



April 20, 2016

Streamline Health® Reports Fourth Quarter And Fiscal Year 2015 Financial Performance

Fourth Quarter Revenues \$6.4 Million; \$9.9 Million Cash on Hand; FY 2015 Revenues \$28.3 Million; \$5.9 Million in Cash from Operations; 2015 Adjusted EBITDA \$2.8 Million; \$5.6 million Net Loss

ATLANTA, April 20, 2016 /PRNewswire/ -- [Streamline Health Solutions, Inc.](#) (NASDAQ: STRM), provider of the Looking Glass® platform of integrated solutions and analytics supporting revenue cycle optimization for healthcare enterprises in the new value-based world, today announced financial results for the fourth quarter and fiscal year of 2015, which ended January 31, 2016.



Revenue for the three-month period ended January 31, 2016 declined 3.4 percent to \$6.4 million as compared to the three-months ending January 31, 2015. Adjusted EBITDA for the fourth quarter was \$0.5 million, up from \$(0.7) million in the same period a year ago. Net loss for the fourth quarter was \$1.8 million, improved from a \$5.1 million net loss in the same period a year ago.

Revenues for fiscal year 2015 were \$28.3 million, up 2.5% from \$27.6 million the previous fiscal year. Recurring revenues for the year constituted 85% of overall revenue, or \$24.1 million. Adjusted EBITDA for the fiscal year was \$2.8 million, up from \$(1.0) million in fiscal year 2014.

"2015 was a year of significant improvement over 2014 in terms of our balance sheet and operational efficiency," stated David Sides, President and Chief Executive Officer, Streamline Health. "Cash from operations improved year over year by nearly \$9 million from \$(3.0) million to \$5.9 million. We increased our total cash on hand by \$3.4 million and reduced our term loans by \$1.5 million. In addition, we improved Adjusted EBITDA by \$3.8 million year over year.

We have begun investing significantly in sales and marketing to ramp up our revenue growth going forward and are rebalancing our solution development efforts from a stability emphasis to one focused on innovation that addresses our future client needs and drives higher quality for our users as our industry moves to value-based care."

Highlights for the fourth quarter and fiscal year ended January 31, 2016 included:

- | Revenues for the fourth quarter 2015 were \$6.4 million, and for the year were \$28.3 million;
- | Adjusted EBITDA for the fourth quarter 2015 was \$0.5 million, and for the year was \$2.8 million;
- | Recorded net loss of \$(1.4) million for the three-month period ended January 31, 2016, and \$(4.3) million for the fiscal year 2015;
- | New sales bookings for the quarter were \$2.0 million and \$15.3 million for the fiscal year; and
- | Backlog at the end of the quarter was \$67.1 million.

Conference Call Information

The Company will conduct a conference call to review the results on Wednesday, April 20, 2016 at 5:00 PM ET. Interested parties can access the call via live webcast; [click here](#) to register. The call can also be accessed by dialing 888-359-3624 and then entering passcode 2145327.

A replay of the conference call will be available from Wednesday, April 20, 2016 at 8:00 PM ET to Monday, April 25, 2016 at 8:00 PM ET by dialing 888-203-1112 and entering passcode 2145327.

**Non-GAAP Financial Measures*

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

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

About Streamline Health

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

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

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

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

| | Three Months Ended | | Fiscal Year Ended | |
|-------------------------|--------------------|------------|-------------------|--------------|
| | January 31, | | | |
| | 2016 | 2015 | 2016 | 2015 |
| Revenues: | | | | |
| Systems sales | \$ 378,594 | \$ 215,670 | \$ 2,946,304 | \$ 1,214,879 |
| Professional services | 580,124 | 848,279 | 2,212,002 | 2,580,167 |
| Maintenance and support | 3,829,816 | 3,745,952 | 15,145,480 | 16,157,371 |
| Software as a service | 1,582,314 | 1,785,622 | 8,010,672 | 7,672,990 |

| | | | | |
|---|-----------------------|-----------------------|-----------------------|------------------------|
| Total revenues | 6,370,848 | 6,595,523 | 28,314,458 | 27,625,407 |
| Operating expenses: | | | | |
| Cost of systems sales | 660,632 | 1,031,305 | 2,778,041 | 3,536,495 |
| Cost of services | 894,852 | 1,012,518 | 3,143,881 | 3,458,984 |
| Cost of maintenance and support | 738,778 | 534,662 | 3,036,550 | 3,087,842 |
| Cost of software as a service | 389,385 | 807,013 | 2,442,143 | 2,920,403 |
| Selling, general and administrative | 2,806,429 | 3,299,977 | 13,442,799 | 16,225,574 |
| Research and development | 2,377,712 | 2,905,233 | 9,093,353 | 9,756,206 |
| Impairment of intangible assets | -- | 1,952,000 | -- | 1,952,000 |
| Total operating expenses | <u>7,867,788</u> | <u>11,542,708</u> | <u>33,936,767</u> | <u>40,937,504</u> |
| Operating loss | (1,496,940) | (4,947,185) | (5,622,309) | (13,312,097) |
| Other income (expense): | | | | |
| Interest expense | (185,824) | (225,370) | (884,226) | (748,969) |
| Loss on early extinguishment of debt | -- | (315,327) | -- | (429,849) |
| Miscellaneous income (expenses) | 284,880 | (211,060) | 2,224,423 | 1,592,449 |
| Loss before income taxes | (1,397,884) | (5,698,942) | (4,282,112) | (12,898,466) |
| Income tax (expense) benefit | (5,358) | 889,299 | (8,003) | 887,009 |
| Net loss | \$ (1,403,242) | \$ (4,809,643) | \$ (4,290,115) | \$ (12,011,457) |
| Less: deemed dividends on Series A Preferred Shares | (369,058) | (286,809) | (1,336,072) | (1,038,310) |
| Net loss attributable to common shareholders | <u>\$ (1,772,300)</u> | <u>\$ (5,096,452)</u> | <u>\$ (5,626,187)</u> | <u>\$ (13,049,767)</u> |
| Basic net loss per common share | <u>\$ (0.09)</u> | <u>\$ (0.28)</u> | <u>\$ (0.30)</u> | <u>\$ (0.71)</u> |
| Number of shares used in basic per common share computation | <u>18,689,854</u> | <u>18,417,100</u> | <u>18,689,854</u> | <u>18,261,800</u> |
| Diluted net loss per common share | <u>\$ (0.09)</u> | <u>\$ (0.28)</u> | <u>\$ (0.30)</u> | <u>\$ (0.71)</u> |
| Number of shares used in diluted per common share computation | <u>18,689,854</u> | <u>18,417,100</u> | <u>18,689,854</u> | <u>18,261,800</u> |

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

Assets

| | January 31, | |
|---|--------------------|--------------------|
| | 2016 | 2015 |
| Current assets: | | |
| Cash and cash equivalents | \$ 9,882,136 | \$ 6,522,600 |
| Accounts receivable, net of allowance for doubtful accounts of \$155,407 and \$665,962, respectively | 4,199,315 | 6,935,270 |
| Contract receivables | 119,697 | 191,465 |
| Prepaid hardware and third party software for future delivery | 5,858 | 55,173 |
| Prepaid client maintenance contracts | 956,913 | 935,858 |
| Other prepaid assets | 941,532 | 1,437,680 |
| Deferred income taxes | -- | 220,004 |
| Other current assets | 97,986 | 207,673 |
| Total current assets | <u>16,203,437</u> | <u>16,505,723</u> |
| Non-current assets: | | |
| Property and equipment: | | |
| Computer equipment | 2,647,135 | 2,381,923 |
| Computer software | 801,895 | 964,857 |
| Office furniture, fixtures and equipment | 683,443 | 683,443 |
| Leasehold improvements | 729,348 | 724,015 |
| | <u>4,861,821</u> | <u>4,754,238</u> |
| Accumulated depreciation and amortization | <u>(2,407,746)</u> | <u>(1,617,423)</u> |
| Property and equipment, net | <u>2,454,075</u> | <u>3,136,815</u> |
| Contract receivables, less current portion | 8,711 | 43,553 |
| Capitalized software development costs, net of accumulated amortization of \$14,919,948 and \$11,846,468 respectively | 6,123,638 | 9,197,118 |
| Intangible assets, net of accumulated amortization | | |

| | | |
|--|----------------------|----------------------|
| of \$84,531 and \$13,677, respectively | 8,155,325 | 9,500,317 |
| Deferred financing costs | 270,147 | 387,199 |
| Goodwill | 16,184,667 | 16,184,667 |
| Other | <u>746,018</u> | <u>823,723</u> |
| Total non-current assets | <u>33,942,581</u> | <u>39,273,392</u> |
| | \$ <u>50,146,018</u> | \$ <u>55,779,115</u> |

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

Liabilities and Stockholders' Equity

| | <u>January 31,</u> | |
|--|----------------------|----------------------|
| | <u>2016</u> | <u>2015</u> |
| Current liabilities: | | |
| Accounts payable | \$ 1,136,779 | \$ 2,298,851 |
| Accrued compensation | 935,324 | 865,865 |
| Accrued other expenses | 328,551 | 563,838 |
| Current portion of long-term debt | 673,807 | 500,000 |
| Deferred revenues | 10,447,280 | 9,289,076 |
| Current portion of capital lease obligation | <u>592,642</u> | <u>781,961</u> |
| Total current liabilities | <u>14,114,383</u> | <u>14,299,591</u> |
| Non-current liabilities: | | |
| Term loans | 7,861,084 | 9,500,000 |
| Warrants liability | 205,113 | 1,834,380 |
| Royalty liability | 2,291,888 | 2,385,826 |
| Lease incentive liability, less current portion | 369,406 | 342,129 |
| Capital lease obligation | 93,257 | 582,911 |
| Deferred revenues, less current portion | 1,212,709 | 964,933 |
| Deferred income tax liability, less current portion | <u>--</u> | <u>229,579</u> |
| Total non-current liabilities | <u>12,033,457</u> | <u>15,839,758</u> |
| Total liabilities | <u>26,147,840</u> | <u>30,139,349</u> |
| Series A 0% Convertible Redeemable Preferred stock, \$.01 par value per share, \$8,849,985 redemption value, 4,000,000 shares authorized, 2,949,995 issued and outstanding, net of unamortized preferred stock discount of \$875,935 and \$2,212,007, respectively | 7,974,050 | 6,637,978 |
| Stockholders' equity: | | |
| Common stock, \$.01 par value per share, 45,000,000 shares authorized, 18,783,540 and 18,553,389 shares issued and outstanding, respectively | 187,836 | 185,534 |
| Additional paid in capital | 79,700,577 | 78,390,424 |
| Accumulated deficit | (63,864,285) | (59,574,170) |
| Total stockholders' equity | <u>16,024,128</u> | <u>19,001,788</u> |
| | \$ <u>50,146,018</u> | \$ <u>55,779,115</u> |

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

| | <u>Fiscal Year</u> | |
|---|--------------------|-----------------|
| | <u>2015</u> | <u>2014</u> |
| Operating activities: | | |
| Net loss | \$ (4,290,115) | \$ (12,011,457) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Depreciation | 1,245,400 | 1,005,283 |

| | | |
|---|---------------------|---------------------|
| Amortization of capitalized software development costs | 3,073,479 | 3,677,991 |
| Amortization of intangible assets | 1,344,992 | 1,396,317 |
| Amortization of other deferred costs | 206,881 | 189,107 |
| Amortization of debt discounts | -- | 47,552 |
| Valuation adjustment for warrants liability | (1,629,267) | (2,283,345) |
| Deferred tax expense (benefit) | (9,575) | (720,582) |
| Other valuation adjustments | (39,299) | 128,855 |
| Gain from early extinguishment of lease liability | (33,059) | -- |
| Loss on impairment of intangible assets | -- | 1,952,000 |
| Loss from early extinguishment of debt | -- | 315,327 |
| Loss on disposal of fixed assets | 92,448 | 180,793 |
| Loss on exit of operating lease | -- | 234,823 |
| Share-based compensation expense | 2,386,490 | 1,934,298 |
| Provision for accounts receivable | 124,235 | 440,771 |
| Changes in assets and liabilities, net of assets acquired: | | |
| Accounts and contract receivables | 2,718,330 | 2,157,977 |
| Other assets | 575,774 | (637,348) |
| Accounts payable | (1,117,986) | 600,263 |
| Accrued expenses | (174,133) | (1,422,571) |
| Deferred revenues | 1,405,980 | (197,698) |
| Net cash provided by (used in) operating activities | <u>5,880,575</u> | <u>(3,011,644)</u> |
| Investing activities: | | |
| Purchases of property and equipment | (518,254) | (2,125,240) |
| Capitalization of software development costs | -- | (619,752) |
| Payment for acquisition, net of cash acquired | -- | (6,058,225) |
| Net cash used in investing activities | <u>(518,254)</u> | <u>(8,803,217)</u> |
| Financing activities: | | |
| Proceeds from term loan | -- | 10,000,000 |
| Principal repayments on term loan | (1,465,109) | (8,297,620) |
| Principal repayments on note payable | -- | (900,000) |
| Principal payments on capital lease obligation | (815,826) | (368,386) |
| Payment of deferred financing costs | 2,111 | (573,002) |
| Proceeds from exercise of stock options and stock purchase plan | 276,039 | 551,583 |
| Net cash provided by (used in) financing activities | <u>(2,002,785)</u> | <u>412,575</u> |
| Increase (decrease) in cash and cash equivalents | 3,359,536 | (11,402,286) |
| Cash and cash equivalents at beginning of year | 6,522,600 | 17,924,886 |
| Cash and cash equivalents at end of year | <u>\$ 9,882,136</u> | <u>\$ 6,522,600</u> |

STREAMLINE HEALTH SOLUTIONS, INC.

Backlog
(Unaudited)
Table A

| | January 31, 2016 | October 31, 2015 | January 31, 2015 |
|-------------------------------------|----------------------|----------------------|----------------------|
| Streamline Health Software Licenses | \$ 21,586,000 | \$ 21,533,000 | \$ 20,888,000 |
| Hardware and Third Party Software | 200,000 | 200,000 | 244,000 |
| Professional Services | 5,803,000 | 5,951,000 | 7,485,000 |
| Maintenance and Support | 23,292,000 | 21,057,000 | 21,304,000 |
| Software as a Service | 16,264,000 | 18,738,000 | 22,574,000 |
| Total | <u>\$ 67,145,000</u> | <u>\$ 67,479,000</u> | <u>\$ 72,495,000</u> |

STREAMLINE HEALTH SOLUTIONS, INC.

New Bookings
(Unaudited)
Table B

Fiscal Year Ended
January 31, 2016

% of

| | <u>Value</u> | <u>Total Bookings</u> |
|-------------------------------------|---------------|-----------------------|
| Streamline Health Software licenses | \$ 7,153,000 | 47% |
| Software as a service | 2,519,000 | 16% |
| Maintenance and support | 1,318,000 | 9% |
| Professional services | 4,262,000 | 28% |
| Hardware & third party software | 41,000 | 0% |
| Total bookings | \$ 15,293,000 | 100% |

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

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

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

Adjusted EBITDA Reconciliation

| | Three Months Ended, | | Twelve Months Ended, | |
|--|---------------------|---------------------|----------------------|---------------------|
| | January 31, 2016 | January 31, 2015 | January 31, 2016 | January 31, 2015 |
| Net loss | \$ (1,403) | \$ (4,809) | \$ (4,290) | \$ (12,011) |
| Interest expense | 186 | 225 | 884 | 749 |
| Income tax benefit | 5 | (889) | 8 | (887) |
| Depreciation | 314 | 334 | 1,245 | 1,005 |
| Amortization of capitalized software development costs | 741 | 942 | 3,073 | 3,678 |
| Amortization of intangible assets | 333 | 345 | 1,345 | 1,396 |
| Amortization of other costs | 46 | 45 | 136 | 166 |
| EBITDA | <u>222</u> | <u>(3,807)</u> | <u>2,402</u> | <u>(5,904)</u> |
| Share-based compensation expense | 527 | 648 | 2,386 | 1,934 |
| Loss on impairment of intangibles | -- | 1,952 | -- | 1,952 |
| Loss on early extinguishment of debt | -- | 315 | -- | 430 |
| Loss on disposal of fixed assets | -- | 70 | 92 | 181 |
| Non-cash valuation adjustments to assets and liabilities | (317) | 52 | (1,669) | (2,154) |
| Transaction related professional fees, advisory fees and other internal direct costs | 40 | 6 | 93 | 182 |
| Associate severances and other costs relating to transactions or corporate restructuring | -- | 70 | 206 | 901 |
| Other non-recurring operating expenses | -- | -- | (750) | 1,491 |
| Adjusted EBITDA | <u>\$ 472</u> | <u>\$ (694)</u> | <u>\$ 2,761</u> | <u>\$ (987)</u> |
| Adjusted EBITDA per diluted share | | | | |
| Loss per share - diluted | <u>\$ (0.09)</u> | <u>\$ (0.28)</u> | <u>\$ (0.30)</u> | <u>\$ (0.71)</u> |

| | | | | | | | | |
|--|----|-------------------|----|-------------------|----|-------------------|----|-------------------|
| Adjusted EBITDA per adjusted diluted share ⁽¹⁾ | \$ | <u>0.03</u> | \$ | <u>(0.04)</u> | \$ | <u>0.15</u> | \$ | <u>(0.05)</u> |
| Diluted weighted average shares | | 18,689,854 | | 18,417,100 | | 18,689,854 | | 18,261,800 |
| Includable incremental shares — adjusted EBITDA ⁽²⁾ | | -- | | -- | | -- | | -- |
| Adjusted diluted shares | | <u>18,689,854</u> | | <u>18,417,100</u> | | <u>18,689,854</u> | | <u>18,261,800</u> |

- (1) Adjusted EBITDA per adjusted diluted share for the Company's common stock is computed using the more dilutive of the two-class method or the if-converted method.
- (2) The number of incremental shares that would be dilutive under profit assumption, only applicable under a GAAP net loss. If GAAP profit is earned in the current period, no additional incremental shares are assumed.

Logo - <http://photos.prnewswire.com/prnh/20151208/294363LOGO>

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