**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**
**Washington, DC 20549**

# FORM 10-Q

(Mark One)

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

For the quarterly period ended July 31, 2019

**OR**

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

For the transition period from______ to

**Commission File Number: 000-28132**

# STREAMLINE HEALTH SOLUTIONS, INC.

*(Exact name of registrant as specified in its charter)*

| | |
|---|---|
| **Delaware** | **31-1455414** |
| *(State or other jurisdiction of incorporation or organization)* | *(I.R.S. Employer Identification No.)* |

**1175 Peachtree Street, NE, 10th Floor**
**Atlanta, GA 30361**
*(Address of principal executive offices) (Zip Code)*
**(888) 997-8732**
*(Registrant's telephone number, including area code)*

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

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

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

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☒

Emerging growth company ☐

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

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

The number of shares outstanding of the Registrant's Common Stock, $.01 par value, as of August 22, 2019: 21,064,473

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## PART I. FINANCIAL INFORMATION

### Item 1. FINANCIAL STATEMENTS

**STREAMLINE HEALTH SOLUTIONS, INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**

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

(Unaudited)

| | As of | |
|---|---|---|
| | July 31, 2019 | January 31, 2019 |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 1,229,000 | $ 2,376,000 |
| Accounts receivable, net of allowance for doubtful accounts of $90,000 and $345,000, respectively | 2,764,000 | 2,933,000 |
| Contract receivables | 861,000 | 1,263,000 |
| Prepaid and other current assets | 1,786,000 | 1,346,000 |
| Total current assets | 6,640,000 | 7,918,000 |
| Non-current assets: | | |
| Property and equipment, net of accumulated amortization of $1,592,000 and $1,516,000, respectively | 207,000 | 237,000 |
| Contract receivables, less current portion | 337,000 | 407,000 |
| Capitalized software development costs, net of accumulated amortization of $20,106,000 and $19,689,000, respectively | 7,159,000 | 5,698,000 |
| Intangible assets, net of accumulated amortization of $4,143,000 and $3,858,000, respectively | 1,384,000 | 1,669,000 |
| Goodwill | 15,537,000 | 15,537,000 |
| Other | 287,000 | 274,000 |
| Total non-current assets | 24,911,000 | 23,822,000 |
| | $ 31,551,000 | $ 31,740,000 |

See accompanying notes to condensed consolidated financial statements.

**STREAMLINE HEALTH SOLUTIONS, INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**

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

(Unaudited)

| | As of | |
|---|---|---|
| | **July 31, 2019** | **January 31, 2019** |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 927,000 | $ 1,280,000 |
| Accrued expenses | 1,229,000 | 1,814,000 |
| Current portion of term loan | 597,000 | 597,000 |
| Line of credit | 1,000,000 | — |
| Deferred revenues | 8,624,000 | 8,338,000 |
| Royalty liability | 936,000 | — |
| Other | 95,000 | 94,000 |
| Total current liabilities | 13,408,000 | 12,123,000 |
| Non-current liabilities: | | |
| Term loan, net of current portion and deferred financing cost of $53,000 and $82,000, respectively | 3,081,000 | 3,351,000 |
| Royalty liability | — | 905,000 |
| Deferred revenues, less current portion | 27,000 | 432,000 |
| Other | 24,000 | 41,000 |
| Total non-current liabilities | 3,132,000 | 4,729,000 |
| Total liabilities | 16,540,000 | 16,852,000 |
| Series A 0% Convertible Redeemable Preferred Stock, $.01 par value per share, $8,686,000 redemption value, 5,000,000 shares authorized, 2,895,464 shares issued and outstanding | 8,686,000 | 8,686,000 |
| Stockholders' equity: | | |
| Common stock, $.01 par value per share, 45,000,000 shares authorized; 20,789,473 and 20,767,708 shares issued and outstanding, respectively | 208,000 | 208,000 |
| Additional paid in capital | 82,962,000 | 82,544,000 |
| Accumulated deficit | (76,845,000) | (76,550,000) |
| Total stockholders' equity | 6,325,000 | 6,202,000 |
| | $ 31,551,000 | $ 31,740,000 |

See accompanying notes to condensed consolidated financial statements.

**STREAMLINE HEALTH SOLUTIONS, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

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

(Unaudited)

| | Three Months Ended July 31, | | Six Months Ended July 31, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| **Revenues:** | | | | |
| System sales | $ 147,000 | $ 386,000 | $ 378,000 | $ 1,518,000 |
| Professional services | 408,000 | 271,000 | 989,000 | 509,000 |
| Audit services | 354,000 | 248,000 | 749,000 | 608,000 |
| Maintenance and support | 2,759,000 | 3,216,000 | 5,710,000 | 6,525,000 |
| Software as a service | 1,125,000 | 1,148,000 | 2,324,000 | 2,372,000 |
| Total revenues | 4,793,000 | 5,269,000 | 10,150,000 | 11,532,000 |
| **Operating expenses:** | | | | |
| Cost of system sales | 143,000 | 290,000 | 256,000 | 540,000 |
| Cost of professional services | 581,000 | 697,000 | 1,123,000 | 1,404,000 |
| Cost of audit services | 321,000 | 300,000 | 624,000 | 694,000 |
| Cost of maintenance and support | 413,000 | 566,000 | 822,000 | 1,215,000 |
| Cost of software as a service | 300,000 | 282,000 | 580,000 | 598,000 |
| Selling, general and administrative expense | 2,461,000 | 2,520,000 | 4,945,000 | 5,768,000 |
| Research and development | 867,000 | 1,213,000 | 1,659,000 | 2,275,000 |
| Executive transition cost | 140,000 | — | 140,000 | — |
| Loss on exit of operating lease | — | 806,000 | — | 806,000 |
| Total operating expenses | 5,226,000 | 6,674,000 | 10,149,000 | 13,300,000 |
| Operating (loss) income | (433,000) | (1,405,000) | 1,000 | (1,768,000) |
| Other expense: | | | | |
| Interest expense | (70,000) | (110,000) | (148,000) | (227,000) |
| Miscellaneous expense | (103,000) | (5,000) | (144,000) | (92,000) |
| Loss before income taxes | (606,000) | (1,520,000) | (291,000) | (2,087,000) |
| Income tax expense | (2,000) | (2,000) | (4,000) | (4,000) |
| Net loss | $ (608,000) | $ (1,522,000) | $ (295,000) | $ (2,091,000) |
| Net loss per common share - basic and diluted | $ (0.03) | $ (0.08) | $ (0.01) | $ (0.11) |
| Weighted average number of common shares - basic and diluted | 19,913,658 | 19,532,044 | 19,853,510 | 19,415,676 |

See accompanying notes to condensed consolidated financial statements.

**STREAMLINE HEALTH SOLUTIONS, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

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

(Unaudited)

| | Common stock shares | Common stock | Additional paid in capital | Accumulated deficit | Total stockholders' equity |
|---|---|---|---|---|---|
| Balance at January 31, 2018 | 20,005,977 | $ 200,000 | $ 81,777,000 | $ (72,125,000) | $ 9,852,000 |
| Cumulative effect of ASC 606 implementation | — | — | — | 1,440,000 | 1,440,000 |
| Surrender of stock upon vesting of restricted stock to satisfy tax withholding obligations | (26,062) | — | (47,000) | — | (47,000) |
| Conversion of Series A Preferred Stock | 54,531 | 1,000 | 163,000 | — | 164,000 |
| Share-based compensation expense | — | — | 222,000 | — | 222,000 |
| Net loss | — | — | — | (569,000) | (569,000) |
| Balance at April 30, 2018 | 20,034,446 | $ 201,000 | $ 82,115,000 | $ (71,254,000) | $ 11,062,000 |
| Stock issued pursuant to Employee Stock Purchase Plan and exercise of stock options | 35,277 | — | 35,000 | — | 35,000 |
| Surrender of stock upon vesting of restricted stock to satisfy tax withholding obligations | (7,330) | — | (11,000) | — | (11,000) |
| Restricted stock issued | 100,000 | 1,000 | (1,000) | — | — |
| Restricted stock forfeited | (122,500) | (1,000) | 1,000 | — | — |
| Share-based compensation expense | — | — | 145,000 | — | 145,000 |
| Net loss | | | | (1,522,000) | (1,522,000) |
| Balance at July 31, 2018 | 20,039,893 | $ 201,000 | $ 82,284,000 | $ (72,776,000) | $ 9,709,000 |
| | | | | | |
| Balance at January 31, 2019 | 20,767,708 | $ 208,000 | $ 82,544,000 | $ (76,550,000) | $ 6,202,000 |
| Restricted stock issued | 140,000 | 1,000 | (1,000) | — | — |
| Restricted stock forfeited | (5,367) | — | — | — | — |
| Share-based compensation expense | — | — | 269,000 | — | 269,000 |
| Net income | — | — | — | 313,000 | 313,000 |
| Balance at April 30, 2019 | 20,902,341 | $ 209,000 | $ 82,812,000 | $ (76,237,000) | 6,784,000 |
| Stock issued pursuant to Employee Stock Purchase Plan | 5,072 | — | 4,000 | — | 4,000 |
| Restricted stock issued | 222,518 | 2,000 | (2,000) | — | — |
| Restricted stock forfeited | (318,750) | (3,000) | 3,000 | — | — |
| Surrender of stock upon vesting of restricted stock to satisfy tax withholding obligations | (21,708) | — | (31,000) | — | (31,000) |
| Share-based compensation expense | — | — | 160,000 | — | 160,000 |
| Capital contribution | — | — | 16,000 | — | 16,000 |
| Net income | — | — | — | (608,000) | (608,000) |
| Balance at July 31, 2019 | 20,789,473 | $ 208,000 | $ 82,962,000 | $ (76,845,000) | $ 6,325,000 |

See accompanying notes to condensed consolidated financial statements.

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

**(rounded to the nearest thousand dollars)**

(Unaudited)

| | Six Months Ended July 31, 2019 | Six Months Ended July 31, 2018 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net loss | $ (295,000) | $ (2,091,000) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation | 76,000 | 325,000 |
| Amortization of capitalized software development costs | 417,000 | 646,000 |
| Amortization of intangible assets | 285,000 | 470,000 |
| Amortization of other deferred costs | 136,000 | 228,000 |
| Valuation adjustments | 31,000 | 56,000 |
| Loss on exit of operating lease | — | 806,000 |
| Gain on disposal of fixed assets | — | (2,000) |
| Share-based compensation expense | 429,000 | 367,000 |
| Provision for accounts receivable | (125,000) | (64,000) |
| Changes in assets and liabilities: | | |
| Accounts and contract receivables | 766,000 | 292,000 |
| Other assets | (558,000) | 105,000 |
| Accounts payable | (353,000) | 369,000 |
| Accrued expenses | (601,000) | 587,000 |
| Deferred revenues | (119,000) | (1,618,000) |
| Net cash provided by operating activities | 89,000 | 476,000 |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (46,000) | (14,000) |
| Proceeds from sales of property and equipment | — | 14,000 |
| Capitalization of software development costs | (1,878,000) | (1,529,000) |
| Net cash used in investing activities | (1,924,000) | (1,529,000) |
| Cash flows from financing activities: | | |
| Proceeds from line of credit | 1,000,000 | — |
| Principal payments on term loan | (298,000) | (298,000) |
| Payments related to settlement of employee shared-based awards | (31,000) | (58,000) |
| Proceeds from exercise of stock options and stock purchase plan | 4,000 | 35,000 |
| Other | 13,000 | — |
| Net cash provided by (used in) financing activities | 688,000 | (321,000) |
| Net decrease in cash and cash equivalents | (1,147,000) | (1,374,000) |
| Cash and cash equivalents at beginning of period | 2,376,000 | 4,620,000 |
| Cash and cash equivalents at end of period | $ 1,229,000 | $ 3,246,000 |

See accompanying notes to condensed consolidated financial statements.

**STREAMLINE HEALTH SOLUTIONS, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
(Unaudited)

July 31, 2019

## NOTE 1 — BASIS OF PRESENTATION

The accompanying condensed consolidated balance sheet as of January 31, 2019, which has been derived from audited financial statements, and the unaudited interim condensed consolidated financial statements have been prepared by Streamline Health Solutions, Inc. (“we”, “us”, “our”, “Streamline”, or the “Company”), pursuant to the rules and regulations applicable to quarterly reports on Form 10-Q of the U.S. Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although we believe that the disclosures made are adequate to make the information not misleading. The condensed consolidated financial statements include the accounts of Streamline Health Solutions, Inc. and its wholly-owned subsidiary, Streamline Health, Inc. In the opinion of our management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the condensed consolidated financial statements have been included. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our most recent annual report on Form 10-K, Commission File Number 0-28132. Operating results for the six months ended July 31, 2019 are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2020.

The Company determined that it has one operating segment and one reporting unit due to the single nature of our products, product development and distribution process, and customer base as a provider of computer software-based solutions and services for healthcare providers.

All amounts in the condensed consolidated financial statements, notes and tables have been rounded to the nearest thousand dollars, except share and per share amounts, unless otherwise indicated.

## NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Our significant accounting policies are presented in “Note 2 – Significant Accounting Policies” in the fiscal year 2018 Annual Report on Form 10-K. Users of financial information for interim periods are encouraged to refer to the footnotes to the consolidated financial statements contained in the Annual Report on Form 10-K when reviewing interim financial results.

### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### Fair Value of Financial Instruments

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

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

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

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

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value based on the short-term maturity of these instruments. Cash and cash equivalents are classified as Level 1. The carrying amount of our long-term debt approximates fair value since the variable interest rates being paid on the amounts approximate the market interest rate. Long-term debt is classified as Level 2. There were no transfers of assets or liabilities between Levels 1, 2, or 3 during the three months ended July 31, 2019 and 2018.

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

| | Total Fair Value | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| At July 31, 2019 | | | | |
| Royalty liability (1) | $ 936,000 | $ — | $ — | $ 936,000 |
| | | | | |
| At January 31, 2019 | | | | |
| Royalty liability (1) | $ 905,000 | $ — | $ — | $ 905,000 |

(1) The fair value of the royalty liability was determined based on discounting the portion of the modified royalty commitment payable in cash (refer to Note 7 – Commitments and Contingencies for additional information on our royalty liability). Fair value adjustments are included within miscellaneous expense in the condensed consolidated statements of operations.

**Revenue Recognition**

We derive revenue from the sale of internally-developed software, either by licensing for local installation or by a software as a service (“SaaS”) delivery model, through our direct sales force or through third-party resellers. Licensed, locally-installed clients on a perpetual model utilize our support and maintenance services for a separate fee, whereas term-based locally installed license fees and SaaS fees include support and maintenance. We also derive revenue from professional services that support the implementation, configuration, training and optimization of the applications, as well as audit services provided to help clients review their internal coding audit processes. Additional revenues are also derived from reselling third-party software and hardware components.

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

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

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

We follow the accounting revenue guidance under ASC 606 to determine whether contracts contain more than one performance obligation. Performance obligations are the unit of accounting for revenue recognition and generally represent the distinct goods or services that are promised to the customer. Revenue is recognized net of any taxes collected from customers and subsequently remitted to governmental authorities.

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

Significant judgment is required to determine the standalone selling price (“SSP”) for each performance obligation, the amount allocated to each performance obligation and whether it depicts the amount that the Company expects to receive in exchange for the related product and/or service. As the selling prices of the Company’s software licenses are highly variable, the Company estimates SSP of its software licenses using the residual approach when the software license is sold with other services and observable SSPs exist for the other services. The Company estimates the SSP for maintenance, professional services, and audit services based on observable standalone sales.

*Contract Combination*

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

*Systems Sales*

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

*Maintenance and Support Services*

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

*Software-Based Solution Professional Services*

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

*Software as a Service*

SaaS-based contracts include use of the Company's platform, implementation, support and other services which represent a single promise to provide continuous access to its software solutions. The Company recognizes revenue ratably over the contract term.

We defer the direct costs, which includes salaries, benefits and contractor fees, for professional services related to SaaS contracts. These deferred costs will be amortized over the identical term as the associated revenues. As of July 31, 2019, and January 31, 2019, we had deferred costs of $191,000 and $251,000, respectively, net of accumulated amortization of $503,000 and $399,000, respectively. Amortization expense of these costs was $55,000 and $91,000 for the three months ended July 31, 2019 and 2018, respectively, and $105,000 and $193,000 for the six months ended July 31, 2019 and 2018, respectively.

*Audit Services*

Audit services are a separate performance obligation. We recognize revenue over time as the services are performed.

*Disaggregation of Revenue*

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

| | Six Months Ended July 31, 2019 | | |
|---|---|---|---|
| | **Recurring Revenue** | **Non-recurring Revenue** | **Total** |
| Systems sales | $ 27,000 | $ 351,000 | $ 378,000 |
| Professional services | — | 989,000 | 989,000 |
| Audit services | — | 749,000 | 749,000 |
| Maintenance and support | 5,710,000 | — | 5,710,000 |
| Software as a service | 2,324,000 | — | 2,324,000 |
| **Total revenue:** | $ 8,061,000 | $ 2,089,000 | $ 10,150,000 |

*Contract Receivables and Deferred Revenues*

The Company receives payments from customers based upon contractual billing schedules. Contract receivables include amounts related to the Company's contractual right to consideration for completed performance obligations not yet invoiced. Deferred revenues include payments received in advance of performance under the contract. Our contract receivables and deferred revenue are reported on an individual contract basis at the end of each reporting period. Contract receivables are classified as current or noncurrent based on the timing of when we expect to bill the customer. Deferred revenue is classified as current or noncurrent based on the timing of when we expect to recognize revenue. In the six-month period ended July 31, 2019 we recognized $4,727,000 in revenue from deferred revenues outstanding as of January 31, 2019.

*Transaction price allocated to the remaining performance obligations*

Revenue allocated to remaining performance obligations represents contracted revenue that will be recognized in future periods, which is comprised of deferred revenue and amounts that will be invoiced and recognized as revenue in future periods. Revenue allocated to remaining performance obligations was $26 million as of July 31, 2019, of which the Company expects to recognize approximately 65% over the next 12 months and the remainder thereafter.

*Deferred commissions costs (contract acquisition costs)*

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

Deferred commissions costs paid and payable are included on the condensed consolidated balance sheets within prepaid and other current assets and other non-current assets totaled $348,000 and $74,000, respectively, as of July 31, 2019. For the three- and six-month periods ended July 31, 2019, $37,000 and $55,000, respectively, in amortization expense associated with sales commissions was included in selling, general and administrative expenses on the condensed consolidated statements of operations. There were no impairment losses for these capitalized costs for the three and six months ended July 31, 2019 and 2018.

**Equity Awards**

We account for share-based payments based on the grant-date fair value of the awards with compensation cost recognized as expense over the requisite vesting period. We incurred total compensation expense related to stock-based awards of $160,000 and $145,000 for the three months ended July 31, 2019 and 2018, respectively, and $429,000 and $367,000 for the six months ended July 31, 2019 and 2018, respectively.

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

We periodically issue restricted stock awards in the form of our common stock. The fair value of these awards is based on the market closing price per share on the date of grant. We expense the compensation cost of these awards as the restriction period lapses, which is typically a one- to four-year service period to the Company.

**Income Taxes**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and for tax credit and loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. In assessing net deferred tax assets, we consider whether it is more likely than not that some or all of the deferred tax assets will not be realized. We establish a valuation allowance when it is more likely than not that all or a portion of deferred tax assets will not be realized. The Company maintains a full valuation allowance against its deferred tax assets.

We provide for uncertain tax positions and the related interest and penalties based upon management's assessment of whether certain tax positions are more likely than not to be sustained upon examination by tax authorities. We believe we have appropriately accounted for any uncertain tax positions. The Company has recorded $291,000 and $275,000 in reserves for uncertain tax positions and corresponding interest and penalties as of July 31, 2019 and January 31, 2019, respectively.

The Company and its subsidiary are subject to U.S. federal income tax as well as income taxes in multiple state and local jurisdictions. The Company has concluded all U.S. federal tax matters for years through January 31, 2015. All material state and local income tax matters have been concluded for years through January 31, 2014. The Company is no longer subject to IRS examination for periods prior to the tax year ended January 31, 2016; however, carryforward losses that were generated prior to the tax year ended January 31, 2016 may still be adjusted by the IRS if they are used in a future period.

**Net Earnings (Loss) Per Common Share**

We present basic and diluted earnings per share ("EPS") data for our common stock. Basic EPS is calculated by dividing the net earnings (loss) attributable to common stockholders of the Company by the weighted average number of shares of common stock outstanding during the period. Diluted EPS is calculated based on the profit or loss attributable to common stockholders and the weighted average number of shares of common stock outstanding, adjusted for the effects of all potential dilutive common stock issuances related to options, unvested restricted stock and convertible preferred stock. Potential common stock dilution related to outstanding stock options and unvested restricted stock is determined using the treasury stock method, while potential common stock dilution related to Series A Convertible Preferred Stock is determined using the "if converted" method.

Our Series A Convertible Preferred Stock are considered participating securities under ASC 260, *Earnings Per Share*, which means the security may participate in undistributed earnings with common stock. The holders of the Series A Convertible Preferred Stock would be entitled to share in dividends, on an as-converted basis, if the holders of common stock were to receive dividends, other than dividends in the form of common stock. In accordance with ASC 260, the Company is required to use the two-class method when computing EPS. The two-class method is an earnings allocation formula that determines EPS for each class of common stock and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings. In determining the amount of net earnings to allocate to common stockholders, earnings are allocated to both common and participating securities based on their respective weighted-average shares outstanding for the period. Diluted EPS for our common stock is computed using the more dilutive of the two-class method or the if-converted method. Our unvested restricted stock awards are considered non-participating securities because holders are not entitled to non-forfeitable rights to dividends or dividend equivalents during the vesting term.

In accordance with ASC 260, securities are deemed not to be participating in losses if there is no obligation to fund such losses. The Series A Convertible Preferred Stock does not participate in losses, and as a result, the Company does not allocate losses to these securities in periods of loss.

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

| | Three Months Ended | |
|---|---|---|
| | July 31, 2019 | July 31, 2018 |
| Net loss | $ (608,000) | $ (1,522,000) |
| Less: Allocation of earnings to participating securities | — | — |
| Loss available to common shareholders - Basic | (608,000) | (1,522,000) |
| Weighted average shares outstanding - Basic (1) | 19,913,658 | 19,532,044 |
| Effect of dilutive securities - Stock options, Restricted stock and Series A Convertible Preferred Stock (2) | — | — |
| Weighted average shares outstanding - Diluted | 19,913,658 | 19,532,044 |
| Basic net loss per share of common stock | $ (0.03) | $ (0.08) |
| Diluted net loss per share of common stock | $ (0.03) | $ (0.08) |

| | Six Months Ended | |
|---|---|---|
| | July 31, 2019 | July 31, 2018 |
| Net loss | $ (295,000) | $ (2,091,000) |
| Less: Allocation of earnings to participating securities | — | — |
| Loss available to common shareholders - Basic | (295,000) | (2,091,000) |
| Weighted average shares outstanding - Basic (1) | 19,853,510 | 19,415,676 |
| Effect of dilutive securities - Stock options, Restricted stock and Series A Convertible Preferred Stock (2) | — | — |
| Weighted average shares outstanding - Diluted | 19,853,510 | 19,415,676 |
| Basic net loss per share of common stock | $ (0.01) | $ (0.11) |
| Diluted net loss per share of common stock | $ (0.01) | $ (0.11) |

(1) Excludes 760,978 unvested restricted shares of common stock as of July 31, 2019, which are considered non-participating securities.

(2) Diluted net loss per share excludes the effect of shares that are anti-dilutive. For the three and six months ended July 31, 2019, diluted EPS excludes 2,895,464 shares of Series A Convertible Preferred Stock, 1,516,913 outstanding stock options and 760,978 unvested restricted shares of common stock. For the three and six months ended July 31, 2018, diluted EPS excludes 2,895,464 shares of Series A Convertible Preferred Stock, 1,763,975 outstanding stock options and 649,087 unvested restricted shares of common stock.

**Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASC 842"), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The ASU is effective for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. The update became effective for us on February 1, 2019.

We adopted the new lease standards ASC 842 on February 1, 2019 using the effective date transition method. This method requires us to recognize an adoption impact as a cumulative-effect adjustment as of the adoption date. Prior period balances were not adjusted upon adoption of this standard. We have elected the group of practical expedients under ASU 2016-02 to forego assessing upon adoption: (1) whether any expired contracts are or contain leases; (2) the lease classification for any existing or expired leases; and (3) any indirect costs that would have qualified for capitalization for any existing leases. The adoption of the new standard resulted in the recording of a right-of-use asset of $175,000 and an operating lease liability of $464,000 as of February 1, 2019. The standard did not materially impact our consolidated results of operations and had no impact on cash flows.

In January 2017, the FASB issued ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which removes Step 2 from the goodwill impairment test. The standard will be effective for us on February 1, 2020. Early adoption of this update is permitted. We do not expect that the adoption of this ASU will have a significant impact on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) - Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, to remove, modify, and add certain disclosure requirements within Topic 820 in order to improve the effectiveness of fair value disclosures in the notes to financial statements. The standard will be effective for us on February 1, 2020. The Company is currently evaluating the impact of adoption of this new standard and does not believe that the adoption of this ASU will have a significant impact on its consolidated financial statements.

**NOTE 3 — LEASES**

We determine whether an arrangement is a lease at inception. Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the expected lease term. Since our lease arrangements do not provide an implicit rate, we use our incremental borrowing rate for the expected remaining lease term at commencement date for new leases, or as of February 1, 2019 for existing leases, in determining the present value of future lease payments. Operating lease expense is recognized on a straight-line basis over the lease term.

Our only operating lease relates to our New York office sublease, which expires in November 2019. In the second quarter of fiscal 2018, we closed our New York office and subleased the office space for the remaining period of the original lease term. As a result of vacating and subleasing the office, we recorded a $472,000 loss on exit of the operating lease in fiscal 2018. The associated lease liability reduced the right-of-use asset upon adoption of ASC 842. As of July 31, 2019, the total minimum rentals due to our lessor by us and to be received by us from our sublessee were $193,000 and $96,000, respectively.

As of July 31, 2019, operating lease right-of use assets totaling $70,000 are recorded in Prepaid and other current assets, and the associated lease liability of $191,000 is included in Accrued expenses within the condensed consolidated balance sheets. The Company used a discount rate of 8.0% to determine the lease liability.

Total costs associated with leased assets are as follows:

| | Six Months Ended July 31, 2019 |
|---|---|
| Operating lease cost | $ 117,000 |
| Sublease income | (144,000) |
| Total operating lease income | $ (27,000) |

In the third quarter of fiscal 2018, we assigned our then current Atlanta office lease that would have expired in November 2022 and entered into a membership agreement to occupy shared office space in Atlanta. As a result of assigning the office lease, we recorded a $562,000 loss on exit of the operating lease in the third quarter of fiscal 2018. The membership agreement does not qualify as a lease under ASC 842 as the owner has substantive substitution rights, therefore the Company recognizes expenses as incurred. See Note 7 – Commitments and Contingencies for further details on our shared office arrangement.

**NOTE 4 — DEBT**

*Term Loan and Line of Credit*

On November 21, 2014, we entered into a Credit Agreement (the "Credit Agreement") with Wells Fargo Bank, N.A., as administrative agent, and other lenders party thereto. Pursuant to the Credit Agreement, the lenders agreed to provide a $10,000,000 senior term loan and a $5,000,000 revolving line of credit to our primary operating subsidiary. Amounts outstanding under the Credit Agreement bear interest at either LIBOR or the base rate, as elected by the Company, plus an applicable margin. Subject to the Company's senior leverage ratio, pursuant to the terms of the amendment to the Credit Agreement entered into as of April 15, 2015, the applicable LIBOR rate margin varies from 4.25% to 6.25%, and the applicable base rate margin varies from 3.25% to 5.25%. The term loan and line of credit provide support for working capital and other general corporate purposes, including permitted acquisitions. The term loan and line of credit are secured by substantially all of our assets. Pursuant to the terms of the fourth amendment to the Credit Agreement entered into as of November 20, 2018, the term loan and line of credit maturity date of November 21, 2019 was extended to May 21, 2020. The term loan principal balance is payable in quarterly installments, which started in March 2015 and will continue through the maturity date, with the full remaining unpaid principal balance due at maturity.

The Credit Agreement includes customary financial covenants, including the requirements that the Company maintain minimum liquidity and achieve certain minimum EBITDA levels (as defined in the Credit Agreement). Pursuant to the terms of the Credit Agreement, as amended by the fourth amendment, the Company is required to maintain minimum liquidity of at least (i) $3,500,000 from the date of the fourth amendment through January 31, 2019, and (ii) $4,000,000 from February 1, 2019 through and including the maturity date of the credit facility.

The following table shows our current and future minimum EBITDA covenant thresholds, as modified by the fourth amendment to the Credit Agreement:

| Applicable period | | Minimum EBITDA |
|---|---|---|
| For the 4-quarter period ended July 31, 2019 | $ | 180,000 |
| For the 4-quarter period ending October 31, 2019 | | 508,000 |
| For the 4-quarter period ending January 31, 2020 | | 408,000 |
| For the 4-quarter period ending April 30, 2020 and each fiscal quarter thereafter | | 562,000 |

The Company was in compliance with the applicable financial loan covenants at July 31, 2019.

In addition, the Credit Agreement prohibits the Company from paying dividends on the common and preferred stock.

As of July 31, 2019, the Company had $1,000,000 in outstanding borrowings under the revolving line of credit, and had accrued $21,000 in interest and unused line fees. Based upon the borrowing base formula set forth in the Credit Agreement, as of July 31, 2019, the Company had access to the full amount of the $5,000,000 revolving line of credit.

Outstanding principal balances on debt consisted of the following at:

| | | July 31, 2019 | | January 31, 2019 |
|---|---|---|---|---|
| Line of Credit | $ | 1,000,000 | $ | — |
| Term loan | | 3,731,000 | | 4,030,000 |
| Total | | 4,731,000 | | 4,030,000 |
| Deferred financing cost | | (53,000) | | (82,000) |
| Total | | 4,678,000 | | 3,948,000 |
| Less: Current portion | | (1,597,000) | | (597,000) |
| Non-current portion of debt | $ | 3,081,000 | $ | 3,351,000 |

Future principal repayments of debt consisted of the following at July 31, 2019:

| Fiscal year | | Term Loan (1) |
|---|---|---|
| 2020 | $ | 1,298,000 |
| 2021 | | 3,433,000 |
| Total repayments | $ | 4,731,000 |

(1) Term loan balance on the condensed consolidated balance sheet is reported net of deferred financing costs of $53,000.

The Company entered into a fifth amendment to the Credit Agreement as of September 11, 2019 (the “Fifth Amendment”). See Note 9 – Subsequent Events for further details on the Fifth Amendment.

## NOTE 5 — CONVERTIBLE PREFERRED STOCK

*Series A Convertible Preferred Stock*

At July 31, 2019, we had 2,895,464 shares of Series A Convertible Redeemable Preferred Stock (the "Preferred Stock") outstanding. Each share of the Preferred Stock is convertible into one share of the Company's common stock. The Preferred Stock does not pay a dividend; however, the holders are entitled to receive dividends equal (on an as-if-converted-to-common-stock basis) to and in the same form as dividends (other than dividends in the form of common stock) actually paid on shares of the common stock. The Preferred Stock has voting rights on a modified as-if-converted-to-common-stock-basis. The Preferred Stock has a non-participating liquidation right equal to the original issue price plus accrued unpaid dividends, which are senior to the Company's common stock. The Preferred Stock can be converted to common shares at any time by the holders, or at the option of the Company if the arithmetic average of the daily volume weighted average price of the common stock for the 10 day period prior to the measurement date is greater than $8.00 per share, and the average daily trading volume for the 60 day period immediately prior to the measurement date exceeds 100,000 shares. The conversion price is $3.00 per share, subject to certain adjustments.

At any time following August 31, 2016, subject to the terms of the Subordination and Intercreditor Agreement among the preferred stockholders, the Company and Wells Fargo, which prohibits the redemption of the Preferred Stock without the consent of Wells Fargo, each share of Preferred Stock is redeemable at the option of the holder for an amount equal to the initial issuance price of $3.00 (adjusted to reflect stock splits, stock dividends or similar events) plus any accrued and unpaid dividends thereon. The Preferred Stock is classified as temporary equity as the securities are redeemable solely at the option of the holder.

## NOTE 6 — INCOME TAXES

Income tax expense consists of federal, state and local tax provisions. For the six months ended July 31, 2019 and 2018, we recorded federal tax expense of zero. For the six months ended both July 31, 2019 and 2018, we recorded state and local tax expense of $4,000.

## NOTE 7 — COMMITMENTS AND CONTINGENCIES

### Membership agreement to occupy shared office space

In fiscal 2018, the Company entered into a membership agreement to occupy shared office space in Atlanta, Georgia. Our new shared office arrangement commenced upon taking possession of the space and ends in November 2020. Fees due under the membership agreement are based on the number of contracted seats and the use of optional office services. As of July 31, 2019, minimum fees due under the shared office arrangement totaled $205,000.

### Royalty Liability

On October 25, 2013, we entered into a Software License and Royalty Agreement (the "Royalty Agreement") with Montefiore Medical Center ("Montefiore") pursuant to which Montefiore granted us an exclusive, worldwide 15-year license of Montefiore's proprietary clinical analytics platform solution, Clinical Looking Glass® ("CLG"), now known as our Clinical Analytics solution. In addition, Montefiore assigned to us the existing license agreement with a customer using CLG. As consideration under the Royalty Agreement, we paid Montefiore a one-time initial base royalty fee of $3,000,000. Additionally, we originally committed that Montefiore would receive at least an additional $3,000,000 of on-going royalty payments related to future sublicensing of CLG by us within the first six and one-half years of the license term. On July 1, 2018, we entered into a joint amendment to the Royalty Agreement and the existing Software License and Support Agreement with Montefiore to modify the payment obligations of the parties under both agreements. According to the modified provisions, our obligation to pay on-going royalties under the Royalty Agreement was replaced with the obligation to (i) provide maintenance services for 24 months and waive associated maintenance fees, and (ii) pay $1,000,000 in cash by July 31, 2020. As a result of the commitment to fulfill a portion of our obligation by providing maintenance services at no cost, the royalty liability was significantly reduced, with a corresponding increase to deferred revenues. As of July 31, 2019, we had $758,000 in deferred revenues associated with this modified royalty liability. The fair value of the royalty liability as of July 31, 2019 was determined based on the amount payable in cash. As of July 31, 2019 and January 31, 2019, the present value of this royalty liability was $936,000 and $905,000, respectively.

**NOTE 8 — RELATED PARTY TRANSACTIONS**

In the second quarter of fiscal 2019, in connection with the appointment of Wyche T. “Tee” Green, III, Chairman of the Board of the Company and Chairman and Chief Executive Officer of 121G, LLC (“121G”), as interim President and Chief Executive Officer of the Company, we entered into a consulting agreement with 121G Consulting, LLC (“121G Consulting”), an affiliate of 121G, to provide an assessment of the Company’s innovation and growth teams and strategies and to develop a set of prioritized recommendations to be consolidated into a strategic plan for the Company’s leadership team. The term of the agreement is three months (through October 2019), and 121G Consulting is expected to receive approximately $100,000 for services rendered under the consulting agreement, as well as reasonable and documented travel and other expenses incurred by 121G Consulting in rendering its services, which were approved by the Company’s Board of Directors.

For the three-month periods ended July 31, 2019, consulting fees incurred and payable to 121G Consulting totaled $5,000 and were included in executive transition cost on the condensed consolidated statements of operations.

**NOTE 9 — SUBSEQUENT EVENTS**

We have evaluated subsequent events occurring after July 31, 2019, and based on our evaluation we did not identify any events that would have required recognition or disclosure in these condensed consolidated financial statements, except for the following.

On September 11, 2019, we entered into a fifth amendment to our Credit Agreement (the “Fifth Amendment”) with Wells Fargo Bank, N.A., as administrative agent, and other lender parties thereto. Amounts outstanding under the Credit Agreement shall continue to bear interest at either LIBOR or the base rate, as elected by the Company, plus an applicable margin, plus, after the effective date of the Fifth Amendment, a “paid in kind” rate, or PIK Rate, of 2.75%. Subject to the Company’s leverage ratio, pursuant to the terms of the amendment to the Credit Agreement entered into as of April 15, 2015, the applicable LIBOR rate margin varies from 4.25% to 6.25%, and the applicable base rate margin varies from 3.25% to 5.25%. The original term loan and line of credit maturity date of May 21, 2020 was extended to August 21, 2020. Additionally, the Fifth Amendment requires the payment of certain other fees and expenses, including (a) an amendment fee of up to $200,000 ($50,000 per quarter) and (b) consulting costs of approximately $100,000.

The Credit Agreement, as amended, includes customary financial covenants, including the requirements that the Company maintain minimum liquidity and achieve certain minimum EBITDA levels (as defined in the Credit Agreement), among other covenants, including a requirement that the Company refrain from paying dividends on the common and preferred stock. In addition, the Credit Agreement, as amended by the Fifth Amendment, requires that the Company (i) engage a consultant for purposes of preparing a budget to be shared with the administrative agent and to be adhered to by the Company and other financial information requested by the administrative agent, (ii) enter into amendments to the Company’s licensing agreements with Montefiore, (iii) pursue a refinancing transaction for purposes of satisfying its obligations under the Credit Agreement, and in connection therewith, achieve certain refinancing milestones and provide the administrative agent with certain deliverables, information and access to its personnel and records, and (iv) on or before October 15, 2019, provide evidence of a common equity contribution of no less than $1,500,000.

Pursuant to the terms of the Credit Agreement, as amended by the Fifth Amendment, the Company is required to maintain minimum liquidity of at least (i) $2,500,000 from the effective date of the Fifth Amendment through and including December 31, 2019 and (ii) $3,000,000 at all times from and after January 1, 2020.

The following table shows our minimum monthly EBITDA covenant thresholds, as modified by the Fifth Amendment to the Credit Agreement:

| Applicable period | Minimum EBITDA |
|---|---|
| For the twelve-month period ending August 31, 2019 | $ (505,000) |
| For the twelve-month period ending September 30, 2019 | (752,000) |
| For the twelve-month period ending October 31, 2019 | (850,000) |
| For the twelve-month period ending November 30, 2019 | (597,000) |
| For the twelve-month period ending December 31, 2019 | (608,000) |
| For the twelve-month period ending January 31, 2020 | (289,000) |
| For the twelve-month period ending February 29, 2020 | (124,000) |
| For the twelve-month period ending March 31, 2020 | (195,000) |
| For the twelve-month period ending April 30, 2020 | (683,000) |
| For the twelve-month period ending May 31, 2020 | (560,000) |
| For the twelve-month period ending June 30, 2020 | (368,000) |
| For the twelve-month period ending July 31, 2020 and for the twelve-month period ending on the last day of each month thereafter | (374,000) |

## Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this Report and in other materials we file with the Securities and Exchange Commission ("SEC") or otherwise make public. In this Report, Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains forward-looking statements. In addition, our senior management makes forward-looking statements to analysts, investors, the media and others. Statements with respect to expected revenue, income, receivables, backlog, client attrition, acquisitions and other growth opportunities, sources of funding operations and acquisitions, the integration of our solutions, the performance of our channel partner relationships, the sufficiency of available liquidity, research and development, and other statements of our plans, beliefs or expectations are forward-looking statements. These and other statements using words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "project," "target," "can," "could," "may," "should," "will," "would" and similar expressions also are forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement. The forward-looking statements we make are not guarantees of future performance, and we have based these statements on our assumptions and analyses in light of our experience and perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Forward-looking statements by their nature involve substantial risks and uncertainties that could significantly affect expected results, and actual future results could differ materially from those described in such statements. Management cautions against putting undue reliance on forward-looking statements or projecting any future results based on such statements or present or historical earnings levels.

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

- competitive products and pricing;
- product demand and market acceptance;
- entry into new markets;
- new product and services development and commercialization;

- key strategic alliances with vendors and channel partners that resell our products;
- uncertainty in continued relationships with clients due to termination rights;
- our ability to control costs;
- availability, quality and security of products produced and services provided by third-party vendors;
- the healthcare regulatory environment;
- potential changes in legislation, regulation and government funding affecting the healthcare industry;
- healthcare information systems budgets;
- availability of healthcare information systems trained personnel for implementation of new systems, as well as maintenance of legacy systems;
- the success of our relationships with channel partners;
- fluctuations in operating results;
- our future cash needs;
- the consummation of resources in researching acquisitions, business opportunities or financings and capital market transactions;
- the failure to adequately integrate past and future acquisitions into our business;
- critical accounting policies and judgments;
- changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other standard-setting organizations;
- changes in economic, business and market conditions impacting the healthcare industry and the markets in which we operate;
- our ability to maintain compliance with the terms of our credit facilities; and
- our ability to maintain compliance with the continued listing standards of the Nasdaq Global Market.

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

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

## Results of Operations

### *Revenues*

| (in thousands): | Three Months Ended July 31, 2019 | July 31, 2018 | Change | % Change |
|---|---|---|---|---|
| Systems sales: | | | | |
| Proprietary software - perpetual license | $ 84 | $ 191 | $ (107) | (56)% |
| Term license | 27 | 122 | (95) | (78)% |
| Hardware and third-party software | 36 | 73 | (37) | (51)% |
| Professional services | 408 | 271 | 137 | 51 % |
| Audit services | 354 | 248 | 106 | 43 % |
| Maintenance and support | 2,759 | 3,216 | (457) | (14)% |
| Software as a service | 1,125 | 1,148 | (23) | (2)% |
| Total Revenues | $ 4,793 | $ 5,269 | $ (476) | (9)% |

| (in thousands): | Six Months Ended July 31, 2019 | July 31, 2018 | Change | % Change |
|---|---|---|---|---|
| System sales: | | | | |
| Proprietary software - perpetual license | $ 300 | $ 1,244 | $ (944) | (76)% |
| Term license | 27 | 165 | (138) | (84)% |
| Hardware and third-party software | 51 | 109 | (58) | (53)% |
| Professional services | 989 | 509 | 480 | 94 % |
| Audit services | 749 | 608 | 141 | 23 % |
| Maintenance and support | 5,710 | 6,525 | (815) | (12)% |
| Software as a service | 2,324 | 2,372 | (48) | (2)% |
| Total Revenues | $ 10,150 | $ 11,532 | $ (1,382) | (12)% |

*Proprietary software and term licenses* — Proprietary software revenue recognized for the three and six months ended July 31, 2019 decreased by $107,000 and $944,000, respectively, over the prior comparable periods. As previously reported, perpetual license sales are less predictable from a timing standpoint than other solutions sold by the Company. This decrease is attributable to a large perpetual license sale of our Abstracting™ solution in the first quarter of fiscal 2018. The Company is able to influence sales of these products; however, the timing can be difficult to manage as sales result from our distribution partners or our direct channel from existing customers adding licenses from acquisitions or strategic partnerships. The timing can be difficult to manage because we do not control our distribution partners, and their sense of urgency on closing perpetual licenses and we do not control our existing customers adding facilities through acquisition or strategic partnerships. The Company is expecting higher perpetual license sales in the third and fourth quarter of fiscal 2019. We believe this is supported by the Company's pipeline, however, the timing is different from fiscal year 2018. Term license revenue recognized for the three and six months ended July 31, 2019 decreased by $95,000 and $138,000, respectively, over the prior comparable periods due to lost customers. Term license revenue is expected to be higher in the third and fourth quarters of fiscal 2019, but not to the levels of fiscal 2018.

*Hardware and third-party software* — Revenue from hardware and third-party software sales for the three and six months ended July 31, 2019 decreased by $37,000 and $58,000, respectively, over the prior comparable periods. Fluctuations from period to period are a function of client demand.

*Professional services* — For the three and six month periods ended July 31, 2019, revenues from professional services increased by $137,000 and $480,000, respectively, from the prior comparable periods. This increase in professional services revenue is primarily due to the timing of completion of a several, large, professional services agreements. The Company had previously re-assigned certain professional staff to support the success of eValuator. However, the Company was able to return these staff to billable projects in the first quarter of fiscal 2019, resulting in higher professional services revenue for the three and six-months ended July 31, 2019 over the prior comparable period. The Company is not expecting professional services to recur at these higher revenue levels throughout 2019.

*Audit services* — Audit services revenue for the three and six months ended July 31, 2019 increased by $106,000 and $141,000, respectively, over the prior comparable periods. The Company realized higher demand for audit services in the fourth quarter of 2018, and that higher demand has continued into the first two quarters of 2019. The Company's expertise, demonstrated and supported by eValuator, and the fact that our professional staff is onshore is believed to be a competitive advantage with regard to the audit services provided by the Company. The Company continues to expect higher volumes and revenue of audit services throughout 2019.

*Maintenance and support* — Revenue from maintenance and support for the three and six months ended July 31, 2019 decreased by $457,000 and $815,000, respectively, over the prior comparable periods. The decrease is primarily due to pricing pressure and cancellations by certain customers of our legacy products, primarily content management (ECM). The customer pricing differences and rate of customer cancellations has not exceeded the Company's budget for fiscal 2019. The Company has worked the last 18 months to negotiate multi-year agreements on the majority of its current maintenance and support contracts comprising its current, legacy revenue base. This has had the impact of lowering revenues in exchange for longer, sustained revenue. The lower quarterly revenues, as compared to quarterly revenues in the prior year, will continue throughout fiscal 2019.

*Software as a Service (SaaS)* — Revenue from SaaS for the three and six months ended July 31, 2019 decreased by $23,000 and $48,000, respectively from the prior comparable periods. This decrease resulted from cancellations by a few customers of our legacy products, primarily our financial management software. The growth in eValuator revenue overcame a portion of the revenue loss from financial management. The Company is expecting net revenue growth as eValuator is expected to overcome any loss of revenue from financial management software in fiscal 2019. The Company expects the recent bookings of eValuator to positively impact revenue into the fourth quarter of fiscal 2019.

***Cost of Sales***

| | Three Months Ended | | | |
|---|---|---|---|---|
| **(in thousands):** | **July 31, 2019** | **July 31, 2018** | **Change** | **% Change** |
| Cost of systems sales | $ 143 | $ 290 | $ (147) | (51)% |
| Cost of professional services | 581 | 697 | (116) | (17)% |
| Cost of audit services | 321 | 300 | 21 | 7 % |
| Cost of maintenance and support | 413 | 566 | (153) | (27)% |
| Cost of software as a service | 300 | 282 | 18 | 6 % |
| Total cost of sales | $ 1,758 | $ 2,135 | $ (377) | (18)% |

| | Six Months Ended | | | |
|---|---|---|---|---|
| **(in thousands):** | **July 31, 2019** | **July 31, 2018** | **Change** | **% Change** |
| Cost of system sales | $ 256 | $ 540 | $ (284) | (53)% |
| Cost of professional services | 1,123 | 1,404 | (281) | (20)% |
| Cost of audit services | 624 | 694 | (70) | (10)% |
| Cost of maintenance and support | 822 | 1,215 | (393) | (32)% |
| Cost of software as a service | 580 | 598 | (18) | (3)% |
| Total cost of sales | $ 3,405 | $ 4,451 | $ (1,046) | (24)% |

The decrease in overall cost of sales for the three and six months ended July 31, 2019 from the comparable prior periods is primarily due to the reduction in depreciation and amortization as well as a reduction in client support personnel costs. As previously disclosed, the Company has lower depreciation and amortization due to certain assets being fully amortized and impairments of certain assets from previous quarters.

Cost of system sales includes amortization and impairment of capitalized software expenditures and the cost of third-party hardware and software. The decrease in expense for the three and six month periods ended July 31, 2019 from the comparable prior periods was primarily due to the reduction in amortization of capitalized software costs as a result of assets becoming fully amortized, including our internally-developed software.

The cost of professional services includes compensation and benefits for personnel and related expenses. The decrease in expense for the three and six month periods from the prior comparable periods is primarily due to the decrease in professional services related to SaaS implementations, for which costs are deferred and amortized ratably over the estimated life of the SaaS customer relationship. The Company is benefiting from the effort required to implement SaaS related engagements as compared to the legacy on-premise software implementations. On-premise implementations, as was the case with legacy software products implementations, took longer and involved more cost.

The cost of audit services includes compensation and benefits for audit services personnel, and related expenses. The increase in the cost associated with the three-month period ended July 31, 2019 is related to the increased volumes (and increased revenue) from the comparable period a year ago. The decrease in expense for the six-month period ended July 31, 2019 is attributed to the reduction in personnel. The Company's audit services personnel utilize eValuator and it is believed that the product makes them more productive and efficient.

The cost of maintenance and support includes compensation and benefits for client support personnel and the cost of third-party maintenance contracts. The decrease in expense for the three and six-month periods ended July 31, 2019 was primarily due to a decrease in personnel costs and a reduction in third-party maintenance contracts. The lower cost associated with these reductions are expected to benefit the remainder of fiscal 2019, and beyond.

The cost of SaaS solutions is relatively fixed, subject to inflation for the goods and services it requires. The expense for the three- and six-month periods ended July 31, 2019 remained consistent with the expense for the prior comparable periods.

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

| | Three Months Ended | | | |
|---|---|---|---|---|
| **(in thousands):** | **July 31, 2019** | **July 31, 2018** | **Change** | **% Change** |
| General and administrative expenses | $ 1,552 | $ 1,513 | $ 39 | 3 % |
| Sales and marketing expenses | 909 | 1,006 | (97) | (10)% |
| Total selling, general, and administrative expense | $ 2,461 | $ 2,519 | $ (58) | (2)% |

| | Six Months Ended | | | |
|---|---|---|---|---|
| **(in thousands):** | **July 31, 2019** | **July 31, 2018** | **Change** | **% Change** |
| General and administrative expenses | $ 3,260 | $ 3,701 | $ (441) | (12)% |
| Sales and marketing expenses | 1,685 | 2,067 | (382) | (18)% |
| Total selling, general, and administrative expense | $ 4,945 | $ 5,768 | $ (823) | (14)% |

General and administrative expenses consist primarily of compensation and related benefits, reimbursable travel and entertainment expenses related to our executive and administrative staff, general corporate expenses, amortization of intangible assets, and occupancy costs. The decrease in general and administrative expenses for the three and six-months ended July 31, 2019 from the comparable prior periods is primarily attributed to a reduction in facility cost, bad debt expense and in amortization of intangible assets. The Company realized over $600,000 in savings from the six months ended July 31, 2019 compared with July 31, 2018 for facility cost, alone. The facility cost savings are offset, somewhat, by higher legal cost of $200,000 in the same period. The higher legal costs are related to the annual meeting; and other securities matters in the first and second quarter of fiscal 2019. We previously disclosed the Company's reduction in facility cost due to relocation of the corporate headquarters in Atlanta, Georgia and subleasing of the New York City office. The Company records a disproportionate amount of professional fees in the first quarter of fiscal 2019 attributable to the annual audit and the Company's annual shareholder meeting. This disproportionate amount of professional fees occurred in both three-month periods ended July 31, 2019 and 2018.

Sales and marketing expenses consist primarily of compensation and related benefits and reimbursable travel and entertainment expenses related to our sales and marketing staff, as well as advertising and marketing expenses, including trade shows. The decrease in sales and marketing expense for the three and six months ended July 31, 2019 from the comparable prior periods was primarily due to a reduction in personnel cost, trade shows expense, and sales, marketing, and investor relations consultant fees. The Company has re-focused its sales and marketing dollars. The targeted and focused approach has resulted in fewer dollars that have a higher return, evidenced by the second quarter bookings number.

***Research and Development***

| (in thousands): | Three Months Ended July 31, 2019 | Three Months Ended July 31, 2018 | Change | % Change |
|---|---|---|---|---|
| Research and development expense | $ 867 | $ 1,213 | $ (346) | (29)% |
| Plus: Capitalized research and development cost | 907 | 803 | 104 | 13 % |
| Total research and development cost | $ 1,774 | $ 2,016 | $ (242) | (12)% |

| (in thousands): | Six Months Ended July 31, 2019 | Six Months Ended July 31, 2018 | Change | % Change |
|---|---|---|---|---|
| Research and development expense | $ 1,659 | $ 2,275 | $ (616) | (27)% |
| Plus: Capitalized research and development cost | 1,878 | 1,529 | 349 | 23 % |
| Total research and development cost | $ 3,537 | $ 3,804 | $ (267) | (7)% |

Research and development cost consists primarily of compensation and related benefits, the use of independent contractors for specific near-term development projects, and allocated occupancy expense. Total research and development cost for the three and six month periods ended July 31, 2019 was consistent with that from the prior comparable periods. The Company spent, however, more dollars on capitalized research and development cost due to the effort on eValuator development. The Company is spending fewer dollars on maintenance for its legacy products from its engineering group as these products have attained maturity in the marketplace. The Company is expecting that total research and development expenses will continue at these levels throughout fiscal 2019. For the six months ended July 31, 2019 and 2018, as a percentage of revenues, total research and development costs were 35% and 33%, respectively. The higher percentage of total research and development cost over revenues is consistent with our Company investing in its most recent product, eValuator.

***Executive transition cost***

| (in thousands): | Three Months Ended July 31, 2019 | Three Months Ended July 31, 2018 | Change | % Change |
|---|---|---|---|---|
| Executive transition cost | $ 140 | $ — | $ 140 | 100 % |

| (in thousands): | Six Months Ended July 31, 2019 | Six Months Ended July 31, 2018 | Change | % Change |
|---|---|---|---|---|
| Executive transition cost | $ 140 | $ — | $ 140 | 100 % |

We recorded $140,000 in cost related to replacing the Company's CEO in the second quarter of fiscal 2019. These costs, which include placement fees, retention bonuses for existing key personnel and certain required consulting cost are expected to total $800,000 for fiscal 2019. Each of these costs are directly attributable to the successful placement of a new CEO with the Company.

***Loss on exit of operating lease***

| (in thousands): | Three Months Ended July 31, 2019 | Three Months Ended July 31, 2018 | Change | % Change |
|---|---|---|---|---|
| Loss on exit of operating lease | $ — | $ 806 | $ (806) | (100)% |

| (in thousands): | Six Months Ended July 31, 2019 | Six Months Ended July 31, 2018 | Change | % Change |
|---|---|---|---|---|
| Loss on exit of operating lease | $ — | $ 806 | $ (806) | (100)% |

In an effort to reduce our operating expenses, we closed our New York office in the second quarter of fiscal 2018 and subleased the office space for the remaining period of the original lease term, which ends on November 2019. As a result of vacating and subleasing the office, we recorded an $806,000 loss on exit of the operating lease in the second quarter of fiscal 2018, which captures the net cash flows associated with the vacated premises, including receipts of rent from our sublessee, and the loss incurred on the disposals of fixed assets.

***Other Expense***

| | Three Months Ended | | | |
|---|---|---|---|---|
| **(in thousands):** | **July 31, 2019** | **July 31, 2018** | **Change** | **% Change** |
| Interest expense | $ (70) | $ (110) | $ 40 | (36)% |
| Miscellaneous expense | (103) | (5) | (98) | 1,960 % |
| Total other expense | $ (173) | $ (115) | $ (58) | 50 % |

| | Six Months Ended | | | |
|---|---|---|---|---|
| **(in thousands):** | **July 31, 2019** | **July 31, 2018** | **Change** | **% Change** |
| Interest expense | $ (148) | $ (227) | $ 79 | (35)% |
| Miscellaneous expense | (144) | (93) | (51) | 55 % |
| Total other expense | $ (292) | $ (320) | $ 28 | (9)% |

Interest expense consists of interest and commitment fees on the line of credit, interest on the term loan, and is inclusive of deferred financing cost amortization expense. Interest expense decreased for the three and six months ended July 31, 2019 from the prior comparable period primarily due to the reduction in outstanding principal on our term loan and the increase in capitalized interest on our internally developed software. The higher miscellaneous expense for the three and six-month periods ended July 31, 2019 are a direct result of a write-off of one-time finance cost associated with our work to refinance the senior lender. The $70,000 one-time financing cost was reported in the second quarter 2019 and is not expected to recur in fiscal 2019. On a quarterly basis, the Company records the valuation adjustment to the Montefiore liability (See Note 7 to consolidated financial statements) through miscellaneous expense.

***Provision for Income Taxes***

We recorded tax expense of $4,000 for the three months ended both July 31, 2019 and 2018, and $4,000 for the six months ended both July 31, 2019 and 2018, which is comprised of estimated federal, state and local income tax provisions. The Company has significant net operating loss carryforwards and is not expected to be a federal tax payer in fiscal 2019.

**Use of Non-GAAP Financial Measures**

In order to provide investors with greater insight, and allow for a more comprehensive understanding of the information used by management and the Board of Directors in its financial and operational decision-making, the Company has supplemented the Condensed Consolidated Financial Statements presented on a GAAP basis in this quarterly report on Form 10-Q with the following non-GAAP financial measures: EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EBITDA per diluted share.

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

***EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted EBITDA per diluted share***

We define: (i) EBITDA as net earnings (loss) before net interest expense, income tax expense (benefit), depreciation and amortization; (ii) Adjusted EBITDA as net earnings (loss) before net interest expense, income tax expense (benefit), depreciation, amortization, stock-based compensation expense, transaction expenses and other expenses that do not relate to our core operations; (iii) Adjusted EBITDA Margin as Adjusted EBITDA as a percentage of GAAP net revenue; and (iv) Adjusted EBITDA per diluted share as Adjusted EBITDA divided by adjusted diluted shares outstanding. EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EBITDA per diluted share are used to facilitate a comparison of our operating performance on a consistent basis from period to period and provide for a more complete understanding of factors and trends affecting our business than GAAP measures alone. These measures assist management and the board and may be useful to investors in comparing our operating performance consistently over time as they remove the impact of our capital structure (primarily interest charges), asset base (primarily depreciation and amortization), items outside the control of the management team (taxes), and expenses that do not relate to our core operations, including transaction-related expenses (such as professional and advisory services) and other costs that are expected to be non-recurring. Adjusted EBITDA removes the impact of share-based compensation expense and valuation adjustments to assets and liabilities, which are non-cash items. Adjusted EBITDA per diluted share includes incremental shares in the share count that are considered anti-dilutive in a GAAP net loss position.

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

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

EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin are not measures of liquidity under GAAP, or otherwise, and are not alternatives to cash flow from continuing operating activities, despite the advantages regarding the use and analysis of these measures as mentioned above. EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted EBITDA per diluted share, as disclosed in this quarterly report on Form 10-Q, have limitations as analytical tools, and you should not consider these measures in isolation or as a substitute for analysis of our results as reported under GAAP; nor are these measures intended to be measures of liquidity or free cash flow for our discretionary use. Some of the limitations of EBITDA, and its variations are:

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

Adjusted EBITDA has all the inherent limitations of EBITDA. To properly and prudently evaluate our business, we encourage readers to review the GAAP financial statements included elsewhere in this quarterly report on Form 10-Q, and not rely on any single financial measure to evaluate our business. We also strongly urge readers to review the reconciliation of these non-GAAP financial measures to the most comparable GAAP measure in this section, along with the Condensed Consolidated Financial Statements included elsewhere in this quarterly report on Form 10-Q.

The following table sets forth a reconciliation of EBITDA and Adjusted EBITDA to net loss, the most comparable GAAP-based measure, as well as Adjusted EBITDA per diluted share to net loss per diluted share. All of the items included in the reconciliation from EBITDA and Adjusted EBITDA to loss and the related per share calculations are either recurring non-cash items, or items that management does not consider in assessing our on-going operating performance. In the case of the non-cash items, management believes that investors may find it useful to assess our comparative operating performance because the measures without such items are less susceptible to variances in actual performance resulting from depreciation, amortization and other expenses that do not relate to our core operations and are more reflective of other factors that affect operating performance. In the case of items that do not relate to our core operations, management believes that investors may find it useful to assess our operating performance if the measures are presented without these items because their financial impact does not reflect ongoing operating performance.

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| **In thousands, except per share data** | **July 31, 2019** | **July 31, 2018** | **July 31, 2019** | **July 31, 2018** |
| **Adjusted EBITDA Reconciliation** | | | | |
| Net loss | $ (608) | $ (1,522) | $ (295) | $ (2,091) |
| Interest expense | 70 | 110 | 148 | 227 |
| Income tax expense | 2 | 2 | 4 | 3 |
| Depreciation | 41 | 153 | 76 | 325 |
| Amortization of capitalized software development costs | 211 | 331 | 417 | 646 |
| Amortization of intangible assets | 142 | 235 | 285 | 470 |
| Amortization of other costs | 55 | 91 | 105 | 193 |
| EBITDA | (87) | (600) | 740 | (227) |
| Share-based compensation expense | 160 | 144 | 429 | 367 |
| Gain on disposal of fixed assets | — | — | — | (2) |
| Non-cash valuation adjustments to assets and liabilities | 16 | 5 | 31 | 56 |
| Other non-recurring operating expenses | 75 | 806 | 75 | 806 |
| Other non-recurring expenses | 74 | — | 74 | — |
| Adjusted EBITDA | $ 238 | $ 355 | $ 1,349 | $ 1,000 |
| Adjusted EBITDA margin (1) | 5 % | 7 % | 13 % | 9 % |
| | | | | |
| **Adjusted EBITDA per Diluted Share Reconciliation** | | | | |
| Net loss per common share — diluted | $ (0.03) | $ (0.08) | $ (0.01) | $ (0.11) |
| Adjusted EBITDA per adjusted diluted share (2) | $ 0.01 | $ 0.02 | $ 0.06 | 0.04 |
| Diluted weighted average shares (3) | 19,913,658 | 19,532,044 | 19,853,510 | 19,415,676 |
| Includable incremental shares — adjusted EBITDA (4) | 3,163,149 | 3,053,210 | 3,097,413 | 3,064,204 |
| Adjusted diluted shares | 23,076,807 | 22,585,254 | 22,950,923 | 22,479,880 |

(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 more dilutive of the two-class method or the if-converted method.

(3) Diluted EPS for our common stock was computed using the if-converted method, which yields the same result as the two-class 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.

**Application of Critical Accounting Policies**

The preparation of financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Management considers an accounting policy to be critical if the accounting policy requires management to make particularly difficult, subjective or complex judgments about matters that are inherently uncertain. A summary of our critical accounting policies is included in Note 2 to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended January 31, 2019. There have been no material changes to the critical accounting policies disclosed in our Annual Report on Form 10-K for the fiscal year ended January 31, 2019, except as described below.

We adopted the new lease standards (“ASC 842”) on February 1, 2019 using the effective date transition method. This method requires us to recognize an adoption impact as a cumulative-effect adjustment to the February 1, 2019 retained earnings balance. Prior period balances were not adjusted upon adoption this standard. The standard requires that leased assets and corresponding lease liabilities be recognized within the consolidated balance sheets as right-to-use assets and operating or financing lease liabilities. Please refer to Note 3, “Leases”, to our condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for additional information regarding the impact of adoption.

**Liquidity and Capital Resources**

Our liquidity is dependent upon numerous factors including: (i) the timing and amount of revenues and collection of contractual amounts from clients, (ii) amounts invested in research and development and capital expenditures, and (iii) the level of operating expenses, all of which can vary significantly from quarter-to-quarter. Our primary cash requirements include regular payment of payroll and other business expenses, capital expenditures, and principal and interest payments on debt. Capital expenditures generally include computer hardware and computer software to support internal development efforts or infrastructure in the SaaS data center. Operations are funded with cash generated by operations and borrowings under our credit facilities. The Company believes that cash flows from operations and available credit facilities are adequate to fund current obligations for the next twelve months. Cash and cash equivalent balances at July 31, 2019 and January 31, 2019 were $1,229,000 and $2,376,000, respectively. The decrease in cash during the current fiscal period was primarily the result of payments made towards our debt and interest thereon, as well as payroll and accounts payable. Continued expansion may require the Company to take on additional debt or raise capital through issuance of equities, or a combination of both. There can be no assurance the Company will be able to raise the capital required to fund further expansion.

The Company has liquidity through the Credit Agreement described in more detail in Note 4 to our condensed consolidated financial statements included herein. The Company’s primary operating subsidiary has a $5,000,000 revolving line of credit. In order to draw upon the revolving line of credit, the Company’s primary operating subsidiary must comply with customary information delivery and financial covenants, including the requirement that the Company maintain minimum liquidity of at least $4,000,000 (See Note 9 – Subsequent Events for description of the minimum liquidity requirements effective for liquidity tests occurring after the effective date of the Fifth Amendment). Pursuant to the Credit Agreement’s definition, the liquidity of the Company’s primary operating subsidiary as of July 31, 2019 was $5,229,000, which satisfies the minimum liquidity financial covenant in the Credit Agreement.

The Credit Agreement also requires the Company to achieve certain minimum EBITDA levels, calculated pursuant to the Credit Agreement and measured, at all times prior to the effective date of the Fifth Amendment to the Credit Agreement, on a quarter-end basis, of at least the required amounts in the relevant table set forth in Note 4 to our condensed consolidated financial statements included in Part I, Item1 herein for the applicable period set forth therein. Our lender uses a measurement that is similar to Adjusted EBITDA, a non-GAAP financial measure described above. The required minimum EBITDA level for the four-fiscal quarter period ended July 31, 2019 was $180,000.

The Company was in compliance with the foregoing loan covenants at July 31, 2019. Based upon the borrowing base formula set forth in the Credit Agreement, as of July 31, 2019, the Company had access to the full amount of the $5,000,000 revolving line of credit. As of July 31, 2019, outstanding borrowings under the line of credit totaled $1,000,000.

The Credit Agreement expressly permits transactions between affiliates that are parties to the Credit Agreement, which includes the Company and its primary operating subsidiary, including loans made between such affiliate loan parties. However, the Credit Agreement prohibits the Company and its subsidiary from declaring or paying any dividend or making any other payment or distribution, directly or indirectly, on account of equity interests issued by the Company if such equity interests: (a) mature or are mandatorily redeemable pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the loans and all other obligations that are accrued and payable upon the termination of the Credit Agreement), (b) are redeemable at the option of the holder thereof, in whole or in part, (c) provide for the scheduled payments of dividends in cash, or (d) are or become convertible into or exchangeable for indebtedness or any other equity interests that would constitute disqualified equity interests pursuant to clauses (a) through (c) hereof, in each case, prior to the date that is 180 days after the maturity date of the Credit Agreement.

The Company executed a fifth amendment to the Credit Agreement (“Fifth Amendment”) on September 11, 2019. This amendment extends the term loan and revolving credit facility to a maturity date of August 21, 2020. The Company intends to refinance the current term loan and credit facility in the third quarter of fiscal 2019. The aggregate amount of financing currently available to the Company under the current term loan and revolving credit facility is $9 million as of July 31, 2019. The Company is in negotiations to replace the current credit facility.

The Company can demonstrate its ability to refinance the existing term loan and credit facility. Additionally, the Company will produce cash flow from the business over the next 12 months. Accordingly, the Company believes it has sufficient cash and credit necessary to continue as a going concern for 12 months from the Company’s reporting date. This conclusion is supported, in part, by the Company’s ability to extend or re-finance its existing term loan and revolving credit facility.

***Significant cash obligations***

| **(in thousands)** | **July 31, 2019** | **January 31, 2019** |
|---|---|---|
| Term loan (1) | $ 3,678 | $ 3,948 |
| Royalty liability (2) | 936 | 905 |

(1) Term loan balance is reported net of deferred financing costs of $53,000 and $82,000 as of July 31, 2019 and January 31, 2019, respectively. See Note 4 to the condensed consolidated financial statements for additional information.

(2) See Note 7 to the condensed consolidated financial statements for additional information.

***Operating cash flow activities***

| | **Six Months Ended** | |
|---|---|---|
| **(in thousands)** | **July 31, 2019** | **July 31, 2018** |
| Net loss | $ (295) | $ (2,091) |
| Non-cash adjustments to net loss | 1,249 | 2,832 |
| Cash impact of changes in assets and liabilities | (865) | (265) |
| Net cash provided by operating activities | $ 89 | $ 476 |

The decrease in net cash provided by operating activities is due to the use of cash by the Company to pay liabilities associated with restructuring the office spaces in fiscal 2018. Accrued expenses are lower by approximately $600,000 in July 2019 compared with end of fiscal 2018. This reflects the payments of the lease obligations, as well as, certain other commitments.

Our typical clients are well-established hospitals, medical facilities and major health information system companies that resell our solutions, which generally have had good credit and payment histories for the industry. However, some healthcare organizations have recently experienced significant operating losses as a result of limits on third-party reimbursements from insurance companies and governmental entities. Agreements with clients often involve significant amounts and contract terms typically require clients to make progress payments. Adverse economic events, as well as uncertainty in the credit markets, may adversely affect the liquidity for some of our clients.

***Investing cash flow activities***

| | Six Months Ended | |
|---|---|---|
| **(in thousands)** | **July 31, 2019** | **July 31, 2018** |
| Purchases of property and equipment | $ (46) | $ (14) |
| Proceeds from sales of property and equipment | — | 14 |
| Capitalized software development costs | (1,878) | (1,529) |
| Net cash used in investing activities | $ (1,924) | $ (1,529) |

The increase in cash used for investing activities in the six months ended July 31, 2019 over the prior comparable period is primarily the result of the increase in capitalized software development costs, which is associated with the higher effort spent on software development projects. See discussion and analysis in “Research and development costs” above.

***Financing cash flow activities***

| | Six Months Ended | |
|---|---|---|
| **(in thousands)** | **July 31, 2019** | **July 31, 2018** |
| Proceeds from line of credit | $ 1,000 | $ — |
| Principal repayments on term loan | (298) | (298) |
| Proceeds from exercise of stock options and stock purchase plan | 4 | 35 |
| Other | (18) | (58) |
| Net cash used in financing activities | $ 688 | $ (321) |

The increase in cash provided by financing activities in the six months ended July 31, 2019 as compared to the prior year period was primarily the result of the $1 million advance against the revolving credit facility.

## Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

## Item 4. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that there is reasonable assurance that the information required to be disclosed in the Company’s reports under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Company’s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based on the definition of “disclosure controls and procedures” in Exchange Act Rules 13a-15(e) and 15d-15(e). In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. In addition, projections of any evaluation of effectiveness of our disclosure controls and procedures to future periods are subject to the risk that controls or procedures may become inadequate because of changes in conditions, or that the degree of compliance with the controls or procedures may deteriorate.

As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of the Company's senior management, including the Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), of the effectiveness of the design and operation of the Company's disclosure controls and procedures to provide reasonable assurance of achieving the desired objectives of the disclosure controls and procedures. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective.

**Changes in Internal Control over Financial Reporting**

The Company adopted ASC 842, Leases, on February 1, 2019, which required management to make changes to our policies and processes and to implement new or modify existing internal controls over financial reporting. This included modifications to our existing internal controls over contract reviews and new controls related to the enhanced disclosure requirements.

We have previously disclosed by way of current reports on Form 8-K filed with the SEC that on July 29, 2019, David W. Sides, the Company's President and Chief Executive Officer, left the Company in order to pursue another opportunity. Effective July 29, 2019, Wyche T. "Tee" Green, III, Chairman of the Company's Board of Directors, was appointed as interim President and Chief Executive Officer of the Company to succeed Mr. Sides in this capacity. These events caused a change that was reasonably likely to materially affect our internal control over financial reporting during the quarter ended July 31, 2019.

There were no other changes in our internal control over financial reporting during the most recently completed fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. LEGAL PROCEEDINGS

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

### Item 1A. RISK FACTORS

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

**Risks Relating to Our Business**

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

Our revenues have been concentrated in a relatively small number of large clients, and we have historically derived a substantial percentage of our total revenues from a few clients. For both fiscal years ended January 31, 2019 and 2018, our five largest clients accounted for 29% of our total revenues. If one or more clients terminate all or any portion of a master agreement, delay installations or if we fail to procure additional agreements, there could be a material adverse effect on our business, financial condition and results of operations.

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

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

***Our eValuator platform, coding audit services and associated software and technologies represent a relatively new market for the Company, and we may not see the anticipated market interest or growth due to being a new player in the industry.***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

***Our SaaS solutions are provided over an internet connection. Any breach of security or confidentiality of protected health information could expose us to significant expense and harm our reputation.***

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

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

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

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

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

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

As our operations grow and as we implement our business strategies, we expect to use both internal and external sources of capital. In addition to cash flow from normal operations, we may need additional capital in the form of debt or equity to operate and support our growth, execute our business plans and remain competitive in our markets. We may have no or limited availability to such external capital, in which case our future prospects may be materially impaired. Furthermore, we may not be able to access external sources of capital on reasonable or favorable terms. Our business operations could be subject to both financial and operational covenants that may limit the activities we may undertake, even if we believe they would benefit our company.

***We previously entered into a software license and royalty agreement with Montefiore Medical Center pursuant to which we are obligated to pay Montefiore $1,000,000 in cash by July 31, 2020. The payment of this obligation could adversely affect our business.***

On October 25, 2013, we entered into a software license and royalty agreement with Montefiore Medical Center ("Montefiore") pursuant to which Montefiore granted us an exclusive, worldwide 15-year license of Montefiore's proprietary clinical analytics platform solution, Clinical Looking Glass® ("CLG"), now known as our Clinical Analytics solution. We originally committed that Montefiore would receive at least an additional $3,000,000 of on-going royalty payments related to future sublicensing of CLG by us within the first six and one-half years of the license term. On July 1, 2018, we entered into an amendment to software license and royalty agreement to modify our payment obligations such that under the modified provisions, our obligation to pay on-going royalties was replaced with the obligation to, among other things, pay $1,000,000 in cash by July 31, 2020. To the extent that cash flow from operations is insufficient to pay this obligation, we may pay all or some of this obligation from, among other things, drawings on our credit facility, proceeds from asset sales or the sale of our securities. The payment of this obligation may reduce the amount of proceeds available for acquisitions, negatively impact the value of our common stock and reduce the overall return.

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

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

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

In November 2014, we entered into a Credit Agreement (the "Credit Agreement") with Wells Fargo Bank, N.A., as administrative agent, and other lenders party thereto. Pursuant to the Credit Agreement, the lenders agreed to provide a $10,000,000 term loan and a $5,000,000 revolving line of credit to our primary operating subsidiary. The Credit Agreement includes customary financial covenants, including the requirements that the Company maintain certain minimum liquidity and achieve certain minimum EBITDA levels.

In order to draw upon its revolving line of credit, pursuant to the terms of the Credit Agreement, the Company is required to maintain minimum liquidity of at least $4,000,000 from February 1, 2019 (Note 9 describes the minimum liquidity requirements effective for liquidity tests occurring after the effective date of the Fifth Amendment). The Company was in compliance with the applicable loan covenants at July 31, 2019.

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

***If we are unable to repay, extend or refinance our existing and future debt as it becomes due on terms reasonably acceptable to us, or at all, we may be unable to continue as a going concern.***

Absent any action with respect to the repayment or refinancing of our existing indebtedness or any waivers or amendments to the agreements governing our existing indebtedness, our Credit Agreement is scheduled to mature on August 21, 2020. We may not be able to extend, replace or refinance our existing Credit Agreement on terms reasonably acceptable to us, or at all, with our current lender or with a replacement lender. If we are able to obtain replacement financing, it may be more costly or on terms more burdensome than our current Credit Agreement. In addition, we may not be able to access other external financial resources sufficient to enable us to repay the debt outstanding under our Credit Agreement upon its maturity. If we fail to satisfy our obligations with respect to our indebtedness or fail to comply with the financial and other restrictive covenants contained in the Credit Agreement or other agreements governing our indebtedness, an event of default could result, which could permit acceleration of such debt and acceleration of our other debt. Any accelerated debt would become immediately due and payable, and we may be unable to continue as a going concern.

***Our outstanding preferred stock have significant redemption and repayment rights that could have a material adverse effect on our liquidity and available financing for our ongoing operations.***

In August 2012, we completed a private offering of preferred stock, warrants and convertible notes to a group of investors for gross proceeds of $12 million. In November 2012, the convertible notes converted into shares of preferred stock. Subject to the terms of the Subordination and Intercreditor Agreement, the preferred stock is redeemable at the option of the holders thereof any time after August 31, 2016 if not previously converted into shares of common stock. We may not achieve the thresholds required to trigger automatic conversion of the preferred stock and, alternatively, holders may not voluntarily elect to convert the preferred stock into common stock. The election of the holders of our preferred stock to redeem the preferred stock could subject us to decreased liquidity and other negative impacts on our business, results of operations, and financial condition. Under the terms of the Subordination and Intercreditor Agreement among the preferred stockholders, the Company and Wells Fargo, our obligation to redeem the preferred stock is subordinated to our obligations under the senior term loan and the preferred stock may not be redeemed without the consent of Wells Fargo. For additional information regarding the terms, rights and preferences of the preferred stock, see Note 3 to our consolidated financial statements included in the Annual Report on Form 10-K for the fiscal year ended January 31, 2019 and our other SEC filings.

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

Economic conditions in the U.S. and globally could deteriorate and cause the worldwide economy to enter into a stagnant period that could materially adversely affect our clients' access to capital or willingness to spend capital on our solutions and services or their levels of cash liquidity with which to pay for solutions that they will order or have already ordered from us. Challenging economic conditions also would likely negatively impact our business, which could result in: (1) reduced demand for our solutions and services; (2) increased price competition for our solutions and services; (3) increased risk of collectability of cash from our clients; (4) increased risk in potential reserves for doubtful accounts and write-offs of accounts receivable; (5) reduced revenues; and (6) higher operating costs as a percentage of revenues.

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

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

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

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

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

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

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

***Our operations are subject to foreign currency exchange rate risk.***

In connection with our expansion into foreign markets, which primarily consists of Canada, we sometimes receive payment in currencies other than the U.S. dollar. Accordingly, changes in exchange rates, and in particular a strengthening of the U.S. dollar, will negatively affect our net sales and gross margins from our non-U.S. dollar denominated revenue, as expressed in U.S. dollars. There is also a risk that we will have to adjust the pricing of solutions denominated in foreign currencies when there has been significant volatility in foreign currency exchange rates.

**Risks Relating to an Investment in Our Securities**

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

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

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

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

***If equity research analysts do not publish research reports about our business or if they issue unfavorable commentary or downgrade our common stock, the price of our common stock could decline.***

The trading market for our common stock may rely in part on the research and reports that equity research analysts publish about our business and us. We do not control the opinions of these analysts. The price of our stock could decline if one or more equity analysts downgrade our stock or if those analysts issue other unfavorable commentary or cease publishing reports about our business or us. Furthermore, if no equity research analysts conduct research or publish reports about our business and us, the market price of our common stock could decline.

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

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

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

We are generally not restricted from issuing in public or private offerings additional shares of common stock or preferred stock (except for certain restrictions under the terms of our outstanding preferred stock), and other securities that are convertible into or exchangeable for, or that represent a right to receive, common stock or preferred stock or any substantially similar securities. Such offerings represent the potential for a significant increase in the number of outstanding shares of our common stock. The market price of our common stock could decline as a result of sales of common stock, preferred stock or similar securities in the market made after an offering or the perception that such sales could occur.

***In addition to our currently outstanding preferred stock, the issuance of an additional series of preferred stock could adversely affect holders of shares of our common stock, which may negatively impact your investment.***

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

As of July 31, 2019, we had 2,895,464 shares of preferred stock outstanding. For additional information regarding the terms, rights and preferences of such stock, see Note 3 to our consolidated financial statements included in the Annual Report on Form 10-K for the fiscal year ended January 31, 2019 and our other SEC filings.

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

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

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

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

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

Our common stock is listed on the Nasdaq Capital Market. We cannot assure you that we will be able to maintain compliance with Nasdaq's current listing standards, or that Nasdaq will not implement additional listing standards with which we will be unable to comply. Failure to maintain compliance with Nasdaq listing requirements could result in the delisting of our shares from Nasdaq, which could have a material adverse effect on the trading price, volume and marketability of our common stock. Furthermore, a delisting could adversely affect our ability to issue additional securities and obtain additional financing in the future or result in a loss of confidence by investors or employees.

**Note Regarding Risk Factors**

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

**Item 2. ISSUER PURCHASES OF EQUITY SECURITIES**

The following table sets forth information with respect to our repurchases of common stock during the three months ended July 31, 2019:

| | Total Number of Shares Purchased (1) | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares that May Yet Be Purchased under the Plans or Programs |
|---|---|---|---|---|
| May 1 - May 31 | 5,475 | $ 1.38 | — | — |
| June 1 - June 30 | — | — | — | — |
| July 1 - July 31 | 16,233 | 1.44 | — | — |
| Total | 21,708 | $ 1.42 | — | — |

(1) Amount represents shares surrendered by employees to satisfy tax withholding obligations resulting from restricted stock that vested during the three months ended July 31, 2019.

**Item 5. OTHER INFORMATION**

On September 11, 2019, we entered into a fifth amendment to our Credit Agreement (“Fifth Amendment”) with Wells Fargo Bank, N.A., as administrative agent, and other lender parties thereto. Amounts outstanding under the Credit Agreement shall continue to bear interest at either LIBOR or the base rate, as elected by the Company, plus an applicable margin, plus, after the effective date of the Fifth Amendment, a “paid in kind” rate, or PIK Rate, of 2.75%. Subject to the Company’s leverage ratio, pursuant to the terms of the amendment to the Credit Agreement entered into as of April 15, 2015, the applicable LIBOR rate margin varies from 4.25% to 6.25%, and the applicable base rate margin varies from 3.25% to 5.25%. The original term loan and line of credit maturity date of May 21, 2020 was extended to August 21, 2020. Additionally, the Fifth Amendment requires the payment of certain other fees and expenses, including (a) an amendment fee of up to $200,000 ($50,000 per quarter) and (b) consulting costs of approximately $100,000.

The Credit Agreement, as amended, includes customary financial covenants, including the requirements that the Company maintain minimum liquidity and achieve certain minimum EBITDA levels (as defined in the Credit Agreement), among other covenants, including a requirement that the Company refrain from paying dividends on the common and preferred stock. In addition, the Credit Agreement, as amended by the Fifth Amendment, requires that the Company (i) engage a consultant for purposes of preparing a budget to be shared with the administrative agent and to be adhered to by the Company and other financial information requested by the administrative agent, (ii) enter into amendments to the Company’s licensing agreements with Montefiore, (iii) pursue a refinancing transaction for purposes of satisfying its obligations under the Credit Agreement, and in connection therewith, achieve certain refinancing milestones and provide the administrative agent with certain deliverables, information and access to its personnel and records, and (iv) on or before October 15, 2019, provide evidence of a common equity contribution of no less than $1,500,000.

Pursuant to the terms of the Credit Agreement, as amended by the Fifth Amendment, the Company is required to maintain minimum liquidity of at least (i) $2,500,000 from the effective date of the Fifth Amendment through and including December 31, 2019 and (ii) $3,000,000 at all times from and after January 1, 2020.

The foregoing summary of the Fifth Amendment does not purport to be complete and is subject to, and qualified in its entirety by, the Fifth Amendment, a copy of which will be filed as an exhibit to this report as Exhibit 10.3. For additional information regarding the Company's borrowing relationship, see Notes 4 and 9 in Part I, Item 1 of this report.

**Item 6.  EXHIBITS**

See Index to Exhibits.

INDEX TO EXHIBITS

| Exhibit No. | Description of Exhibit |
|---|---|
| 10.1 | Employment Agreement, dated July 28, 2019, between the Company and Wyche T. “Tee” Green, III (incorporated by reference to Exhibit 10.1 of the Form 8-K, as filed with the Commission on July 29, 2019). |
| 10.2 | Employment Agreement, dated August 1, 2019, between the Company and William Garvis (incorporated by reference to Exhibit 10.1 of the Form 8-K, as filed with the Commission on August 6, 2019). |
| 10.3* | Fifth Amendment to the Credit Agreement dated as of September 11, 2019 by and among Wells Fargo Bank, N.A., the lenders party thereto, Streamline Health Solutions, Inc. and Streamline Health, Inc. |
| 31.1* | Certification by Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act. |
| 31.2* | Certification by Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act. |
| 32.1* | Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350. |
| 32.2* | Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350. |
| 101 | The following financial information from Streamline Health Solutions, Inc.’s Quarterly Report on Form 10-Q for the three-month period ended July 31, 2019 filed with the SEC on September 12, 2019, formatted in XBRL includes: (i) Condensed Consolidated Balance Sheets at July 31, 2019 and January 31, 2019, (ii) Condensed Consolidated Statements of Operations for the three- and six-month periods ended July 31, 2019 and 2018, (iii) Condensed Consolidated Statements of Shareholders’ Equity for the six-month periods ended July 31, 2019 and 2018, (iv) Condensed Consolidated Statements of Cash Flows for the six-month periods ended July 31, 2019 and 2018, and (v) Notes to the Condensed Consolidated Financial Statements. |

* Filed herewith.

Our SEC file number reference for documents filed with the SEC pursuant to the Securities Exchange Act of 1934, as amended, is 000-28132.

**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, thereunto duly authorized.

| | | |
|---|---|---|
| | | STREAMLINE HEALTH SOLUTIONS, INC. |
| DATE: September 12, 2019 | By: | /s/ Wyche T. "Tee" Green, III |
| | | Wyche T. "Tee" Green, III |
| | | *Chief Executive Officer* |
| DATE: September 12, 2019 | By: | /s/ Thomas J. Gibson |
| | | Thomas J. Gibson |
| | | *Chief Financial Officer* |

**Exhibit 10.3**

# FIFTH AMENDMENT TO CREDIT AGREEMENT

THIS FIFTH AMENDMENT TO CREDIT AGREEMENT (this "Agreement") is dated as of September 11, 2019 by and among **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, as administrative agent ("Agent") for the Lenders (as defined in the Credit Agreement referred to below), the Lenders party hereto, **STREAMLINE HEALTH SOLUTIONS, INC.**, a Delaware corporation ("Parent") and **STREAMLINE HEALTH, INC.**, an Ohio corporation ("Borrower").

WHEREAS, Borrower, Parent, Agent, and Lenders are parties to that certain Credit Agreement dated as of November 21, 2014 (as amended, restated, modified or supplemented from time to time, the "Credit Agreement");

WHEREAS, Borrower, Agent and Lenders have agreed to amend the Credit Agreement in certain respects on the terms and subject to the conditions set forth herein.

NOW THEREFORE, in consideration of the premises and mutual agreements herein contained, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Credit Agreement.

2. Amendment. In reliance upon the representations and warranties of the Loan Parties set forth herein, and subject to the satisfaction of the conditions to effectiveness set forth herein, the Credit Agreement is hereby amended as follows:

(a) Section 2.1(a) of the Credit Agreement is hereby amended and restated in its entirety as follows:

> (a) Subject to the terms and conditions of this Agreement, and during the term of this Agreement, each Revolving Lender agrees (severally, not jointly or jointly and severally) to make revolving loans ("Revolving Loans") to Borrower in an amount at any one time outstanding not to exceed *the lesser of*:
>
> (i) such Lender's Revolver Commitment, or
>
> (ii) such Lender's Pro Rata Share of an amount equal to *the lesser of*:
>
> (A) the amount equal to (1) the Maximum Revolver Amount less (2) the sum of (y) the Letter of Credit Usage at such time, plus (z) the principal amount of Swing Loans outstanding at such time, and
>
> (B) the amount equal to (1) the Credit Amount as of such date (based upon the most recent Credit Amount Certificate delivered by Borrower to Agent) less the sum of (1) the Letter of Credit Usage at such time,

plus (2) the principal amount of Swing Loans outstanding at such time, plus (3) the principal amount of the Term Loan outstanding at such time;

provided, that, notwithstanding the foregoing, the aggregate Revolving Loans requested during any week shall not exceed an amount equal to the projected amount of the aggregate Revolving Loans to be requested as set forth in the Budget for such week; provided, further, that in the event during such week, Borrower certifies in the applicable written request (in accordance with the terms hereof) for a Borrowing that the sum of such projected amount and the Loan Parties' cash on hand (including any cash receipts received) at the time of the next individual cash disbursement in the Budget projected to be paid during such week is less than the amount of such individual cash disbursement, then Borrower may also request Revolving Loans, in such written Borrowing request, in the amount of such shortfall. Notwithstanding the foregoing, or anything to the contrary set forth herein, in no event shall such aggregate amount of Revolving Loans requested during any week exceed 110% of the budgeted amount of the aggregate disbursements set forth in the Budget for such week.

(b) The table set forth in Section 2.2 of the Credit Agreement is hereby amended and restated in its entirety as follows:

| Date | Installment Amount |
|---|---|
| December 31, 2018 | $149,246 |
| March 31, 2019 | $149,246 |
| June 30, 2019 | $149,246 |
| September 30, 2019 | $149,246 |
| December 31, 2019 | $149,246 |
| March 31, 2020 | $149,246 |
| June 30, 2020 | $149,246 |

(c) Section 2.4(e)(i) of the Credit Agreement is hereby amended and restated in its entirety as follows:

**Overadvance**. If, at any time, (1) (A) the Revolver Usage on such date plus the principal amount of the Term Loan outstanding on such date exceeds (B) the Credit Amount as of such date (based upon the most recent Credit Amount Certificate delivered by Borrower to Agent), or (2) the outstanding principal balance of the Revolving Loans at such time exceeds the aggregate amount of Revolving Loans that are permitted to be outstanding or are permitted to have been requested, in each case, at such time pursuant to Section 2.1(a), then Borrower shall immediately prepay the Obligations in accordance with Section 2.4(f)(i) in an amount equal to the amount of such excess.

(d) Clauses (i) and (ii) of Section 2.6(a) are hereby amended and restated in their entirety as follows:

(i) if the relevant Obligation is a LIBOR Rate Loan, at a per annum rate equal to the LIBOR Rate plus the LIBOR Rate Margin plus the PIK Rate, and

(ii) otherwise, at a rate per annum equal to the Base Rate plus the Base Rate Margin plus the PIK Rate.

(e) Section 2.6(d) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(d) **Payment**. Except to the extent provided to the contrary in Section 2.10, Section 2.11(k), or Section 2.12(a), (i) all interest and all other fees payable hereunder or under any of the other Loan Documents (other than Letter of Credit Fees) shall be due and payable, in arrears, on the first day of each quarter; provided, that if an Event of Default has occurred and is continuing, such amounts shall be due and payable, in arrears, on the first day of each month; provided, further, that the amount of interest calculated by reference to the PIK Rate shall be paid "in kind" by increasing the then-outstanding principal amount of the Term Loan by (and capitalizing and compounding) the amount of such interest, which interest shall be deemed paid once a record of the applicable increase to the outstanding principal amount of the Term Loan has been recorded by Agent to the Loan Account, (ii) all Letter of Credit Fees payable hereunder, and all fronting fees and all commissions, other fees, charges and expenses provided for in Section 2.11(k) shall be due and payable, in arrears, on the first Business Day of each quarter; provided, that if an Event of Default has occurred and is continuing, such Letter of Credit Fees shall be due and payable, in arrears, on the first Business Day of each month, and (iii) all costs and expenses payable hereunder or under any of the other Loan Documents, and all Lender Group Expenses shall be due and payable on the earlier of (x) the first day of the month following the date on which the applicable costs, expenses, or Lender Group Expenses were first incurred or (y) the date on which demand therefor is made by Agent (it being acknowledged and agreed that any charging of such costs, expenses or Lender Group Expenses to the Loan Account pursuant to the provisions of the following sentence shall be deemed to constitute a demand for payment thereof for the purposes of this subclause (y)). Borrower hereby authorizes Agent, from time to time without prior notice to Borrower, to charge to the Loan Account (A) on the first day of each quarter (or, if an Event of Default has occurred and is continuing, on the first day of each month), all interest accrued during the prior quarter (or if an Event of Default has occurred and is continuing, month) on the Revolving Loans or the Term Loan hereunder, (B) on the first Business Day of each quarter (or, if an Event of Default has occurred and is continuing, on the first Business Day of each month), all Letter of Credit Fees accrued or chargeable hereunder during the prior quarter (or, if an Event of Default has occurred and is continuing, during the prior month), (C) as and when incurred or accrued, all fees and costs provided for in Section 2.10(a) or (c), (D) on the first day of each quarter (or, if an

Event of Default has occurred and is continuing, during the prior month), the Unused Line Fee accrued during the prior month pursuant to Section 2.10(b), (E) as and when due and payable, all other fees payable hereunder or under any of the other Loan Documents, (F) as and when incurred or accrued, the fronting fees and all commissions, other fees, charges and expenses provided for in Section 2.11(k), (G) as and when incurred or accrued, all other Lender Group Expenses, and (H) as and when due and payable all other payment obligations payable under any Loan Document or any Bank Product Agreement (including any amounts due and payable to the Bank Product Providers in respect of Bank Products). All amounts (including interest, fees, costs, expenses, Lender Group Expenses, or other amounts payable hereunder or under any other Loan Document or under any Bank Product Agreement) charged to the Loan Account shall thereupon constitute Revolving Loans hereunder, shall constitute Obligations hereunder, and shall initially accrue interest at the rate then applicable to Revolving Loans that are Base Rate Loans (unless and until converted into LIBOR Rate Loans in accordance with the terms of this Agreement).

(f) Section 2.7 of the Credit Agreement is hereby amended and restated in its entirety as follows:

2.7 **Crediting Payments**. The receipt of any payment item by Agent (other than the amount of interest calculated by reference to the PIK Rate, which shall be deemed paid once a record of the applicable increase to the outstanding principal amount of the Term Loan has been recorded by Agent to the Loan Account) shall not be required to be considered a payment on account unless such payment item is a wire transfer of immediately available federal funds made to Agent's Account or unless and until such payment item is honored when presented for payment. Should any payment item not be honored when presented for payment, then Borrower shall be deemed not to have made such payment and interest shall be calculated accordingly. Anything to the contrary contained herein notwithstanding, any payment item shall be deemed received by Agent only if it is received into Agent's Account on a Business Day on or before 1:30 p.m. If any payment item is received into Agent's Account on a non-Business Day or after 1:30 p.m. on a Business Day (unless Agent, in its sole discretion, elects to credit it on the date received), it shall be deemed to have been received by Agent as of the opening of business on the immediately following Business Day.

(g) Section 2.12(a) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(a) **Interest and Interest Payment Dates**. In lieu of having interest charged at the rate based upon the Base Rate, Borrower shall have the option, subject to Section 2.12(b) below (the "LIBOR Option") to have interest on all or a portion of the Revolving Loans or the Term Loan be charged (whether at the time when made (unless otherwise provided herein), upon conversion from a Base Rate Loan to a LIBOR Rate Loan, or upon continuation of a LIBOR Rate Loan as a

LIBOR Rate Loan) at a rate of interest based upon the LIBOR Rate. Interest on LIBOR Rate Loans shall be payable on the earliest of (i) the last day of the Interest Period applicable thereto; provided, that, subject to the following clauses (ii) and (iii), in the case of any Interest Period greater than 3 months in duration, interest shall be payable at 3 month intervals after the commencement of the applicable Interest Period and on the last day of such Interest Period), (ii) the date on which all or any portion of the Obligations are accelerated pursuant to the terms hereof, or (iii) the date on which this Agreement is terminated pursuant to the terms hereof; provided, further, that the amount of interest calculated by reference to the PIK Rate shall be paid "in kind" by increasing the then-outstanding principal amount of the Term Loan by (and capitalizing and compounding) the amount of such interest, which interest shall be deemed paid once a record of the applicable increase to the outstanding principal amount of the Term Loan. On the last day of each applicable Interest Period, unless an Event of Default has occurred and is continuing or Borrower has (1) notified Agent in writing that it will convert such LIBOR Rate Loan to a Base Rate Loan or (2) properly exercised the LIBOR Option with respect thereto for an Interest Period in excess of 1 month, the interest rate applicable to such LIBOR Rate Loan automatically shall continue as a LIBOR Rate Loan with an Interest Period of 1 month. At any time that an Event of Default has occurred and is continuing Borrower no longer shall have the option to request that Revolving Loans bear interest at a rate based upon the LIBOR Rate until such time as such Event of Default has been waived in accordance with the terms hereof.

(h) Section 4.18 of the Credit Agreement is hereby amended and restated in its entirety as follows:

4.18 **OFAC; Sanctions; Anti-Corruption Laws: Anti-Money Laundering Laws**. No Loan Party or any of its Subsidiaries is in violation of any Sanctions. No Loan Party nor any of its Subsidiaries nor, to the knowledge of such Loan Party, any director, officer, employee, agent or Affiliate of such Loan Party or such Subsidiary (a) is a Sanctioned Person or a Sanctioned Entity, (b) has any assets located in Sanctioned Entities, or (c) derives revenues from investments in, or transactions with Sanctioned Persons or Sanctioned Entities. Each of the Loan Parties and its Subsidiaries has implemented and maintains in effect policies and procedures designed to ensure compliance with all Sanctions, Anti-Corruption Laws and Anti-Money Laundering Laws. Each of the Loan Parties and its Subsidiaries, and to the knowledge of each such Loan Party, each director, officer, employee, agent and Affiliate of each such Loan Party and each such Subsidiary, is in compliance (i) with all Sanctions, and (ii) in all material respects, with all Anti-Corruption Laws and Anti-Money Laundering Laws. No proceeds of any Loan made or Letter of Credit issued hereunder will be used to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity, or otherwise used in any manner that would result in a violation of any Sanction, Anti-Corruption Law or Anti-Money Laundering Law by any Person (including any Lender, Bank Product Provider, or other individual or entity participating in any transaction).

(i) Section 4.21 of the Credit Agreement is hereby amended and restated in its entirety as follows:

4.21 **Budget**. The Budget was prepared by the Loan Parties' management, and, with respect to the Initial Budget and otherwise at the request of Agent, in consultation with the Consultant, and the Budget represents the good faith belief of such Persons at such time as to the probably course of the Loan Parties' and their Subsidiaries' business and financial affairs over the periods shown therein and subject to the assumptions stated therein.

(j) New Sections 5.15, 5.16, 5.17, 5.18 and 5.19 are hereby added to the Credit Agreement, immediately following Section 5.14 of the Credit Agreement, as follows:

5.15 **Montefiore Amendment**. On or before January 2, 2020 (or such later date as Agent may agree in writing in its sole discretion), Borrower shall have entered into amendments in form and substance reasonably satisfactory to Agent with respect to each of (a) that certain Software License and Support Agreement between Borrower and Montefiore Medical Center ("Montefiore") dated October 25, 2013 and (b) that certain Software License and Royalty Agreement between Borrower and Montefiore Medical Center dated October 25, 2013.

5.16 **Payoff Covenants**.

(a) Borrower and Parent shall, and shall cause each other Loan Party to, diligently pursue a refinancing transaction that will cause the Payment in Full of the Obligations upon the initial closing of such refinancing transaction (the "Payoff Transaction") and will satisfy each of the items set forth on Schedule 5.16 on or before the dates specified therein with respect to such items (each of the covenants set forth in this Section 5.16 and on Schedule 5.16, the "Payoff Covenants"). The Payoff Transaction must be consummated on or before the Maturity Date, must provide funds sufficient to enable the Payment in Full of the Obligations at the initial closing of such Payoff Transaction and must otherwise be on terms and conditions satisfactory to Agent (an "Acceptable Transaction").

(b) On the first and third Wednesday of each month (or such other dates acceptable to Agent) or as requested by Agent, Borrower and Parent will, and will cause each other Loan Party to, participate in meetings or conference calls with Agent and its representatives, consultants and agents and will cause senior members of management, and other advisors of the Loan Parties, to participate in such calls for the purpose of discussing the status of the financial, collateral and operational condition, businesses, liabilities, assets and prospects of the Loan Parties and any potential Payoff Transaction.

(c) Borrower and Parent will, and will cause each other Loan Party and all of their respective advisors to: (i) communicate directly with and make itself available to Agent and its counsel and advisors, at such times during normal business hours as may be reasonably requested by Agent or its counsel or advisors, (ii) promptly (and in any event within one (1) Business Day) provide Agent with notice of (A) any written amendment, supplement, or other modification of any kind to any confidentiality agreement, any Term Sheet or any draft documentation evidencing an Acceptable Transaction, (B) any notice of any kind, whether oral or written, from any potential refinancing lender that such lender does not intend to proceed with the Payoff Transaction or any or all of the transactions set forth in any such Term Sheet or draft documentation evidencing an Acceptable Transaction, or to further negotiate the same, and (C) any knowledge or any material change or development relating to the Payoff Covenants, any efforts to complete a Payoff Transaction or any material changes in the financial, collateral, or operational condition, businesses, assets, liabilities or prospects of any Loan Party or any of its Affiliates, (iii) promptly (and in any event within one (1) Business Day) provide Agent with unredacted (except with respect to fees and pricing if requested by the applicable prospective lenders) copies of all written materials provided to or produced by the Loan Parties in connection with any potential Payoff Transaction, including, unredacted (except with respect to fees and pricing if requested by the applicable prospective lenders) copies of any and all confidentiality agreements, term sheets, indications of interest, proposal letters, letters of intent, definitive offers, and any other written indications of interest received by any of the Loan Parties or any of their agents at any time relating to any Payoff Transaction or any other strategic transaction, and all such information and reports as Agent may reasonably request from time to time relating to the status and progress of the consummation of a Payoff Transaction or any other strategic transaction, (iv) continue to actively negotiate in good faith with all viable and active potential refinancing lenders that have provided a Term Sheet or draft documentation evidencing an Acceptable Transaction to Loan Parties or any of their agents, and will promptly notify Agent if any such negotiations cease or are suspended by Loan Parties or any such prospective lender, (v) make the Loan Parties' key executives, and management reasonably available for presentations to, and interviews with, each prospective lender, and (vi) maintain a data room with respect to the Payoff Transaction, which will include all relevant documents and information within Loan Parties' possession or control that Agent may reasonably request from time to time, and to which Agent, Lenders, and any consultant, financial advisor, or counsel engaged by Agent, any Lender or their counsel, will have unlimited access rights and review rights at all times.

5.17 **Equity Contribution**. On or before October 15, 2019 (or such later date as Agent may agree in writing in its sole discretion), Agent shall have received evidence reasonably satisfactory to Agent evidencing Parent's receipt (and Parent's concurrent contribution to Borrower) of cash proceeds of no less than $1,500,000 from a common equity contribution from holders of Equity Interests of Parent acceptable to Agent. Such cash proceeds shall be used solely for Borrower's working capital purposes and payment of fees and expenses hereunder and shall, without limiting any other restriction on the use of such funds, not be used for any Restricted Payment (whether or not permitted by any other provision of the Loan Documents).

5.18 **Consultant**. On or before the fifth Business Day following the Fifth Amendment Closing Date (or such later date as Agent may agree in writing in its sole discretion), Borrower shall have engaged Riveron Consulting, LLC or another financial advisory firm reasonably acceptable to Agent (the "Consultant") to (a) review and validate the Initial Budget and, at the reasonable request of Agent, any other item delivered to Agent pursuant to Section 5.1, (b) share with Agent, among other information, all budgets, records, projections, financial information, reports and other information relating to the Collateral, the financial condition, operations and prospects of the Loan Parties and their Subsidiaries, including, detailed underlying assumptions, copies of all diligence materials and information used by the Consultant, all as requested by Agent from time to time. At all times following the initial date of such engagement of the Consultant, Borrower and Parent will, and will cause their Subsidiaries to, at all times fully cooperate with the Consultant and provide the Consultant complete access at all times to all documentation, books and records, places of business and premises, officers, directors, consultants, employees, advisors and other agents of the Loan Parties and their Subsidiaries. All fees and expenses of the Consultant shall be solely the responsibility of Borrower, and in no event shall Agent or any member of the Lender Group have any obligation, liability, or responsibility of any kind or nature whatsoever for the payment of any such fees, expenses, or other obligations, nor shall Agent or any member of the Lender Group have any obligation or liability to any Loan Party, any of Subsidiary of any Loan Party, or any of their Affiliates or any other Person by reason of any acts or omissions whatsoever of the Consultant at any time.

5.19 **OFAC; Sanctions; Anti-Corruption Laws; Anti-Money Laundering Laws**. Each Loan Party will, and will cause each of its Subsidiaries to comply with all applicable Sanctions, Anti-Corruption Laws and Anti-Money Laundering Laws. Each of the Loan Parties and its Subsidiaries shall implement and maintain in effect policies and procedures designed to ensure compliance by the Loan Parties and their Subsidiaries and their respective directors, officers, employees, agents and Affiliates with all Sanctions, Anti-Corruption Laws and Anti-Money Laundering Laws.

(k) Section 6.11 of the Credit Agreement is hereby amended and restated in its entirety as follows:

6.11 **Use of Proceeds**. Borrower will not, and will not permit any of its Subsidiaries or Parent to use the proceeds of any loan made hereunder for any purpose other than (a) on the Closing Date, (i) to repay, in full, the outstanding principal, accrued interest, and accrued fees and expenses owing under or in connection with the Existing Credit Facility, and (ii) to pay the fees, costs, and expenses incurred in connection with this Agreement, the other Loan Documents, and the transactions contemplated hereby and thereby, in each case, as set forth in the Funds Flow Agreement, and (b) thereafter, consistent with the terms and conditions hereof, for their lawful and permitted purposes including, but not limited to, financing Permitted Acquisitions and financing working capital and general corporate needs of Borrower (including that (x) no part of the proceeds of the loans made to Borrower will be used to purchase or carry any such Margin Stock or to extend credit to others for the purpose of purchasing or carrying any such Margin Stock or for any purpose that violates the provisions of Regulation T, U or X of the Board of Governors, (y) no part of the proceeds of any Loan or Letter of Credit will be used, directly or (to the reasonable knowledge of any Loan Party) indirectly, to make any payments to a Sanctioned Entity or a Sanctioned Person, to fund any investments, loans, or contributions in, or otherwise made such proceeds available to, a Sanctioned Entity or a Sanctioned Person, to fund any operations, activities or business of a Sanctioned Entity or a Sanctioned Person, to fund any operations, activities or business of a Sanctioned Entity or a Sanctioned Person, or in any other manner that would result in a violation of Sanctions by any Person and (z) no part of the proceeds of any Loan or Letter of Credit will be used, directly or (to the reasonable knowledge of any Loan Party) indirectly, in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Sanctions, Anti-Corruption Laws, or Anti-Money Laundering Laws). From and after the Fifth Amendment Closing Date, Borrower will, and will only permit its Subsidiaries and Parent, to use proceeds of any loan made hereunder and proceeds of Collateral in accordance with the Budget to enable the Loan Parties to pay (y) the disbursements in such amounts and at such times payable as set forth in the Budget, subject to any variance permitted by Section 6.14, and (z) all Obligations (including Lender Group Expenses) as and when due and payable in accordance with the terms of the Loan Documents.

(l) New Section 6.14 is hereby added to the Credit Agreement, immediately following Section 6.13 of the Credit Agreement, as follows:

Section 6.14 **Budget**. Commencing with the first Friday following the Fifth Amendment Closing Date, Borrower and Parent will not permit the aggregate amount of the actual disbursements of the Loan Parties and their Subsidiaries to exceed one hundred ten percent (110%) of the budgeted amount of the aggregate disbursements set forth in the Budget, in each case for the preceding one week period ending on such date.

(m) Section 7(a) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(a) **Minimum EBITDA**. Achieve EBITDA, measured on a month-end basis, of at least the required amount set forth in the following table for the applicable period set forth opposite thereto:

| Applicable Amount | Applicable Period |
|---|---|
| $(505,000) | For the 12-month period ending August 31, 2019 |
| $(752,000) | For the 12-month period ending September 30, 2019 |
| $(850,000) | For the 12-month period ending October 31, 2019 |
| $(597,000) | For the 12-month period ending November 30, 2019 |
| $(608,000) | For the 12-month period ending December 31, 2019 |
| $(289,000) | For the 12-month period ending January 31, 2020 |
| $(124,000) | For the 12-month period ending February 29, 2020 |
| $(195,000) | For the 12-month period ending March 31, 2020 |
| $(683,000) | For the 12-month period ending April 30, 2020 |
| $(560,000) | For the 12-month period ending May 31, 2020 |
| $(368,000) | For the 12-month period ending June 30, 2020 |
| $(374,000) | For the 12-month period ending July 31, 2020 and for the 12-month period ending on the last day of each month thereafter |

(n) Section 7(b) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(b) **Minimum Liquidity**. Maintain Liquidity of at least (i) $2,500,000 at all times during the period from and after the Fifth Amendment Closing Date through and including December 31, 2019 and (ii) $3,000,000 at all times from and after January 1, 2020.

(o) Clause (a) of Section 8.2 of the Credit Agreement is hereby amended by deleting the phrase "or 5.14 of this Agreement," therein and inserting "5.14, 5.15, 5,16, 5.17, 5.18, and 5.19 of this Agreement," in lieu thereof.

(p) Section 17.11 of the Credit Agreement is hereby amended and restated in its entirety as follows:

> 17.11 **Patriot Act; Due Diligence**. Each Lender that is subject to the requirements of the Patriot Act hereby notifies the Loan Parties that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow such Lender to identify each Loan Party in accordance with the Patriot Act. In addition, Agent and each Lender shall have the right to periodically conduct due diligence on all Loan Parties, their senior management and key principals and their legal and beneficial owners. Each Loan Party agrees to cooperate in respect of the conduct of such due diligence and further agrees that the reasonable costs and charges for any such due diligence by Agent shall constitute Lender Group Expenses hereunder and be for the account of Borrower.

(q) Schedule 1.1 of the Credit Agreement is hereby amended by amending and restating the definitions of "Base Rate", "Credit Amount", "Federal Funds Rate", "LIBOR Rate", "Maturity Date", "Sanctioned Entity", and "Sanctioned Person" in their entirety as follows:

> "Base Rate" means the greatest of (a) the Federal Funds Rate plus ½%, (b) the LIBOR Rate (which rate shall be calculated based upon an Interest Period of 1 month and shall be determined on a daily basis), plus 1 percentage point, and (c) the rate of interest announced, from time to time, within Wells Fargo at its principal office in San Francisco as its "prime rate", with the understanding that the "prime rate" is one of Wells Fargo's base rates (not necessarily the lowest of such rates) and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto and is evidenced by the recording thereof after its announcement in such internal publications as Wells Fargo may designate (and, if any such announced rate is below zero, then the rate determined pursuant to this clause (c) shall be deemed to be zero).

> "Credit Amount" means the result of (a) 0.50 times (b) TTM Recurring Revenue calculated as of the last month for which financial statements have most recently been delivered pursuant to Section 5.1 of the Agreement minus the aggregate amount of reserves, if any, established by Agent under Section 2.1(c) of the Agreement.

> "Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal to, for each day during such period, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System, as published on the next succeeding Business Day by the Federal

Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by Agent from three Federal funds brokers of recognized standing selected by it (and, if any such rate is below zero, then the rate determined pursuant to this definition shall be deemed to be zero).

"LIBOR Rate" means the rate per annum as published by ICE Benchmark Administration Limited (or any successor page or other commercially available source as Agent may designate from time to time) as of 11:00 a.m., London time, 2 Business Days prior to the commencement of the requested Interest Period, for a term, and in an amount, comparable to the Interest Period and the amount of the LIBOR Rate Loan requested (whether as an initial LIBOR Rate Loan or as a continuation of a LIBOR Rate Loan or as a conversion of a Base Rate Loan to a LIBOR Rate Loan) by Borrower in accordance with the Agreement (and, if any such published rate is below zero, the LIBOR Rate shall be deemed to be zero), which determination shall be made by Agent and shall be conclusive in the absence of manifest error. Each determination of the LIBOR Rate shall be made by Agent and shall be conclusive in the absence of manifest error.

"Maturity Date" means August 21, 2020.

"Sanctioned Entity" means (a) a country or territory or a government of a country or territory, (b) an agency of the government of a country or territory, (c) an organization directly or indirectly controlled by a country or territory or its government, or (d) a Person resident in or determined to be resident in a country or territory, in each case of clauses (a) through (d) that is a target of Sanctions, including a target of any country sanctions program administered and enforced by OFAC.

"Sanctioned Person" means, at any time (a) any Person named on the list of Specially Designated Nationals and Blocked Persons maintained by OFAC, OFAC's consolidated Non-SDN list or any other Sanctions-related list maintained by any Governmental Authority, (b) a Person or legal entity that is a target of Sanctions, (c) any Person operating, organized or resident in a Sanctioned Entity, or (d) any Person directly or indirectly owned or controlled (individually or in the aggregate) by or acting on behalf of any such Person or Persons described in clauses (a) through (c) above.

(r) The defined terms "Acceptable Transaction", "Anti-Corruption Laws", "Anti-Money Laundering Laws", "Budget", "Consultant", "FCPA", "Fifth Amendment Closing Date", "Initial Budget", "Montefiore", "Payoff Covenants", "Payoff Documentation", "Payoff Transaction", "PIK Rate", "Sanctions", and "Term Sheet" are hereby added to Schedule 1.1 to the Credit Agreement in their proper alphabetical order as follows:

"Acceptable Transaction" has the meaning specified therefor in Section 5.16(a) of the Agreement.

"Anti-Corruption Laws" means the FCPA, the U.K. Bribery Act of 2010, as amended, and all other applicable laws and regulations or ordinances concerning or relating to bribery, or corruption in any jurisdiction in which any Loan Party or any of its Subsidiaries or Affiliates is located or is doing business.

"Anti-Money Laundering Laws" means the applicable laws or regulations in any jurisdiction in which any Loan Party or any of its Subsidiaries or Affiliates is located or is doing business that relates to money laundering, any predicate crime to money laundering, or any financial record keeping and reporting requirements related thereto.

"Budget" means the budget, in form and substance reasonably satisfactory to Agent, prepared by the Loan Parties' management, and, if requested by Agent, in consultation with the Consultant, projecting the operations of Loan Parties and their Subsidiaries for the following 13-week period, including, a cash flow forecast that includes forecasts of cash receipts, disbursements, Liquidity, Availability and such other information as Agent may reasonably request from time to time, which 13-week cash flow forecast shall also include a reconciliation of actual results against prior forecasts, including any variance constituting a breach of Section 6.14 of the Agreement and which shall be updated on a weekly basis delivered on or prior to Tuesday of each week, as of the prior week ended on Friday, delivered to Agent in accordance with Section 5.1 of the Agreement, and, upon acceptance in writing (which may be by e-mail) by Agent in its sole discretion, the prior Budget, as modified by such updated 13- week cash flow forecast, shall then constitute the Budget.

"Consultant" has the meaning specified therefor in Section 5.18 of the Agreement.

"FCPA" means the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder.

"Fifth Amendment Closing Date" means September 11, 2019.

"Initial Budget" means the Budget prepared by the Loan Parties' management in consultation with the Consultant, and delivered to Agent on or about the Fifth Amendment Closing Date, a copy of which is attached hereto as Exhibit B-2.

"Montefiore" has the meaning specified therefor in Section 5.15 of the Agreement.

"Payoff Covenants" has the meaning specified therefor in Section 5.16(a) of the Agreement.

"Payoff Documentation" has the meaning specified therefor on Schedule 5.16 to the Agreement.

"Payoff Transaction" has the meaning specified therefor in Section 5.16(a) of the Agreement.

"PIK Rate" means 2.75 percentage points per annum.

"Sanctions" means individually and collectively, respectively, any and all economic sanctions, trade sanctions, financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes anti-terrorism laws and other sanctions laws, regulations or embargoes, including those imposed, administered or enforced from time to time by: (a) the United States of America, including those administered by OFAC, the U.S. Department of State, the U.S. Department of Commerce, or through any existing or future executive order, (b) the United Nations Security Council, (c) the European Union or any European Union member state, (d) Her Majesty's Treasury of the United Kingdom, or (e) any other Governmental Authority with jurisdiction over any member of Lender Group or any Loan Party or any of their respective Subsidiaries or Affiliates.

"Term Sheet" has the meaning specified therefor on Schedule 5.16 of the Agreement.

(s) New Exhibit B-2 is hereby added to the Credit Agreement, immediately following Exhibit B-1 to the Credit Agreement, in the form attached hereto as Exhibit B-2.

(t) Schedule 5.1 of the Credit Agreement is hereby amended and restated in its entirety in the form attached hereto as Schedule 5.1.

(u) New Schedule 5.16 is hereby added to the Credit Agreement, immediately following Schedule 5.1 to the Credit Agreement, in the form attached hereto as Schedule 5.16.

3. Continuing Effect. Except as expressly set forth in Section 2 of this Agreement, nothing in this Agreement shall constitute a modification or alteration of the terms, conditions or covenants of the Credit Agreement or any other Loan Document, or a waiver of any other terms or provisions thereof, and the Credit Agreement and the other Loan Documents shall remain unchanged and shall continue in full force and effect, in each case as amended hereby.

4. Reaffirmation and Confirmation. Each Loan Party party hereto hereby ratifies, affirms, acknowledges and agrees that the Credit Agreement and the other Loan Documents to which it is a party represent the valid, enforceable and collectible obligations of such Loan Party, and further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Credit Agreement or any other Loan Document. Each Loan Party party hereto hereby agrees that this Agreement in no way acts as a release or relinquishment of the Liens and rights securing payments of the Obligations. The Liens and rights securing payment of the Obligations are hereby ratified and confirmed by each Loan Party party hereto in all respects.

5. Conditions to Effectiveness. This Agreement shall become effective upon the satisfaction of the following conditions precedent:

(a) Agent shall have received a copy of this Agreement executed and delivered by Agent, the Lenders and the Loan Parties, together with each other document, instrument and agreement listed on the closing checklist attached hereto as Exhibit A;

(b) Borrower shall have paid all fees due and payable on the date hereof pursuant to the Loan Documents; and

(c) no Default or Event of Default shall have occurred and be continuing on the date hereof or as of the date of the effectiveness of this Agreement.

6. Representations and Warranties. In order to induce Agent and Lenders to enter into this Agreement, each Loan Party party hereto hereby represents and warrants to Agent and Lenders that:

(a) After giving effect to this Agreement, all representations and warranties contained in the Loan Documents to which such Loan Party is a party are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date of this Agreement, as though made on and as of the date of this Agreement (except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of such earlier date);

(b) no Default or Event of Default has occurred and is continuing; and

(c) This Agreement and the Loan Documents, as amended hereby, constitute legal, valid and binding obligations of such Loan Party and are enforceable against such Loan Party in accordance with their respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally.

7. Miscellaneous.

(a) Expenses. Borrower agrees to pay on demand all reasonable costs and expenses of Agent and the Lenders (including reasonable attorneys' fees) incurred in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and all other instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith. All obligations provided herein shall survive any termination of this Agreement and the Credit Agreement as amended hereby.

(b) Choice of Law and Venue; Jury Trial Waiver; Reference Provision. Without limiting the applicability of any other provision of the Credit Agreement or any other

Loan Document, the terms and provisions set forth in Section 12 of the Credit Agreement are expressly incorporated herein by reference.

(c) Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

8. Release; Covenant Not to Sue.

(a) In consideration of the agreements of Agent and Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Loan Party, on behalf of itself and its successors, assigns, and its present and former members, managers, shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents, legal representatives and other representatives (each Loan Party and all such other Persons begin hereinafter referred to collectively as the "Releasing Parties" and individually as a "Releasing Party"), hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges Agent and Lenders, and their successors and assigns, and their present and former shareholders, members, managers, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents, legal representatives and other representatives (Agent, each Lender and all such other Persons being hereinafter referred to collectively as the "Releasees" and individually as a "Releasee"), of and from all demands, actions, causes of action, suits, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever (individually, a "Claim" and collectively, "Claims") of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which such Releasing Party may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Agreement for or on account of, or in relation to, or in any way in connection with this Agreement, the Credit Agreement, or any of the other Loan Documents or any of the transactions thereunder or related thereto. For the avoidance of doubt, the foregoing release is only a release of Claims that exist on or prior to the date of this Amendment and is not a release of any Claims that may arise in the future.

(b) Each Loan Party understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) Each Loan Party agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.

(d) Each Releasing Party hereby absolutely, unconditionally and irrevocably covenants and agrees with and in favor of each Releasee that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any Claim released, remised and discharged by any Releasing Party pursuant to this Section 8. If any Releasing Party violates the foregoing covenant, each Loan Party, for itself and its successors and assigns, and its present and former members, managers, shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents, legal representatives and other representatives, agrees to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by any Releasee as a result of such violation.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their respective officers thereunto duly authorized and delivered as of the date first above written.

**STREAMLINE HEALTH SOLUTIONS, INC.**,
a Delaware corporation, as Parent

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

**STREAMLINE HEALTH, INC.**,
an Ohio corporation, as Borrower

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

**WELLS FARGO BANK, NATIONAL ASSOCIATION**,
a national banking association, as Agent and as a Lender

By: /s/ Jon Lareau
Name: Jon Lareau
Its Authorized Signatory

**Exhibit 31.1**

STREAMLINE HEALTH SOLUTIONS, INC.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a - 14(a) OR 15(d) - 14(a) OF THE EXCHANGE ACT, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Wyche T. "Tee" Green, III, certify that:

I have reviewed this quarterly report on Form 10-Q of Streamline Health Solutions, Inc.;

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

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

The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

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

All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

| | |
|---|---|
| September 12, 2019 | /s/ Wyche T. "Tee" Green, III |
| | Chief Executive Officer and President |

**Exhibit 31.2**

STREAMLINE HEALTH SOLUTIONS, INC.

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a - 14(a) OR 15(d) - 14(a) OF THE EXCHANGE ACT, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas J. Gibson, certify that:

I have reviewed this quarterly report on Form 10-Q of Streamline Health Solutions, Inc.;

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

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

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

| | |
|---|---|
| September 12, 2019 | /s/ Thomas J. Gibson |
| | Chief Financial Officer |

**Exhibit 32.1**

STREAMLINE HEALTH SOLUTIONS, INC.

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

I, Wyche T. "Tee" Green, III, Chief Executive Officer and President of Streamline Health Solutions, Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C Section 1350, that:

(1) The quarterly report on Form 10-Q of the Company for the quarter ended July 31, 2019 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition, and results of operations of the Company.

/s/ Wyche T. "Tee" Green, III
Wyche T. "Tee" Green, III
Chief Executive Officer and President
September 12, 2019

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

**Exhibit 32.2**

STREAMLINE HEALTH SOLUTIONS, INC.

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

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

(1) The quarterly report on Form 10-Q of the Company for the quarter ended July 31, 2019 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition, and results of operations of the Company.

/s/ Thomas J. Gibson
Thomas J. Gibson
Chief Financial Officer
September 12, 2019

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