UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **August 16, 2021**

Streamline Health Solutions, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**000-28132**	**31-1455414**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

11800 Amber Park Drive, Suite 125
Alpharetta, GA 30009
(Address of principal executive offices) (Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	**STRM**	**Nasdaq Capital Market**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

EXPLANATORY NOTE

As reported in the Current Report on Form 8-K filed with the Securities and Exchange Commission by Streamline Health Solutions, Inc. (the "Company") on August 18, 2021 (the "Original Filing"), the Company acquired all of the issued and outstanding units of membership interest of Avelead Consulting, LLC ("Avelead") on August 16, 2021. This Amendment No. 1 amends and supplements the Original Filing to provide the historical financial statements of Avelead and the pro forma financial information required by Item 9.01 of Form 8-K that were omitted from the Original Filing as permitted by Item 9.01(a)(3).

Item 9.01 Financial Statements and Exhibits.

(a) Financial statements of businesses or funds acquired.

(i) *Audited financial statements.*

The audited financial statements of Avelead Consulting, LLC as of and for the years ended December 31, 2020 and 2019 are filed herewith as Exhibit 99.1. The Consent of Independent Accounting Firm, Cherry Bekaert, LLP, dated October 25, 2021, is attached as Exhibit 23.1.

(ii) *Unaudited interim financial statements.*

The unaudited financial statements of Avelead Consulting, LLC as of June 30, 2021 and for the six months ended June 30, 2021 and 2020 are filed herewith as Exhibit 99.2.

(b) Pro forma financial information.

The Company's unaudited pro forma condensed combined balance sheet of Streamline Health Solutions, Inc. as of July 31, 2021 and the statements of operations of Streamline Health Solutions, Inc. for the six months ended July 31, 2021 and the year ended January 31, 2021 are filed herewith as Exhibit 99.3. The unaudited pro forma effects on non-GAAP financial measures of Streamline Health Solutions, Inc. for the six months ended July 31, 2021 and twelve months ended January 31, 2021 are attached as Exhibit 99.4 and are incorporated herein by reference.

EXHIBIT NUMBER	DESCRIPTION
23.1	Consent of Independent Accounting Firm, Cherry Bekaert, LLP dated October 25, 2021
99.1	Audited financial statements of Avelead Consulting, LLC and related footnotes, as of and for the years ended December 31, 2020 and 2019
99.2	Unaudited condensed financial statements of Avelead Consulting, LLC, as of June 30, 2021 and for the six months ended June 30, 2021 and 2020
99.3	Unaudited pro forma condensed combined balance sheet of Streamline Health Solutions, Inc. as of July 31, 2021 and the statements of operations for the six and twelve months ended July 31, 2021 and January 31, 2021 and related footnotes.
99.4	Unaudited Pro Forma effects on non-GAAP financial measures for the six months ended July 31, 2021 and twelve months ended January 31, 2021.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Streamline Health Solutions, Inc.

Date: October 25, 2021

By: */s/ Thomas J. Gibson*
Name: Thomas J. Gibson
Title: Chief Financial Officer

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the registration statements (Nos. 333-233727, 333-234567 and 333-255723) on Form S-3 and (Nos. 333-188764, 333-208752, 333-220953, 333-233728 and 333-258445) on Form S-8 of Streamline Health Solutions, Inc. of our report with respect to Avelead Consulting, LLC dated September 21, 2021, relating to the balance sheets of Avelead Consulting, LLC as of December 31, 2020 and 2019, and the related statements of operations, members' equity, and cash flows, for the years then ended, and the related notes to the financial statements, which is included in this Current Report on Form 8-K/A of Streamline Health Solutions, Inc.

/s/ Cherry Bekaert LLP

Atlanta, Georgia
October 25, 2021

Exhibit 99.1

AVELEAD CONSULTING, LLC

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2020 and 2019

And Report of Independent Auditor

AVELEAD CONSULTING, LLC

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Report of Independent Auditor

To Management
Avelead Consulting, LLC
Suwanee, Georgia

We have audited the accompanying financial statements of Avelead Consulting, LLC (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 11 to the financial statements, in March 2020, the World Health Organization declared an outbreak of a novel strain of the coronavirus (COVID-19) a "Public Health Emergency of International Concern". Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

/s/ Cherry Bekaert LLP

Atlanta, Georgia
September 21, 2021

AVELEAD CONSULTING, LLC
BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,137,036	$ 284,826
Accounts receivable, net	1,388,316	514,145
Prepaid expenses	46,885	7,799
Total Current Assets	2,572,237	806,770
Capitalized software development costs, net	823,055	590,716
Property and equipment, net	24,065	1,874
Other assets	53,558	-
Total Assets	$ 3,472,915	$ 1,399,360
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 257,003	$ 81,713
Accrued expenses and other current liabilities	283,044	142,132
Related party note payable	-	5,001
Deferred revenue	806,004	-
Total Current Liabilities	1,346,051	228,846
Total Liabilities	1,346,051	228,846
Members' Equity	2,126,864	1,170,514
Total Liabilities and Members' Equity	$ 3,472,915	$ 1,399,360

The accompanying notes to the financial statements are an integral part of these statements.

AVELEAD CONSULTING, LLC
STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2020 AND 2019

		2020		2019
Revenues:				
Software subscriptions	$	2,155,244	$	610,515
Software implementation		2,270,386		787,404
Consulting services		3,114,124		4,176,671
Re-billed expenses		259,637		676,015
Total Revenues		7,799,391		6,250,605
Cost of Revenue:				
Software subscriptions		647,257		332,186
Software implementation		806,026		500,232
Consulting services		1,597,966		2,330,437
Re-billed expenses		281,140		932,289
Total Cost of Revenue		3,332,389		4,095,144
Gross Profit		4,467,002		2,155,461
Operating Expenses:				
General and administrative		998,714		926,340
Selling and marketing		669,367		678,256
Research and development		553,905		760,091
Total Operating Expenses		2,221,986		2,364,687
Income (Loss) from Operations		2,245,016		(209,226)
Other Income:				
PPP loan forgiveness		712,100		-
Net Income (Loss)	$	2,957,116	$	(209,226)

The accompanying notes to the financial statements are an integral part of these statements.

AVELEAD CONSULTING, LLC
STATEMENT OF MEMBERS' EQUITY

YEARS ENDED DECEMBER 31, 2020 AND 2019

Balance, January 1, 2019	$	2,882,272
Net loss		(209,226)
Member distributions		(1,502,532)
Balance, December 31, 2019		1,170,514
Net income		2,957,116
Member distributions		(2,000,766)
Balance, December 31, 2020	$	2,126,864

The accompanying notes to the financial statements are an integral part of these statements.

AVELEAD CONSULTING, LLC
STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Net income (loss)	$ 2,957,116	$ (209,226)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Gain on forgiveness of PPP loan	(712,100)	-
Depreciation and amortization	5,830	1,251
Amortization of capitalized software development costs	219,043	128,844
Bad debt (recovery) expense	(33,000)	118,000
Changes in operating assets and operating liabilities:		
Accounts receivable	(841,171)	1,415,069
Prepaid expenses	(39,086)	15,923
Contract assets	(45,558)	-
Accounts payable	175,290	(1,353)
Accrued expenses and other current liabilities	140,912	(44,723)
Deferred revenue	806,004	-
Net cash flows from operating activities	2,633,280	1,423,785
Cash flows from investing activities:		
Capitalized website costs	(9,000)	-
Property and equipment purchases	(27,021)	-
Capitalized software development costs	(451,382)	(423,119)
Net cash flows from investing activities	(487,403)	(423,119)
Cash flows from financing activities:		
Proceeds from PPP loan	712,100	-
Payment of related party note payable	(5,001)	-
Distributions to members	(2,000,766)	(1,502,532)
Net cash flows from financing activities	(1,293,667)	(1,502,532)
Net change in cash and cash equivalents	852,210	(501,866)
Cash and cash equivalents, beginning of year	284,826	786,692
Cash and cash equivalents, end of year	$ 1,137,036	$ 284,826

The accompanying notes to the financial statements are an integral part of these statements.

Note 1—Nature of operations

Nature of Operations – Avelead Consulting, LLC, headquartered in Suwanee, Georgia, hereinafter referred to as the "Company", provides consulting and software solutions to assist hospitals in transforming their revenue reconciliation process. The Company has a suite of revenue cycle and process management solutions that assist healthcare providers in treatment management, price monitoring, intersystem communication, bank account auditing, and more. The Company also provides consulting services to customers to assist in identifying pain points in the hospital's revenue management cycle. Operations began in 2014 through Carematics Solutions, LLC and in 2015 the articles of organization were modified and the name of the Company was changed to Avelead Consulting, LLC.

Note 2—Summary of significant accounting policies

Basis of Accounting – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as outlined by the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC").

Use of Estimates – The preparation of the financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – The Company considers all highly liquid investments purchased with an original maturity of three months or less when purchased to be cash equivalents. The Company maintains its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. The Company from time to time may have amounts on deposit in excess of the insured limits. As of December 31, 2020 and 2019, uninsured balances totaled $902,672 and $34,825, respectively.

Accounts Receivable – Accounts receivable consists of trade accounts receivable for services provided to customers. Accounts receivable are stated at the amount the Company expects to collect. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer credit-worthiness, past transaction history with the customer, current economic and industry trends, and changes in customer payment terms. Past-due balances and other higher risk amounts are reviewed individually for collectability. If the financial condition of the Company's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required.

Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to an allowance for doubtful accounts. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. As of December 31, 2020 and 2019, the allowance for doubtful accounts totaled $155,000 and $188,000, respectively.

Note 2—Summary of significant accounting policies (continued)

Revenue Recognition – The Company derives its revenue from various sources: software revenue and consulting revenue. Software revenue consists of subscription fees from customers accessing the Company’s software and the related implementation services such as installation, configuration, training, project management, and data migration. Upon integration and onboarding, customers go live and usage/consumption of services and packages is measured (counted) in real time. Consulting services revenue consists of technology and revenue cycle management consulting services. All significant sources of revenue are the result of a contract with a customer, and as such meet all of the requirements of recognizing revenue in accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers*. The Company analyzed the provisions of ASC 606, *Revenue from Contracts with Customers* and has concluded that each service provided is considered an independent performance obligation under each customer contract.

Effective January 1, 2020, ASC 606 supersedes the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*. The Company recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods and services. To determine revenue recognition for contracts with customers, the Company performs the following steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies its performance obligations. At contract inception, the Company will assess the goods or services agreed upon within each contract and assess whether each good or service is distinct and determine those that are performance obligations. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. The Company determined that there were no transition adjustments required in order for revenue recognition to be in accordance with the standard.

The Company’s subscription service arrangements are typically noncancelable for a pre-specified subscription term and do not contain refund-type provisions. The Company deems the transaction price to be the amount listed on the customer agreement for both subscription fees and implementation fees. Performance obligations related to subscription fees are recognized ratably over the contract term beginning on the commencement date of each contract, which is the date the Company’s software is made available to customers. The Company typically invoices for subscriptions annually in advance of services being performed, or on a monthly basis at the beginning of the month per the terms of each contract. Performance obligations for implementation fees related to subscription services are invoiced and recognized over time based on the completion of various milestones in the implementation process and are generally completed 60 to 90 days after the implementation start date.

The Company invoices for consulting services revenue on a time-and-materials basis per the terms of each contract. The Company recognizes the related revenue over time as services are performed.

The Company considers the following factors for each agreement that includes implementation services: availability of the services from other vendors, the nature of the implementation services, the timing of when the implementation services contract was signed in comparison to the date the software is made available, and the contractual dependence of the software on the customer’s satisfaction with the implementation work. To date, the Company has concluded that all implementation services in contracts with multiple performance obligations are distinct.

The Company enters into contracts with its customers that often include software subscriptions and implementation services performance obligations. A performance obligation is a commitment in a contract with a customer to transfer products or services that are distinct. Determining whether products and services are distinct performance obligations that should be accounted for separately or combined as one unit of accounting may require judgment.

Note 2—Summary of significant accounting policies (continued)

The Company allocates the transaction price to each performance obligation on a relative stand-alone selling price ("SSP") basis. The SSP is the estimated price at which the Company would sell a promised product or service separately to a customer. Judgement is required to determine the SSP for each distinct performance obligation. The Company establishes SSP for subscription, implementation, and consulting revenue elements primarily by considering the actual sales prices of the element when sold on a stand-alone basis or when sold together with other elements. If the Company is unable to rely on actual observable sales inputs, the Company would determine SSP based on inputs such as actual sales prices when sold together with other promised subscriptions or services and other factors such as the Company's overarching pricing objectives and strategies.

Amounts that have been invoiced are recorded in accounts receivable and in deferred revenue or revenue, depending on whether the revenue recognition criteria have been met. Fees received in advance for subscription periods that have yet to elapse are deferred, in accordance with the Company's overall policy for revenue recognition. Generally, the Company's invoice payment terms for software subscriptions are either monthly or annual upfront with net 30 payment terms. There are no significant payment terms such as variable consideration and significant financing components associated with customer contracts. The Company does not provide warranties of any kind.

Deferred Revenue – Deferred revenue consists of billings or payments received in advance of revenue recognition. The deferred revenue balance is influenced by several factors, including invoice duration, invoice timing, and size. The Company generally invoices annual subscription installments in advance. Accordingly, deferred revenue is normally recognized during the succeeding 12-month period and is recorded as a current liability. The Company had $335,685 and $- of unpaid deferred revenue as of December 31, 2020 and 2019, respectively, which is included in accounts receivable.

Contract Assets – The Company enters into sales commission agreements with employees that are based on meeting certain thresholds related to the signing of new contracts. The commissions are considered incremental costs to obtain a contract and are, therefore, capitalized and amortized over the anticipated life of the customer, which was determined to be three years. The average life was determined after giving weight to certain judgement such as degree of difficulty in switching providers and the expected change of the product or service over the customer life.

The ending balance of deferred commissions was $45,558 and $- as of December 31, 2020 and 2019, respectively, and is included in other assets on the accompanying balance sheets. The Company recognized $1,302 and $- of selling expense related to amortization of capitalized commissions during the years ended December 31, 2020 and 2019, respectively.

Cost of Revenue – Cost of revenue generally consists of the cost of labor for employees and contractors associated with software subscriptions, related implementation services, consulting services, travel expenses incurred including those billed to customers, hosting, and amortization of capitalized internal-use software that is used to deliver software subscriptions to customers.

Property and Equipment – Property and equipment are stated at cost; additions and major improvements are capitalized, while regular maintenance and repairs are expensed as incurred. Depreciation is calculated using the straight-line method based on the estimated useful lives of the related assets.

Lives used for depreciation calculations are as follows:

Computers and equipment	3 years
Furniture and fixtures	5 years

Note 2—Summary of significant accounting policies (continued)

Capitalized Software for Internal Use – The Company capitalizes eligible costs incurred in connection with developing internal-use software that are incurred subsequent to the preliminary project stage through the development stage. The Company also capitalizes costs incurred for significant upgrades and enhancements of its internal-use software that result in increased functionality. The estimated useful life of costs capitalized is evaluated for each specific project but is generally four years. Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in estimated useful lives and, therefore, could affect amortization expense in future periods.

Advertising – Advertising expenses are expensed as incurred. The total advertising costs were $1,882 and $9,695 for the years ended December 31, 2020 and 2019, respectively.

Income Taxes – The Company, with the consent of its members, has elected under the Internal Revenue Code to be taxed as a partnership. In lieu of corporation federal income taxes, the members of a limited liability company are taxed on their proportionate share of the Company's taxable income.

Management has assessed the effect of the guidance provided by U.S. GAAP on Accounting for Uncertainty in Income Taxes. Management has evaluated all income tax positions that could have a significant effect on the financial statements and determined the Company had no uncertain income tax positions at December 31, 2020 and 2019.

New Accounting Pronouncement – In February 2016, FASB issued ASU 2016-02, *Leases.* The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the calendar year ending December 31, 2022. The Company is currently evaluating the impact this new guidance will have on the financial statements. See Note 5 for the Company's current lease commitments.

Note 3—Property and equipment

Property and equipment, net is comprised of the following as of December 31:

	2020	2019
Computers and equipment	$ 29,707	$ 6,508
Furniture and fixtures	3,822	-
	33,529	6,508
Less accumulated depreciation	(9,464)	(4,634)
Property and equipment, net	$ 24,065	$ 1,874

Depreciation expense for the years ended December 31, 2020 and 2019 was $4,830 and $1,251, respectively, and is included in general and administrative expenses.

Note 4—Capitalized software development costs

Capitalized software development costs consisted of the following as of December 31:

	Useful Lives		2020		2019
Capitalized software development costs	4 years	$	1,209,769	$	758,387
Accumulated amortization			(386,714)		(167,671)
Capitalized software developments costs, net		$	823,055	$	590,716

The total amortization expense related to capitalized software development costs for the years ended December 31, 2020 and 2019 was $219,043 and $128,844, respectively, and is included in cost of revenue in the accompanying statements of operations.

The estimated future amortization expense for capitalized software development costs is as follows:

Years Ending December 31,		
2021	$	298,681
2022		263,616
2023		173,598
2024		83,399
2025		3,761
	$	823,055

Note 5—Lease commitments

In March 2019, the Company entered into an operating lease agreement for its office facility that is owned by an affiliate of one of the Company's members. The term of the lease began in March 2019 for an initial term of 36 months. The lease agreement includes escalating rental payments over the lease term. The Company expenses rent on a straight-line basis over the lease term. As of December 31, 2020 and 2019, the cumulative expense recognized on a straight-line basis in excess of the cumulative rental payments totaled $4,886 and $2,221, respectively.

The future minimum payments under this noncancelable operating lease with a remaining term in excess of one year as of December 31, 2020 are as follows:

2021	$	84,663
2022		14,333
	$	98,996

Rent expense for the years ended December 31, 2020 and 2019 totaled $80,665 and $78,721, respectively.

Note 6—Line of credit arrangements

On October 30, 2019, the Company entered into an unsecured line of credit of up to $150,000 for working capital purposes. The original maturity date of the line of credit was October 30, 2020. The principal amount outstanding under the revolving line accrues interest at a floating per annum rate equal to .50% above the prime rate, which interest is payable monthly. At December 31, 2020 and 2019, the prime rate was 3.25% and 4.75%, respectively. At December 31, 2020 and 2019, there were no amounts outstanding and during the years ended December 31, 2020 and 2019, there were no borrowings under the line of credit. Consequently, no interest expense was recorded for either of the years then ended. As of December 31, 2020, the Company had entered into two modification agreements to the line of credit agreement which resulted in an extension of the maturity date until March 5, 2021. No other terms were amended.

As of December 31, 2020, the Company was not aware of any violations to certain financial covenants.

Subsequent to December 31, 2020, the Company extended the maturity date and later terminated the line of credit agreement as described in Note 12.

Note 7—Members' equity

The Company is owned by two members with equal ownership. As of December 31, 2020, the Company did not have a formal Operating Agreement. As of December 31, 2020, there were no authorized, issued, or outstanding units defined. Net profits and losses and cash distributions are allocated to the members in accordance with their ownership percentage. Subsequent to December 31, 2020, the Company adopted an Operating Agreement as described in Note 12.

Note 8—Phantom Unit agreements

The Company has employment agreements with three employees which provide for Phantom Units for the purpose of providing a means through which these employees can share in the growth of the Company.

Under the terms of the agreements, the units shall vest only upon reaching certain pre-determined calendar-year revenue targets. The units are only payable upon an exit, transaction, or sale of Founder's Equity as defined in the agreements. Upon a change in control and if vested, the payout could equal up to 5% of Founder's Equity. Unvested awarded units are forfeited immediately upon termination for any reason other than death at which point the awards can be designated to a beneficiary.

As of December 31, 2020 and 2019, no vesting has occurred on these awards.

Subsequent to December 31, 2020, the Company terminated the Phantom Unit agreements as described in Note 12.

Note 9—Concentrations

As of December 31, 2020 and 2019, three and four customers, respectively, accounted for 83% and 84%, or approximately $1,282,000 and $588,000, of the Company's gross accounts receivable balance. No other customers accounted for 10% or more of the Company's accounts receivable balance.

During the years ended December 31, 2020 and 2019, two and three customers, respectively, accounted for 72% and 81%, or approximately $5,596,000 and $5,093,000, respectively, of the Company's revenue during the years then ended. No other customers accounted for 10% or more of the Company's revenue.

If the financial condition or operations of these customers deteriorate, the risks associated with selling on credit could increase substantially. To reduce credit risk, management performs ongoing credit evaluations of its customers' financial condition.

Note 10—Related party transactions

In addition to the related party lease agreement described in Note 5, the Company incurred approximately $298,000 and $- in research and development services and software implementation services during the years ended December 31, 2020 and 2019, respectively, that was paid to a consulting company that is also owned by one of the Company's members.

Additionally, the Company was originally capitalized by notes from its members. No interest was charged on the notes and payments on the notes were made over time based on the Company's cash flow position. During the year ended December 31, 2020, the Company paid the remaining balance and the notes were paid in full.

Note 11—Contingencies and uncertainties/COVID-19 pandemic

In March 2020, the World Health Organization declared the coronavirus ("COVID-19") outbreak a global pandemic. Actions taken around the world to help mitigate the spread of COVID-19 included restrictions on travel, quarantine, or stay-at-home restrictions in certain areas and forced closures types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets globally.

The industry in which the Company operates has been largely unaffected by the pandemic thus far. While it is unknown how long these conditions will last and what the complete financial impact will be, the Company continues to closely monitor the impact of the COVID-19 pandemic on all aspects of the business. At this time, the Company is unable to predict the continued impact, if any, that COVID-19 will have on the business, financial position, and operating results in future periods due to numerous uncertainties.

The Company received a loan under the Paycheck Protection Program ("PPP") for an amount of $712,100, which was established under the Coronavirus Aid, Relief, and Economic Security Act and administered by the Small Business Administration ("SBA"). The application for the PPP loan requires the Company to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operation of the Company. This certification further requires the Company to take into account its current business activity and ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that is not significantly detrimental to the business. The receipt of the funds from the PPP and the forgiveness of the PPP loan is dependent on the Company having initially qualified for the PPP loan and qualifying for the forgiveness of such PPP loan based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP loan.

Note 11—Contingencies and uncertainties/COVID-19 pandemic (continued)

On December 8, 2020, the SBA forgave the PPP loan, plus accrued interest, in full. As a result, the Company recognized $712,100 in other income on the accompanying statements of operations.

Note 12—Subsequent events

Subsequent events have been evaluated through September 21, 2021, the date these financial statements were available to be issued.

On February 5, 2021, the Company received a second PPP loan for an amount of $728,360, which is subject to the same good faith certifications as those described above in Note 11. On August 2, 2021, the SBA forgave the second PPP loan, plus accrued interest, in full.

On March 5, 2021, the Company entered into another modification agreement to the line of credit agreement which extended the maturity date to March 5, 2022. No other terms were amended. On July 27, 2021, the Company terminated the line of credit agreement.

On May 28, 2021, the Company adopted an Operating Agreement. As of May 28, 2021, 1,000 membership units have been authorized and issued. All rights and obligations for each Unit are defined in the Operating Agreement as it pertains to allocations and taxes, voting rights, capital contributions, and other rights and distribution preferences.

On August 16, 2021, the Company was purchased by Streamline Health Solutions, Inc. for total cash and stock consideration of $20,000,000 and a performance-based earnout with an estimated value of $15,000,000, subject to certain post-closing adjustments for cash, working capital, indebtedness, and transaction expenses. Upon closing of the transaction, the Company terminated the Phantom Unit Agreements with three employees described in Note 8. The minimum vesting thresholds per the Phantom Agreements were not met and as a result, at the time of termination, no phantom stock rights had vested.

Exhibit 99.2

AVELEAD CONSULTING, LLC

UNAUDITED CONDENSED FINANCIAL STATEMENTS

As of June 30, 2021 and for the Six Months Ended June 30, 2021 and 2020

AVELEAD CONSULTING, LLC
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AVELEAD CONSULTING, LLC
UNAUDITED CONDENSED BALANCE SHEETS

		June 30, 2021		December 31, 2020
ASSETS				
Current Assets:				
Cash and cash equivalents	$	2,376,177	$	1,137,036
Accounts receivable, net		795,435		1,388,316
Contract assets		14,018		-
Prepaid expenses		111,393		46,885
Total Current Assets		3,297,023		2,572,237
Capitalized software development costs, net		974,990		823,055
Property and equipment, net		42,806		24,065
Other assets		56,575		53,558
Total Assets	$	4,371,394	$	3,472,915
LIABILITIES AND MEMBERS' EQUITY				
Current Liabilities:				
Accounts payable	$	184,136	$	257,003
Accrued expenses and other current liabilities		598,997		283,044
Deferred revenue		881,504		806,004
Note payable		728,360		-
Total Current Liabilities		2,392,997		1,346,051
Total Liabilities		2,392,997		1,346,051
Members' Equity		1,978,397		2,126,864
Total Liabilities and Members' Equity	$	4,371,394	$	3,472,915

The accompanying notes to the financial statements are an integral part of these statements.

AVELEAD CONSULTING, LLC
UNAUDITED CONDENSED STATEMENTS OF OPERATIONS

SIX MONTHS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Revenues:		
Software subscriptions	$ 2,978,643	$ 473,574
Software implementation	825,188	517,799
Consulting services	1,180,300	1,547,118
Re-billed expenses	44,581	131,608
Total Revenues	5,028,712	2,670,099
Cost of revenue:		
Software subscriptions	744,217	256,930
Software implementation	546,996	322,103
Consulting services	773,744	596,537
Re-billed expenses	40,511	152,557
Total Cost of revenue	2,105,468	1,328,127
Gross Profit	2,923,244	1,341,972
Operating Expenses:		
General and administrative	862,594	410,033
Selling and marketing	569,622	286,179
Research and development	496,789	161,638
Non-routine cost	139,706	-
Total Operating Expenses	2,068,711	857,850
Income from Operations	854,533	484,122
Other Income (Expense):		
Interest expense	(3,000)	(1,500)
Net Income	$ 851,533	$ 482,622

The accompanying notes to the financial statements are an integral part of these statements.

AVELEAD CONSULTING, LLC
UNAUDITED CONDENSED STATEMENTS OF MEMBERS' EQUITY

SIX MONTHS ENDED JUNE 30, 2021 AND 2020

Balance, January 1, 2020	$	1,170,514
Net income		482,622
Member distributions		(255,000)
Balance, June 30, 2020	$	1,398,136
Balance, January 1, 2021	$	2,126,864
Net income		851,533
Member distributions		(1,000,000)
Balance, June 30, 2021	$	1,978,397

The accompanying notes to the financial statements are an integral part of these statements.

AVELEAD CONSULTING, LLC
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Net income	$ 851,533	$ 482,622
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	6,729	1,251
Amortization of capitalized software development costs	149,788	95,093
Bad debt expense	23,737	2,500
Changes in operating assets and operating liabilities:		
Accounts receivable	569,144	(199,126)
Contract assets	(14,018)	-
Prepaid expenses	(64,508)	(14,188)
Accounts payable	(72,867)	(30,060)
Accrued expenses and other current liabilities	315,952	(93,922)
Deferred revenue	75,500	154,902
Other	(3,016)	-
Net cash provided by operating activities	1,837,974	399,072
Cash flows from investing activities:		
Property and equipment purchases	(25,470)	(2,701)
Capitalized software development costs	(301,723)	(225,692)
Net cash used in investing activities	(327,193)	(228,393)
Cash flows from financing activities:		
Proceeds from PPP loan	728,360	712,100
Payment of related party note payable	-	(5,001)
Distributions to members	(1,000,000)	(255,000)
Net cash (used in) provided by financing activities	(271,640)	452,099
Net change in cash and cash equivalents	1,239,141	622,778
Cash and cash equivalents, beginning of year	1,137,036	284,826
Cash and cash equivalents, end of year	$ 2,376,177	$ 907,604

The accompanying notes to the financial statements are an integral part of this statement.

JUNE 30, 2021 AND 2020

Note 1—Basis of presentation and new accounting pronouncements

The accompanying unaudited condensed financial statements of Avelead Consulting, LLC (the “Company” or “Avelead”) have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial information. Accordingly, they do not include all of the information and footnotes required for complete financial statements. In the opinion of management, these condensed financial statements contain all normal recurring adjustments considered necessary for a fair presentation of the Company’s financial position at June 30, 2021, and the results of operations, changes in equity, and cash flows for the six months ended June 30, 2021 and 2020. The results for the six months ended June 30, 2021 are not necessarily indicative of the results to be expected for the full year or any other interim period. These statements should be read in conjunction with the Company’s audited financial statements as of and for the year ended December 31, 2020.

In February 2016, FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the calendar year ending December 31, 2022. The Company is currently evaluating the impact this new guidance will have on the financial statements.

Note 2—Revenue recognition

The Company derives its revenue from various sources: software revenue and consulting revenue. Software revenue consists of subscription fees from customers accessing the Company's software and the related implementation services such as installation, configuration, training, project management, and data migration. Upon integration and onboarding, customers go live and usage/consumption of services and packages is measured (counted) in real time. Consulting services revenue consists of technology and revenue cycle management consulting services. All significant sources of revenue are the result of a contract with a customer, and as such meet all of the requirements of recognizing revenue in accordance with FASB's ASC Topic 606, *Revenue from Contracts with Customers*. The Company analyzed the provisions of ASC 606, *Revenue from Contracts with Customers* and has concluded that each service provided is considered an independent performance obligation under each customer contract.

Effective January 1, 2020, ASC 606 supersedes the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*. The Company recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods and services. To determine revenue recognition for contracts with customers, the Company performs the following steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies its performance obligations. At contract inception, the Company will assess the goods or services agreed upon within each contract and assess whether each good or service is distinct and determine those that are performance obligations. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. The Company determined that there were no transition adjustments required in order for revenue recognition to be in accordance with the standard.

The Company's subscription service arrangements are typically noncancelable for a pre-specified subscription term and do not contain refund-type provisions. The Company deems the transaction price to be the amount listed on the customer agreement for both subscription fees and implementation fees. Performance obligations related to subscription fees are recognized ratably over the contract term beginning on the commencement date of each contract, which is the date the Company's software is made available to customers. The Company typically invoices for subscriptions annually in advance of services being performed, or on a monthly basis at the beginning of the month per the terms of each contract. Performance obligations for implementation fees related to subscription services are invoiced and recognized over time based on the completion of various milestones in the implementation process and are generally completed 60-90 days after the implementation start date.

The Company invoices for consulting services revenue on a time-and-materials basis per the terms of each contract. The Company recognizes the related revenue over time as services are performed.

The Company considers the following factors for each agreement that includes implementation services: availability of the services from other vendors, the nature of the implementation services, the timing of when the implementation services contract was signed in comparison to the date the software is made available, and the contractual dependence of the software on the customer's satisfaction with the implementation work. To date, the Company has concluded that all implementation services in contracts with multiple performance obligations are distinct.

The Company enters into contracts with its customers that often include software subscriptions and implementation services performance obligations. A performance obligation is a commitment in a contract with a customer to transfer products or services that are distinct. Determining whether products and services are distinct performance obligations that should be accounted for separately or combined as one unit of accounting may require judgment.

Note 2—Revenue recognition (continued)

The Company allocates the transaction price to each performance obligation on a relative stand-alone selling price ("SSP") basis. The SSP is the estimated price at which the Company would sell a promised product or service separately to a customer. Judgement is required to determine the SSP for each distinct performance obligation. The Company establishes SSP for subscription, implementation, and consulting revenue elements primarily by considering the actual sales prices of the element when sold on a stand-alone basis or when sold together with other elements. If the Company is unable to rely on actual observable sales inputs, the Company would determine SSP based on inputs such as actual sales prices when sold together with other promised subscriptions or services and other factors such as the Company's overarching pricing objectives and strategies.

Amounts that have been invoiced are recorded in accounts receivable and in deferred revenue or revenue, depending on whether the revenue recognition criteria have been met. Fees received in advance for subscription periods that have yet to elapse are deferred, in accordance with the Company's overall policy for revenue recognition. Generally, the Company's invoice payment terms for software subscriptions are either monthly or annual upfront with net 30 payment terms. There are no significant payment terms such as variable consideration and significant financing components associated with customer contracts. The Company does not provide warranties of any kind.

Deferred Revenue – Deferred revenue consists of billings or payments received in advance of revenue recognition. The deferred revenue balance is influenced by several factors, including invoice duration, invoice timing, and size. The Company generally invoices annual subscription installments in advance. Accordingly, deferred revenue is normally recognized during the succeeding 12-month period and is recorded as a current liability. The Company had $149,990 and $335,685 of unpaid deferred revenue as of June 30, 2021 and December 31, 2020, respectively, which is included in accounts receivable.

Contract assets – The Company enters into sales commission agreements with employees that are based on meeting certain thresholds related to the signing of new contracts. The commissions are considered incremental costs to obtain a contract and are, therefore, capitalized and amortized over the anticipated life of the customer, which was determined to be three years. The average life was determined after giving weight to certain judgement such as degree of difficulty in switching providers and the expected change of the product or service over the customer life.

The ending balance of deferred commissions was $50,076 and $45,558 as of June 30, 2021 and December 31, 2020, respectively, and is included in other assets on the accompanying balance sheets. The Company recognized $8,851 and $0 of selling expense related to amortization of capitalized commissions during the six months ended June 30, 2021 and 2020, respectively.

Note 3—Line of credit arrangements

On October 30, 2019, the Company entered into an unsecured line of credit of up to $150,000 for working capital purposes. The original maturity date of the line of credit was October 30, 2020 but was extended to March 5, 2021 during the year ended December 31, 2020, and extended to March 5, 2022 during the six months ended June 30, 2021. The principal amount outstanding under the revolving line accrues interest at a floating per annum rate equal to 0.50% above the prime rate, which interest is payable monthly. At June 30, 2021 and December 31, 2020, the prime rate was 3.25% and 3.25%, respectively. At June 30, 2021 and December 31, 2020, there were no amounts outstanding and during the six months ended June 30, 2021 and 2020 there were no borrowings under the line of credit. Consequently, no interest expense was recorded for either of the periods then ended.

As of June 30, 2021, the Company was not aware of any violations to financial covenants.

Subsequent to June 30, 2021, the Company terminated the line of credit agreement as described in Note 7.

Note 4—Members' equity

The Company is owned by two members with equal ownership. Prior to May 28, 2021, the Company did not have a formal Operating Agreement. On May 28, 2021, the Company adopted an Operating Agreement. As of June 30, 2021, 1,000 Membership Units have been authorized and issued. All rights and obligations for each Unit are defined in the Operating Agreement as it pertains to allocations and taxes, voting rights, capital contributions, and other rights and distribution preferences. Net profits and losses and cash distributions are allocated to the members in accordance with their ownership percentage.

Note 5—Related party transactions

In March 2019, the Company entered into an operating lease agreement for its office facility that is owned by an affiliate of one of the Company's members. The term of the lease began in March 2019 for an initial term of 36 months. The lease agreement includes escalating rental payments over the lease term. The Company expenses rent on a straight-line basis over the lease term. As of June 30, 2021 and December 31, 2020, the cumulative expense recognized on a straight-line basis in excess of the cumulative rental payments totaled $3,553 and $4,886, respectively.

The Company incurred approximately $242,000 and $34,000 in research and development services and software implementation services during the six months ended June 30, 2021 and 2020, respectively, that was paid to a consulting company that is also owned by one of the Company's members.

Additionally, the Company was originally capitalized by notes from its members. No interest was charged on the notes and payments on the notes were made over time based on the Company's cash flow position. During the year ended December 31, 2020, the Company paid the remaining balance and the notes were paid in full.

Note 6—Contingencies and uncertainties/COVID-19 pandemic

In March 2020, the World Health Organization declared the coronavirus ("COVID-19") outbreak a global pandemic. Actions taken around the world to help mitigate the spread of COVID-19 included restrictions on travel, quarantine, or stay-at-home restrictions in certain areas and forced closures types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets globally.

The industry in which the Company operates has been largely unaffected by the pandemic thus far. While it is unknown how long these conditions will last and what the complete financial impact will be, the Company continues to closely monitor the impact of the COVID-19 pandemic on all aspects of the business. At this time, the Company is unable to predict the continued impact, if any, that COVID-19 will have on the business, financial position, and operating results in future periods due to numerous uncertainties.

The Company received a loan under the Paycheck Protection Program ("PPP") for an amount of $712,100, which was established under the Coronavirus Aid, Relief, and Economic Security Act and administered by the Small Business Administration ("SBA"). The application for the PPP loan requires the Company to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operation of the Company. This certification further requires the Company to take into account its current business activity and ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that is not significantly detrimental to the business. The receipt of the funds from the PPP and the forgiveness of the PPP loan is dependent on the Company having initially qualified for the PPP loan and qualifying for the forgiveness of such PPP loan based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP loan. On December 8, 2020, the SBA forgave the PPP loan, plus accrued interest, in full. As a result, the Company recognized $712,100 in other income on the accompanying statement of operations. On February 5, 2021, the Company received a second PPP loan for an amount of $728,360, which is subject to the same good faith certifications as those described above.

Note 7—Subsequent events

Subsequent events have been evaluated through October 22, 2021, the date these financial statements were available to be issued.

On July 27, 2021, the Company terminated the line of credit agreement described in Note 3.

On August 2, 2021, the SBA forgave the second PPP loan (as described in Note 6), plus accrued interest, in full.

On August 16, 2021, the Company was purchased by Streamline Health Solutions, Inc. for total cash and stock consideration of approximately $19.1 million at closing and a performance-based earnout that was valued at approximately $10.7 million. The $19.1 million of consideration paid at closing is a combination of cash and stock. The cash consideration was $11.9 million purchase price, $0.3 million for Avelead expenses paid by Streamline Health, and $0.1 million paid for estimated working capital. The performance-based earnout is contingent on the Company's software as a service revenues and certain customer contract renewal as defined in the acquisition agreement. In the accompanying statement of operations for the six months ended June 30, 2021, the Company reported $139,706 of costs related to the acquisition entitled "Non-routine costs."

Exhibit 99.3

STREAMLINE HEALTH SOLUTIONS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION
JULY 31, 2021

BACKGROUND

Streamline Health Solutions, Inc. (“we,” “us,” “our,” “Streamline,” or the “Company”), acquired all the outstanding units of Avelead Consulting, LLC (“Avelead”) a Georgia limited liability company that was subsequently converted to a Delaware limited liability company, on August 16, 2021 (the “Closing”) (collectively referred to as the “Transaction”). The Transaction was affected through a Unit Purchase Agreement (“UPA”). The Transaction was executed, closed, and funded on August 16, 2021.

The following unaudited pro forma condensed combined financial information are based on our historical consolidated financial statements and Avelead’s historical financial statements, as adjusted, to give effect to the Transaction. The unaudited pro forma condensed combined statements of operations for the six months ended July 31, 2021 and twelve months ended January 31, 2021 give effect to the Transaction as if it had occurred on February 1, 2020. The unaudited pro forma condensed combined balance sheet as of July 31, 2021 gives effect to the Transaction as if it had occurred on that day.

We have a fiscal year end of January 31, and our corresponding quarter-ends are April 30, July 31, and October 31. Avelead, prior to the Transaction had a calendar year-end of December 31 and calendar quarters ending on March 31, June 30, and September 30. Accordingly, the Company has combined its balance sheet as of July 31, 2021 with that of Avelead as of June 30, 2021 to report the unaudited pro forma condensed combined balance sheet. Additionally, the Company has combined the statements of operations of Avelead for the six months ended June 30, 2021 and twelve months ended December 31, 2020 with the Company’s consolidated statements of operations for the six months ended July 31, 2021 and twelve months ended January 31, 2021 for purposes of the unaudited pro forma condensed combined statements of operations. The different periods between the Company and Avelead align the unaudited pro forma financial statements with the reporting and disclosures that accompany this unaudited pro forma condensed combined financial information.

The column entitled “Transaction Accounting Adjustments” consists of those adjustments necessary to present the Transaction in this unaudited pro forma condensed combined financial information. Separately, the Company has incurred term debt of $10.0 million which was contemplated, but not completed, at the Closing. The adjustments related to the issuance of this debt are shown in a separate column as “Other Transaction Accounting Adjustments.”

The unaudited pro forma condensed combined financial information should be read in conjunction with the following:

- The Company’s consolidated financial statements as of and for the year ended January 31, 2021 as reported on its Annual Report on Form 10-K for the year ended January 31, 2021;
- The Company’s unaudited condensed consolidated financial statements as of and for the three and six months ended April 30, 2021 and July 31, 2021, respectively, as reported on its Quarterly Reports on Form 10-Q for the quarters ended April 30, 2021 and July 31, 2021, respectively;
- Avelead’s audited financial statements as of and for the years ended December 31, 2020 and 2019, which are included in this Current Report on Form 8-K/A as Exhibit 99.1; and
- Avelead’s interim unaudited financial statements as of June 30, 2021 and for the six months ended June 30, 2021 and 2020 which are included in this Current Report on Form 8-K/A as Exhibit 99.2.

The unaudited pro forma condensed combined financial information does not necessarily reflect what the combined company’s financial condition or results of operations would have been had the Transaction and the related financing occurred on the dates indicated. It also may not be useful in predicting the future financial condition and results of operations of the combined company. Our actual financial condition and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

DESCRIPTION OF TRANSACTION

The aggregate consideration for the purchase of Avelead was approximately $29.8 million (at fair value) consisting of (i) $12.4 million in cash, net of cash acquired, (ii) $0.2 million in holdback, (iii) $6.6 million in common stock, and (iv) approximately $10.7 million in contingent consideration (see below). The Company issued 5,021,972 shares of our restricted common stock (the "Restricted Common Stock"). The Restricted Common Stock has a fair value as of Closing of $6.6 million. Additionally, the Company contracted to issue 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 have an aggregate value of approximately $10.7 million at the Closing. The owners of Avelead are also referred to herein as "Sellers" and are enumerated in the UPA.

- The SaaS Contingent Consideration is calculated based upon Avelead's recurring SaaS revenue recognized during the first and second year following of the acquisition. 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 of SaaS Contingent Consideration is calculated as 75% of Avelead's recognized SaaS revenue from September 1, 2021 to August 31, 2022. The first-year payment is subject to a deduction of $665,000 spread equally between the cash and common stock portion of the earnout consideration. The first year earnout will be paid on or about October 15, 2022. Assuming that Avelead is within 80% of its forecasted SaaS revenue in the first year earnout[1], the Company agreed to a floor and ceiling on our restricted common stock issued as consideration for the earnout. That collar has a floor of $3.50 and a ceiling of $5.50 for the first year earnout.
    - The second year SaaS Contingent Consideration is calculated as 40% of Avelead's recognized SaaS revenue from September 1, 2022 to August 31, 2023. The second year earnout will be paid on or about October 15, 2023. Assuming that Avelead is within 80% of its forecasted SaaS revenue in the second year earnout[1], the Company agreed to a floor and ceiling on our restricted common stock issued as consideration for the earnout. That collar has a floor of $4.50 and a ceiling of $6.50 for the second year earnout.

    1 *If Avelead does not achieve 80% of its forecasted revenue, the price per share will revert back to the Company's market price based upon a 30 day average.*

- The Renewal Contingent Consideration is tied directly to a successful renewal of a specific customer of Avelead. To meet the definition of a renewal, Avelead must meet a minimum threshold of contracted revenue in an updated, annual, renewed contract with the specified customer. The renewal occurs on or about June 1, 2022 and June 1, 2023. The Company will remit the Renewal Contingent Consideration on or about each of October 15, 2022 and 2023, respectively. The Renewal Contingent Consideration is paid in Company restricted common stock valued as of the date of Closing. Accordingly, upon achieving the Renewal Contingent Consideration, the Company will issue 627,747 shares of restricted common stock on or about each of October 15, 2022 and October 15, 2023. The Renewal Contingent Consideration is either earned or not earned based upon the renewal of the specified customer at the minimum amount of contracted revenue. There is no pro-ration of the underlying Renewal Contingent Consideration.

STREAMLINE HEALTH SOLUTIONS, INC.
UNAUDITED PROFORMA CONDENSED COMBINED BALANCE SHEETS
(In thousands, except share and per share information)
July 31, 2021

	Streamline Historical	Avelead Historical	Transaction Accounting Adjustments		Other Transaction-Accounting Adjustments		Streamline Combined Pro Forma
ASSETS							
Current assets:							
Cash and cash equivalents	$ 15,847	$ 2,376	$ (14,730)	(2)	$ 9,870	(11)	$ 13,363
Accounts receivable, net	2,625	796	—		—		3,421
Contract receivables	236	14	702	(10)	—		952
Prepaid and other current assets	788	111	—		—		899
Current assets of discontinued operations	181	—	—		—		181
Total current assets	19,677	3,297	(14,028)		9,870		18,816
Non-current assets:							
Property and equipment, net	76	43	(43)	(10)	—		76
Right-of use asset for operating lease	306	—	—		—		306
Capitalized software development costs, net	5,667	975	(975)	(6)	—		5,667
Intangible assets, net	393	—	17,420	(2)	—		17,813
Goodwill	10,712	—	12,140	(2)	—		22,852
Other	1,003	56	(56)	(10)	—		1,003
Long-term assets of discontinued operations	3	—	—		—		3
Total non-current assets	18,160	1,074	28,486		—		47,720
Total assets	$ 37,837	$ 4,371	$ 14,458		$ 9,870		$ 66,536

See accompanying notes to unaudited pro forma condensed combined financial information

STREAMLINE HEALTH SOLUTIONS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEETS (CONTINUED)
(In thousands, except share and per share information)
July 31, 2021

	Streamline Historical	Avelead Historical	Transaction Accounting Adjustments		Other Transaction Accounting Adjustments		Streamline Combined Pro Forma
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current liabilities:							
Accounts payable	$ 363	$ 184	$ —		$ —		$ 547
Accrued expenses	1,324	599	1,652	(4)(2)	—		3,575
Current portion of term loan	—	728	(728)	(9)	—		—
Deferred revenue	4,474	882	(236)	(10)	—		5,120
Current portion of operating lease obligation	201	—	—		—		201
Current liabilities of discontinued operations	283	—	—		—		283
Total current liabilities	6,645	2,393	688		—		9,726
Non-current liabilities:							
Term loan, less current portion	—	—	—		9,870	(11)	9,870
Deferred revenue, less current portion	163	—	—		—		163
Operating lease obligation, less current portion	129	—	—		—		129
Liabilities of contingent consideration	—	—	10,684	(2)	—		10,684
Total non-current liabilities	292	—	10,684		9,870		20,846
Total liabilities	6,937	2,393	11,372		9,870		30,572
Stockholders' equity:							
Common stock	424	—	50	(5) (2)	—		474
Additional paid in capital	111,795	—	6,503	(5) (2)	—		118,298
Accumulated (deficit) / Member's Equity	(81,319)	1,978	(3,467)	(5) (10)	—		(82,808)
Total stockholders' equity	30,900	1,978	3,086		—		35,964
	$ 37,837	$ 4,371	$ 14,458		$ 9,870		$ 66,536

See accompanying notes to unaudited pro forma condensed combined financial information

STREAMLINE HEALTH SOLUTIONS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
(In thousands, except share and per share information)
Six Months Ended July 31, 2021

	Streamline Historical	Avelead Historical	Transaction Accounting Adjustments		Other Transaction Accounting Adjustments		Streamline Combined Pro Forma
Revenue:							
Software licenses	$ 135	$ —	$ —		$ —		$ 135
Professional services	108	2,050	—		—		2,158
Audit services	947	—	—		—		947
Maintenance and support	2,144	—	—		—		2,144
Software as a service	2,485	2,979	—		—		5,464
Total revenue	5,819	5,029	—		—		10,848
Operating expenses:							
Cost of software licenses	279	—	—		—		279
Cost of professional services	475	1,361	—		—		1,836
Cost of audit services	765	—	—		—		765
Cost of maintenance and support	166	—	—		—		166
Cost of software as a service	1,188	744	204	(6)	—		2,136
Selling, general and administrative expense	5,068	1,432	811	(6)(7)(10)	—		7,311
Research and development	1,941	497	—		—		2,438
Non-routine costs	777	140	—		—		917
Total operating expenses	10,659	4,174	1,015		—		15,848
Operating (loss) income	(4,840)	855	(1,015)		—		(5,000)
Other income (expense):							
Interest expense	(22)	(3)	—		(299)	(11)	(324)
Other	6	—	—		—		6
Forgiveness of PPP loan	2,327	—	—		—		2,327
(Loss) income from continuing operations before income taxes	(2,529)	852	(1,015)		(299)		(2,991)
Income tax expense	(5)	—	—		—		(5)
(Loss) income from continuing operations	(2,534)	852	(1,015)		(299)		(2,996)
Income from discontinued operations, net of tax	332	—	—		—		332
Net (loss) income	$ (2,202)	$ 852	$ (1,015)		$ (299)		$ (2,664)
Basic Earnings Per Share:							
Continuing operations	$ (0.06)						$ (0.07)
Discontinued operations	0.01						0.01
Net loss per share	$ (0.05)						$ (0.06)
Weighted average number of common shares – basic	39,393,333						44,438,276
Diluted Earnings Per Share:							
Continuing operations	$ (0.06)						$ (0.07)
Discontinued operations	0.01						0.01
Net loss per share	$ (0.05)						$ (0.06)
Weighted average number of common shares – diluted	39,960,998						45,111,416

See accompanying notes to unaudited pro forma condensed combined financial information

STREAMLINE HEALTH SOLUTIONS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
(In thousands, except share and per share information)
Twelve Months Ended January 31, 2021

	Streamline Historical	Avelead Historical	Transaction Accounting Adjustments		Other Transaction Accounting Adjustments		Streamline Combined Pro Forma
Revenue:							
Software licenses	$ 590	$ —	$ —		$ —		$ 590
Professional services	618	5,644	(236)	(10)	—		6,026
Audit services	1,891	—	—		—		1,891
Maintenance and support	4,586	—	—		—		4,586
Software as a service	3,661	2,155	—		—		5,816
Total revenue	11,346	7,799	(236)		—		18,909
Operating expenses:							
Cost of software licenses	501	—	—		—		501
Cost of professional services	1,040	2,685	—		—		3,725
Cost of audit services	1,558	—	—		—		1,558
Cost of maintenance and support	684	—	—		—		684
Cost of software as a service	1,906	647	490	(6)	—		3,043
Selling, general and administrative expense	8,565	1,668	1,620	(6)(7)(10)	—		11,853
Research and development	2,933	554	—		—		3,487
Non-routine costs	—	—	1,489	(4)	—		1,489
Loss on exit from membership agreement	105	—	—		—		105
Total operating expenses	17,292	5,554	3,599		—		26,445
Operating (loss) income	(5,946)	2,245	(3,835)				(7,536)
Other income (expense):							
Interest expense	(51)	—	—		(593)	(11)	(644)
Other	(62)	—	—		—		(62)
Forgiveness of PPP loan	—	712	—		—		712
(Loss) income from continuing operations before income taxes	(6,059)	2,957	(3,835)		(593)		(7,530)
Income tax benefit	1,260	—	—		—		1,260
(Loss) income from continuing operations	(4,799)	2,957	(3,835)		(593)		(6,270)
Income from discontinued operations, net of tax	5,095	—	—		—		5,095
Net income (loss)	$ 296	$ 2,957	$ (3,835)		$ (593)		$ (1,175)
Basic Earnings Per Share:							
Continuing operations	$ (0.16)						$ (0.18)
Discontinued operations	0.17						0.14
Net income (loss) per share	$ 0.01						$ (0.04)
Weighted average number of common shares – basic	30,152,383						35,160,405
Diluted Earnings Per Share:							
Continuing operations	$ (0.16)						$ (0.18)
Discontinued operations	0.17						0.14
Net income (loss) per share	$ 0.01						$ (0.04)
Weighted average number of common shares – diluted	30,640,742						35,663,169

See accompanying notes to unaudited pro forma condensed combined financial information

STREAMLINE HEALTH SOLUTIONS, INC.
NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION
(in thousands, except share and per share information)
As of July 31, 2021 and For the Six Months Ended
July 31, 2021 and Twelve Months ended January 31, 2021

1 — BASIS OF PRESENTATION

The unaudited pro forma condensed combined financial information and related notes are prepared in accordance with Article 11 of Regulation S-X, as amended by the final rule, Release No. 33-10786, "Amendments to Financial Disclosures about Acquired and Disposed Businesses."

The Company and Avelead's historical financial statements were prepared in accordance with U.S. GAAP and are presented in U.S. dollars. As discussed in BACKGROUND, above, the Company and Avelead have differing historical reporting periods. Accordingly, the accompanying unaudited pro forma condensed combined financial information includes the following:

Unaudited pro forma condensed combined balance sheet, as of July 31, 2021:

- Streamline's consolidated balance sheet as of July 31, 2021; and
- Avelead's balance sheet as of June 30, 2021.

Unaudited pro forma condensed combined statement of operations for the six months ended July 31, 2021:

- Streamline's consolidated statement of operations for the six months ended July 31, 2021; and
- Avelead's statement of operations for the six months ended June 30, 2021.

Unaudited pro forma condensed combined statement of operations for the twelve months ended January 31, 2021:

- Streamline's consolidated statement of operations for the twelve months ended January 31, 2021; and
- Avelead's statement of operations for the twelve months ended December 31, 2020.

While Streamline and Avelead have different fiscal period ends, Rule 11-02(c)(3) of Regulation S-X permits fiscal period ends to be within one quarter between the acquirer and acquiree, and thus the financial information was combined. The unaudited pro forma condensed combined balance sheet is presented as if the transaction occurred on July 31, 2021. Additionally, the unaudited pro forma condensed combined statements of operations are each prepared as if the transaction occurred on February 1, 2020, the first day of the Company's fiscal year, the earliest period presented in the accompanying unaudited condensed combined pro forma financial information.

The unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting in accordance with ASC 805, *Business Combinations*, with Streamline as the accounting acquirer, using the fair value concepts defined in ASC 820, *Fair Value Measurement*, and based on the historical consolidated financial statements of Streamline and Avelead. Under ASC 805, all assets acquired, and liabilities assumed in a business combination are recognized and measured at their assumed acquisition date fair value, while transaction costs associated with the business combination are expensed as incurred. The excess of acquisition consideration over the estimated fair value of assets acquired and liabilities assumed, if any, is allocated to goodwill.

The allocation of the aggregate acquisition consideration depends upon certain estimates and assumptions, all of which are preliminary. The allocation of the aggregate acquisition consideration has been made for the purpose of developing the unaudited pro forma condensed combined financial information. The final determination of fair values of assets acquired and liabilities assumed could differ materially from the preliminary allocation of aggregate acquisition consideration. The final valuation will be based on the actual net tangible and intangible assets of Avelead existing at the acquisition date.

The unaudited pro forma condensed combined financial information does not include any adjustments for the realization of operating efficiencies, synergies or other restructuring activities that might result from the Transaction. Further, there may be charges related to restructuring or other integration activities resulting from the Transaction, the timing, nature and amount of which management cannot currently estimate, and thus, such charges are not reflected in the unaudited pro forma condensed combined financial information. The pro forma adjustments represent management's best estimates and are based upon currently available information and certain assumptions that Streamline believes are reasonable under the circumstances. Streamline is not aware of any material transactions between Streamline and Avelead during the periods presented. Accordingly, adjustments to eliminate transactions between Streamline and Avelead have not been reflected in the unaudited pro forma condensed combined financial information.

2 — ACQUISITION OF AVELEAD

The Company acquired all of the outstanding units of Avelead, effective August 16, 2021. The UPA stated that the purchase price for Avelead at Closing included a cash payment of $11.9 million. Additionally, the Company paid $285 of the Sellers closing cost, $169 related to the estimated working capital adjustment, and accrued $163 for the anticipated payment of the holdback and the final working capital adjustment as defined in the UPA. Finally, at Closing, the Company provided the Restricted Common Stock that had an estimated value of $6.6 million. As previously discussed, the SaaS Contingent Consideration and the Renewal Contingent Consideration were included in the UPA as future consideration for the Transaction. These are reflected on the Company's balance sheet as "Acquisition Liabilities."

The Company acquired Avlead on a cash-free and debt-free basis. Accordingly, Avelead's cash is eliminated in the accompanying unaudited condensed combined balance sheet. The Company recorded $12.4 million dollars in the Transaction Accounting Adjustment column representing the cash portion of the total consideration paid at Closing, net of cash acquired. Additionally, the Company recorded $6.6 million and $10.7 million of restricted common stock and acquisition liabilities, respectively. The $10.7 million represents the fair value, on the date of the acquisition, of the SaaS Contingent Consideration and Renewal Contingent Consideration. Each of these are recorded in the Transaction Accounting Adjustments column as related specifically to the acquisition.

The components of the Transaction consideration are as follows:

(in thousands)		
Components of Transaction consideration, net of cash acquired:		
Cash	$	11,900
Cash, seller expenses		285
Cash, estimated net working capital adjustment		169
Payable, holdback and working capital adjustment		163
Restricted Common Stock (*valued based upon GAAP*)		6,554(a)
Acquisition liabilities		10,684(b)
Total Transaction consideration	**$**	**29,755**

(a) The Company's common stock is valued differently for US GAAP than it is under the definition of the UPA for purposes of payment to the Sellers.

(b) Acquisition liabilities represents the net present value and risk adjusted probability of the required future payments underlying the Company's SaaS Contingent Consideration and Renewal Contingent Consideration as described above.

The acquisition liabilities are recorded at their net present and risk adjusted value in the accompanying unaudited condensed combined balance sheet. The unaudited pro forma condensed combined statements of operations have no effects on changes to that valuation during the periods presented. The Company expects that there will be future changes to the net present and risk adjusted value of the contingent consideration in future periods of its financial statements. However, because the Transaction is reflected on a historical basis back to February 1, 2020, there are no changes in the valuation of the acquisition liabilities that are accounted for or reflected within this pro forma financial information.

The Company is presenting the allocation of the Transaction consideration to net tangible and intangible assets as of the date of the Closing. The Closing was the date the fair value of the net tangible and intangible assets were estimated; accordingly, the Closing establishes the value that will be utilized as of the pro forma date for the assets and liabilities in the accompanying unaudited pro forma condensed combined balance sheets. The Transaction consideration was allocated to the tangible and intangible assets, net of cash acquired, for purposes of the unaudited pro forma condensed combined financial information as follows:

(in thousands)		
Net tangible assets:		
Accounts receivable	$	1,526
Unbilled revenue		200
Prepaid expenses		178
Fixed assets		37
Accounts payable		(468)
Accrued expenses		(418)
Deferred revenues		(860)
Net tangible assets		195
Goodwill		12,140
Customer Relationships (SaaS)		8,370
Customer Relationships (Consulting)		1,330
Internally Developed Software		6,380
Trademarks and Tradenames		1,340
Net assets acquired and liabilities assumed	**$**	**29,755**

3 — INTANGIBLES

In accordance with ASC 805, the Company recognized the tangible and intangible assets acquired and the liabilities assumed from Avelead at fair value at Closing. The excess of the total consideration payable over the preliminary fair value of the net assets acquired was recorded as goodwill.

The intangible assets identified and recorded as a result of the Transaction (Note 2), and their related estimated useful lives, are as follows:

	Estimated Useful Lives
Goodwill	*Indefinite*
Customer Relationships (SaaS)	*10 years*
Customer Relationships (Consulting)	*8 years*
Internally Developed Software	*9 years*
Trademarks and Tradenames	*15 years*

4 — TRANSACTION EXPENSES

Certain pro forma adjustments were required to be made to Transaction costs in the accompanying unaudited pro forma condensed combined financial information. These are explained as follows:

- A transaction accounting adjustment was made to the accompanying unaudited pro forma condensed combined balance sheet as of July 31, 2021 to reflect costs incurred, but unpaid, as of the transaction date. This amount totaled approximately $1,489 and consisted of brokers fees, professional fees and the separation cost from one of the Sellers (see below).
- There was no transaction accounting adjustment made to the accompanying unaudited pro forma condensed combined statement of operations for the six months ended July 31, 2021. The Transaction cost that was reported in the historical financial statements remained as it was reported and as it was incurred. The Company had reported approximately $428 of Transaction costs, which were included in Non-routine cost in its historical financial statements. Avelead reported $140 of Transaction costs in its historical financial statements for the sixmonth period ended June 30, 2021. Again, none of these costs for Avelead were adjusted for the unaudited pro forma condensed combined statement of operations for the six months ended July 31, 2021.
- There was a transaction accounting adjustment made to the accompanying unaudited pro forma condensed combined statement of operations for the twelve months ended January 31, 2021 in the amount of $1,489. This pro forma adjustment increased Transaction cost reflecting the unrecorded cost of the acquisition. The Company had no Transaction costs that were recognized in its historical financial statements for the twelve months ended January 31, 2021. Avelead recognized $61 of transaction cost in its historical statement of operations for the year ended December 31, 2020 and these were not adjusted.

Transaction costs are expensed as incurred. For purposes of the Company's unaudited pro forma condensed combined financial information, total Transaction costs are as follows:

(in thousands)	Transaction Cost
Separation pay	$ 692
Broker fees	553
Legal fees	365
Other professional fees	307
Total Transaction Cost	**$ 1,917**

Of the total Transaction cost, substantially all of those costs incurred, but unrecorded, were made up of a portion of the broker fees, certain professional fees and the accrual for the separation pay to one of the Sellers. These costs totaled $1,489 and became a transaction accounting adjustment for each of the unaudited pro forma condensed combined balance sheet as of July 31, 2021 and the unaudited pro forma condensed combined statement of operations for the year ended January 31, 2021. The unrecorded Transaction costs are necessary to show on the pro forma balance sheet, where the assumption is the acquisition closed on the date of the balance sheet, as well as the statement of operations, where the assumption is the transaction occurred as of the beginning of the earliest period presented, or February 1, 2020.

5 — EQUITY CONSIDERATION

The Company issued 5,021,972 shares of Streamline's common stock to the Sellers as a portion of the consideration at Closing. The fair value of the common stock issued was $6,554 at Closing. The Company recorded the fair value of the common stock issued and included it as part of the Transaction consideration.

Avelead was incorporated as an "LLC" and taxed as a partnership. Avelead equity is member equity, however, it is included in the line item "Accumulated deficit" for purposes of presentation in the accompanying unaudited pro forma condensed combined balance sheet as of July 31, 2021. All Avelead equity is eliminated in the pro forma financial information.

6 — AMORTIZATION OF INTANGIBLES

The unaudited pro forma financial information presented for the six months ended July 31, 2021 and the year ended January 31, 2021, reflects amortization adjustments of the following:

(in thousands)	Six Months Ended July 31, 2021	Twelve Months Ended January 31, 2021
Customer relationships	$ 502	$ 1,003
Internally developed software	354	709
Trademarks and tradenames	45	89
Total amortization of pro forma intangibles	$ 901	$ 1,801

Amortization expense related to the internally developed software intangible is included in cost of software as a service, while the amortization expense related to customer relationship and trademark and tradenames is included in selling, general and administrative ("SG&A") expense in the accompany statements of operations for the six months ended July 31, 2021 and twelve months ended January 31, 2021.

Avelead's historical balance sheet included $975 of capitalized software development costs that was eliminated upon acquisition. The capitalized software development was replaced with "internally developed software" which was measured at its fair value on the date of acquisition. Accordingly, the Company eliminated the accompanying amortization expense from the capitalized software development for each of the unaudited pro forma condensed combined statements of operations for six months ended July 31, 2021 and twelve months ended January 31, 2021 of $150 and $219, respectively.

7 — STOCK COMPENSATION EXPENSE

The Company granted options to purchase 583,333 shares of the Company's common stock to the Sellers at Closing. These options have a strike price of $1.53 per share, the closing stock price on the trading date immediately preceding the Closing. 500,000 options were awarded to one Seller that will vest, monthly, over a three (3) year service period. The remaining 83,333 options were awarded to another Seller and vested immediately upon issuance. The Company utilized the Black-Scholes method to determine the grant-date fair value of these options. The 83,333 options have a grant-date fair value of approximately $4 and are recorded in Transaction cost. The 500,000 options have a grant-date fair value of approximately $333 and are expensed over the vesting period in SG&A expenses in each of the unaudited pro forma condensed combined statements of operations for the six months ended July 31, 2021 and twelve months ended January 31, 2021.

Additionally, the Company granted certain employees of Avelead restricted stock awards (RSAs) as of Closing. The Company issued 100,000 RSAs in connection with the Transaction to these employees of Avelead.

A pro forma adjustment was made to the unaudited pro forma condensed combined statements of operations for the six months ended July 31, 2021 and twelve months ended January 31, 2021 to account for stock-based compensation of the Sellers' options and the RSAs in SG&A expenses of approximately $76 and $153, respectively.

8 — INCOME TAX IMPLICATIONS

The unaudited pro forma condensed combined financial information presented for the six months ended July 31, 2021, and the fiscal year ended January 31, 2021, includes an income tax expense of approximately $5 and an income tax benefit of approximately $1,260, respectively, on a combined basis. The Transaction was a purchase of units (equity), however, Avelead was taxed as a partnership. Accordingly, the Company realized a step-up in the tax basis of the assets acquired of Avelead. The Company does not expect that Avelead would be a tax payer due to the high rates of amortization of intangibles post-acquisition. Additionally, the Company may use its existing net operating losses to offset any income from Avelead. The Company, and Avelead, will have a full valuation allowance against its net deferred income tax assets. Accordingly, the Company is not recording any additional income tax expense or benefit as a result of the Transaction in the Company's accompanying unaudited proforma condensed combined financial information.

At January 31, 2021, the Company had U.S. federal net operating loss carry forwards of $37,554. The Company also had state net operating loss carry forwards of $12,519 and Federal R&D credit carry forwards of $1,356, and Georgia R&D credit carry forwards of $94, all of which expire through fiscal 2039.

9 — CARES ACT LOAN

The adjustment reflects the forgiveness of Avelead's loan received under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act Loan"). Prior to the Closing of the acquisition, Avelead applied for and received forgiveness of the CARES Act Loan in the amount of $728; Avelead received full forgiveness of the CARES Act Loan in August 2021 prior to the Closing.

10 — OTHER PRO FORMA ADJUSTMENTS

The Company made certain fair value adjustments to the accompanying unaudited pro forma condensed combined balance sheet as follows:

- A pro forma adjustment was made to the balance sheet for contract receivables of $702 to reflect the change in Avelead's working capital from June 30, 2021 to the Closing. The UPA had a target net working capital of $- (zero dollars). If the actual working capital was higher than the target, the Company would pay such excess amount to the Sellers. If the actual working capital was lower than the target, the Company would receive consideration from the Seller. The unaudited pro forma condensed combined balance sheet assumes the closing was as of July 31, 2021 which would indicate a net receivable from the Sellers of $702. This is not, in fact, a true receivable, however; it is a pro forma adjustment that is "assumed" under the presentation.
- A pro forma adjustment was made to the balance sheet for $43 to reduce fixed assets. This adjustment is a fair value adjustment reflecting a difference in capitalization policy between Avelead and Streamline. This is primarily lap top computers that were historically capitalized at Avelead, but expensed, by its policy, at Streamline.
- A pro forma adjustment was made to the balance sheet for $56 to eliminate contract cost assets recognized in Avelead's historical financial statements (incremental costs of obtaining customer contracts). Contract cost assets generally are eliminated under acquisition accounting as they do not meet the definition of an asset at the acquisition date.
- A pro forma adjustment was made on the balance sheet to reduce Avelead's deferred revenue by $236. Deferred revenue was stated at fair value based on the margins of the underlying deferred revenue. The valuation of the deferred revenue, as other tangible and intangible assets was made as of the Closing. The values attributable to deferred revenue were assigned to the accompanying unaudited pro forma condensed combined balance sheet as of July 31, 2021. Had the valuation been at another date, the determination of the pro forma adjustment for the deferred revenue would have been different (see the impact to the pro forma statement of operations, below).

The transaction accounting adjustments made to the accumulated deficit for the unaudited pro forma condensed combined balance sheet, consisted of:

(in thousands)	**Transaction Accounting Adjustments**

Elimination of Avelead equity	$	1,978
Transaction cost accrual for Streamline		1,489
Pro forma adjustments in Accumulated deficit	$	3,467

The Company made certain pro forma adjustments to the unaudited pro forma condensed combined statements of operations for the six months ended July 31, 2021 and twelve months ended January 31, 2021:

- A pro forma adjustment was made to reflect the salary and benefits of the Sellers in Avelead's historical statement of operations. Avelead was taxed as a partnership, accordingly, the owners were compensated with distributions. Contemporaneously with Closing, one Seller entered into an employment agreement and one Seller entered into a separation agreement. The Seller entering into an employment agreement has a two-year employment term with the title of Chief Executive Officer, Avelead Consulting, LLC. The agreement allows for a severance payment equal to six months of salary unless the Seller is discharged "for cause." The Seller signing the separation agreement has a two-year severance from Closing. The pro forma adjustment for the salaries expense is included in SG&A and is $188 and $375 for the six months ended July 31, 2021 and twelve months ended January 31, 2021, respectively. The Seller with the separation agreement is accounted for in Transaction costs (see 4—Transaction Expenses).

- A pro forma adjustment was made to reflect the impact of the deferred revenue transaction accounting adjustment to the Company's unaudited condensed combined statement of operations for the twelve months ended January 31, 2021. The Company reduced its professional service fees (implementation of SaaS products) by $236 to account for the impact of the pro forma adjustment to the deferred revenue as if it had occurred on February 1, 2020. Had the valuation of any and all tangible and intangible assets been conducted at a different time than Closing, say February 1,2020, these values would have all differed from those that existed at Closing. Avelead's historical financial statements included deferred that is short-term in nature. The deferred revenue primarily consists of implementation revenue that is recognized as it is performed (generally three to four months).

The transaction accounting adjustments made to SG&A expenses for each of the unaudited proforma condensed combined statements of operations consists of:

(in thousands)	**Six Months Ended July 31, 2021**	**Twelve Months Ended January 31, 2021**
Stock compensation	$ 76	$ 153
Customer relationship amortization	502	1,003
Trademarks and tradenames amortization	45	89
Owners Salaries and benefits	188	375
Pro forma adjustments in SG&A	$ 811	$ 1,620

11 — DEBT SUBSEQUENT TO THE ACQUISITION

As of the date of Closing, the Company received a debt commitment letter from Bridge Bank to re-finance its existing revolving credit facility with a $10 million term loan (the "Term Loan"). The Term Loan closed and was funded on August 26, 2021, after the Transaction. However, the Term Loan was contemplated as part of the acquisition. Accordingly, the Company recorded the Term Loan in the accompanying unaudited pro forma condensed combined balance sheet and statements of operations in the column noted as "Other Transaction Accounting Adjustments."

On August 26, 2021, the Company and its subsidiaries entered into the Second Amended and Restated Loan and Security Agreement with Bridge Bank. Pursuant to the Second Amended and Restated Loan and Security Agreement, Bridge Bank agreed to provide the Company and its subsidiaries with a new term loan facility in the maximum principal amount of $10 million. Amounts outstanding under the term loan of the Second Amended and Restated Loan and Security 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%. A one-eighth percent change in the interest rate would equate to $19 of additional interest expense per annum. The Company will also be required to pay customary fees and expenses. The Second Amended and Restated Loan and Security Agreement has a five-year term, and the maximum principal amount was advanced in a single-cash advance on or about August 26, 2021. The Second Amended and Restated Loan and Security Agreement requires principal repayments of $500 in the second year, $1,000 in the third year, $2,000 in the fourth year, and $3,000 in the fifth year, respectively, with the remaining outstanding principal balance and all accrued but unpaid interest due in full on the maturity date.

A proforma adjustment was made to the accompanying unaudited pro forma condensed combined balance sheet to record debt of $9,870. This is the $10 million Term loan, less the deferred cost of the loan ($130). Additionally, the Company recorded interest expense in the accompanying unaudited pro forma condensed combined statements of operations for the six months ended July 31, 2021 and twelve months ended January 31, 2021 of $299 and $593, respectively, representing cash interest, and amortization of deferred costs.

UNAUDITED PRO FORMA EFFECTS ON NON-GAAP FINANCIAL MEASURES

To provide investors with additional insight and allow for a more comprehensive understanding of the information used by management in its financial and decision-making surrounding operations, we supplement our consolidated financial statements presented on a basis consistent with U.S. generally accepted accounting principles (“GAAP”) with EBITDA and Adjusted EBITDA, both non-GAAP financial measures of earnings.

EBITDA represents net income (loss) before net interest expense, income tax expense (benefit), depreciation and amortization. Adjusted EBITDA represents net earnings (loss) before net interest expense, income tax expense (benefit), depreciation, amortization, share-based compensation expense, transaction related expenses and other expenses that do not relate to our core operations such as severance and impairment charges. 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 severance) and other operating costs that are expected to be non-recurring. Adjusted EBITDA removes the impact of share-based compensation expense, which is another non-cash item. Investors should consider our non-GAAP financial measures in addition to, and not as a substitute for, financial measures prepared in accordance with GAAP.

The following table contains reconciliations of unaudited pro forma net income (loss) to EBITDA and adjusted EBITDA for the periods presented.

Reconciliation of pro forma net (loss) income for the six months ended July 31, 2021 to pro forma EBITDA and pro forma Adjusted EBITDA

In thousands, except per share data	Streamline Historical	Avelead Historical	Acquisition Pro Forma Adjustments	Post-Acquisition Pro-Forma Adjustments	Streamline Combined Pro-Forma
Adjusted EBITDA Reconciliation					
(Loss) income from continuing operations	$ (2,534)	$ 852	$ (1,015)	$ (299)	$ (2,996)
Interest expense	22	3	—	299	324
Income tax expense	5	—	—	—	5
Depreciation	37	7	—	—	44
Amortization of capitalized software development costs	984	150	204	—	1,338
Amortization of intangible assets	231	—	547	—	778
Amortization of other costs	242	2	—	—	244
EBITDA	$ (1,013)	$ 1,014	$ (264)	$ —	$ (263)
Share-based compensation expense	1,122	—	76	—	1,198
Non-routine costs	777	140	—	—	917
Forgiveness of PPP loan and accrued interest	(2,327)	—	—	—	(2,327)
Other non-recurring charges	16	—	—	—	16
Adjusted EBITDA	$ (1,425)	$ 1,154	$ (188)	$ —	$ (459)
Adjusted EBITDA margin (1)	(24)%	23%			(4)%
Adjusted EBITDA per Diluted Share Reconciliation					
Loss from continuing operations per common share — diluted	$ (0.06)				$ (0.07)
Net loss per common share — diluted	$ (0.05)				$ (0.06)
Adjusted EBITDA per adjusted diluted share (2)	$ (0.04)				$ (0.01)
Diluted weighted average shares (3)	39,393,333				44,438,276
Includable incremental shares — adjusted EBITDA (4)	567,665				673,140
Adjusted diluted shares	39,960,998				45,111,416

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

(2) Adjusted EBITDA per adjusted diluted share for our common stock is computed using the treasury stock method.

(3) Diluted EPS for our common stock was computed using the treasury stock method.

(4) The number of incremental shares that would be dilutive under an assumption that the Company is profitable during the reported period, which is only applicable for a period in which the Company reports a GAAP net loss. If a GAAP profit is earned in the reported periods, no additional incremental shares are assumed.

Reconciliation of pro forma net (loss) income for the year ended January 31, 2021 to pro forma EBITDA and pro forma Adjusted EBITDA

In thousands, except per share data	Streamline Historical	Avelead Historical	Acquisition Pro Forma Adjustments	Post-Acquisition Pro-Forma Adjustments	Streamline Combined Pro-Forma
Adjusted EBITDA Reconciliation					
(Loss) income from continuing operations	$ (4,799)	$ 2,957	$ (3,835)	$ (593)	$ (6,270)
Interest expense	51	—	—	593	644
Income tax benefit	(1,260)	—	—	—	(1,260)
Depreciation	64	6	—	—	70
Amortization of capitalized software development costs	1,662	219	490	—	2,371
Amortization of intangible assets	491	—	1,092	—	1,583
Amortization of other costs	359	—	—	—	359
EBITDA	$ (3,432)	$ 3,182	$ (2,253)	$ —	$ (2,503)
Share-based compensation expense	1,403	—	153	—	1,556
Non-cash valuation adjustments	31	—	—	—	31
Loss on exit of operating lease	105	—	—	—	105
Forgiveness of PPP loan and accrued interest	—	(712)	—	—	(712)
Other non-recurring charges	—	—	1,489	—	1,489
Adjusted EBITDA	$ (1,893)	$ 2,470	$ (611)	$ —	$ (34)
Adjusted EBITDA margin (1)	(17)%	32%			—%
Adjusted EBITDA per Diluted Share Reconciliation					
Loss from continuing operations per common share — diluted	$ (0.16)				$ (0.18)
Net income/(loss) per common share — diluted	$ 0.01				$ (0.04)
Adjusted EBITDA per adjusted diluted share (2)	$ (0.06)				$ —
Diluted weighted average shares (3)	30,152,383				35,160,405
Includable incremental shares — adjusted EBITDA (4)	488,359				502,764
Adjusted diluted shares	30,640,742				35,663,169

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

(2) Adjusted EBITDA per adjusted diluted share for our common stock is computed using the treasury stock method.

(3) Diluted EPS for our common stock was computed using the treasury stock method.

(4) The number of incremental shares that would be dilutive under an assumption that the Company is profitable during the reported period, which is only applicable for a period in which the Company reports a GAAP net loss. If a GAAP profit is earned in the reported periods, no additional incremental shares are assumed.