust the operating lease right-of-use asset and related liability. The Company incurred an amount of fees and expenses to enter into the Sublease Agreement that were recorded as “acquisition-related costs” for fiscal 2021. As of January 31, 2025 and 2024, the Company recorded \$0 and \$33,000, respectively, as other income related to the sublease.

##### *Suwanee Office Lease*

Upon acquiring Avelead on August 16, 2021 (refer to Note 3 – Business Combination), the Company assumed an operating lease agreement for the corporate office space of Avelead. The 36-month term lease commenced March 1, 2019, and initially expired on February 28, 2022. As of January 31, 2025 and 2024, the Company recorded \$0 and \$6,000 in rent expense, respectively. The lessor is an entity controlled by one of the Sellers that was employed by the Company until August 2023. In February 2022, the Company renewed the lease for twelve months. The Company made monthly lease payments of \$5,999 for a total of \$71,984 over the term of the lease. The lease expired on February 28, 2023, and was not renewed.

**NOTE 5 — DEBT**

Outstanding principal balances on debt consisted of the following at:

	<b>January 31, 2025</b>	<b>January 31, 2024</b>
Term loan	\$ 7,500,000	\$ 9,000,000
Financing cost payable	245,000	135,000
Less: Deferred financing cost	(36,000)	(69,000)
Total	7,709,000	9,066,000
Less: Current portion	(7,709,000)	(1,500,000)
Non-current portion of debt	\$ —	\$ 7,566,000
	<b>January 31, 2025</b>	<b>January 31, 2024</b>
Notes payable and accrued interest	\$ 5,095,000	\$ —
Less: Discount on notes payable	(573,000)	—
Less: Deferred financing costs	(107,000)	—
Total	4,415,000	—
Less: Current portion of notes payable	(4,415,000)	—
Non-current portion of notes payable	\$ —	\$ —

**Term Loan Agreement**

On August 26, 2021, the Company and its subsidiaries entered into the Loan Agreement with WAB. Pursuant to the Loan Agreement, WAB agreed to provide the Company and its subsidiaries with a term loan facility in the maximum principal amount of \$10,000,000. Amounts outstanding under the term loan portion of the Loan Agreement bear interest at a per annum rate equal to the Prime Rate (as published in The Wall Street Journal) plus 1.5%, with a Prime “floor” rate of 3.25%.

The Loan Agreement has a five-year term, and the maximum principal amount was advanced in a single-cash advance on or about the closing date. Interest accrued under the Loan Agreement is due monthly, and the Company is required to make monthly interest-only payments through the one-year anniversary of the closing date. From the first anniversary of the closing date through the maturity date, the Company is required to make monthly payments of principal and interest that increase over the term of the agreement. The Loan Agreement requires principal repayments on the anniversary date of the closing of the debt agreement of \$500,000 in the second year, \$1,000,000 in the third year, \$2,000,000 in the fourth year, and \$3,000,000 in the fifth year, respectively, with the remaining outstanding principal balance and all accrued but unpaid interest due in full on the maturity date. The Loan Agreement may also require early repayments if certain conditions are met.

The Company recorded \$130,000 in deferred financing costs related to the Loan Agreement. These deferred financing costs are being amortized over the term of the loan. The Company will also incur \$200,000 in financing costs at the earlier of the term date of the loan, or pre-payment. These costs are being accreted, through interest expense, to the full value of the \$200,000 over the term of the loan.

*Debt Modification and Revolving Line of Credit*

On November 29, 2022, the Company executed the Second Modification (the “Second Modification”) to the Loan Agreement. The Second Modification expanded the Company’s total borrowing to include a \$2,000,000 revolving line of credit. The revolving line of credit is co-terminus with the term loan and matures on August 26, 2026. There are no requirements to draw on the line of credit. Amounts outstanding under the line of credit portion of the Loan Agreement bear interest at a per annum rate equal to the Prime Rate (as published in The Wall Street Journal) plus 1.5%, with a Prime “floor” rate of 3.25%. The Second Modification also amended the covenants of the Company under the Loan Agreement. At January 31, 2025 and 2024, there was a \$1,000,000 and \$1,500,000 balance, respectively, outstanding on the revolving line of credit.

The Company executed a Third Modification and Waiver to Second Amended and Restated Loan Agreement (the “Third Modification”) and a Fourth Modification to Second Amended and Restated Loan Agreement (the “Fourth Modification”) on February 7, 2024 and April 5, 2024, respectively (collectively, the “Third and Fourth Modifications”). The Third and Fourth Modifications reestablished the customary financial covenants for the Loan Agreement.

On November 13, 2024, the Company executed the Fifth Modification to Second Amended and Restated Loan and Security Agreement (the “Fifth Modification”) that amended, among other things, the Minimum Adjusted EBITDA and Maximum ARR Net Leverage Ratio covenants.

The Fifth Modification updated the definition of “Adjusted EBITDA” and amended certain financial covenants as follows:

- a. **Maximum ARR Net Leverage Ratio.** Commencing with the month ended September 30, 2024, Borrowers’ ARR Net Leverage Ratio, measured on a monthly basis as of the last day of each month, shall not be greater than the amount set forth under the heading “Maximum ARR Net Leverage Ratio” as of, and for each of the dates appearing adjacent to such “Maximum ARR Net Leverage Ratio.”

<b>Month Ending</b>	<b>Maximum ARR Net Leverage Ratio</b>
September 30, 2024	0.68 to 1.00
October 31, 2024	0.66 to 1.00
November 30, 2024	0.64 to 1.00
December 31, 2024	0.60 to 1.00
January 31, 2025	0.35 to 1.00
April 30, 2025	0.35 to 1.00

- b. **Minimum Adjusted EBITDA.** Commencing with the month ended September 30, 2024, Borrowers shall maintain Adjusted EBITDA, measured on a monthly basis as of the last day of each month, in an amount not less than the amounts (or, in the case of amounts set forth in parentheses, no worse than the amounts) set forth under the heading “Minimum Adjusted EBITDA” as of, and for each of the dates appearing adjacent to such “Minimum Adjusted EBITDA.”

<b>Month Ending</b>	<b>Minimum Adjusted EBITDA</b>
September 30, 2024	\$ (225,000)
October 31, 2024	(500,000)
November 30, 2024	(150,000)
December 31, 2024	(100,000)
January 31, 2025 and on the last day of each month thereafter through April 30, 2025	0

**c. Maximum Debt to Adjusted EBITDA Ratio.** Commencing with the quarter ending April 30, 2025, the Company's Maximum Debt to Adjusted EBITDA Ratio, measured on a quarterly basis as of the last day of each fiscal quarter for the trailing four (4) quarter period then ended, shall not be greater than the amount set forth under the heading "Maximum Debt to Adjusted EBITDA Ratio" as of, and for each of the dates appearing adjacent to such "Maximum Debt to Adjusted EBITDA Ratio."

<b>Quarter Ending</b>	<b>Maximum Debt to Adjusted EBITDA Ratio</b>
April 30, 2025	3.50 to 1.00
July 31, 2025	3.00 to 1.00
October 31, 2025	2.50 to 1.00
January 31, 2026 and on the last day of each quarter thereafter	2.00 to 1.00

**d. Fixed Charge Coverage Ratio.** Commencing with the quarter ending April 30, 2025, the Company shall maintain a Fixed Charge Coverage Ratio of not less than 1.20 to 1.00, measured on a quarterly basis as of the last day of each fiscal quarter for the trailing four (4) quarter period then ended.

The Loan Agreement also includes customary negative covenants, subject to exceptions, which limit transfers, capital expenditures, indebtedness, certain liens, investments, acquisitions, dispositions of assets, restricted payments, and the business activities of the Company, as well as customary representations and warranties, affirmative covenants and events of default, including cross defaults and a change of control default. The line of credit also is subject to customary prepayment requirements. Substantially all the assets of the Company are collateralized by the Loan Agreement. For the period ended January 31, 2025, the Company was not in compliance with certain financial covenants under the Loan Agreement; however, on March 27, 2025, the Company and its subsidiaries received a waiver of non-compliance and entered into a Sixth Modification and Waiver (the "Sixth Modification") to the Loan Agreement with Western Alliance Bank. Refer to Note 14 – Subsequent Events to our consolidated financial statements included in the Part II, Item 8, "Financial Statements and Supplementary Data" for additional information regarding the Sixth Modification. The Company has determined that it is probable that a covenant may not be achieved in the next 12 months, and as such, the Company has reclassified the Term Loan and Revolving Line of Credit balances as current as of January 31, 2025.

The Company recorded \$20,000 in deferred financing costs related to the Second Modification. These deferred financing costs are being amortized over the remaining term of the loan. The Company also incurred \$50,000 in financing costs related to the Second Modification and \$300,000 related to the Fifth Modification at the earlier of the term date of the loan, or pre-payment. These costs are being accreted, through interest expense, to the full value of the \$550,000 over the remaining term of the loan. The full value of 550,000 includes the \$200,000 costs incurred in connection with the Loan Agreement.

## Debt Private Placement

On February 1, 2024, the Company entered into a securities purchase agreement (the “Securities Purchase Agreement”) with certain accredited investors, including certain directors and officers of the Company (collectively, the “Investors”), pursuant to which the Company agreed to sell to the Investors unsecured subordinated promissory notes (the “Notes”) in the aggregate principal amount of \$4.4 million and warrants (the “Warrants”) to purchase up to an aggregate of 267,728 shares of the Company’s common stock in a private placement (the “Debt Private Placement”). The closing of the Debt Private Placement occurred on February 7, 2024 (the “Closing Date”).

### *Notes Payable*

The Notes bear interest at a rate of 15% per annum and mature on August 7, 2026 (the “Maturity Date”). All accrued and unpaid interest on the Notes will be capitalized and added to the outstanding principal balance of the Notes and will be payable in cash on the Maturity Date. The Company may redeem the Notes, in whole or in part, prior to the Maturity Date without any premium or penalty. In the event the Company prepays any portion of the then outstanding principal balance of the Notes on or before the twelve (12) month anniversary of the Closing Date, in addition to such prepayment of the principal balance, the Company must pay to the Investors a prepayment fee (in accordance with the each Investor’s pro-rata share of the Notes) in an amount equal to the amount of interest that would have accrued but for the prepayment from the date of such prepayment through such twelve (12) month anniversary of the Closing Date.

The Notes also include customary negative covenants, subject to exceptions, which limit dispositions of assets and the business activities of the Company, as well as customary representations and warranties, affirmative covenants and events of default, including a cross-default provision with the Loan Agreement and a change of control default provision. The Company has determined that it is probable that a covenant under the Loan Agreement may not be achieved in the next 12 months and as such it has reclassified the Notes Payable balance as current as of January 31, 2025.

The rights of each Investor to receive payments under the Notes are subordinate to the rights of Western Alliance Bank (“WAB”), pursuant to a subordination agreement which the Investors entered into with WAB concurrently with the Debt Private Placement.

The Company allocated the original total proceeds at inception from the Debt Private Placement and Common Stock Private Placement (refer to Note 7 – Equity) across the securities issued in connection with the offerings. The Company has recorded the Notes at a relevant residual fair value of \$3,538,000, consisting of the \$4,400,000 face value of the notes and \$862,000 discount. The Company allocated \$183,000 in issuance costs. The discount is being accreted and the financing costs amortized as interest expense over the term of the Notes using the effective interest method.

## Warrants

The Warrants have an exercise price of \$5.70 (except for Warrants issued to the Company's directors and officers which have an exercise price of \$5.85), are immediately exercisable, and will expire on the fourth anniversary of the Closing Date. The Warrants are subject to customary adjustments for certain transactions affecting the Company's capitalization. The terms of the Warrants preclude a holder thereof from exercising such holder's Warrants, and the Company from giving effect to such exercise, if after giving effect to the issuance of common stock upon such exercise, the holder (together with the holder's affiliates and any other persons acting as a group together with the holder or any of the holder's affiliates) would beneficially own in excess of 9.99% of the number of shares of common stock outstanding immediately after giving effect to the issuance of common stock upon such exercise.

The Notes and the Warrants described above were offered in a private placement under Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and/or Regulation D promulgated thereunder and, along with the common stock underlying the Warrants, were "restricted securities" under the Securities Act or applicable state securities laws. Accordingly, the Notes, the Warrants and the common stock underlying the Warrants may not be offered or sold in the United States absent registration with the SEC or an applicable exemption from such registration requirements and in accordance with applicable state securities laws. The securities were offered and sold to "accredited investors" as that term is defined in Rule 501(a) under the Securities Act.

The Warrants contain a registration rights provision for the Company to provide the Warrant holder with registered common stock upon their exercise of a Warrant. If the Company is not able to deliver registered common stock for exercised Warrants that results in the Warrant holder acquiring registered common stock, then the Warrant holder has the discretion to request the Company remit cash compensation up to the corresponding purchase price. Accordingly, the Company determined the feature required liability accounting treatment upon issuance. On May 7, 2024, the Company filed a Registration Statement on Form S-3 (Registration No. 333-279190), as amended by that certain Pre-Effective Amendment No. 1 to Form S-3 filed on May 24, 2024 (collectively, the "Registration Statement"), for purpose of registering for resale 267,728 shares of common stock underlying the Warrants. The Registration Statement was declared effective by the SEC on June 10, 2024. The filing of the Registration Statement eliminated the potential cash settlement feature that caused liability accounting ensuring the Warrants will be settled with shares, and accordingly, the Warrants met the criteria for equity classification and reclassified them to paid-in capital after a final re-measurement.

The Company allocated the total proceeds from the Debt Private Placement and Common Stock Private Placement (refer to Note 8 – Equity) across the securities issued in connection with offerings. The Company recorded an initial liability of \$881,000 for the Warrants at fair value using a Black-Scholes model. The Company immediately recognized \$46,000 in issuance costs as expense related to the agreements for the Warrants. During the second fiscal quarter, the Company reclassified the \$837,000 remeasured value of the Warrants as additional paid-in capital on the consolidated Balance Sheet. Refer to Note 2 - Significant Accounting Policies regarding the Warrant valuation inputs.

## **NOTE 6 — GOODWILL AND INTANGIBLE ASSETS**

Goodwill represents the excess cost over fair value of the net assets of acquired businesses and is not amortized. The Company performs an impairment assessment of goodwill annually during the fourth quarter of its fiscal year with a valuation date of November 1, or more frequently if a triggering event occurs.

The Company's intangible assets consist of client relationships, acquired and developed technology, and trade names. These assets are recorded at cost, less accumulated amortization and impairment, if any. All the Company's intangible assets are definite lived and amortized on a straight-line basis over their estimated useful lives. Subsequent testing of intangible assets is conducted when a triggering event occurs that would indicate impairment may exist.

During the quarter ended October 31, 2024, the Company's market capitalization fell below the Company's carrying value of equity for a prolonged period of time (the "2024 Triggering Event"). Based on the 2024 Triggering Event, the Company identified indicators of possible impairment and initiated testing using a valuation date of October 31, 2024. The impairment tests were conducted under guidance of ASC Topic 360, Impairment and Disposal of Long-Lived Assets ("ASC 360") for certain long-lived assets, including capitalized contract costs, developed technology, client relationships and trade names, and in accordance with ASC Topic 350, Intangibles – Goodwill and Other ("ASC 350") with respect to the reporting unit's goodwill.

In October 2023, the Company was notified by a legacy client of its intent to not renew its contract as of its end date on December 31, 2023. The Company also announced the acceleration of its Strategic Restructuring that was designed to reduce costs while maintaining the Company's ability to expand its SaaS business. Both the client termination and the execution of the Strategic Restructuring were announced on October 16, 2023. Following these announcements, the Company's share price declined significantly (collectively, the "2023 Triggering Events"). Based on the 2023 Triggering Events, the Company identified indicators of possible impairment and initiated testing using a valuation date of October 31, 2023. The impairment tests were conducted under guidance of ASC 360 for certain long-lived assets, including capitalized contract costs, developed technology, client relationships and trade names, and in accordance with ASC 350.

### **Goodwill**

The changes in the carrying amount of goodwill were as follows for fiscal 2024 and 2023:

	<b>Balance</b>
<b>Balance as of January 31, 2024</b>	\$ 13,276,000
Impairment	—
<b>Balance as of January 31, 2025</b>	<u>\$ 13,276,000</u>
	<b>Balance</b>
<b>Balance as of January 31, 2023</b>	\$ 23,089,000
Impairment(1)	(9,813,000)
<b>Balance as of January 31, 2024</b>	<u>\$ 13,276,000</u>

(1) This value represents the Company's accumulated impairment.

The Company had one reporting unit for purposes of evaluation of goodwill. Based on the Triggering Events and in conjunction with the preparation of the Company's financial statements for the nine months ended October 31, 2024 and 2023, the Company tested the reporting unit's goodwill for possible impairment as of October 31, 2024 and October 31, 2023. The testing for impairment was performed under the guidance of ASC 350. The testing utilized a discounted debt-free net cash flow ("DCF") method under the income approach and the market capitalization method ("MCM") under the market approach. The sum of the weighted values of each method was used to derive the fair value of the Company's equity.

The MCM calculates the aggregate market value of the Company based on the total number of shares outstanding and the current market price of the shares as of the valuation date. Data on similar mergers and acquisitions within the healthcare technology sector are observed to determine control premium that represents a stock premium percentage offered by an acquirer to a public company. The control premium applied to the aggregate market value represents MCM calculated fair value.

The DCF incorporates the use of projected financial information and a discount rate using a weighted average cost of capital with cost of equity estimated based on the capital asset pricing model. The cash-flow projections are based on financial forecasts developed by management that include forecasts of future operating results based on internal budgets and strategic plans to invest in working capital to support anticipated revenue growth. External factors and business conditions are considered by management when setting the long-term growth rates. The selected discount rate considers the risk and nature of the reporting unit's cash flows and the rates of return market participants would require to invest their capital in the Company.

Based on the impairment test following the 2024 Triggering Event, the Company concluded that its goodwill was not impaired as of October 31, 2024. Based on the impairment test following the 2023 Triggering Events, the Company concluded that its goodwill was impaired as of October 31, 2023, based on the weighted combination of the DCF and MCM value estimates which resulted in a calculated fair value lower than the equity carrying value. The Company recorded an impairment of goodwill in the amount of \$9,813,000 reported as "Goodwill Impairment" on its Condensed Consolidated Statement of Operations for the nine-month period ended October 31, 2023.

Intangible assets for fiscal 2024 and 2023 consist of the following:

	Estimated Useful Life (years)	January 31, 2025		
		Gross Assets	Accumulated Amortization	Net Assets
Finite-lived assets:				
Client relationships	10	\$ 8,370,000	\$ 2,895,000	\$ 5,475,000
Internally Developed Software	9	6,380,000	2,451,000	3,929,000
Trademarks and Tradenames	15	1,340,000	309,000	1,031,000
<b>Total</b>		<b>\$ 16,090,000</b>	<b>\$ 5,655,000</b>	<b>\$ 10,435,000</b>

	Estimated Useful Life (years)	January 31, 2024		
		Gross Assets	Accumulated Amortization	Net Assets
Finite-lived assets:				
Client relationships	10	\$ 8,370,000	\$ 2,058,000	\$ 6,312,000
Internally Developed Software	9	6,380,000	1,742,000	4,638,000
Trademarks and Tradenames	15	1,340,000	219,000	1,121,000
<b>Total</b>		<b>\$ 16,090,000</b>	<b>\$ 4,019,000</b>	<b>\$ 12,071,000</b>

ASC 360 defines a multi-step process to test long-lived assets, including intangible assets, for recoverability that if failed would indicate impairment. First, the Company must consider whether indicators of impairment of long-lived assets are present, which the Company determined the 2023 Triggering Event provided such indication.

Next, the Company must review the long-lived assets to define asset group(s) that would reflect the lowest level of assets to which discrete cash flows are identifiable. In performing this review, the Company identified that the long-lived asset “client relationships” related to Avelead should be classified as abandoned (the “Abandoned Asset”) with the Company determining that it no longer has plans to provide the corresponding consulting service. The Abandoned Asset’s carrying value would need to be set to its salvage value which would be zero given no future cash flows.

The Company determined the lowest level of discrete cash flows is at the reporting unit level, and all remaining long-lived assets (excluding the Abandoned Asset) and goodwill would represent its only asset group. Recoverability is assessed by comparing that the sum of the discrete undiscounted cash flows exceeds the carrying value of the asset group. The undiscounted cash flow projections are based on 7-year as of October 31, 2024 (representing the useful life of the primary asset in the asset group) financial forecasts developed by management that include forecasts of future operating results based on internal budgets and strategic plans to investment in working capital to support anticipated revenue growth.

The undiscounted cash flows for the long-lived assets were above the carrying amounts indicating that the long-lived asset group is recoverable and no further impairment to long-lived assets exists as of October 31, 2023. In fiscal 2023, the Company recorded \$963,000 as “Impairment of long-lived assets” on its consolidated statement of operations to adjust the Abandoned Asset to its salvage value of zero. There was no impairment to long-lived assets for the year ended January 31, 2025.

The Company recognized amortization expense on intangible assets of \$1,635,000 and \$1,760,000 for fiscal 2024 and 2023, respectively.

Amortization over the next five fiscal years for intangible assets is estimated as follows:

	Annual Amortization Expense
2025	\$ 1,635,000
2026	1,635,000
2027	1,635,000
2028	1,635,000
2029	1,635,000
Thereafter	2,260,000
<b>Total</b>	<b>\$ 10,435,000</b>

The Company wrote-off the Abandoned Asset during fiscal 2023 with a gross asset value of \$1,330,000. There was no impact to the consolidated statements of operations as this eliminated the asset and accumulated amortization of the fully amortized intangible assets.

**NOTE 7 — INCOME TAXES**

For fiscal 2024 and 2023, income taxes consist of the following:

	Fiscal Year	
	2024	2023
<b>Current tax expense:</b>		
Federal	\$ —	\$ —
State	—	(58,000)
Total current tax benefit (expense)	<u>\$ —</u>	<u>\$ (58,000)</u>
<b>Deferred tax expense:</b>		
Federal	\$ —	\$ 86,000
State	—	18,000
Total deferred tax benefit (expense)	<u>\$ —</u>	<u>\$ 104,000</u>
Income tax benefit (expense)	<u>\$ —</u>	<u>\$ 46,000</u>

The income tax expense differs from the amount computed using the federal statutory income tax rate of 21% for fiscal 2024 and 2023 as follows:

	Fiscal Year	
	2024	2023
Federal tax benefit at statutory rate	\$ 2,134,000	\$ 3,887,000
State and local tax expense, net of federal	—	(28,000)
Increase in valuation allowance	(1,907,000)	(3,994,000)
<b>Permanent items:</b>		
Other	1,000	(36,000)
Reserve for uncertain tax position	9,000	(7,000)
Federal research and development (R&D) tax credit	(45,000)	33,000
Stock-based compensation	(249,000)	135,000
Other	57,000	56,000
Income tax benefit (expense)	<u>\$ —</u>	<u>\$ 46,000</u>

The Company provides deferred income taxes for temporary differences between assets and liabilities recognized for financial reporting and income tax purposes. The income tax effects of these temporary differences and credits are as follows:

	January 31,	
	2025	2024
<b>Deferred tax assets:</b>		
Allowance for credit losses	\$ 60,000	\$ 26,000
Deferred revenue	484,000	209,000
Accruals	96,000	67,000
Net operating loss carryforwards	15,312,000	15,748,000
Stock-based compensation	489,000	427,000
Finite-lived intangible assets	3,830,000	1,739,000
R&D tax credit	1,398,000	1,434,000
Other	1,000	1,000
Total deferred tax assets	<u>21,670,000</u>	<u>19,651,000</u>
Valuation allowance	(21,670,000)	(19,646,000)
Net deferred tax assets	<u>—</u>	<u>5,000</u>
<b>Deferred tax liabilities:</b>		
Property and equipment	—	(5,000)
Finite-lived intangible liabilities	—	—
Total deferred tax liabilities	<u>—</u>	<u>(5,000)</u>
Net deferred tax liabilities	<u>\$ —</u>	<u>\$ —</u>

At January 31, 2025, the Company had U.S. federal net operating loss carry forwards of \$64,036,000 and \$29,083,000 of these net operating losses expire at various dates through fiscal 2038. The remaining \$34,953,000 of these net operating losses can be carried forward indefinitely under the provisions of the Tax Cuts and Jobs Act (TCJA). The TCJA also eliminated the ability to carry back net operating losses. The Company also had stated net operating loss carry forwards of \$38,568,000 and Federal R&D credit carry forwards of \$1,324,000 and Georgia R&D credit carry forwards of \$94,000, all of which expire at various dates through fiscal 2042.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that all or some portion of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. The Company established a valuation allowance of \$21,670,000 and \$19,646,000 at January 31, 2025 and 2024, respectively. The increase in the valuation allowance of \$1,907,000 was driven primarily by the Company's federal net operating losses.

The Company and its subsidiaries are subject to U.S. federal income tax as well as income taxes in multiple state and local jurisdictions. The Company has concluded all U.S. federal tax matters for years through January 31, 2020. All material state and local income tax matters have been concluded for years through January 31, 2019. The Company is no longer subject to IRS examination for periods prior to the tax year ended January 31, 2020; however, carry forward losses that were generated prior to the tax year ended January 31, 2020 may still be adjusted by the IRS if they are used in a future period.

The Company has recorded a reserve, including interest and penalties, for uncertain tax positions of \$331,000 and \$340,000 as of January 31, 2025 and 2024, respectively. As of January 31, 2025 and 2024, the Company had no accrued interest and penalties associated with unrecognized tax benefits.

A reconciliation of the beginning and ending amounts of gross unrecognized tax benefits (excluding interest and penalties) is as follows:

	<u>2024</u>	<u>2023</u>
Beginning of fiscal year	\$ 340,000	\$ 333,000
Additions for tax positions for the current year	—	9,000
Additions for tax positions of prior years	—	—
Subtractions for tax positions of prior years	(9,000)	(2,000)
End of fiscal year	<u>\$ 331,000</u>	<u>\$ 340,000</u>

## **NOTE 8 — EQUITY**

### **Common Stock Private Placement**

On February 6, 2024, the Company completed the sale of 17,543 shares of the Company's common stock to Matthew W. Etheridge at a purchase price of \$5.70 per share for an aggregate purchase price of \$100,000 (the "Common Stock Private Placement"). Mr. Etheridge became a director of the Company subsequent to the closing of the Debt Private Placement.

The common stock described above was offered in a private placement under Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder and has not been registered under the Securities Act or applicable state securities laws. Accordingly, such common stock may not be offered or sold in the United States absent registration with the SEC or an applicable exemption from such registration requirements and in accordance with applicable state securities laws. The common stock was offered and sold to an "accredited investor" as that term is defined in Rule 501(a) under the Securities Act.

The Company allocated the total proceeds of the Common Stock Private Placement across the underlying components. As a result, \$77,000 of net proceeds, comprised of \$81,000 of the proceeds less \$4,000 of issuance costs, were recorded for the Common Stock Private Placement as equity.

## **Registration of Shares Issued to 180 Consulting**

On June 28, 2023, the Company filed a Registration Statement on Form S-3 (Registration No. 333-272993) for purposes of registering for resale 26,275 shares of common stock issued to 180 Consulting, LLC (“180 Consulting”). The Registration Statement was declared effective by the SEC on July 10, 2023.

On May 7, 2024, the Company filed a Registration Statement on Form S-3 (Registration No. 333-279190), as amended by that certain Pre-Effective Amendment No. 1 to Form S-3 filed on May 24, 2024, for purposes of registering for resale 37,647 shares of common stock issued to 180 Consulting. The Registration Statement was declared effective by the SEC on June 10, 2024.

## **2024 Omnibus Incentive Compensation Plan**

At the 2024 Annual Meeting held on June 13, 2024, the Company’s stockholders approved the Streamline Health Solutions, Inc. 2024 Omnibus Incentive Compensation Plan (the “2024 Plan”). The 2024 Plan replaced the Streamline Health Solutions, Inc. Third Amended and Restated 2013 Stock Incentive Plan (as amended, the “2013 Plan”). The Compensation Committee of the Board of Directors administers the 2024 Plan and approves the grant and terms of award (consistent with the terms of the 2024 Plan).

The 2024 Plan permits the grant of any or all of the following types of awards to grantees: stock options, including non-qualified options and incentive stock options (“ISOs”); stock appreciation rights (“SARs”); restricted stock; deferred stock and restricted stock units; performance units and performance shares; dividend equivalents; and other stock-based awards. Eligible grantees include employees, officers, non-employee consultants and non-employee directors of the Company and its affiliates. A total of 449,260 shares of common stock were initially available for issuance under the 2024 Plan.

## **Authorized Shares Increase**

At the 2023 Annual Meeting, the Company’s stockholders approved an amendment to the 2013 Plan to increase the number of shares of the Company’s common stock authorized for issuance thereunder by 66,666 shares, from 681,549 shares to 748,216 shares. The 2013 Plan has since been replaced by the 2024 Plan and serves only to govern any unvested awards or unexercised options.

## **NOTE 9 — MAJOR CLIENTS**

During fiscal 2024, the Company did not have any one individual client account for 10% or more of our revenue. In the third quarter of fiscal 2023, the Company received notice from a client of its intent not to renew its contract for the Company's SaaS solutions following the expiration of the contract's term on December 31, 2023. Revenue recognized related to that client's SaaS contract represented approximately 19% of total revenue for fiscal 2023, and the Company recognized no SaaS revenue from that client in fiscal 2024. Three clients represented 20%, 20%, and 14%, respectively, of accounts receivable as of January 31, 2025, and four clients represented 14%, 12%, 12% and 11%, respectively, of accounts receivable as of January 31, 2024. Many of our clients are invoiced on an annual basis.

## **NOTE 10 — EMPLOYEE RETIREMENT PLAN**

The Company has established a 401(k) retirement plan that covers all associates. Company contributions to the plan may be made at the discretion of the board of directors. The Company's matched amount is 50% up to the first 4% of compensation deferred by each associate. The total compensation expense for this matching contribution was \$172,000 and \$242,000 in fiscal 2024 and 2023, respectively.

## **NOTE 11 — STOCK-BASED COMPENSATION**

### **Stock Option Plans**

At the 2024 Annual Meeting held on June 13, 2024, the Company's stockholders approved the 2024 Plan, which replaced the 2013 Plan. The Compensation Committee of the Board of Directors administers the 2024 Plan and approves the grant and terms of awards (consistent with the terms of the 2024 Plan).

The 2024 Plan permits the grant of any or all of the following types of awards to grantees: stock options, including non-qualified options and ISOs; SARs; restricted stock; deferred stock and restricted stock units; performance units and performance shares; dividend equivalents; and other stock-based awards. Eligible grantees include employees, officers, non-employee consultants and non-employee directors of the Company and its affiliates. A total of 449,260 shares of common stock were initially available for issuance under the 2024 Plan.

Accordingly, all the outstanding awards under the 2013 Plan will remain governed by that plan and any unallocated pool of un-issued options under the 2013 Plan were re-characterized to the 2024 Plan. Under these plans, the Company is authorized to issue equity awards (stock options, stock appreciation rights or "SARs", and restricted stock) to directors and associates of the Company. A total of 449,260 shares of common stock were initially available for issuance under the 2024 Plan. The options granted under the 2024 Plan have terms of ten years or less, and typically vest and become fully exercisable ratably over three years of continuous service to the Company from the date of grant. At January 31, 2025 and 2024, options to purchase 3,630 and 4,496 shares of the Company's common stock, respectively, had been granted and were outstanding under these plans. At January 31, 2025, there were no SARs outstanding.

A summary of stock option activity in fiscal 2024 follows:

	<u>Options</u>	<u>Weighted Average Exercise Price</u>	<u>Remaining Life in Years</u>	<u>Aggregate intrinsic value</u>
Outstanding as of January 31, 2024	4,496	\$ 25.90	2.37	\$ —
Granted	—	—		
Exercised	—	—		
Expired	(100)	—		
Forfeited	(766)	—		
Outstanding as of January 31, 2025	<u>\$ 3,630</u>	<u>\$ 23.87</u>	<u>1.39</u>	<u>\$ —</u>

No options were granted in fiscal 2024 or fiscal 2023.

At January 31, 2025, there was no unrecognized compensation cost related to non-vested stock-option awards. The expense associated with stock option awards was \$0 and \$71,000, respectively, for fiscal 2024 and 2023. No options were exercised during fiscal 2024 or 2023.

The 2024 Plan contains change in control provisions whereby any outstanding equity awards under the plans subject to vesting, which have not fully vested as of the date of the change in control, shall automatically vest and become immediately exercisable. One of the change in control provisions is deemed to occur if there is a change in beneficial ownership, or authority to vote, directly or indirectly, of securities representing 20% or more of the total of all of the Company's then-outstanding voting securities, unless through a transaction arranged by or consummated with the prior approval of the Board of Directors. Other change in control provisions relate to mergers and acquisitions or a determination of change in control by the Board of Directors.

## Restricted Stock

The Company is authorized to grant restricted stock awards to associates and directors under the 2024 Plan. The Company has also issued restricted stock as inducement grants to certain new employees. The restrictions on the shares granted generally lapse over a one- to four-year term of continuous employment from the date of grant. On November 1, 2022, our then-serving CEO, Wyche T. Green, III, was awarded 3,333 shares of restricted common stock that will vest in three substantially equal annual installments commencing on the first anniversary of the date of grant. On May 20, 2022, Mr. Green was awarded 10,000 shares of restricted common stock that will vest in three substantially equal annual installments commencing on the first anniversary of the date of grant. On April 1, 2023, Mr. Green was awarded 13,333 shares of restricted common stock that will vest in three substantially equal annual installments commencing on the first anniversary of the date of grant. On July 18, 2024, Mr. Green was awarded 20,000 shares of restricted common stock that will vest in full on the date of the Company's 2025 Annual Meeting. On July 18, 2024, Mr. Green was awarded 13,333 shares of restricted common stock that will vest in full upon the Company's common stock achieving a closing price of \$26.25. This grant was later partially rescinded to 6,667 shares. Prior to his appointment as CEO of the Company, Mr. Stilwill was awarded 11,333 shares of restricted common stock on April 1, 2023, that will vest in three substantially equal annual installments commencing on the first anniversary of the date of grant. On April 29, 2024, Mr. Stilwill was awarded 11,333 shares of restricted common stock that will vest in three substantially equal annual installments commencing on the first anniversary of the date of grant. The grant date fair value per share of restricted stock, which is based on the closing price of our common stock on the grant date, is expensed on a straight-line basis as the restriction period lapses. The shares represented by restricted stock awards are considered outstanding at the grant date, as the recipients are entitled to voting rights. A summary of restricted stock award activity for fiscal 2024 and 2023 is presented below:

	<b>Non-vested Number of Shares</b>	<b>Weighted Average Grant Date Fair Value</b>
Non-vested balance at January 31, 2023	124,497	\$ 22.17
Granted	99,228	23.62
Vested	(66,813)	22.15
Forfeited	(25,562)	25.01
Non-vested balance at January 31, 2024	131,350	\$ 22.72
Granted	174,654	6.20
Vested	(68,025)	22.83
Forfeited	(24,706)	13.15
Non-vested balance at January 31, 2025	213,273	\$ 10.27

At January 31, 2025, there was \$1,205,000 of unrecognized compensation cost related to restricted stock awards. That cost is expected to be recognized over a remaining period of 1.14 years.

The expense associated with restricted stock awards for associates and directors was \$1,485,000 and \$1,590,000, for fiscal 2024 and 2023, respectively.

## **NOTE 12— COMMITMENTS AND CONTINGENCIES**

### **Consulting Agreement with 180 Consulting**

On March 19, 2020, the Company entered into a Master Services Agreement (the “MSA”) with 180 Consulting, pursuant to which 180 Consulting has provided and will continue to provide a variety of consulting services in support of eValuator products including product management, operational consulting, staff augmentation, internal systems platform integration and software engineering services, among others, through separate executed statements of work (“SOWs”). On September 20, 2021, the Company entered into a separate MSA in support of Avelead products. As of December 2023, all outstanding SOWs under both MSAs were effectively replaced by two new SOWs. As of the end of fiscal 2024, there were two active SOWs under the eValuator MSA, and no active SOWs under the Avelead MSA. One of the active SOWs include the ability to earn stock at a conversion rate to be calculated 20 days after the execution of the related SOW. The MSA includes a termination clause upon a 90-day written notice. While no related party has a direct or indirect material interest in this MSA or the related SOWs, individuals providing services to us under the MSA, and the related SOWs may share workspace and administrative costs with 121G Consulting LLC (“121G”). 180 Consulting earned 117,396 shares for the year ended January 31, 2025 and has earned an aggregate of 218,581 shares through January 31, 2025. 180 Consulting earned 37,647 shares for the year ended January 31, 2024 and earned an aggregate of 98,660 shares through January 31, 2024. For services rendered by 180 Consulting, the Company recorded total cash fees of \$2,538,000 and non-employee stock compensation of \$615,000 for fiscal 2024 as compared to \$2,580,000 and \$582,000, respectively, for fiscal 2023. In addition, as of the date of this report, the Company has not issued to 180 Consulting an aggregate of 62,928 shares as compensation for services previously rendered during the six months ended January 31, 2025. Such 117,396 shares earned during the current fiscal year will be issued in reliance on an exemption from registration available under Section 4(a)(2) of the Securities Act.

Inclusive of the MSA executed with 180 Consulting are SOWs that provide for the Company to sublicense a software through 180 Consulting that is owned by 121G. This is a services agreement for access to software that assists the Company in implementing and integrating with our clients’ technology. The license agreement is designed such that there is no material financial benefit that accrues to 121G. 180 Consulting licenses the software from 121G at cost. The Company paid approximately \$568,000 and \$563,000 for the SOWs that include the sublicense agreement in each of the fiscal years ended January 31, 2025 and 2024, respectively, which are included in the aforementioned totals above.

### **Litigation**

We are, from time to time, a party to various legal proceedings and claims, which arise in the ordinary course of business. We are not aware of any legal matters that are reasonably possible to have a material adverse effect on the Company’s consolidated results of operations, financial position or cash flows.

## **NOTE 13 - RELATED PARTY TRANSACTIONS**

### **Avelead Office Lease**

The Company acquired Avelead on August 16, 2021. Accordingly, the Company assumed a lease for corporate office space from one of the selling shareholders of Avelead who was employed by the company through August 2023. This lease term ended February 2023. For the twelve months ended January 31, 2025 and 2024, the Company recorded rent expense of \$0 and \$6,000, respectively. Refer to Note 3 – Business Combination for additional information.

### **Debt Private Placement**

The following related parties participated in the Debt Private Placement (Refer to Note 5 – Debt for additional information):

<b>Name of Investor</b>	<b>Investment Amount</b>	<b>Warrants Granted</b>
121G, LLC (1)	\$ 1,000,000	59,829
Matthew W. Etheridge (2)	1,000,000	61,403
Jonathan R. Phillips (3)	50,000	2,991
The Ferayorni Family Trust (4)	500,000	29,914

(1) The securities held in the account of 121G, LLC (“121G”) may be deemed to be beneficially owned by Wyche “Tee” Green, III, the managing member of 121G. Mr. Green serves as Executive Chairman of the Company and is a member of the Board.

(2) Mr. Etheridge became a member of the Board subsequent to the closing of the Debt Private Placement.

(3) Mr. Phillips is a member of the Board.

(4) The securities held in the account of The Ferayorni Family Trust may be deemed to be beneficially owned by Justin J. Ferayorni as co-trustee of The Ferayorni Family Trust. Mr. Ferayorni is a member of the Board.

### **Common Stock Private Placement**

On February 6, 2024, the Company completed the sale of 17,543 shares of the Company’s common stock to Matthew Etheridge at a purchase price of \$5.70 per share for an aggregate purchase price of \$100,000. Mr. Etheridge became a director of the Company subsequent to the closing of the Debt Private Placement.

## **NOTE 14 — SUBSEQUENT EVENTS**

### **Loan Modification**

On March 27, 2025, the Company and certain of its subsidiaries entered into a Sixth Modification and Waiver (the “Sixth Modification”) to the Loan Agreement with Western Alliance Bank.

The Sixth Modification waived the Company's non-compliance with the Maximum Debt to ARR Ratio under the Loan Agreement and amended certain financial covenants as follows:

- a. **Maximum ARR Net Leverage Ratio.** Commencing with the month ended February 28, 2025, Borrowers' ARR Net Leverage Ratio, measured on a monthly basis as of the last day of each month, shall not be greater than the amount set forth under the heading "Maximum ARR Net Leverage Ratio" as of, and for each of the dates appearing adjacent to such "Maximum ARR Net Leverage Ratio".

Month Ending	Maximum ARR Net Leverage Ratio
February 28, 2025	0.67 to 1.00
March 31, 2025	0.67 to 1.00
April 30, 2025	0.67 to 1.00
May 31, 2025	0.67 to 1.00
June 30, 2025 and on the last day of each month thereafter	0.50 to 1.00

- b. **Maximum Debt to Adjusted EBITDA Ratio.** Commencing with the quarter ending July 31, 2025, Borrowers' Maximum Debt to Adjusted EBITDA Ratio, measured on a quarterly basis as of the last day of each fiscal quarter for the trailing four (4) quarter period then ended, shall not be greater than the amount set forth under the heading "Maximum Debt to Adjusted EBITDA Ratio" as of, and for each of the dates appearing adjacent to such "Maximum Debt to Adjusted EBITDA Ratio".

Quarter Ending	Maximum Debt to Adjusted EBITDA Ratio
July 31, 2025	3.50 to 1.00
October 31, 2025	3.00 to 1.00
January 31, 2026	2.50 to 1.00
April 30, 2026 and on the last day of each quarter thereafter	2.00 to 1.00

- c. **Fixed Charge Coverage Ratio.** Commencing with the quarter ending July 31, 2025, Borrowers shall maintain a Fixed Charge Coverage Ratio of not less than 1.20 to 1.00, measured on a quarterly basis as of the last day of each fiscal quarter for the trailing four (4) quarter period then ended.
- d. **Minimum Adjusted EBITDA.** Commencing with the month ended February 28, 2025, Borrowers shall maintain Adjusted EBITDA, measured on a monthly basis as of the last day of each month, in an amount not less than the amounts (or, in the case of amounts set forth in parentheses, no worse than the amounts) set forth under the heading "Minimum Adjusted EBITDA" as of, and for each of the dates appearing adjacent to such "Minimum Adjusted EBITDA."

Month Ending	Minimum Adjusted EBITDA
February 28, 2025	\$ (225,000)
March 31, 2025	\$ (460,000)
April 30, 2025	\$ (300,000)
May 31, 2025	\$ (250,000)
June 30, 2025	\$ 0

#### Line of Credit Draw

On March 28, 2025, the Company received a \$1,000,000 draw from its revolving line of credit under the Loan Agreement as detailed in Note 5 – Debt.

## **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

### **Item 9A. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

Our President and Chief Executive Officer (who serves as our principal executive officer) and our Chief Financial Officer (who serves as our principal financial officer) have evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(c)) as of January 31, 2025. Based on that evaluation, our President and Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of January 31, 2025, due to the material weaknesses described below.

- As of October 31, 2024, the Company has concluded that its internal controls over financial reporting were, and continue to be ineffective as of January 31, 2025, due to separate material weaknesses arising each from a lack of sufficient segregation of duties in preparing and reviewing certain entries and the precise review of schedules not being performed. The initiation of transactions, the custody of assets, the recording of transactions, and the maintenance of schedules should be performed and reviewed by separate individuals with a level of precision sufficient to detect a material misstatement
- As of April 30, 2024, the Company concluded our internal control over financial reporting related to our accounting and classification for the warrants issued in connection with the debt private placement in February 2024 was, and continues to be, ineffective as of January 31, 2025. Our internal control over financial reporting did not detect the proper accounting classification of the warrants issued in connection with the debt private placement. The change in the classification impacted initial allocation of proceeds for the transaction, the presentation and recognition of the warrants between equity and liability and the recognition of expenses originally allocated to the warrants

#### **Management's Remediation Measures**

While the Company has improved its organizational capabilities, the Company's remediation efforts are ongoing. Management is committed to maintaining a strong internal control environment. In response to the identified material weaknesses in the overall control environment, management is currently implementing additional measures which include:

- Use of additional consulting firms to assist with significant and complex accounting transactions, provide staffing resources to establish segregation of duties and create a more structured financial statement reporting environment. Through this combination of actions, the Company will establish more effective controls and available resources to ensure both adequate segregation of duties and perform precise reviews of the supplemental schedules. The Company is evaluating the need for additional resources and intends to expand the available personnel and third party professionals for complex accounting applications and to ensure appropriate segregation of duties as soon as practicable. In addition, management continues to utilize mitigating controls with regards to cash disbursements and vendor authorization processes to ensure segregation of duties in those areas.
- Our remediation plan includes ensuring appropriate segregation of duties regarding the initiation of transactions, custody of assets, the recording of transactions and the review of supplemental schedules, and, expanding and improving our review process throughout, particularly in the context of complex financial instruments and related accounting standards, as well as internal communications in connection therewith.

The Company will consider the material weaknesses remediated after the applicable controls operate for a sufficient period of time and are tested. We can provide no assurance that our remediation efforts described herein will be successful and that we will not have material weaknesses in the future. However, we believe that the financial statements included in this report fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented.

## **Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) of the Exchange Act. Our internal control over financial reporting is a process designed by, and under the supervision of, our Chief Executive Officer and Chief Financial Officer and effected by our management and our Board of Directors to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

An internal control material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the consolidated financial statements will not be prevented or detected.

Our management, including our principal executive officer and principal financial officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of January 31, 2025, and concluded that our internal control over financial reporting was not effective as of January 31, 2025. In making the assessment of internal control over financial reporting, management used the criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

## **Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended January 31, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **Item 9B. Other Information**

None.

## **Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

## PART III

### **Item 10. *Directors, Executive Officers and Corporate Governance***

Information regarding directors, executive officers and corporate governance will be set forth in the proxy statement for our 2025 Annual Meeting, which will be filed with the SEC within 120 days after the end of the fiscal year covered by this Report and is incorporated herein by reference.

### **Item 11. *Executive Compensation***

Information regarding executive compensation will be set forth in the proxy statement for our 2025 Annual Meeting, which will be filed with the SEC within 120 days after the end of the fiscal year covered by this Report and is incorporated herein by reference.

### **Item 12. *Securities Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

Information regarding security ownership of certain beneficial owners and management and related stockholder matters will be set forth in the proxy statement for our 2025 Annual Meeting, which will be filed with the SEC within 120 days after the end of the fiscal year covered by this Report and is incorporated herein by reference.

### **Item 13. *Certain Relationships and Related Transactions and Directors Independence***

Information regarding certain relationships and related transactions and director independence will be set forth in the proxy statement for our 2025 Annual Meeting, which will be filed with the SEC within 120 days after the end of the fiscal year covered by this Report and is incorporated herein by reference.

### **Item 14. *Principal Accountant Fees and Services***

The Independent Registered Public Accounting Firm is Forvis Mazars, LLP (PCAOB Firm ID No. 686) located in Atlanta, Georgia. Information regarding principal accountant fees and services will be set forth in the proxy statement for our 2025 Annual Meeting, which will be filed with the SEC within 120 days after the end of the fiscal year covered by this Report and is incorporated herein by reference.

## PART IV

(32) **Item 15. Exhibits and Financial Statement Schedules** See Index to Consolidated Financial Statements and Schedule Covered by Reports of Registered Public Accounting Firms included in Part II, Item 8, “Financial Statements and Supplementary Data,” of this Report. See Index to Exhibits contained in this Report.

(b) Exhibits

See Index to Exhibits contained in this Report.

### Item 16. Form 10-K Summary

None.

## INDEX TO EXHIBITS

### EXHIBITS

- 2.1 [Unit Purchase Agreement, dated August 16, 2021, by and among Streamline Health Solutions, Inc., Avelead Consulting, LLC, Jawad Shaikh and Badar Shaikh \(Incorporated by reference from Exhibit 2.1 of the Company’s Current Report on Form 8-K, as filed with the SEC on August 18, 2021\).](#)
- 3.1 [Certificate of Incorporation of Streamline Health Solutions, Inc. f/k/a/ LanVision Systems, Inc., as amended through August 19, 2014 \(Incorporated by reference from Exhibit 3.1 of the Company’s Quarterly Report on Form 10-Q, as filed with the SEC on September 15, 2014\).](#)
- 3.2 [Certificate of Amendment of Certificate of Incorporation of Streamline Health Solutions, Inc. \(Incorporated by reference from Exhibit 3.1 of the Company’s Current Report on Form 8-K, as filed with the SEC on May 24, 2021\).](#)
- 3.3 [Certificate of Amendment of Certificate of Incorporation of Streamline Health Solutions, Inc. \(Incorporated by reference from Exhibit 3.1 of the Company’s Current Report on Form 8-K, as filed with the SEC on June 8, 2022\).](#)
- 3.4 [Certificate of Amendment of Certificate of Incorporation of Streamline Health Solutions, Inc. \(Incorporated by reference from Exhibit 3.1 of the Current Report on Form 8-K, filed September 26, 2024\).](#)
- 3.5 [Amended and Restated Bylaws of Streamline Health Solutions, Inc., as amended and restated through March 28, 2014 \(Incorporated by reference from Exhibit 3.1 of the Company’s Current Report on Form 8-K, as filed with the SEC on April 3, 2014\).](#)
- 4.1 Specimen Common Stock Certificate of Streamline Health Solutions, Inc. (Incorporated by reference from the Company’s Registration Statement on Form S-1, File Number 333-01494, as filed with the SEC on April 15, 1996).
- 4.2\* [Description of Registrant’s Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.](#)
- 4.3 [Form of Warrant of Streamline Health Solutions, Inc. \(Incorporated by reference from Exhibit 4.1 of the Company’s Current Report on Form 8-K, as filed with the SEC on February 7, 2024\).](#)
- 10.1# [Streamline Health Solutions, Inc. Third Amended and Restated 2013 Stock Incentive Plan \(Incorporated by reference from Appendix A to the Company’s Definitive Proxy Statement on Schedule 14A, as filed with the SEC on April 22, 2019\).](#)
- 10.1(a)# [Amendment No. 1 to Streamline Health Solutions, Inc. Third Amended and Restated 2013 Stock Incentive Plan \(Incorporated by reference from Exhibit 10.1 of the Company’s Current Report on Form 8-K, as filed with the SEC on May 24, 2021\).](#)
- 10.1(b)# [Amendment No. 2 to Streamline Health Solutions, Inc. Third Amended and Restated 2013 Stock Incentive Plan \(Incorporated by reference from Appendix B to the Company’s Definitive Proxy Statement on Schedule 14A, as filed with the SEC on May 9, 2022\).](#)
- 10.1(c)# [Amendment No. 3 to Streamline Health Solutions, Inc. Third Amended and Restated 2013 Stock Incentive Plan \(Incorporated by reference from Appendix B to the Company’s Definitive Proxy Statement on Schedule 14A, as filed with the SEC on May 11, 2023\).](#)
- 10.1(d)# [Form of Restricted Stock Award Agreement for Non-Employee Directors \(Incorporated by reference from Exhibit 10.2 of the Company’s Current Report on Form 8-K, as filed with the SEC on August 25, 2014\).](#)
- 10.1(e)# [Form of Restricted Stock Award Agreement for Executives \(Incorporated by reference from Exhibit 10.3 of the Company’s Current Report on Form 8-K, as filed with the SEC on August 25, 2014\).](#)
- 10.1(f)# [Form of Stock Option Agreement for Executives \(Incorporated by reference from Exhibit 10.4 of the Company’s Current Report on Form 8-K, as filed with the SEC on August 25, 2014\).](#)

- 10.2# [Employment Agreement, dated October 17, 2019, by and between the Company and Wyche T. “Tee” Green, III \(Incorporated by reference from Exhibit 10.2 of the Company’s Current Report on Form 8-K, as filed with the SEC on October 18, 2019\).](#)
- 10.3# [Second Amendment to Employment Agreement, dated May 7, 2024, by and between the Company and Wyche T. “Tee” Green, III \(Incorporated by reference from Exhibit 10.1 of the Company’s Current Report on Form 8-K, as filed with the SEC on May 13, 2024\).](#)
- 10.4# [Employment Agreement, dated February 15, 2022, by and between the Company and Benjamin L. Stilwill.](#)
- 10.5# [Employment Agreement, dated December 4, 2023, by and between the Company and Bryant James Reeves \(Incorporated by reference to Exhibit 10.1 of the Company’s Current Report on Form 8-K, as filed with the SEC on December 7, 2023\).](#)
- 10.6# [Employment Agreement, dated February 4, 2021, by and between the Company and Wendy L. Lovvorn.](#)
- 10.7# [Restricted Stock Agreement by and between Streamline Health Solutions, Inc. and Jawad Shaikh, dated as of August 16, 2021 \(Incorporated by reference from Exhibit 10.1 of the Company’s Current Report on Form 8-K, as filed with the SEC on August 18, 2021\).](#)
- 10.8# [Restricted Stock Agreement by and between Streamline Health Solutions, Inc. and Badar Shaikh, dated as of August 16, 2021 \(Incorporated by reference from Exhibit 10.2 of the Company’s Current Report on Form 8-K, as filed with the SEC on August 18, 2021\).](#)
- 10.9# [Form of Indemnification Agreement for all directors and officers of Streamline Health Solutions, Inc. \(Incorporated by reference from Exhibit 10.1 of the Company’s Current Report on Form 8-K, as filed with the SEC on June 7, 2006\).](#)
- 10.10 [Loan and Security Agreement dated as of December 11, 2019 by and among Bridge Bank, a division of Western Alliance Bank, Streamline Health Solutions, Inc. and Streamline Health, Inc. \(Incorporated by reference from Exhibit 10.5 of the Company’s Quarterly Report on Form 10-Q, as filed with the SEC on January 7, 2020\).](#)
- 10.10(a) [Amended and Restated Loan and Security Agreement dated as of March 2, 2021 by and among Western Alliance Bank, Streamline Health Solutions, Inc. and Streamline Health, Inc. \(Incorporated by reference from Exhibit 10.1 of the Company’s Current Report on Form 8-K, as filed with the SEC on March 2, 2021\).](#)
- 10.10(b) [Second Amended and Restated Loan and Security Agreement, dated August 26, 2021, by and among Streamline Health Solutions, Inc., Streamline Health, Inc., Streamline Pay & Benefits, LLC, Streamline Consulting Solutions, LLC, Avelead Consulting, LLC and Western Alliance Bank \(Incorporated by reference from Exhibit 10.1 of the Company’s Current Report on Form 8-K, as filed with the SEC on August 30, 2021\).](#)
- 10.10(c) [Waiver of Second Amended and Restated Loan and Security Agreement, dated August 26, 2022, by and among the Company, Streamline Health, LLC, Streamline Pay & Benefits, LLC, Avelead Consulting, LLC, Streamline Consulting Solutions, LLC and Western Alliance Bank \(Incorporated by reference from Exhibit 10.2 of the Quarterly Report on Form 10-Q, filed September 8, 2022\).](#)
- 10.10(d) [Second Modification to Second Amended and Restated Loan and Security Agreement, dated November 29, 2022, by and between Streamline Health Solutions, Inc. and certain of its subsidiaries party thereto, and Western Alliance Bank \(Incorporated by reference from Exhibit 10.1 of the Current Report on Form 8-K, filed December 5, 2022\).](#)
- 10.10(e) [Third Modification to Second Amended and Restated Loan and Security Agreement, dated February 7, 2024, by and between Streamline Health Solutions, Inc. and certain of its subsidiaries party thereto, and Western Alliance Bank \(Incorporated by reference from Exhibit 10.3 of the Current Report on Form 8-K, filed February 7, 2024\).](#)
- 10.10(f) [Fourth Modification to Second Amended and Restated Loan and Security Agreement, dated April 5, 2024, by and between Streamline Health Solutions, Inc. and certain of its subsidiaries party thereto, and Western Alliance Bank \(Incorporated by reference from Exhibit 10.4 of the Quarterly Report on Form 10-Q, filed June 12, 2024\).](#)
- 10.10(g) [Fifth Modification to Second Amended and Restated Loan and Security Agreement, dated November 13, 2024, by and between Streamline Health Solutions, Inc. and certain of its subsidiaries party thereto, and Western Alliance Bank \(Incorporated by reference from Exhibit 10.1 of the Current Report on Form 8-K, filed November 15, 2024\).](#)
- 10.10(h) [Sixth Modification to Second Amended and Restated Loan and Security Agreement, dated March 27, 2025, by and between Streamline Health Solutions, Inc. and certain of its subsidiaries party thereto, and Western Alliance Bank \(Incorporated by reference from Exhibit 10.1 of the Current Report on Form 8-K, filed March 28, 2025\).](#)
- 10.11 [Securities Purchase Agreement, dated October 10, 2019, between the Company and each purchaser identified on the signature pages thereto \(Incorporated by reference from Exhibit 10.1 of the Company’s Current Report on Form 8-K, as filed with the SEC on October 11, 2019\).](#)
- 10.12 [Registration Rights Agreement, dated October 10, 2019, between the Company and each of the several purchasers signatory thereto \(Incorporated by reference from Exhibit 10.2 of the Company’s Current Report on Form 8-K, as filed with the SEC on October 11, 2019\).](#)

10.13	<a href="#">Form of Common Stock Purchase Agreement dated as of October 24, 2022, by and among Streamline Health Solutions, Inc. and the purchasers thereto (Incorporated by reference from Exhibit 10.1 of the Current Report on Form 8-K, filed October 27, 2022).</a>
10.14	<a href="#">Master Services and Non-Disclosure Agreement, dated as of March 18, 2020, by and between Streamline Health Solutions, Inc. and 180 Consulting, LLC (Incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed with the SEC on March 25, 2020).</a>
10.15	<a href="#">Sublease Agreement (Incorporated by reference from Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q, as filed with the SEC on June 11, 2020).</a>
10.16	<a href="#">Form of Securities Purchase Agreement, by and among Streamline Health Solutions, Inc. and each purchaser identified on the signature pages thereto (Incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed with the SEC on February 7, 2024).</a>
10.17	<a href="#">Form of Promissory Note of Streamline Health Solutions, Inc. (Incorporated by reference from Exhibit 10.2 of the Company's Current Report on Form 8-K, as filed with the SEC on February 7, 2024).</a>
19*	<a href="#">Streamline Health Solutions, Inc. Insider Trading Policy</a>
21.1*	<a href="#">Subsidiaries of Streamline Health Solutions, Inc.</a>
23.1*	<a href="#">Consent of Independent Registered Public Accounting Firm – Forvis Mazars, LLP</a>
24	<a href="#">Power of Attorney (included in signature page)</a>
31.1*	<a href="#">Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1*	<a href="#">Certification by Chief Executive Officer pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2*	<a href="#">Certification by Chief Financial Officer pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101	The following financial information from Streamline Health Solutions, Inc.'s Annual Report on Form 10-K for the fiscal year ended January 31, 2025 filed with the SEC on May 2, 2025, formatted in XBRL includes: (i) Consolidated Balance Sheets at January 31, 2025 and 2024, (ii) Consolidated Statements of Operations for the two years ended January 31, 2025, (iii) Consolidated Statements of Changes in Stockholders' Equity for the two years ended January 31, 2025, (iv) Consolidated Statements of Cash Flows for the two years ended January 31, 2025, and (v) the Notes to Consolidated Financial Statements.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101)

\* Filed herewith.

# Management Contracts and Compensatory Arrangements.

Our SEC file number reference for documents filed with the SEC pursuant to the Exchange Act, is 000-28132.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

STREAMLINE HEALTH SOLUTIONS, INC.

By: /S/ BENJAMIN L. STILWILL  
Benjamin L. Stilwill  
*President and Chief Executive Officer*

## POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints Benjamin L. Stilwill and Bryant J. Reeves, III, and each of them, his or her attorneys-in-fact, each with the power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign this annual report on Form 10-K and any and all amendments to this annual report on Form 10-K, and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that such attorneys-in-fact and agents or any of them or his, her or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

DATE: May 2, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the date indicated.

<u>/s/ WYCHE T. "TEE" GREEN, III</u> Wyche T. "Tee" Green, III	Executive Chairman and Chairman of the Board	May 2, 2025
<u>/S/ BENJAMIN L. STILWILL</u> Benjamin L. Stilwill	President, Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	May 2, 2025
<u>/s/ BRYANT J. REEVES, III</u> Bryant J. Reeves, III	Chief Financial Officer <i>(Principal Financial Officer and Principal Accounting Officer)</i>	May 2, 2025
<u>/s/ JONATHAN R. PHILLIPS</u> Jonathan R. Phillips	Director	May 2, 2025
<u>/s/ JUSTIN FERAYORNI</u> Justin Ferayorni	Director	May 2, 2025
<u>/s/ JUDITH E. STARKEY</u> Judith E. Starkey	Director	May 2, 2025
<u>/s/ KENAN H. LUCAS</u> Kenan H. Lucas	Director	May 2, 2025
<u>/s/ MATTHEW ETHERIDGE</u> Matthew Etheridge	Director	May 2, 2025

**DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

Streamline Health Solutions, Inc. (the "Company," "we," "our," and "us") has authority to issue 90,000,000 shares of all classes of stock, consisting of 85,000,000 shares of common stock, par value \$0.01 per share (the "Common Stock"), and 5,000,000 shares of preferred stock, par value \$0.01 per share (the "Preferred Stock"). The following summary describes the Common Stock of the Company, which is the only class of securities of the Company registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended.

The following description is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to (i) our Certificate of Incorporation, as amended through June 7, 2022 (as so amended, the "Certificate of Incorporation"), and (ii) our Amended and Restated Bylaws, as amended and restated through March 28, 2014 (as so amended, the "Bylaws"), each of which is incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. We encourage you to read our Certificate of Incorporation, our Bylaws and the applicable provisions of the Delaware General Corporation Law (the "DGCL"), for additional information.

### **Common Stock**

*Voting.* Holders of Common Stock are entitled to one vote per share for the election of directors and on all other matters that require stockholder approval, subject in all cases to the rights of any outstanding Preferred Stock, if any. Holders of our Common Stock do not have cumulative voting rights.

Our Bylaws provide that the holders of a majority of all of the shares of our capital stock issued, outstanding and entitled to vote shall constitute a quorum for the transaction of business. When a quorum is present, the affirmative vote of the majority of shares of our capital stock present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders, unless the question is one upon which by express provisions of an applicable law, our Certificate of Incorporation or our Bylaws a different vote is required, in which case such express provision shall govern and control the decision of such question. Our Bylaws provide that, when a quorum is present at a meeting of stockholders at which directors are to be elected, directors are elected by a plurality of the votes of the shares of capital stock present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Our Certificate of Incorporation provides that the affirmative vote of the holders of not less than 66 2/3% of the outstanding shares of Common Stock entitled to vote upon the election of directors shall be required to effect: (1) an amendment to the Certificate of Incorporation, (2) a merger or consolidation of the Company with or into another corporation, or the sale or transfer of all or substantially all of the assets of the Company to another entity; or (3) the removal of a member of the Board of Directors.

*Dividends and Other Distributions.* Subject to the rights of holders of any then outstanding shares of our Preferred Stock, our holders of Common Stock are entitled to receive such dividends as may be declared from time to time by our Board of Directors from funds legally available therefor. We do not currently pay cash dividends on our Common Stock, and we currently intend to retain any future earnings for use in our business. Any future determination as to the declaration of dividends on our Common Stock will be made at the discretion of the Board of Directors and will depend on our earnings, operating and financial condition, capital requirements and other factors deemed relevant by the Board of Directors, including the applicable requirements of the DGCL, which provides that dividends are payable only out of surplus or net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. The payment of dividends on our Common Stock may be restricted by the provisions of credit agreements or other financing documents that we may enter into or the terms of securities that we may issue from time to time.

*Merger, Consolidation or Sale of Assets.* Subject to any preferential rights of any outstanding Preferred Stock, if any, holders of our Common Stock shall be entitled to receive all cash, securities and other property received by us pro rata on the basis of the number of shares of Common Stock held by each of them in any of the following situations: (1) our merger or consolidation with or into another corporation in which we do not survive, (2) the sale or transfer of all or substantially all of our assets to another entity or (3) a merger or consolidation in which we are the surviving entity but the Common Stock shall be exchanged for stock, securities or property of another entity.

*Distribution on Dissolution.* After payment or provision for all liabilities, and subject to any preferential rights of any outstanding Preferred Stock, if any, in the event of our liquidation, dissolution or winding up, holders of our Common Stock are entitled to receive a portion of the remaining funds to be distributed. Such funds shall be paid to the holders of our Common Stock pro rata on the basis of the number of shares of Common Stock held by each of them.

*Other Rights.* The shares of our Common Stock are not subject to any redemption provisions and are not convertible. Holders of our Common Stock do not have any preemptive rights enabling such holders to purchase, subscribe for or receive shares of any class of our Common Stock or any other securities convertible into shares of any class of our Common Stock or any redemption rights. Holders of Common Stock have no sinking fund rights.

All outstanding shares of our Common Stock are fully paid and non-assessable. All shares of Common Stock have equal rights and preferences.

The rights, preferences and privileges of holders of our Common Stock are subject to, and may be adversely affected by, those of the holders of Preferred Stock, and will be subject to those of the holders of any shares of our Preferred Stock that we may issue in the future. As of May 2, 2025, we had no shares of Preferred Stock outstanding.

### **Warrants**

As of May 2, 2025, we have warrants (the "Warrants") outstanding to purchase up to an aggregate of 237,027 shares of Common Stock.

The Warrants have an exercise price of \$5.70 (except for Warrants issued to the Company's directors and officers which have an exercise price of \$5.85), and are exercisable any time on or after February 7, 2024, and prior to February 7, 2028. The Warrants are exercisable for cash or on a cashless basis, at the holder's option.

The exercise price and number of shares of Common Stock issuable upon exercise of the Warrants may be adjusted in certain circumstances, including in the event of a stock split, stock dividend, recapitalization, or combination.

The Warrant holders do not have the rights or privileges of holders of shares of our Common Stock or any voting rights until they exercise their Warrants and receive shares of our Common Stock. After the issuance of shares of Common Stock upon exercise of the Warrants, each holder will be

entitled to one vote for each share held of record on all matters to be voted on by stockholders of the Company. The Warrants were issued in a private placement pursuant to an exemption under the Securities Act of 1933, as amended.

## **Listing**

Our Common Stock is listed on the NASDAQ Capital Market under the symbol "STRM."

## **Transfer Agent and Registrar**

The transfer agent and registrar for our Common Stock is Computershare Inc., 250 Royall Street, Canton, Massachusetts 02021.

## **Delaware Anti-Takeover Law and Provisions of our Certificate of Incorporation and Bylaws**

*Delaware Anti-Takeover Law.* We are subject to Section 203 of the DGCL. Section 203 generally prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

- prior to the date of such business combination, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (a) shares owned by persons who are directors and also officers of the corporation and (b) shares issued under employee stock plans under which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or subsequent to the date of such business combination, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines a business combination to include:

- any merger or consolidation involving the corporation and the interested stockholder or any merger or consolidation involving the corporation and another entity that is caused by the interested stockholder;
- any sale, lease, exchange, mortgage, pledge, transfer or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;
- subject to exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of its stock owned by the interested stockholder; or
- any receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any affiliate or associate of such entity or person.

*Our Certificate of Incorporation and Bylaws.* Provisions of our Certificate of Incorporation and Bylaws may delay or discourage transactions involving an actual or potential change in our control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares, or transactions that our stockholders might otherwise deem to be in their best interests. Therefore, these provisions could adversely affect the price of our Common Stock. Among other things, our Certificate of Incorporation and Bylaws:

- permit our Board of Directors to issue up to 5,000,000 shares of Preferred Stock, with such designations, powers, preferences and rights as our Board of Directors may authorize (including the right to approve an acquisition or other change in control);
- provide that the authorized number of directors may be changed only by the Board of Directors;

- provide that all vacancies, including newly created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum; and
- do not provide for cumulative voting rights (therefore allowing the holders of a majority of the shares of capital stock entitled to vote in any election of directors to elect all of the directors standing for election, if they should so choose).

The amendment or repeal of any of these provisions of our Certificate of Incorporation would require approval of holders of not less than 66 2/3% of the outstanding shares of Common Stock entitled to vote upon the election of directors. Our Bylaws may be amended by an affirmative vote of a majority of the entire Board of Directors.

**INSIDER TRADING POLICY**  
**Streamline Health Solutions, Inc.**

**I. Introduction**

The purpose of this Insider Trading Policy (this “Policy”) is to provide general procedural guidelines for directors, officers, and associates to follow when in possession of Material Nonpublic Information about Streamline Health Solutions, Inc. (the “Company”) or other entities. To avoid the appearance of Trading on Material Nonpublic Information concerning the Company and to facilitate compliance with certain transaction reporting obligations under applicable federal securities laws, the policy also provides procedures for directors, officers, and certain employees to follow when conducting transactions in Company Securities and reporting such transactions to the U.S. Securities and Exchange Commission (“SEC”) and applicable exchanges.

Trading on Material Nonpublic Information or providing Material Nonpublic Information to others who purchase or sell securities based on such information is a violation of the federal securities laws and is strictly prohibited by the Company. Violations of federal securities laws may result in civil or criminal liability for the Company and its officers and directors. Therefore, any violation of this policy by a director, officer, or employee of the Company may result in disciplinary action including termination.

**II. Definitions**

“Material Nonpublic Information” means information that a reasonable investor would consider important in making an investment decision regarding the purchase or sale of the securities in question and that has not been previously disclosed to the general public or is otherwise not readily available to the general public. Either positive or negative information may be material. While it is not possible to define all categories of material information, examples of information that, as a general rule, should be considered material are as follows:

- Financial results
- News of a pending or proposed merger, acquisition or disposition
- Impending bankruptcy or financial liquidity problems
- Gain or loss of a significant client
- Early termination of a significant client contract
- Changes in dividend policy
- New equity or debt offerings
- Significant exposure due to actual or threatened litigation
- Changes in senior management

“Section 16 Individuals” means the directors of the Company and the persons designated as “executive officers” of Company from time to time by the Company’s Board of Directors. Stockholders that beneficially own more than 10% of Company common stock are also subject to Section 16 of the Securities Exchange Act of 1934, as amended, and must comply with this Policy.

“Restricted Persons” means Section 16 Individuals, as well as their Related Persons, entities controlled by any such person and, upon their receipt of notice that they have been designated as a “Restricted Person”, other persons (and their Related Persons) designated (including, in some cases, for specific time periods) by the Chief Legal Counsel.

“Related Person” means a spouse, minor children, and anyone else living in an employee’s household; partnerships in which employees are a general partner; trusts of which employees are a trustee; and estates of which employees are an executor. Although a person’s parent or sibling may not be considered a related person (unless living in the same household), a parent or sibling may be a “tippee” for securities laws purposes.

“Company Securities” refers to any security of the Company, including common stock, preferred stock, derivative securities such as warrants and options, and debt securities such as debentures, bonds and notes (convertible and non-convertible).

“Trading” (or “Trade”) includes buying, selling or otherwise transferring securities. Trading refers not only to the purchase or sale of securities, but also to the purchase or sale of puts, calls, or other options with respect to such securities.

**III. Scope of Policy**

This Policy applies to all individuals, including but not limited to the Company’s officers and directors, executive officers and other management personnel, full-time and part-time associates, temporary associates, consultants, independent contractors, outside advisers, and other temporary insiders (including, without limitation, investment bankers, analysts, accountants and attorneys), who provide services to the Company or any of its subsidiaries and who receive or are exposed to Material Nonpublic Information. This policy also applies to Related Persons of someone otherwise subject to this policy, as well as independent retirement accounts (or “IRAs”), trusts and other entities controlled by those subject to this policy. In addition, individuals who have recently departed from the Company or any of its subsidiaries or otherwise terminated a relationship with the Company or any of its subsidiaries will be expected to comply with the terms of this policy for the period of time during which such individuals are in possession of Material Nonpublic Information until its public release and absorption by the securities market. All persons to whom this Policy applies are referred to as “Insiders”.

**IV. Statement of Policy**

It is the policy of the Company that no Insider who is aware of Material Nonpublic Information relating to the Company may, directly or through family members or other persons or entities, (A) buy or sell Company Securities (other than pursuant to a pre-approved trading plan that complies with SEC Rule 10b5-1), or engage in any other action to take personal advantage of that information, or (B) pass that information on to others outside the Company, including family and friends.

In addition, it is the policy of the Company that no Insider who, in the course of working for the Company, learns of Material Nonpublic Information about a company with which the Company does business, including a customer, vendor or supplier of the Company, may Trade in that company's securities until the information becomes public or is no longer material. Civil and criminal penalties, and termination of employment may result from Trading while in the possession of such Material Nonpublic Information. All Insiders should treat Material Nonpublic Information about the Company's business partners with the same care required with respect to information related to the Company.

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are not expected from the policy. The securities laws do not recognize such mitigating circumstance, and, in any event, even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.

## **V. Guidelines on Insider Trading**

The following section outlines the various guidelines on insider Trading.

### **a. Pre-Clearance of Trade**

Pre-clearance requirements extend to all Insiders who are Section 16 Individuals, to all direct reports of the Company's Chief Executive Officer and to each of such Insider's Related Persons.

1. Requests for pre-clearance must be submitted in writing to the Chief Legal Counsel at least two business days in advance of a proposed transaction ("Notice Period"). The Chief Legal Counsel may consult with outside legal counsel regarding any question regarding the appropriateness of a transaction under the policy prior to approval. The notice period may be waived by the Chief Legal Counsel if he is able to evaluate and determine the appropriateness of a proposed transaction under the policy in less than two business days.
2. No transactions in Company Securities can be made without the prior written approval (which may include email approval) of the Chief Legal Counsel. A copy of such approval shall be maintained in the records of the Chief Legal Counsel and such approval shall be evidence of any waiver of the notice period.
3. No person may pre-clear his/her own transactions in Company Securities. To the extent that the same person serves in the capacity of Chief Legal Counsel, the Chief Financial Officer shall receive the Chief Legal Counsel's written requests for pre-clearance and to provide prior written approval of the planned transactions in Company Securities in consultation with the Company's outside legal counsel. A copy of any such approval shall be maintained in the records of the Chief Financial Officer and such approval shall be evidence of any waiver of the notice period.
4. Clearance of a transaction is valid only for a 48-hour period. If the transaction order is not placed within that 48-hour period, clearance of the transaction must be re-requested. If

clearance is denied, the fact of such denial must be kept confidential by the person requesting such clearance.

### **b. Trading on Material Nonpublic Information**

This Policy also applies to Material Nonpublic Information relating to other companies, including the Company's customers, vendors, suppliers, and acquisition candidates when that information is obtained in the course of employment with, or other services performed on behalf of the Company. Civil and criminal penalties, and termination of employment may result from Trading in such company's securities while in the possession of Material Nonpublic Information.

### **c. Rule 10b5-1**

Pursuant to SEC Rule 10b5-1 and the Company's policies, Insiders will be permitted to Trade in securities outside of a permitted Trading Window pursuant to a "securities trading plan" that requires:

1. The adoption by the Insider of a binding, good faith contract for Trading securities with another person (who does not have Material Nonpublic Information) to execute trades for the Insider's account.
2. Such contract be in the form of a written plan (the "Plan") for trading securities, which is:
  - (a) Adopted prior during an open window period;
  - (b) Adopted when the Insider is not in possession of Material Nonpublic Information; and
  - (c) Approved by the Chief Legal Counsel, prior to any trades under that plan being executed.
3. The Plan must specify the dates, prices, and amounts of securities to be Traded and cannot be modified during the specified execution period--i.e., the Insider is not permitted to exercise any subsequent influence over how, when or whether to effect purchases or sales.

### **d. Restriction on Speculative Trading and Short Sales**

Insiders must not at any time engage in short-term or speculative Trading in Company Securities. In general, the purchase of securities with a view to resale within a 12 month period and the sale of securities with a view to repurchase within a 12 month period would be considered to be transactions of a "short term" nature. However, the sale of shares immediately after they have been acquired through the conversion of a security (e.g., exercise of an option) will not be regarded as short-term Trading.

### **e. Tipping**

Insiders may be liable for communicating or tipping Material Nonpublic Information to any third party (a "tippee"), not limited to just Related Persons. Further, insider trading violations are not limited to Trading or tipping by Insiders. Persons other than insiders also can be liable for insider trading, including tippees who Trade on Material Nonpublic Information tipped to them and individuals who Trade on Material Nonpublic Information which has been misappropriated.

Tippees inherit an Insider's duties and are liable for Trading on Material Nonpublic Information illegally tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the information along to others who Trade. In other words, a tippee's liability for insider trading is no different from that of an Insider. Tippees can obtain Material Nonpublic Information by receiving overt tips from others or through, among other things, conversations at social, business or other gatherings.

#### **f. Restrictions on Options Trading**

A transaction in publicly traded options is, in effect, a bet on the short-term movement of the securities and, therefore, if made by an Insider, creates the appearance that the Trading is based on Material Nonpublic Information. Transactions in options also may focus an Insider's attention on short-term performance at the expense of the Company's long term objectives. Accordingly, transactions by Insiders in puts, calls or other derivative securities based on the Company's securities on an exchange or in any other organized market are prohibited.

#### **g. Non-Disclosure of Material Nonpublic Information**

Unauthorized disclosure of Material Nonpublic Information could create serious problems for the Company, whether or not the information was disclosed for the purpose of conducting improper transactions in Company Securities. Directors, officers, associates and contractors should not discuss Material Nonpublic Information with anyone outside the Company, including through the use of e-mail or the internet (including on-line bulletin boards and chat rooms), except as required in the performance of regular duties.

#### **h. Trading Windows**

The Company has designated a "Trading Window" period that commences and ends on the dates specified in email communications to Restricted Persons by the Chief Legal Counsel. Restricted Persons are prohibited from conducting transactions involving the purchase or sale of the Company Securities other than during the Trading Window. While each Trading Window will be as set forth in an email to Restricted Persons prior to the beginning of such Trading Window, Trading Windows will generally begin at the opening of the market on the third (3rd) trading day following the release of the Company's quarterly or annual financial results for that particular quarter and end at the close of the market on the fourteenth (14th) day prior to the close of any fiscal quarter.

The Chief Legal Counsel may modify any Trading Window on a permanent or temporary basis if the law so requires or if he determines that the circumstances so warrant. Even during any Trading Window, any person in possession of Material Nonpublic Information concerning the Company is prohibited from engaging in any transactions in the Company Securities, whether or not such person is a Restricted Person under this Policy.

#### **i. Blackout Periods**

The Company may, at any time, impose a "blackout" period, during which period Trading by a specified group of insiders or all insiders would be considered inappropriate. The Chief Legal

Counsel will communicate the imposition or extension of such a blackout period to all affected parties. Insiders subject to a special "blackout" period may not disclose the fact that Trading has been suspended to anyone, including to other associates (who may themselves not be subject to the blackout), family members (other than those subject to this Policy), friends or brokers. The imposition of a special blackout period shall be treated as Material Nonpublic Information. Any person who is subject to a special "blackout" period may not engage in transactions involving the Company Securities notwithstanding any communication of open Trading Windows set forth above unless and until the Chief Legal Counsel notifies such person that the special "blackout" period is over.

#### **j. Hedging**

Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow an Insider to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the securities. These transactions allow the Insider to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the Insider may no longer have the same objectives as the Company's other shareholders. Therefore, the Company prohibits Insiders from engaging in such transactions.

#### **k. 20-20 Hindsight**

Any securities transaction that becomes subject to scrutiny will be analyzed after-the-fact with the benefit of hindsight. Consequently, before engaging in any transaction, Company personnel should carefully consider how the authorities and others might view the transaction looking backwards in time. Even the appearance of an improper transaction should be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.

### **VI. Potential Sanctions**

Violations of the insider trading laws can lead to significant fines, imprisonment, and other penalties for those individuals involved. Failure to adhere strictly to this policy will result in serious consequences and may result in termination of employment. Legal liability can include both criminal and civil charges. In many jurisdictions, civil and criminal penalties may be imposed merely for communicating information inappropriately, whether or not an Insider Trades in the securities or receives a benefit.

### **VII. Exceptions to the Prohibitions on Trading**

The only exceptions to this Policy's prohibitions of Trading in Company Securities as outlined above are the following:

- Stock Option Exercises – Exercises in stock options granted under the Company's equity compensation plans for cash; however, this exception does not include the subsequent sale of the shares acquired pursuant to the exercise of a stock option and "cashless" exercises of such options; and
- Bona Fide Gifts – Bona fide gifts of Company Securities are not deemed to be Trades for the purposes of this Policy. Whether a gift is truly bona fide will depend on the circumstances surrounding a specific gift. The more unrelated the donee is to the donor, the more likely the gift would be considered "bona fide" and not a prohibited Trade under this Policy. For example, gifts to charities, churches or non-profit organizations may not

be prohibited Trades under this Policy. However, gifts to dependent children followed by a sale of the “gifted securities” in close proximity to the time of the gift may imply some economic benefit to the donor and, therefore, may be deemed to be a prohibited Trade under this Policy.

While these transactions may be exceptions to this Policy’s prohibitions on trading in the Company’s securities, a Restricted Person or Related Person of such Restricted Person must still pre-clear the proposed transaction with the Chief Legal Counsel.

I hereby acknowledge that I have read, understand and agree to comply with the Streamline Health Solutions, Inc. Insider Trading Policy.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

## STREAMLINE HEALTH SOLUTIONS, INC.

## SUBSIDIARIES OF STREAMLINE HEALTH SOLUTIONS, INC.

<b>Name</b>	<b>Jurisdiction of Incorporation</b>	<b>% Owned</b>
Streamline Health, LLC	Delaware	100%
Avelead Consulting, LLC	Delaware	100%
Streamline Consulting Solutions, LLC	Delaware	100%
Streamline Pay & Benefits, LLC	Delaware	100%

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-234567, 333-255723, 333-265773, 333-267187, 333-272993, and 333-279190) and Form S-8 (Nos. 333-188764, 333-208752, 333-220953, 333-233728, 333-258445, 333-265774, 333-272995, and 333-280444) of Streamline Health Solutions, Inc. (the "Company") of our report dated May 2, 2025, with respect to the consolidated financial statements of the Company included in this Annual Report on Form 10-K for the year ended January 31, 2025. Our report contains an explanatory paragraph describing conditions that raise substantial doubt about the Company's ability to continue as a going concern as described Note 2 to the consolidated financial statements.

/s/ Forvis Mazars, LLP

**Atlanta, Georgia**

**May 2, 2025**

## STREAMLINE HEALTH SOLUTIONS, INC.

## CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Benjamin L. Stilwill, certify that:

I have reviewed this annual report on Form 10-K of Streamline Health Solutions, Inc.

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

The registrant's other certifying officer and I:

- are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant;
- designed such disclosure control and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case on an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 2, 2025

/s/ BENJAMIN L. STILWILL

President and Chief Executive Officer

## STREAMLINE HEALTH SOLUTIONS, INC.

## CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bryant J. Reeves, III, certify that:

I have reviewed this annual report on Form 10-K of Streamline Health Solutions, Inc.

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

The registrant's other certifying officer and I:

- are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant;
- designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case on an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 2, 2025

/s/ BRYANT J. REEVES, III  
Chief Financial Officer

## STREAMLINE HEALTH SOLUTIONS, INC.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Benjamin L. Stilwill, President and Chief Executive Officer of Streamline Health Solutions, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- The annual report on Form 10-K of the Company for the annual period ended January 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ BENJAMIN L. STILWILL*

\_\_\_\_\_  
President and Chief Executive Officer

May 2, 2025

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

## STREAMLINE HEALTH SOLUTIONS, INC.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Bryant J. Reeves, III, Chief Financial Officer of Streamline Health Solutions, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- The annual report on Form 10-K of the Company for the annual period ended January 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ BRYANT J. REEVES, III*

Chief Financial Officer

May 2, 2025

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.