



April 10, 2017

Streamline Health® Reports Fourth Quarter And Fiscal Year 2016 Financial Performance

Fourth Quarter Revenues \$6.4 Million; \$5.7 Million Cash on Hand; FY 2016 Revenues \$27.1 Million; \$1.0 Million in Cash from Operations; \$5.2 Million 2016 Net Loss; 2016 Adjusted EBITDA \$2.9 Million

ATLANTA, April 10, 2017 /PRNewswire/ -- [Streamline Health Solutions, Inc.](#) (NASDAQ: STRM), provider of the Looking Glass® platform of integrated solutions, technology-enabled services and analytics supporting revenue cycle optimization for healthcare enterprises, today announced financial results for the fourth quarter and fiscal year of 2016, which ended January 31, 2017.



Revenues for the three-month period ended January 31, 2017 were \$6.4 million, same as the three-months ended January 31, 2016. Adjusted EBITDA for the fourth quarter was \$0.5 million, same as the fourth quarter a year ago. Net loss for the fourth quarter was \$1.0 million, an improvement over the \$1.4 million net loss in the same period a year ago.

Revenues for fiscal year 2016 were \$27.1 million, down 4.4% from \$28.3 million the previous fiscal year. Recurring revenues for the year constituted 82.4% of overall revenue, or \$22.3 million. Net loss for 2016 was \$5.2 million. Adjusted EBITDA for the fiscal year was \$2.9 million, up from \$2.8 million in fiscal year 2015.

"2016 was another year of significant improvement in terms of our balance sheet and operational efficiency as our cash on hand is effectively even with our bank debt," stated David Sides, President and Chief Executive Officer, Streamline Health. "As importantly, during the year we made two strategic moves to enable us to place more emphasis on solutions and services with the greatest demand in the marketplace. Our acquisition of Opportune IT added coding audit services and technologies to our mix, and the sale of our scheduling solutions moved us more firmly into the middle of the revenue cycle where our primary decision makers of CFOs, HIM and Revenue Cycle directors are focused on improving the fiscal health of their organizations."

"We continue to expand our reseller network to help us reach more potential clients, faster. And we are investing in the development of new technologies in machine learning to give us a strategic advantage in the market, specifically in pre- and post-bill auditing."

Highlights for the fourth quarter and fiscal year ended January 31, 2017 included:

- | Revenues for the fourth quarter 2016 were \$6.4 million, and for the year were \$27.1 million;
- | Recorded net loss of \$(1.0) million for the three-month period ended January 31, 2017, and \$(5.2) million for the fiscal year 2016;
- | Adjusted EBITDA for the fourth quarter 2016 was \$0.5 million, and for the year was \$2.9 million;
- | New sales bookings for the quarter were \$2.9 million and \$8.3 million for the fiscal year; and
- | Backlog at the end of the quarter was \$50.6 million.

Conference Call Information

The Company will conduct a conference call to review the results on Monday, April 10, 2017 at 5:00 PM ET. Interested parties can access the call via live webcast; [click here](#) to register. The call can also be accessed by dialing 877-397-0286 and then entering passcode 2135649.

A replay of the conference call will be available from Monday, April 10, 2017 at 8:00 PM ET to Friday, April 14, 2017 at 8:00

PM ET by dialing 888-203-1112 and entering passcode 2135649.

*Non-GAAP Financial Measures

Streamline Health reports its financial results in accordance with U.S. generally accepted accounting principles ("GAAP"). Streamline Health's management also evaluates and makes operating decisions using various other measures. One such measure is Adjusted EBITDA, which is a non-GAAP financial measure. Streamline Health's management believes that this measure provides useful supplemental information regarding the performance of Streamline Health's business operations.

Streamline Health defines "Adjusted EBITDA" as net earnings (loss) plus interest expense, tax expense, depreciation and amortization expense of tangible and intangible assets, stock-based compensation expense, significant non-recurring operating expenses, and transactional-related expenses including: gains and losses on debt and equity conversions, associate severances and related restructuring expenses, associate inducements, and professional and advisory fees. A table illustrating this measure is included in this press release.

About Streamline Health

[Streamline Health Solutions, Inc.](#) (NASDAQ: STRM) is a healthcare industry leader in capturing, aggregating, and translating enterprise data into knowledge - actionable insights that support revenue cycle optimization for healthcare enterprises. Our Looking Glass® platform delivers integrated solutions, technology-enabled services and analytics that enable providers to drive reimbursement in a value-based world. We share a common calling and commitment to advance the quality of life and the quality of healthcare - for society, our clients, the communities they serve, and the individual patient. For more information, please visit our website at www.streamlinehealth.net.

Safe Harbor statement under the Private Securities Litigation Reform Act of 1995

Statements made by Streamline Health Solutions, Inc. that are not historical facts are forward-looking statements that are subject to certain risks, uncertainties and important factors that could cause actual results to differ materially from those reflected in the forward-looking statements included herein. Forward-looking statements contained in this press release include, without limitation, statements regarding the Company's estimates of future revenue, backlog, results of investments in sales and marketing, success of future products and related expectations and assumptions. These risks and uncertainties include, but are not limited to, the timing of contract negotiations and execution of contracts and the related timing of the revenue recognition related thereto, the potential cancellation of existing contracts or clients not completing projects included in the backlog, the impact of competitive solutions and pricing, solution demand and market acceptance, new solution development and enhancement of current solutions, key strategic alliances with vendors and channel partners that resell the Company's solutions, the ability of the Company to control costs, availability of solutions from third party vendors, the healthcare regulatory environment, potential changes in legislation, regulation and government funding affecting the healthcare industry, healthcare information systems budgets, availability of healthcare information systems trained personnel for implementation of new systems, as well as maintenance of legacy systems, fluctuations in operating results, effects of critical accounting policies and judgments, changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other similar entities, changes in economic, business and market conditions impacting the healthcare industry generally and the markets in which the Company operates and nationally, and the Company's ability to maintain compliance with the terms of its credit facilities, and other risks detailed from time to time in the Streamline Health Solutions, Inc. filings with the U. S. Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. The Company undertakes no obligation to publicly release the results of any revision to these forward-looking statements, which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

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

	Three Months Ended		Fiscal Year Ended	
	January 31,			
	2017	2016	2017	2016
Revenues:				
Systems sales	\$ 322,323	\$ 378,594	\$ 2,512,579	\$ 2,946,304

Professional services	526,331	580,124	2,395,987	2,212,002
Audit Services	393,572	--	627,919	--
Maintenance and support	3,572,298	3,829,816	14,809,935	15,145,480
Software as a service	1,568,609	1,582,314	6,713,485	8,010,672
Total revenues	<u>6,383,133</u>	<u>6,370,848</u>	<u>27,059,905</u>	<u>28,314,458</u>
Operating expenses:				
Cost of systems sales	632,400	660,632	2,712,663	2,778,041
Cost of professional services	832,932	894,852	2,724,078	3,143,881
Cost of audit services	504,579	--	1,100,154	--
Cost of maintenance and support	743,049	738,778	3,226,511	3,036,550
Cost of software as a service	373,397	389,385	1,763,705	2,442,143
Selling, general and administrative	2,934,934	2,806,429	13,088,074	13,442,799
Research and development	1,653,469	2,377,712	7,453,638	9,093,353
Gain on sale of business	(238,103)	--	(238,103)	--
Total operating expenses	<u>7,436,657</u>	<u>7,867,788</u>	<u>31,830,720</u>	<u>33,936,767</u>
Operating loss	(1,053,524)	(1,496,940)	(4,770,815)	(5,622,309)
Other income (expense):				
Interest expense	(127,962)	(185,824)	(508,859)	(884,226)
Miscellaneous income (expenses)	145,173	284,880	106,084	2,224,423
Loss before income taxes	(1,036,313)	(1,397,884)	(5,173,590)	(4,282,112)
Income tax (expense) benefit	17,128	(5,358)	12,024	(8,003)
Net loss	\$ (1,019,185)	\$ (1,403,242)	\$ (5,161,566)	\$ (4,290,115)
Less: deemed dividends on Series A Preferred Shares	--	(369,058)	(875,935)	(1,336,072)
Net loss attributable to common shareholders	\$ (1,019,185)	\$ (1,772,300)	\$ (6,037,501)	\$ (5,626,187)
Basic net loss per common share	\$ (0.05)	\$ (0.09)	\$ (0.31)	\$ (0.30)
Number of shares used in basic per common share computation	<u>19,680,751</u>	<u>18,783,539</u>	<u>19,528,341</u>	<u>18,689,854</u>
Diluted net loss per common share	\$ (0.05)	\$ (0.09)	\$ (0.31)	\$ (0.30)
Number of shares used in diluted per common share computation	<u>19,680,751</u>	<u>18,783,539</u>	<u>19,528,341</u>	<u>18,689,854</u>

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

Assets

	January 31,	
	2017	2016
Current assets:		
Cash and cash equivalents	\$ 5,654,093	\$ 9,882,136
Accounts receivable, net of allowance for doubtful accounts of \$198,449 and \$155,407, respectively	4,489,789	4,199,315
Contract receivables	466,423	119,697
Prepaid hardware and third party software for future delivery	5,858	5,858
Prepaid client maintenance contracts	595,633	956,913
Other prepaid assets	732,496	941,532
Other current assets	439	97,986
Total current assets	<u>11,944,731</u>	<u>16,203,437</u>
Non-current assets:		
Property and equipment:		
Computer equipment	3,110,274	2,647,135
Computer software	827,642	801,895
Office furniture, fixtures and equipment	683,443	683,443
Leasehold improvements	729,348	729,348
	<u>5,350,707</u>	<u>4,861,821</u>
Accumulated depreciation and amortization	<u>(3,447,198)</u>	<u>(2,407,746)</u>
Property and equipment, net	<u>1,903,509</u>	<u>2,454,075</u>
Contract receivables, less current portion	--	8,711
Capitalized software development costs, net of accumulated amortization of \$16,544,797 and		

\$14,919,948 respectively	4,584,245	6,123,638
Intangible assets, net	6,996,599	8,155,325
Goodwill	15,537,281	16,184,667
Other non-current assets	<u>672,133</u>	<u>746,018</u>
Total non-current assets	<u>29,693,767</u>	<u>33,672,434</u>
	\$ <u>41,638,498</u>	\$ <u>49,875,871</u>

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

Liabilities and Stockholders' Equity

	January 31,	
	<u>2017</u>	<u>2016</u>
Current liabilities:		
Accounts payable	\$ 1,116,525	\$ 1,136,779
Accrued compensation	496,706	935,324
Accrued other expenses	484,391	328,551
Current portion of long-term debt	655,804	673,807
Deferred revenues	9,916,454	10,447,280
Current portion of capital lease obligations	<u>91,337</u>	<u>592,642</u>
Total current liabilities	<u>12,761,217</u>	<u>14,114,383</u>
Non-current liabilities:		
Term loan, net of deferred financing cost of \$199,211 and \$270,147, respectively	4,883,286	7,590,937
Warrants liability	46,191	205,113
Royalty liability	2,350,754	2,291,888
Lease incentive liability, less current portion	339,676	369,406
Capital lease obligations	--	93,257
Deferred revenues, less current portion	<u>568,515</u>	<u>1,212,709</u>
Total non-current liabilities	<u>8,188,422</u>	<u>11,763,310</u>
Total liabilities	<u>20,949,639</u>	<u>25,877,693</u>
Series A 0% Convertible Redeemable Preferred stock, \$.01 par value per share, \$8,849,985 redemption value, 4,000,000 shares authorized, 2,949,995 issued and outstanding, net of unamortized preferred stock discount of \$0 and \$875,935, respectively	8,849,985	7,974,050
Stockholders' equity:		
Common stock, \$.01 par value per share, 45,000,000 shares authorized, 19,695,391 and 18,783,540 shares issued and outstanding, respectively	196,954	187,836
Additional paid in capital	80,667,771	79,700,577
Accumulated deficit	<u>(69,025,851)</u>	<u>(63,864,285)</u>
Total stockholders' equity	<u>11,838,874</u>	<u>16,024,128</u>
	\$ <u>41,638,498</u>	\$ <u>49,875,871</u>

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

	Fiscal Year	
	<u>2016</u>	<u>2015</u>
Operating activities:		
Net loss	\$ (5,161,566)	\$ (4,290,115)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities, net of acquisitions:		
Depreciation	1,099,957	1,245,400

Amortization of capitalized software development costs	2,771,437	3,073,479
Amortization of intangible assets	1,344,980	1,344,992
Amortization of other deferred costs	324,496	206,881
Valuation adjustment for warrants liability	(158,922)	(1,629,267)
Deferred tax expense (benefit)	--	(9,575)
Other valuation adjustments	94,009	(39,299)
Gain from early extinguishment of lease liability	--	(33,059)
Gain on sale of business	(238,103)	--
Loss on disposal of fixed assets	567	92,448
Share-based compensation expense	1,787,367	2,386,490
Provision for accounts receivable	121,025	124,235
Changes in assets and liabilities, net of assets acquired:		
Accounts and contract receivables	(344,445)	2,718,330
Other assets	449,673	575,774
Accounts payable	(51,071)	(1,117,986)
Accrued expenses	(690,094)	(174,133)
Deferred revenues	(341,008)	1,405,980
Net cash provided by (used in) operating activities	<u>1,008,302</u>	<u>5,880,575</u>
Investing activities:		
Purchases of property and equipment	(506,040)	(518,254)
Capitalization of software development costs	(1,978,946)	--
Payment for acquisition	(1,400,000)	--
Proceeds from sale of business	2,000,000	--
Net cash used in investing activities	<u>(1,884,986)</u>	<u>(518,254)</u>
Financing activities:		
Principal repayments on term loan	(2,796,590)	(1,465,109)
Payments related to settlement of employee share-based awards	(11,702)	--
Principal payments on capital lease obligations	(569,189)	(815,826)
Recovery of deferred financing costs	--	2,111
Proceeds from exercise of stock options and stock purchase plan	26,122	276,039
Net cash used in financing activities	<u>(3,351,359)</u>	<u>(2,002,785)</u>
Increase (decrease) in cash and cash equivalents	(4,228,043)	3,359,536
Cash and cash equivalents at beginning of year	9,882,136	6,522,600
Cash and cash equivalents at end of year	<u>\$ 5,654,093</u>	<u>\$ 9,882,136</u>

STREAMLINE HEALTH SOLUTIONS, INC.

Backlog
(Unaudited)
Table A

	January 31, 2017	October 31, 2016	January 31, 2016
Streamline Health Software Licenses	\$ 11,504,000	\$ 15,551,000	\$ 21,586,000
Hardware and Third Party Software	150,000	200,000	200,000
Professional Services	4,068,000	4,973,000	5,803,000
Audit Services	1,847,000	1,849,000	
Maintenance and Support	19,193,000	19,413,000	23,292,000
Software as a Service	13,861,000	12,929,000	16,264,000
Total	<u>\$ 50,623,000</u>	<u>\$ 54,915,000</u>	<u>\$ 67,145,000</u>

STREAMLINE HEALTH SOLUTIONS, INC.

New Bookings
(Unaudited)
Table B

Fiscal Year Ended January 31, 2017	
Value	% of Total Bookings
<u> </u>	<u> </u>

Streamline Health Software licenses	\$ 819,000	10%
Software as a service	2,359,000	28%
Maintenance and support	716,000	9%
Professional services	4,244,000	51%
Hardware & third party software	143,000	2%
Total bookings	\$ <u>8,281,000</u>	<u>100%</u>

Reconciliation of Non-GAAP Financial Measures
(Unaudited)
Table C

This press release contains a non-GAAP financial measure under the rules of the U.S. Securities and Exchange Commission for Adjusted EBITDA. This non-GAAP information supplements and is not intended to represent a measure of performance in accordance with disclosures required by generally accepted accounting principles. Non-GAAP financial measures are used internally to manage the business, such as in establishing an annual operating budget. Streamline Health's management in its operating and financial decision-making uses non-GAAP financial measures because management believes these measures reflect ongoing business in a manner that allows meaningful period-to-period comparisons. Accordingly, the Company believes it is useful for investors and others to review both GAAP and non-GAAP measures in order to (a) understand and evaluate current operating performance and future prospects in the same manner as management does and (b) compare in a consistent manner the Company's current financial results with past financial results. The primary limitations associated with the use of non-GAAP financial measures are that these measures may not be directly comparable to the amounts reported by other companies and they do not include all items of income and expense that affect operations. The Company's management compensates for these limitations by considering the Company's financial results and outlook as determined in accordance with GAAP and by providing a detailed reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures in the tables attached to this press release. Streamline Health defines "Adjusted EBITDA" as net earnings (loss) plus interest expense, tax expense, depreciation and amortization expense of tangible and intangible assets, stock-based compensation expense, significant non-recurring operating expenses, and transactional related expenses including: gains and losses on debt and equity conversions, associate severances and related restructuring expenses, associate inducements, professional and advisory fees, and internal direct costs incurred to complete transactions.

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

Adjusted EBITDA Reconciliation

	Three Months Ended,		Twelve Months Ended,	
	January 31, 2017	January 31, 2016	January 31, 2017	January 31, 2016
Net loss	\$ (1,020)	\$ (1,403)	\$ (5,162)	\$ (4,290)
Interest expense	128	186	509	884
Income tax benefit	(17)	5	(12)	8
Depreciation	205	314	1,100	1,245
Amortization of capitalized software development costs	625	741	2,771	3,073
Amortization of intangible assets	369	333	1,345	1,345
Amortization of other costs	114	46	254	136
EBITDA	<u>404</u>	<u>222</u>	<u>805</u>	<u>2,402</u>
Share-based compensation expense	444	527	1,787	2,386
Gain on sale of business	(238)	--	(238)	--
Loss on disposal of fixed assets	--	--	1	92
Non-cash valuation adjustments to assets and liabilities	(149)	(317)	(65)	(1,669)
Transaction related professional fees, advisory fees and other internal direct costs	34	40	392	93
Associate severances and other costs relating to transactions or corporate restructuring	40	--	239	206
Other non-recurring operating expenses	--	--	--	(750)
Adjusted EBITDA	<u>\$ 535</u>	<u>\$ 472</u>	<u>\$ 2,921</u>	<u>\$ 2,761</u>
Adjusted EBITDA per diluted share				
Loss per share - diluted	\$ (0.05)	\$ (0.09)	\$ (0.31)	\$ (0.30)
Adjusted EBITDA per adjusted diluted share (1)	<u>\$ 0.02</u>	<u>\$ 0.03</u>	<u>\$ 0.13</u>	<u>\$ 0.13</u>
Diluted weighted average shares	19,680,751	18,783,539	19,528,341	18,689,854
Includable incremental shares — Adjusted EBITDA (2)	<u>3,340,390</u>	<u>2,989,571</u>	<u>3,327,130</u>	<u>3,075,278</u>
Adjusted diluted shares	<u>23,021,141</u>	<u>21,773,110</u>	<u>22,855,471</u>	<u>21,765,132</u>

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

(2) The number of incremental shares that would be dilutive under profit assumption, only applicable under a GAAP net loss. If GAAP profit is earned in the current period, no additional incremental shares are assumed.

To view the original version on PR Newswire, visit: <http://www.prnewswire.com/news-releases/streamline-health-reports-fourth-quarter-and-fiscal-year-2016-financial-performance-300437494.html>

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