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

# FORM 10-K

(Mark One)

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

For the fiscal year ended January 31, 2024

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

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

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

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

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

**Securities registered pursuant to Section 12(g) of the Act:**
**None**

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

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

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

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

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

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

Emerging growth company ☐

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

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

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

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

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant, computed using the closing price as reported by The NASDAQ Stock Market, Inc. for the Registrant's Common Stock on July 31, 2023, the last business day of the Registrant's most recently completed second fiscal quarter, was $57,165,443.

The number of shares outstanding of the Registrant's Common Stock, $0.01 par value per share, as of April 26, 2024 was 65,362,533.

**Documents incorporated by reference:**

Information required by Part III is incorporated by reference from the Registrant's Proxy Statement for its 2024 annual meeting of stockholders or an amendment to this Annual Report on Form 10-K, which will be filed with the Securities and Exchange Commission within 120 days after the end of its fiscal year ended January 31, 2024.

## FORWARD-LOOKING STATEMENTS

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

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

- competitive products and pricing;
- product demand and market acceptance;
- entry into new markets;
- the possibility that any of the anticipated benefits of the acquisition of Avelead Consulting, LLC ("Avelead") will not be realized or will not be realized within the expected time period, the businesses of the Company and the Avelead segment may not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected, customers may terminate and/or decrease the use of our products and services, or revenues following the Avelead acquisition may be lower than expected;
- 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
- the extent to which health epidemics and other outbreaks of communicable diseases could disrupt our operations and/or materiality and adversely affect our business and financial conditions;
- our ability to maintain compliance with the continued listing standards of the Nasdaq Capital Market ("Nasdaq").

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

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

PART I

## Item 1. *Business*

### Company Overview

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

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

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

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

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

### Solutions

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

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

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

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

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

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

**Professional Services**

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

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

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

**Clients and Strategic Partners**

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

During fiscal 2023, one individual client accounted for 10% or more of our revenue and represented approximately $5.1 million of total revenue. During fiscal 2022, two individual clients accounted for 10% or more of our revenue and represented approximately $7.9 million of total revenue. A SaaS client who accounted for approximately $4.4 million, or 19%, and $4.2 million, or 17%, of our revenues for fiscal 2023 and fiscal 2022, respectively, did not renew a contract with the Company, effective December 31, 2023. Four clients represented 14%, 12%, 12% and 11% respectively, of accounts receivable as of January 31, 2024, and four clients represented 13%, 12%, 12% and 10%, respectively, of accounts receivable as of January 31, 2023. Many of our clients are invoiced on an annual basis.

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

**Acquisitions**

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

The Company acquired all of the equity interests of Avelead as part of the Company’s strategic expansion into the revenue cycle management, acute-care healthcare space. The acquisition was completed on August 16, 2021. The aggregate consideration for the purchase of Avelead was approximately $29.7 million (at fair value) consisting of (i) $12.5 million in cash, net of cash acquired, (ii) $6.5 million in common stock, and (iii) approximately $10.7 million in contingent consideration. The Company issued 5,021,972 shares of its restricted common stock to Avelead equity holders in connection with the acquisition. See Note 3 - Business Combination to our consolidated financial statements included in Part II Item 8, “Financial Statements and Supplementary Data” for additional information regarding the acquisition.

**Business Segments**

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

For fiscal 2022, the Company had two reporting units for evaluation of goodwill: Streamline Solutions and Avelead Solutions. The Company determined that, effective January 1, 2023, it has one reporting unit for purposes of evaluation of goodwill, which was used for evaluation of goodwill for fiscal 2023. At the end of fiscal 2022, the Company consolidated and combined its operations for Streamline Solutions and Avelead Solutions. For total assets at January 31, 2024 and 2023 and total revenue and net loss for the fiscal years ended January 31, 2024 and 2023, see our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” herein.

**Contracts, License and Services Fees**

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

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

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

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

The commencement of revenue recognition on software solutions varies depending on the size and complexity of the system and/or services involved, the implementation or performance schedule requested by the client and usage by clients of SaaS for software-based components. The Company's agreements are generally non-cancellable but provide that the client may terminate its agreement upon a material breach by the Company and/or may delay certain aspects of the installation or associated payments in such events. The Company does allow for termination for convenience in certain situations. Therefore, it is difficult for the Company to accurately predict the revenue it expects to achieve in any particular period, and a termination or installation delay of one or more phases of an agreement, or the failure of the Company to procure additional agreements, could have a material adverse effect on the Company's business, financial condition, and results of operations, as further discussed in Part 1, Item 1A, "Risk Factors" herein. In the third quarter of fiscal 2023, the Company received a notice from a significant SaaS client who accounted for approximately 19% and 17% of our revenue for fiscal 2023 and fiscal 2022, respectively, of its intent not to renew its contract following the expiration of the current term on December 31, 2023. With the exception of the foregoing, the Company has not historically experienced a material amount of contract cancellations; however, the Company sometimes experiences delays in the course of contract performance and the Company accounts for them accordingly.

**Third-Party License Fees**

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

**Associates**

As of January 31, 2024, the Company had 77 employees, a net decrease of 35 employees during fiscal 2023. All employees are full-time employees. The Company utilizes independent contractors to supplement its staff, as needed. None of the Company's associates are represented by a labor union or subject to a collective bargaining agreement. The Company has never experienced a work stoppage and believes that its employee relations are good. The Company's success depends, to a significant degree, on its management, sales and technical personnel.

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

**Competition**

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

The eValuator product has numerous competitors in the auditing software industry. The Company believes eValuator is unique in that it is designed and has the requisite workflow to perform audits on a pre-bill basis. The Company believes it is an industry leader in pre-bill auditing technology. We have seen competition on similar products that are being utilized by clients as a pre-bill auditing tool, such as PwC Smart and 3M, however, these similar products are intended to be utilized for post-bill auditing which is a different workflow than what is necessary for pre-bill auditing. We expect to have competition in the pre-bill technology industry. Client processes dictate that correcting errors prior to billing is more efficient and effective than having an audit after billing. There will be larger and more sophisticated competitors than our Company. Accordingly, using the time we have to gain market share prior to direct competition is critical to the Company's success.

The Compare product has little direct competition outside of manual reconciliations. The Company believes few systems exist that can accurately compare the various software systems used by hospitals. Examples of potential competitors include Vitalware, Craneware and FinThrive's Chargemaster toolkit. The Company believes Compare is unique because it can be easily fine-tuned to work with a wide array of hospital systems to create a bespoke offering for specific clients, easing transitions to new platforms or acting as an ongoing maintenance check tool.

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

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

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

**Additional Intellectual Property Rights**

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

**Regulations**

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

**Environmental Matters**

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

**Code of Business Conduct and Ethics**

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

**Available Information**

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

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

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

## Risks Relating to Our Business

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

Our revenues have been concentrated in a relatively small number of large clients, and we have historically derived a substantial percentage of our total revenue from a few clients. For the fiscal years ended January 31, 2024 and 2023, our five largest clients accounted for 38% and 46%, respectively, of our total revenue. A client who accounted for approximately $4.4 million, or 19%, of our revenue for fiscal 2023, and $4.2 million, or 17%, of our revenue for fiscal 2022, terminated its contract with the Company, effective December 31, 2023. If one or more clients terminate all or any portion of a master agreement, delay installations or if we fail to procure additional agreements, there could be a material adverse effect on our business, financial condition and results of operations. See Note 9 - Major Clients to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data”, herein for further information regarding representation of the Company’s largest individual major clients.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company generally does not allow for termination of a client's agreement except at the end of the agreed upon term or for cause. However, certain of the Company's client contracts provide that the client may terminate the contract without cause prior to the end of the term of the agreement by providing written notice, sometimes with relatively short notice periods. In the third quarter of fiscal 2023, a client who accounted for approximately $4.4 million, or 19%, of our revenue for fiscal 2023, and $4.2 million, or 17%, of our revenue for fiscal 2022, terminated its contract with the Company, effective December 31, 2023. The Company also provides trial or evaluation periods for certain clients, especially for new products and services. Furthermore, there can be no assurance that a client will not cancel all or any portion of an agreement, even without an express early termination right, and the Company may face additional costs or hardships collecting on amounts owed if a client terminates an agreement without such a right. Whether resulting from termination for cause or the limited termination for convenience rights discussed above, the existence of contractual relationships with these clients is not an assurance that we will continue to provide services for our clients through the entire term of their respective agreements. If clients representing a significant portion of our revenue terminated their agreements unexpectedly, we may not, in the short-term, be able to replace the revenue and income from such contracts and this would have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. In addition, client contract terminations could harm our reputation within the industry, especially any termination for cause, which could negatively impact our ability to obtain new clients.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Loan Agreement also includes negative covenants, subject to exceptions, which limit transfers, capital expenditures, indebtedness, certain liens, investments, acquisitions, dispositions of assets, restricted payments and the business activities of the Company, as well as customary representations and warranties, affirmative covenants and events of default, including cross defaults and a change of control default. Specifically, the Loan Agreement requires us to satisfy a Maximum ARR Net Leverage Ratio, Maximum Debt to Adjusted EBITDA Ratio, and Fixed Charge Coverage Ratio (as such terms are defined in the Loan Agreement) and maintain minimum Adjusted EBITDA on an ongoing basis, measured at the end of each fiscal quarter. For the period ended January 31, 2024, the Company was not in compliance with certain financial covenants under the Loan Agreement; however, on February 7, 2024, the Company received a waiver from WAB pursuant to that certain Third Modification and Waiver (the "Third Modification") to the Loan Agreement (see Refer to Note 14 – Subsequent Events to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for additional information regarding the Third Modification.).

If we do not maintain compliance with all of the continuing covenants and other terms and conditions of our existing credit facilities 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.

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

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

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

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

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

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

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

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

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

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

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

## Risks Relating to our Common Stock

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

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

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

Most of these factors are beyond our control. Further, as a result of our relatively small public float, our common stock may be less liquid, and the trading price for our common stock may be more 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 and any preferred stock that we may issue in the future will have priority over our common stock with respect to payment in the event of a bankruptcy, liquidation, dissolution or winding up.***

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

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

As of January 31, 2024, we had outstanding options and warrants to purchase 67,500 and no shares of the Company's common stock, respectively. The exercise of such options and warrants and conversion of convertible securities would dilute the ownership percentages of our existing stockholders, and any sales in the public market of common stock underlying such securities could adversely affect prevailing market prices for our common stock. We are generally not restricted from issuing in public or private offerings additional shares of common stock or preferred stock, and other securities that are convertible into or exchangeable for, or that represent a right to receive, common stock or preferred stock or any substantially similar securities. Such offerings represent the potential for a significant increase in the number of outstanding shares of our common stock. The market price of our common stock could decline as a result of sales of common stock, preferred stock or similar securities in the market made after an offering or the perception that such sales could occur.

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

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

As of January 31, 2024, we had no shares of preferred stock outstanding.

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

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

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

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

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

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

We are required to maintain a minimum bid price of $1.00 per share. On October 24, 2023, we received a letter from the Listing Qualifications Department (the "Staff") of the Nasdaq Stock Market indicating that the closing bid price of our common stock had been below the minimum bid price of $1.00 per share for the previous 30 consecutive business days, which is required for continued listing on The Nasdaq Capital Market pursuant to Nasdaq Listing Rule 5550(a)(2) (the "Minimum Bid Price Requirement").

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), Nasdaq has provided the Company with 180 calendar days, or until April 22, 2024, to regain compliance with the Minimum Bid Price Requirement. During this period, our common stock will continue to trade uninterrupted on The Nasdaq Capital Market under the symbol “STRM.” To regain compliance, the closing bid price of our common stock must be at least $1.00 for a minimum of 10 consecutive business days at any time before April 22, 2024. If by April 22, 2024, the Company cannot demonstrate compliance with the Minimum Bid Price Requirement, it may be eligible for additional time, subject to meeting the continued listing requirements for The Nasdaq Capital Market, with the exception of the Minimum Bid Price Requirement. If the Company meets these requirements, we will have an additional 180 calendar days to comply with the Minimum Bid Price Requirement to maintain the listing of our common stock on The Nasdaq Capital Market. If we are not eligible for the second compliance period, the Staff will provide notice that our common stock will be subject to delisting, which determination may be appealed to the Nasdaq Hearings Panel.

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

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

**Note Regarding Risk Factors**

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

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

None.

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

**Risk Management and Strategy**

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

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

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

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

**Governance**

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

**Item 2.** ***Properties***

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

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

Prior to occupying the subleased office space located in Alpharetta, Georgia, the Company occupied shared office space under a membership agreement which provides for membership fees based on the number of contracted seats.

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

**Item 3.** ***Legal Proceedings***

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

**Item 4.** ***Mine Safety Disclosures***

Not applicable.

## PART II

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

The Company's common stock trades on the NASDAQ Capital Market under the symbol STRM.

According to the Company's stock transfer agent's records, the Company had 215 stockholders of record as of April 29, 2024. Because brokers and other institutions on behalf of stockholders hold many of such shares, the Company is unable to determine with complete accuracy the current total number of stockholders represented by these record holders. The Company estimates that it has approximately 2,728 stockholders, based on information provided by Broadridge Financial Solutions.

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

For the fiscal year ended January 31, 2024, we issued an aggregate of 459,117 shares of common stock to 180 Consulting (as defined below) as compensation for services provided pursuant to the Master Services Agreement, effective March 19, 2020, by and between the Company and 180 Consulting and related statements of work. The shares were issued in reliance on the exemption from registration available under Section 4(a)(2) of the Securities Act and the certificates representing such shares have a legend imprinted on them stating that the shares have not been registered under the Securities Act and cannot be transferred until properly registered under the Securities Act or pursuant to an exemption from such registration.

180 Consulting has earned, cumulatively, through the Master Services Agreement, 1,479,911 shares of common stock through January 31, 2024. 206,517 shares of common stock were earned but not issued as of the end of our fiscal year ended January 31, 2024. In June 2023, the Company filed a Registration Statement on Form S-3 to register 394,127 shares of common stock that were previously issued to 180 Consulting pursuant to Rule 416 of the Securities Act of 1933. See Note 12 – Commitments and Contingencies to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data".

The following table sets forth information with respect to our repurchases of common stock during the three months ended January 31, 2024:

| | Total Number of Shares Purchased (1) | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares that May Yet Be Purchased under the Plans or Programs |
|---|---|---|---|---|
| November 1 - November 30 | 14,529 | $ 0.43 | — | — |
| December 1 - December 31 | — | — | — | — |
| January 1 - January 31 | — | — | — | — |
| Total | 14,529 | $ 0.43 | — | — |

(1) Amount represents shares surrendered by employees to satisfy tax withholding obligations resulting from restricted stock that vested during the three months ended January 31, 2024.

**Item 6. [Reserved]**

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

**Executive Overview**

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

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

By focusing on the intermediary stages of the revenue cycle, we believe we offer a distinctive and compelling value proposition that can help us attract more clients. Through innovation and strategic acquisitions, we have broadened our target markets beyond inpatient facilities to encompass outpatient centers, clinics, and physician practices. Our suite of revenue cycle solutions, including eValuator and RevID, is highly competitive, enabling us to secure five significant new clients and our first enterprise client (using multiple products) in fiscal 2023. These clients represent some of the most renowned names in healthcare, reflecting our salesforce's emphasis on industry-leading organizations whose processes often serve as benchmarks for smaller facilities.

On October 16, 2023, the Company announced it was executing a strategic restructuring designed to reduce expenses while maintaining the Company's ability to expand its SaaS business (the "Strategic Restructuring"). The Strategic Restructuring initiatives included a reduction in force, resulting in the termination of 26 employees, or approximately 24% of the Company's workforce. To execute the Strategic Restructuring, the Company recognized one-time restructuring costs associated with the workforce reduction of $759,000, which consisted of approximately $731,000 in severance and other employee termination-related expenses and approximately $28,000 in incurred legal fees, in fiscal 2023. The Company expects to realize approximately $5,800,000 in annualized cost savings as a result of the Strategic Restructuring. Approximately 60% of the expected savings related to the reduction in force were realized during the fourth quarter of fiscal 2023. The remaining expected cost savings are vendor-related expenses which are expected to be recognized beginning in the first quarter of fiscal 2024.

***Acquisitions***

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

***Macro-Economic Conditions***

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

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

## Results of Operations

**Statements of Operations for the fiscal years ended January 31, 2024 and 2023 (in thousands):**

| | 2024 | 2023 | $ Change | % Change |
|---|---|---|---|---|
| Software as a Service | $ 14,075 | $ 12,326 | $ 1,749 | 14% |
| Maintenance and Support | 4,318 | 4,483 | (165) | (4)% |
| Professional fees and licenses | 4,203 | 8,080 | (3,877) | (48)% |
| Total revenues | 22,596 | 24,889 | (2,293) | (9)% |
| Cost of sales | 11,053 | 13,395 | (2,342) | (17)% |
| Selling, general and administrative | 14,710 | 16,283 | (1,573) | (10)% |
| Research and development | 5,704 | 6,042 | (338) | (6)% |
| Impairment of goodwill | 9,813 | — | 9,813 | 100% |
| Impairment of long-lived assets | 963 | — | 963 | 100% |
| Total operating expenses | 42,243 | 35,720 | 6,523 | 18% |
| Operating loss | (19,647) | (10,831) | (8,816) | 81% |
| Other (expense) income, net | 904 | (477) | 1,381 | (290)% |
| Income tax benefit (expense) | 46 | (71) | 117 | (165)% |
| Net loss | $ (18,697) | $ (11,379) | $ (7,318) | (64)% |
| Adjusted EBITDA(1) | $ (1,386) | $ (3,757) | $ 2,371 | 63% |

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

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

**Statements of Operations (1)**

| | Fiscal Year | |
|---|---|---|
| | **2023** | **2022** |
| Software as a service | 62.3% | 49.5% |
| Maintenance and support | 19.1 | 18.0 |
| Professional fees and licenses | 18.6 | 32.5 |
| Total revenues | 100% | 100% |
| Cost of sales | 48.9% | 53.8% |
| Selling, general and administrative | 65.1 | 65.4 |
| Research and development | 25.2 | 24.3 |
| Impairment of goodwill | 43.4 | — |
| Impairment of long-lived assets | 4.3 | — |
| Total operating expenses | 186.9% | 143.5% |
| Operating loss | (86.9)% | (43.5)% |
| Other (expense) income, net | 4.0 | (1.9) |
| Income tax benefit (expense) | 0.2 | (0.3) |
| Net loss | (82.7)% | (45.7)% |
| | | |
| Cost of Sales to Revenues ratio, by revenue stream: | | |
| Software as a service | 46.7% | 51.6% |
| Maintenance and support | 7.3% | 9.5% |
| Professional fees and licenses | 99.1% | 81.8% |

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

**Comparison of Fiscal 2023 with Fiscal 2022**

***Revenues***

| | Fiscal Year | | 2023 to 2022 Change | |
|---|---|---|---|---|
| **(in thousands):** | **2023** | **2022** | **$** | **%** |
| Software as a service | $ 14,075 | $ 12,326 | $ 1,749 | 14% |
| Maintenance and support | 4,318 | 4,483 | (165) | (4)% |
| Professional fees and licenses | 4,203 | 8,080 | (3,877) | (48)% |
| Total Revenues | $ 22,596 | $ 24,889 | $ (2,293) | (9)% |

*Software as a service (SaaS)* — Revenues from SaaS are primarily comprised of the Company’s flagship products; eValuator and RevID. Revenues from SaaS in fiscal 2023 were $14,075,000, as compared to $12,326,000 in fiscal 2022. The $1,749,000 increase in SaaS revenue was primarily attributable to new client wins, incremental sales to existing clients and recognition of a full year of revenue from certain clients that implemented our solutions during fiscal 2022, partially offset by client non-renewals. In fiscal 2023, the Company received notice from a significant SaaS client of its intent not to renew its contract following the expiration of the current term on December 31, 2023. Fiscal 2023 SaaS revenue reflects losing one month of revenue related to that client. The Company expects minimal growth in its SaaS business year-over-year but expects sequential growth in each quarter of fiscal 2024 as the Company replenishes the lost revenue related to the non-renewal of the client contract. At January 31, 2024, the Company had approximately $3,900,000 in SaaS annual contract value for contracts that has not been implemented.

*Maintenance and support* — Revenues from maintenance and support are derived from our legacy CDI and Abstracting products. In fiscal 2023, these revenues were slightly lower as compared to fiscal 2022. $381,000 of the revenue decline was the result of site terminations and reductions, which was offset by $137,000 of new sales acquired through our channel partner and $78,000 of new revenue from existing clients related to CPI adjustments. As the Company maintains its focus on SaaS products the Company expects maintenance and support revenue will continue to decrease in fiscal 2024 as a result of pricing pressure, anticipated non-renewal of contracts and minimal new sales.

*Professional fees and licenses* — Revenues from professional fees and licenses include proprietary software, term license, professional services and audit and coding services revenues. Total professional fees and licenses revenues in fiscal 2023 were $4,203,000, a decline of $3,877,000 as compared to $8,080,000 in fiscal 2022.

There were no perpetual software license revenues recognized in fiscal 2023, as compared to $663,000 in fiscal 2022. The Company has primarily shifted its business from perpetual software licenses to a SaaS model. Software license sales come primarily from channel partners who were nonproductive in fiscal 2023. As a result of these channel partner relationships the Company has limited ability to influence sales of these products. Term license revenue for fiscal 2023 decreased $318,000 from fiscal 2022 to a total of $238,000 due to a term license non-renewal.

Professional services revenues in fiscal 2023 were $1,764,000 as compared to $4,319,000 in fiscal 2022. The decrease in professional services revenue was attributable to the Company and certain clients choosing at the end of fiscal 2022 to not renew consulting contracts which accounted for approximately $3,100,000 of professional services revenue in fiscal 2022. The consulting services contracts had low margins compared to our SaaS solutions and the Company does not intend to pursue such professional services contracts in the future. The decrease in professional services revenue was partially offset by $700,000 of revenue from new and ongoing implementation services for the Company’s RevID solution.

Revenues from audit and coding services in fiscal 2023 were $2,201,000, as compared to $2,542,000 in fiscal 2022. Certain revenue-generating clients from fiscal 2022 did not require audit services in fiscal 2023 resulting in a decrease of $985,000 in revenue for fiscal 2023 compared to fiscal 2022. Existing clients had various shifts in their demand for audit services that resulted in $554,000 of incremental revenue for fiscal 2023 compared to fiscal 2022. The Company believes demand for its onshore, technically proficient coders and auditors in the marketplace is strong and that it has a competitive edge in providing audit and coding services as an offering with the eValuator solution as a technology-enabled service. The Company anticipates the audit and coding services business to remain relatively flat in fiscal 2024 to support shifting demand among clients.

***Cost of Revenue***

| | Fiscal Year | | 2023 to 2022 Change | |
|---|---|---|---|---|
| **(in thousands):** | **2023** | **2022** | **$** | **%** |
| Cost of software as a service | $ 6,573 | $ 6,358 | $ 215 | 3% |
| Cost of maintenance and support | 315 | 427 | (112) | (26)% |
| Cost of professional fees and licenses | 4,165 | 6,610 | (2,445) | (37)% |
| Total cost of sales | $ 11,053 | $ 13,395 | $ (2,342) | (17)% |

*Cost of software as a service (SaaS)* — The Cost of SaaS consists of expenses associated with (i) amortization of capitalized software, (ii) royalties payable to third-parties for use of their coding related content, and (iii) personnel and network infrastructure required to deploy and support applications for each client. Expenses related to SaaS increased by $215,000 in fiscal 2023 compared to fiscal 2022, driven by an increase of $161,000 for fiscal 2023 compared to fiscal 2022 for amortization of capitalized software features that were put into service during the fiscal year. The Company expects amortization of capitalized software costs to stay relatively consistent in fiscal 2024 as compared to fiscal 2023.

Certain expenses included in our cost of SaaS are tied to volumes. These expenses include coding tools supporting eValuator and a third-party system that translates data from the hospital system to the Company's systems. In fiscal 2023 and 2022, cost of SaaS included non-cash amortization of capitalized software amounts of $2,229,000 and $2,068,000, respectively. The non-cash amounts impacted fiscal 2023 and 2022 margins by 16% and 17%, respectively. The company expects SaaS margins will expand as it implements new clients. Certain expenses included in cost of SaaS, such as labor and third-party content providers, negatively impact gross margin before a client is fully implemented and revenue is recognized.

Cost of maintenance and support – The cost of maintenance and support includes compensation and benefits for client support personnel required to provide product support for clients on our CDI and Abstracting software licenses. This cost decreased by approximately $62,000 related to staff augmentation for client support personnel in fiscal 2023 compared to fiscal 2022. The Company continuously analyzes the allocation of its support resources and adjusts their alignment accordingly as the Company shifts away from license-based software to its flagship SaaS products. The cost of maintenance and support decreased by $77,000 in fiscal 2023 compared to fiscal 2022 as a result of reduced royalties related to third party components of our CDI and Abstracting software. As clients move to other solutions, we expect these costs to continue to decline. The Company expects the overall cost of maintenance and support to remain relatively flat in fiscal 2024 compared to fiscal 2023.

Cost of professional fees and licenses – The cost of professional fees and licenses includes the cost of software licenses, the cost of professional services and the cost of audit and coding services. The aggregate cost of professional fees and licenses was $4,165,000 and $6,610,000 for fiscal 2023 and fiscal 2022 respectively. The decrease in cost of professional fees and licenses was attributable to a reduction of personnel, contractors, and expenses related to a significant consulting-based client contract that was terminated in the fourth quarter of fiscal 2022 which led to a decrease of $2,461,000 in employee, staff augmentation and related expenses for fiscal 2023 as compared to fiscal 2022. In fiscal 2023, slight increases related to the cost of providing audit services with compensation and benefits for internal audit services personnel, and related expenses resulted in total increased costs of $163,000, while outside contracting decreased by $57,000 as compared to fiscal 2022. This cost shift reflects a move from contract labor to employee labor to provide better service to our audit services clients.

Software license costs decreased $121,000 from fiscal 2022 to fiscal 2023 as a result of lower amortization of development costs associated with the Company's Coding and CDI product. The Company expects the remaining capitalized Coding and CDI software license costs to be fully amortized by the end of fiscal 2024.

The gross margin on professional fees and licenses revenue decreased in fiscal 2023 as compared to fiscal 2022 primarily due to the 48% decrease in related revenue including the high margin software license revenue.

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

| | Fiscal Year | | 2023 to 2022 Change | |
|---|---|---|---|---|
| **(in thousands):** | **2023** | **2022** | **$** | **%** |
| General and administrative expenses | $ 9,841 | $ 10,718 | $ (877) | (8)% |
| Sales and marketing expenses | 4,869 | 5,565 | (696) | (13)% |
| Total selling, general, and administrative expense | $ 14,710 | $ 16,283 | $ (1,573) | (10)% |

General and administrative expenses comprise various costs including compensation and associated benefits, reimbursable travel and entertainment expenses related to our executive and administrative staff, general corporate expenditures, amortization of intangible assets, and occupancy costs. For fiscal 2023, the decrease of $877,000 as compared to fiscal 2022 was primarily attributable to a reduction of $222,000 in employee compensation and related benefits, a $211,000 decrease in amortization costs, a $199,000 decrease in rent expense, and a $189,000 decrease in bad debt expenses as compared to fiscal 2022.

In alignment with the Company's strategic plan to streamline operations, these expenses are strategically managed to support sustainable growth, enhanced profitability, and improved cash flows. Additionally, recent adjustments in response to the loss of a major customer underscore our commitment to adaptability and resilience in challenging market conditions. This comprehensive approach reflects our commitment to simplifying our business operations while pursuing our overarching objectives.

Sales and marketing expenses primarily encompass compensation, associated benefits, travel and entertainment costs for our sales and marketing personnel. Additionally, sales and marketing expenses include costs from third parties related to advertising, marketing and trade show attendance. In fiscal 2023, sales and marketing expenses decreased by $696,000 compared to fiscal 2022. The decline in sales and marketing expense was comprised of a reduction in overall staff augmentation and other related expenses of approximately $472,000 and a reduction of $182,000 related to trade shows and various other marketing services in fiscal 2023 as compared to fiscal 2022.

For fiscal 2024, the Company expects increased expenses related to trade show participation and travel.

***Research and Development***

| | Fiscal Year | | 2023 to 2022 Change | |
|---|---|---|---|---|
| **(in thousands):** | **2023** | **2022** | **$** | **%** |
| Research and development expense | $ 5,704 | $ 6,042 | $ (338) | (6)% |
| Capitalized research and development cost | 1,697 | 2,019 | (322) | (16)% |

Research and development expenses consist primarily of employee compensation and related benefits, the use of independent contractors for specific near-term development projects and an allocated portion of general overhead costs, including occupancy costs, if material. Total research and development expense and capitalized research and development expense for fiscal 2023 were $5,704,000 and $1,697,000, respectively. The $338,000 decrease in research and development expense was driven by decreases of $529,000 for employee compensation and related benefits and a decrease of $150,000 in independent contractor expense for fiscal 2023 compared to fiscal 2022. The decrease in employee and independent contractor expenses drove a reduction of capitalized research and development cost of $322,000 in fiscal 2023 as compared to fiscal 2022. The Company continues to focus research and development activities on eValuator and RevID, its flagship SaaS solutions.

For fiscal 2023 and fiscal 2022, as a percentage of revenue, total research and development costs were approximately 23% and 25%, respectively. In fiscal 2023, the Company was awarded $61,000 from the State of Georgia for its annual research and development tax credit. At the end of fiscal 2023, the cumulative balance of unused research and development credits was $149,000. These research and development tax credits can be applied to current Georgia payroll taxes due.

***Impairment of Goodwill***

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

The Company concluded that goodwill was impaired based on the weighted combination of the discounted debt-free net cash flow and the market capitalization method value estimates which resulted in a calculated fair value lower than its carrying value. The Company recorded an impairment of goodwill in the amount of $9,813,000 for fiscal 2023, with no goodwill impairments reported in fiscal 2022.

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

Intangible assets consist of the following:

| | | January 31, 2024 | | |
|---|---|---|---|---|
| | Estimated Useful Life | Gross Assets | Accumulated Amortization | Net Assets |
| Finite-lived assets: | | | | |
| Client relationships | 10 years | $ 8,370,000 | $ 2,058,000 | $ 6,312,000 |
| Internally developed software | 9 years | 6,380,000 | 1,742,000 | $ 4,638,000 |
| Trademarks and tradenames | 15 years | 1,340,000 | 219,000 | $ 1,121,000 |
| Total | | $ 16,090,000 | $ 4,019,000 | $ 12,071,000 |

As mentioned above, in the third quarter of fiscal 2023, the Company tested long-lived assets, including intangible assets, for recoverability that, if failed, would indicate impairment as of October 31, 2023. The Company, in reviewing long-lived assets to define asset group(s), identified an abandoned asset. A separate long-lived asset for “client relationships” related to the Avelead acquisition was no longer going to be used following the Company’s determination that these services were not part of its core offerings going forward and was classified as abandoned (the “Abandoned Asset”). The Company adjusted the Abandoned Asset’s carrying value to its salvage value which would be zero given no future cash flows. In fiscal 2023, the Company recorded $963,000 for the impairment of the Abandoned Asset with no other long-lived impairments reported in fiscal 2022. The Company wrote-off the Abandoned Asset during fiscal 2023 with a gross asset value of $1,330,000. There was no impact to the consolidated statements of operations as this eliminated the asset and accumulated amortization of the fully amortized intangible assets.

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

***Other (Expense) income***

| (in thousands): | Fiscal Year 2023 | Fiscal Year 2022 | 2023 to 2022 Change $ | 2023 to 2022 Change % |
|---|---|---|---|---|
| Interest expense | $ (1,071) | $ (749) | $ (322) | 43% |
| Acquisition earnout valuation adjustments | 1,944 | 71 | 1,873 | 2638% |
| Other | 31 | 201 | (170) | (85)% |
| Total other (expense) income | $ 904 | $ (477) | $ 1,381 | (290)% |

Interest expense consists of interest associated with the term loan and the revolving line of credit, deferred financing costs, less interest related to capitalization of software. Interest expense increased in fiscal 2023 from the prior year period primarily due to the $10,000,000 term loan with Western Alliance Bank (Refer to Note 5 – Debt to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” for additional information) and higher interest rates. Further, interest rates increased at an accelerated pace in fiscal 2023. The Board of Governors of the Federal Reserve (the “Federal Reserve”) has been reacting to inflation through interest rate increases. Recent interest rate increases are expected to continue at a slower pace than that experienced in fiscal 2023. Until such time as the Federal Reserve begins to decrease interest rates, the Company expects increased interest expense (year-over-year) for fiscal 2024.

Acquisition earnout valuation adjustments for fiscal 2023 include a valuation adjustment of $1,944,000 compared to an adjustment of $71,000 for fiscal 2022. The valuation adjustment is related to the acquisition earnout liabilities associated with the Avelead acquisition (Refer to Note 3 – Business Combination of the consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data”).

Other income for fiscal 2023 and fiscal 2022 primarily includes income related to the sublease of the Alpharetta location (Refer to Note 4 – Operating Leases).

***Provision for Income Taxes***

For fiscal 2023 and fiscal 2022, we recorded income tax benefit of $46,000 and tax expense of $71,000, respectively, which is comprised of estimated federal, state, and local income tax provisions. The Company has a substantial amount of net operating losses for federal and state income tax purposes. The Company recorded an increase to the federal income tax valuation allowance in each of fiscal 2023 and fiscal 2022 of approximately $4.0 and $2.0 million, respectively, which offset related tax benefits for operating losses.

**Use of Non-GAAP Financial Measures**

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

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

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

We define: (i) EBITDA as net earnings (loss) before net interest expense, income tax expense (benefit), depreciation and amortization; (ii) Adjusted EBITDA as net earnings (loss) before net interest expense, income tax expense (benefit), depreciation, amortization, share-based compensation expense, transaction related expenses, and other expenses or benefits that do not relate to our core operations such as severance and impairment charges and debt forgiveness; and (iii) Adjusted EBITDA Margin as Adjusted EBITDA as a percentage of GAAP net revenue. EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin are used to facilitate a comparison of our operating performance on a consistent basis from period to period and provide for a 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), corporate restructuring expenses (such as severances) and other operating costs that are expected to be non-recurring in nature. Adjusted EBITDA removes the impact of share-based compensation expense, which is another non-cash item.

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

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

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

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

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

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

The following table reconciles EBITDA and Adjusted EBITDA to net loss for the fiscal years ended January 31, 2024 and 2023 (amounts in thousands). All of the items included in the reconciliation from EBITDA and Adjusted EBITDA to net loss are either recurring non-cash items, or items that management does not consider in assessing our on-going operating performance. In the case of the non-cash items, management believes that investors may find it useful to assess the Company’s comparative operating performance because the measures without such items are less susceptible to variances in actual performance resulting from depreciation, amortization and other expenses that do not relate to our core operations and are more reflective of other factors that affect operating performance. In the case of items that do not relate to our core operations, management believes that investors may find it useful to assess our operating performance if the measures are presented without these items because their financial impact does not reflect ongoing operating performance.

| | Fiscal Year | |
|---|---|---|
| **(in thousands)** | **2023** | **2022** |
| **Adjusted EBITDA Reconciliation** | | |
| Net loss | $ (18,697) | $ (11,379) |
| Interest expense | 1,071 | 749 |
| Income tax expense (benefit) | (46) | 71 |
| Depreciation and amortization | 4,229 | 4,233 |
| EBITDA | (13,443) | (6,326) |
| Share-based compensation expense | 2,102 | 1,680 |
| Impairment of goodwill | 9,813 | — |
| Impairment of long-lived assets | 963 | — |
| Non-cash valuation adjustments | (1,944) | (71) |
| Acquisition-related costs, severance, and transaction-related bonuses | 397 | 1,149 |
| Other non-recurring expenses | (33) | (189) |
| Restructuring charges | 759 | — |
| Adjusted EBITDA | $ (1,386) | $ (3,757) |
| Adjusted EBITDA margin (1) | (6)% | (15)% |

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

**Application of Critical Accounting Policies**

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

*Revenue Recognition*

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

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

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

*Capitalized Software Development Costs*

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

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

***Goodwill and Intangible Assets***

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

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

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

The Company completed its annual goodwill assessment for fiscal 2023 as of October 31, 2023. We used a weighted sum of income and market approaches to determine the fair value of the Company's goodwill. Under the income approach, the fair value was based on the present value of the estimated debt-free, discounted cash flows that the reporting unit is expected to generate. Cash flow projections were based on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. The discount rate was based on the weighted average cost of capital appropriate for the Company.

In the third quarter of fiscal 2023, the Company received a notice from a significant SaaS client of its intent not to renew its contract following the expiration of the current term on December 31, 2023. The Company also announced it was accelerating the Strategic Restructuring to reduce costs while continuing the Company's focus on expanding its SaaS operations. These announcements triggered a significant decrease in the Company's share price. Based on these factors, we determined there were indicators that the goodwill may be impaired, and accordingly, performed an interim goodwill impairment test as of October 31, 2023. The results of the impairment test showed the fair value of the reporting unit was lower than the carrying value, resulting in a $9.8 million goodwill impairment charge. As of January 31, 2024, no further impairment was required for goodwill. The remaining goodwill balance of the Company after recording the goodwill impairment charge is $13.3 million.

Also, during the third quarter of fiscal 2023, due to the factors discussed above, we assessed whether the carrying amounts of the Company's long-lived assets may not be recoverable and, therefore, impaired. Our assessment resulted in an impairment charge of $1.0 million, primarily attributable to client relationships related to a subset of consulting related services the Company expects will not be a core part of its business going forward. The impairment charge was calculated using the asset's salvage value as it was considered no longer held for use.

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

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

***Income Taxes***

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

**Liquidity and Capital Resources**

***Overview***

The Company's liquidity is dependent upon numerous factors including: (i) the timing and amount of revenues and collection of contractual amounts from clients, (ii) amounts invested in research and development and capital expenditures, and (iii) the level of operating expenses, all of which can vary significantly from quarter-to-quarter. The Company's primary cash requirements include regular payment of payroll and other business expenses, principal and interest payments on debt and minor amounts of capital expenditures. Capital expenditures generally include computer hardware and computer software to support internal development efforts or SaaS data center infrastructure. Operations are funded with cash generated by operations and borrowings under the bank credit facilities. The Company believes that cash flows from operations and available credit facilities are adequate to fund current obligations for twelve months from the date of issuance of the audit report on the Company's consolidated financial statements. Cash and cash equivalent balances at January 31, 2024 and 2023 were $3,190,000 and $6,598,000, respectively.

***Capital Raise***

<u>*Registered Direct Offering*</u>

On October 24, 2022, the Company entered into purchase agreements with certain investors pursuant to which the Company agreed to issue and sell in a registered direct offering (the "2022 Offering") an aggregate of 6,299,989 shares of common stock, par value $0.01 per share, at a purchase price of $1.32 per share. The gross proceeds to the Company from the 2022 Offering were approximately $8,316,000. The Company intends to use the proceeds of the 2022 Offering for general corporate purposes. The 2022 Offering closed on October 26, 2022.

<u>*Debt Private Placement*</u>

On February 1, 2024, the Company entered into a securities purchase agreement with certain accredited investors, including certain directors and officers of the Company, pursuant to which the Company agreed to sell to the investors unsecured subordinated promissory notes in the aggregate principal amount of $4.4 million and warrants to purchase up to an aggregate of 4,052,631 shares of the Company's common stock in a private placement (the "Debt Private Placement"). The closing of the Debt Private Placement occurred on February 7, 2024. Refer to Note 14 – Subsequent Events to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for additional information regarding the Debt Private Placement.

<u>*Common Stock Private Placement*</u>

On February 6, 2024, the Company completed the sale of 263,158 shares of the Company's common stock to an accredited investor at a purchase price of $0.38 per share for an aggregate purchase price of $100,000 (the "Common Stock Private Placement"). Refer to Note 14 – Subsequent Events to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for additional information regarding the Common Stock Private Placement.

***Authorized Shares Amendment***

At the 2022 Annual Meeting of Stockholders (the "2022 Annual Meeting") held on June 7, 2022, the Company's stockholders approved an amendment to the Streamline Health Solutions, Inc. Third Amended and Restated 2013 Plan (the "2013 Plan") to increase the number of shares of the Company's common stock authorized for issuance thereunder by 2,000,000 shares, from 8,223,246 shares to 10,223,246 shares. The Company's stockholders also approved an amendment to the Company's Certificate of Incorporation, as amended, to increase the total number of authorized shares of the Company's common stock from 65,000,000 shares to 85,000,000 shares.

At the 2023 Annual Meeting of Stockholders (the "2023 Annual Meeting") held on June 15, 2023, the Company's stockholders approved an amendment to the 2013 Plan to increase the number of shares of the Company's common stock authorized for issuance thereunder by 1,000,000 shares, from 10,223,246 shares to 11,223,246 shares.

***Credit Facility***

The Company has liquidity through the Loan Agreement with Western Alliance Bank ("WAB"). On November 29, 2022, the Company executed the Second Modification (the "Second Modification") to the Loan Agreement which expanded the Company's total borrowing to include a $2,000,000 revolving line of credit. The revolving line of credit is co-terminus with the term loan portion of the Loan Agreement and matures on August 26, 2026. There are no requirements to draw on the line of credit. Amounts outstanding under the line of credit portion of the Loan Agreement bear interest at a per annum rate equal to the Prime Rate (as published in The Wall Street Journal) plus 1.5%, with a Prime "floor" rate of 3.25%. The Second Modification also amended certain financial covenants under the Loan Agreement. Refer to Note 5 – Debt to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for additional information regarding the Loan Agreement and the Second Modification. At January 31, 2024, there was a $1,500,000 outstanding balance on the revolving line of credit.

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

The Second Modification includes customary financial covenants as follows:

a. **Minimum Cash.** Borrowers shall, at all times, maintain unrestricted cash in an amount not less than Two Million Dollars ($2,000,000).

b. **Maximum Debt to ARR Ratio.** Borrowers' Maximum Debt to ARR Ratio, measured on a quarterly basis as of the last day of each fiscal quarter, shall not be greater than the amount set forth under the heading "Maximum Debt to ARR Ratio" as of, and for each of the dates appearing adjacent to such "Maximum Debt to ARR Ratio".

| **Quarter Ending** | **Maximum Debt to ARR Ratio** |
|---|---|
| October 31, 2022 | 0.80 to 1.00 |
| January 31, 2023 | 0.70 to 1.00 |
| April 30, 2023 | 0.65 to 1.00 |
| July 31, 2023 | 0.60 to 1.00 |
| October 31, 2023 | 0.55 to 1.00 |
| January 31, 2024 | 0.55 to 1.00 |

c. **Maximum Debt to Adjusted EBITDA Ratio.** Commencing with the quarter ending April 30, 2024, Borrowers' Maximum Debt to Adjusted EBITDA Ratio, measured on a quarterly basis as of the last day of each fiscal quarter for the trailing four (4) quarter period then ended, shall not be greater than the amount set forth under the heading "Maximum Debt to Adjusted EBITDA Ratio" as of, and for each of the dates appearing adjacent to such "Maximum Debt to Adjusted EBITDA Ratio".

| **Quarter Ending** | **Maximum Debt to Adjusted EBITDA Ratio** |
|---|---|
| April 30, 2024 | 3.50 to 1.00 |
| July 31, 2024, and on the last day of each quarter, thereafter | 2.00 to 1.00 |

d. **Fixed Charge Coverage Ratio**. Commencing with the quarter ending April 30, 2024, Borrowers shall maintain a Fixed Charge Coverage Ratio of not less than 1.20 to 1.00, measured on a quarterly basis as of the last day of each fiscal quarter for the trailing four (4) quarter period then ended.

The Loan Agreement includes customary negative covenants, subject to exceptions, which limit transfers, capital expenditures, indebtedness, certain liens, investments, acquisitions, dispositions of assets, restricted payments, and the business activities of the Company, as well as customary representations and warranties, affirmative covenants and events of default, including cross defaults and a change of control default. The line of credit is also subject to customary prepayment requirements. For the period ended January 31, 2024, the Company was not in compliance with the Maximum Debt to ARR Ratio covenant under the Loan Agreement; however, on February 7, 2024, the Company received a waiver from WAB in connection with the execution of the Third Modification (as defined below). Refer to Note 5 – Debt to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for more information.

On February 7, 2024, the Company executed the Third Modification and Waiver (the "Third Modification") to the Loan Agreement. Refer to Note 14 – Subsequent Events to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for additional information regarding the Third Modification.

***Significant cash obligations***

| | As of January, 31 | |
|---|---|---|
| **(in thousands)** | **2024** | **2023** |
| Term loan (1) | $ 9,066 | $ 9,714 |

(1) Term loan balance is reported net of unamortized deferred financing costs of $69,000 and $105,000 plus accrued financing costs payable of $135,000 and $69,000 each as of January 31, 2024 and 2023, respectively. Refer to Note 5 – Debt to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for additional information. The term loan balance as of January 31, 2024 and January 31, 2023 was bank term debt.

***Operating cash flow activities***

| | Fiscal Year | |
|---|---|---|
| **(in thousands)** | **2023** | **2022** |
| Net loss | $ (18,697) | $ (11,379) |
| Non-cash adjustments to net loss | 15,151 | 6,120 |
| Cash impact of changes in assets and liabilities | 1,331 | (1,884) |
| Net cash used in operating activities | $ (2,215) | $ (7,143) |

The Company had a higher net loss from operations and higher non-cash adjustments to net loss primarily due to higher rates of amortization and goodwill and intangible impairments than fiscal 2023. The Company's accounts receivable was significantly lower in fiscal 2023 as compared to fiscal 2022 primarily due to the timing of collection on certain annual invoices.

***Investing cash flow activities***

| | Fiscal Year | |
|---|---|---|
| **(in thousands)** | **2023** | **2022** |
| Purchases of property and equipment | (54) | (10) |
| Capitalized software development costs | (1,567) | (1,924) |
| Net cash used in investing activities | $ (1,621) | $ (1,934) |

The cash used in investing activities for fiscal 2023 and fiscal 2022 includes capitalized software development costs. The Company expects continued capitalizable projects associated with the Company's flagship products; however, the rate of capitalization may temporarily remain constant or decrease as a result of the 2023 Restructuring.

***Financing cash flow activities***

| | Fiscal Year | |
|---|---|---|
| **(in thousands)** | **2023** | **2022** |
| Proceeds from issuance of common stock | $ — | $ 8,316 |
| Proceeds from line of credit | 1,500 | — |
| Payments of acquisition earnout liabilities | — | (2,012) |
| Payments for costs directly attributable to the issuance of common stock | — | (52) |
| Repayment of bank term loan | (750) | (250) |
| Proceeds from term loan payable | — | — |
| Payments related to settlement of employee shared-based awards | (280) | (197) |
| Payment of deferred financing costs | (44) | (20) |
| Other | 2 | 6 |
| Net cash provided by financing activities | $ 428 | $ 5,791 |

The cash provided by financing activities for fiscal 2023 was primarily attributable to draws on the line of credit offset by the principal payments on the term loan. Refer to Note 5 – Debt to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for more information. The $44,000 of deferred financing costs payments are related to the debt private financing as further described in Note 14 – Subsequent to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data."

The cash provided by financing activities for fiscal 2022 was primarily attributable to the 2022 Offering of the Company's common stock, which closed on October 26, 2022, offset by earnout payments related to the Avelead acquisition. Refer to Note 8 – Equity to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for additional information on the 2022 Offering.

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

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

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

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE COVERED BY REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**



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

**Report of Independent Registered Public Accounting Firm**

Stockholders and Board of Directors of
Streamline Health Solutions, Inc.

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

We have audited the accompanying consolidated balance sheets of Streamline Health Solutions, Inc. and its subsidiaries (the "Company") as of January 31, 2024 and 2023, the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the years in the two-year period ended January 31, 2024, and the related notes and financial statement schedule II (collectively referred to as the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of January 31, 2024 and 2023, and the results of their operations and their cash flows for each of the years in the two-year period ended January 31, 2024, in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

***Basis for Opinion***

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

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

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

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

***Critical Audit Matters***

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

***Critical Audit Matter – Capitalized Software Development Costs***

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

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

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

- Obtained an understanding of the Company’s process for determining the activities and costs that qualify for capitalization.
- Tested the mathematical accuracy of the roll forward of capitalized software and related amortization expense. We also tested the completeness and accuracy of applicable system-generated reports, including reconcilements of details to associated sub-ledgers.
- For a sample of capitalized costs, we evaluated the relevance of the software development guidance applied, by performing the following:

    - Assessed the eligibility of costs for capitalization, in accordance with applicable guidance, and whether such costs were incurred during the application development stage.
    - Recalculated the capitalized amount based on hours incurred for direct payroll related costs or associated vendor contracts and invoices for work performed by third parties.
    - Evaluated the software implementation timelines supporting the capitalization periods for implementation and development as well as the dates software was placed in service.
    - Inquired of product managers and software engineers for significant projects to assess the nature of the costs and the time devoted to capitalizable activities.

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

As described in Notes 2 and 6 to the financial statements, based on triggering events, the Company identified indicators of possible impairment and initiated testing using a valuation date of October 31, 2023. The testing for impairment was performed under the guidance of ASC 350, *Intangibles – Goodwill and Other (“Topic 350”)*. The Company recorded an impairment of goodwill in the amount of $9,813,000.

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

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

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

- Obtained an understanding of management’s process for assessing goodwill impairment and performing the quantitative goodwill impairment test, including management’s process for developing assumptions used in the income and market approaches to estimate the fair value of equity.
- Evaluated management’s revenue growth rates, margins, and cash flows against current industry and economic trends, while also considering the current and future business, customer base, and product mix.
- Assessed revenue growth and margins by comparing past projections to actual performance.
- With the assistance of our valuation professionals with specialized skills and knowledge, we evaluated the (1) valuation methodology, (2) discount rate, and (3) long-term revenue growth rate used in the income approach to estimate the fair value.
- Tested management’s reconciliation of the fair value of equity to the market capitalization of the Company.
- Evaluated developments in the Company’s business from the third quarter of fiscal 2023, the period in which the impairment charge was recorded, through January 31, 2024 to determine if events or circumstances have occurred that would more likely than not further reduce the fair value of the business.

**/s/ FORVIS, LLP**

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

**Atlanta, Georgia**
**April 30, 2024**

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

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

| | January 31, | |
|---|---|---|
| | **2024** | **2023** |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 3,190,000 | $ 6,598,000 |
| Accounts receivable, net of allowance for credit losses of $86,000 and $132,000, respectively | 4,237,000 | 7,719,000 |
| Contract receivables | 780,000 | 960,000 |
| Prepaid and other current assets | 629,000 | 710,000 |
| Total current assets | 8,836,000 | 15,987,000 |
| Non-current assets: | | |
| Property and equipment, net of accumulated amortization of $291,000 and $246,000 respectively | 88,000 | 79,000 |
| Right-of use asset for operating lease | — | 32,000 |
| Capitalized software development costs, net of accumulated amortization of $7,960,000 and $6,224,000, respectively | 5,798,000 | 5,846,000 |
| Intangible assets, net of accumulated amortization of $4,019,000 and $2,627,000, respectively | 12,071,000 | 14,793,000 |
| Goodwill | 13,276,000 | 23,089,000 |
| Other | 1,666,000 | 1,695,000 |
| Total non-current assets | 32,899,000 | 45,534,000 |
| **Total assets** | $ 41,735,000 | $ 61,521,000 |

See accompanying notes to consolidated financial statements.

| | January 31, | |
|---|---|---|
| | 2024 | 2023 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 1,253,000 | $ 626,000 |
| Accrued expenses | 2,023,000 | 3,265,000 |
| Current portion of term loan | 1,500,000 | 750,000 |
| Deferred revenues | 7,112,000 | 8,361,000 |
| Operating lease obligations | — | 35,000 |
| Acquisition earnout liability | 1,794,000 | 3,738,000 |
| Total current liabilities | 13,682,000 | 16,775,000 |
| Non-current liabilities: | | |
| Term loan, net of deferred financing costs | 7,566,000 | 8,964,000 |
| Line of credit | 1,500,000 | — |
| Deferred revenues, less current portion | 173,000 | 167,000 |
| Other non-current liabilities | — | 104,000 |
| Total non-current liabilities | 9,239,000 | 9,235,000 |
| Total liabilities | 22,921,000 | 26,010,000 |
| | | |
| **Commitments and contingencies – Note 12** | | |
| Stockholders' equity | | |
| Common stock, $0.01 par value per share, 85,000,000 shares authorized; 58,945,498 and 57,567,210 shares issued and outstanding, respectively | 590,000 | 576,000 |
| Additional paid in capital | 133,923,000 | 131,973,000 |
| Accumulated deficit | (115,699,000) | (97,038,000) |
| **Total stockholders' equity** | 18,814,000 | 35,511,000 |
| **Total liabilities and stockholders' equity** | $ 41,735,000 | $ 61,521,000 |

See accompanying notes to consolidated financial statements.

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

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

| | Fiscal Year | |
|---|---|---|
| | **2023** | **2022** |
| **Revenues:** | | |
| Software as a service | $ 14,075,000 | $ 12,326,000 |
| Maintenance and support | 4,318,000 | 4,483,000 |
| Professional fees and licenses | 4,203,000 | 8,080,000 |
| Total revenues | 22,596,000 | 24,889,000 |
| **Operating expenses:** | | |
| Cost of software as a service | 6,573,000 | 6,358,000 |
| Cost of maintenance and support | 315,000 | 427,000 |
| Cost of professional fees and licenses | 4,165,000 | 6,610,000 |
| Selling, general and administrative expense | 14,710,000 | 16,283,000 |
| Research and development | 5,704,000 | 6,042,000 |
| Impairment of goodwill | 9,813,000 | — |
| Impairment of long-lived assets | 963,000 | — |
| Total operating expenses | 42,243,000 | 35,720,000 |
| Operating loss | (19,647,000) | (10,831,000) |
| Other income (expense): | | |
| Interest expense | (1,071,000) | (749,000) |
| Acquisition earnout valuation adjustments | 1,944,000 | 71,000 |
| Other | 31,000 | 201,000 |
| Loss before income taxes | (18,743,000) | (11,308,000) |
| Income tax benefit (expense) | 46,000 | (71,000) |
| **Net loss** | $ (18,697,000) | $ (11,379,000) |
| | | |
| Basic and Diluted Earnings Per Share | $ (0.33) | $ (0.23) |
| Weighted average number of common shares – basic and diluted | 56,510,419 | 49,324,858 |

See accompanying notes to consolidated financial statements.

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

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

| | Common stock shares | Common stock | Additional paid in capital | Accumulated deficit | Total stockholders' equity |
|---|---|---|---|---|---|
| Balance at January 31, 2022 | 47,840,950 | 478,000 | 119,225,000 | (85,659,000) | 34,044,000 |
| Exercise of stock options | 5,000 | — | 6,000 | — | 6,000 |
| Restricted stock issued | 1,876,962 | 19,000 | (19,000) | — | — |
| Issuance of common stock | 8,171,027 | 82,000 | 11,246,000 | — | 11,328,000 |
| Offering expenses | — | — | (52,000) | — | (52,000) |
| Restricted stock forfeited | (199,300) | (2,000) | 2,000 | — | — |
| Surrender of stock | (127,429) | (1,000) | (196,000) | — | (197,000) |
| Share-based compensation expense | — | — | 1,761,000 | — | 1,761,000 |
| Net loss | — | — | — | (11,379,000) | (11,379,000) |
| Balance at January 31, 2023 | 57,567,210 | $ 576,000 | $ 131,973,000 | $ (97,038,000) | $ 35,511,000 |
| Restricted stock issued | 1,947,738 | 20,000 | (20,000) | — | — |
| Restricted stock forfeited | (378,500) | (4,000) | 4,000 | — | — |
| Surrender of stock | (190,950) | (2,000) | (278,000) | — | (280,000) |
| Adoption of ASU 2016-13 | — | — | — | 36,000 | 36,000 |
| Share-based compensation expense | — | — | 2,244,000 | — | 2,244,000 |
| Net loss | — | — | — | (18,697,000) | (18,697,000) |
| Balance at January 31, 2024 | 58,945,498 | $ 590,000 | $ 133,923,000 | $ (115,699,000) | $ 18,814,000 |

See accompanying notes to consolidated financial statements.

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

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

| | Fiscal Year | |
|---|---|---|
| | **2023** | **2022** |
| Cash flows from operating activities: | | |
| Net loss | $ (18,697,000) | $ (11,379,000) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 4,331,000 | 4,313,000 |
| Acquisition earnout valuation adjustments | (1,944,000) | (71,000) |
| Provision for deferred income taxes | (104,000) | 9,000 |
| Share-based compensation expense | 2,102,000 | 1,680,000 |
| Impairment of goodwill | 9,813,000 | — |
| Impairment of long-lived assets | 963,000 | — |
| Provision for credit losses | (10,000) | 189,000 |
| Changes in assets and liabilities: | | |
| Accounts and contract receivables | 3,708,000 | (4,202,000) |
| Other assets | (401,000) | (1,197,000) |
| Accounts payable | 544,000 | (152,000) |
| Accrued expenses and other liabilities | (1,277,000) | 1,069,000 |
| Deferred revenues | (1,243,000) | 2,598,000 |
| Net cash used in operating activities | (2,215,000) | (7,143,000) |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (54,000) | (10,000) |
| Capitalization of software development costs | (1,567,000) | (1,925,000) |
| Net cash used in investing activities | (1,621,000) | (1,935,000) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of common stock | — | 8,316,000 |
| Payment of acquisition earnout liabilities | — | (2,012,000) |
| Payments for costs directly attributable to the issuance of common stock | — | (52,000) |
| Repayment of bank term loan | (750,000) | (250,000) |
| Proceeds from line of credit | 1,500,000 | — |
| Payments related to settlement of employee shared-based awards | (280,000) | (197,000) |
| Payment of deferred financing costs | (44,000) | (20,000) |
| Other | 2,000 | 6,000 |
| Net cash provided by financing activities | 428,000 | 5,791,000 |
| Net decrease in cash and cash equivalents | (3,408,000) | (3,287,000) |
| Cash and cash equivalents at beginning of period | 6,598,000 | 9,885,000 |
| Cash and cash equivalents at end of period | $ 3,190,000 | $ 6,598,000 |
| | | |
| **Supplemental cash flow disclosures:** | | |
| Interest paid, net of amounts capitalized | $ 989,000 | $ 651,000 |
| Income taxes paid | $ 66,000 | $ 23,000 |

See accompanying notes to consolidated financial statements.

## NOTE 1 — ORGANIZATION AND DESCRIPTION OF BUSINESS

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

### Fiscal Year

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

## NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

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

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

For fiscal 2022, the Company had two reporting units for evaluation of goodwill: Streamline Solutions and Avelead Solutions. The Company determined that, effective January 1, 2023, it has one reporting unit for purposes of evaluation of goodwill, which was used for evaluation of goodwill for fiscal 2023. At the end of fiscal 2022, the Company consolidated and combined its operations for Streamline Solutions and Avelead Solutions. For total assets at January 31, 2024 and 2023 and total revenue and net loss for the fiscal years ended January 31, 2024 and 2023, see our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" herein.

### Going Concern

The Company's financial statements are prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of obligations in the normal course of business.

In the Company's Quarterly Report on Form 10-Q for the period ended October 31, 2023, the Company raised substantial doubt about its ability to continue as a going concern. It cited the "ability to achieve cash from operations and raise additional debt or equity capital to fund its ongoing operations" as requirements to mitigate the substantial doubt. As of this filing, the Company has been able to successfully implement a cost reduction plan, obtain additional capital, and restructure the covenants for its existing credit facility. Collectively, these initiatives alleviated the substantial doubt about the Company's ability to continue as a going concern. Refer to the "Restructuring" subtopic of this Note 1 (Organization and Description of Business) and Note 14 – Subsequent Events to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for additional information.

**Reclassification**

Certain amounts for fiscal 2022 were reclassified to conform to the current period classification. The Company incurred certain acquisition-related costs related to the acquisition of Avelead totaling $149,000 consisting primarily of professional service fees. The aforementioned acquisition-related costs for fiscal 2022 were previously presented in a separate, single caption and are now included in selling, general, and administrative expense in the accompanying condensed consolidated statements of operations, which is consistent with the presentation for the current period.

**Use of Estimates**

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

**Cash and Cash Equivalents**

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

*Non-Cash Items*

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

| | Fiscal Year | |
|---|---|---|
| | **2023** | **2022** |
| Payment of acquisition earnout liabilities in restricted common stock | — | 3,012,000 |
| Capitalized software purchased with stock (*See Note 12*) | 140,000 | 81,000 |
| Deferred financing costs | 83,000 | — |

**Receivables**

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

**Allowance for Credit Losses**

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

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

| | January 31, 2023 | CECL Adoption | Provision adjustments | Write-offs & Recoveries | January 31, 2024 |
|---|---|---|---|---|---|
| Allowance for credit losses | $ 132,000 | $ (36,000) | $ (10,000) | $ — | $ 86,000 |

**Accrued Expenses**

Accrued expenses consisted of the following:

| | January 31, | |
|---|---|---|
| | 2024 | 2023 |
| Employee benefits and related compensation | $ 1,071,000 | $ 2,079,000 |
| Professional fees and services | 389,000 | 294,000 |
| Third party licenses | 43,000 | 285,000 |
| Customer concessions | 233,000 | 226,000 |
| State income and sales taxes payable | 226,000 | 331,000 |
| Interest, primarily on term loan | 61,000 | 50,000 |
| Total accrued expenses | $ 2,023,000 | $ 3,265,000 |

**Concessions Accrual**

The Company offers certain service level agreements within its client contracts such as uptime, support hours, and levels of support. Our contracts may include, and we may offer, credits to clients when these service line agreements are not met. The service level agreements are accounted for as variable consideration using a portfolio approach. As a result, we record an estimate of these concessions against our recorded revenue. In determining the concessions accrual, the Company evaluates historical concessions granted relative to revenue as well as future potential risk that these service level agreements will not be met. The Company records a provision, reducing revenue, for the estimated amount of concessions incurred on the revenue recorded. The Company evaluates the amount of the concession accrual each period for adequacy. Historically, concessions have not been significant. The concession accrual included in accrued expenses on the Company's consolidated balance sheet was $233,000 and $226,000 as of January 31, 2024 and 2023, respectively.

**Property and Equipment**

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

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

Depreciation expense for property and equipment in fiscal 2023 and 2022 was $45,000 and $54,000, respectively.

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

**Leases**

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

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

**Debt Issuance Costs**

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

**Impairment of Long-Lived Assets**

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

**Capitalized Software Development Costs**

Software development costs for software to be sold, leased, or marketed are accounted for in accordance with ASC 985-20, *Software — Costs of Software to be Sold, Leased or Marketed*. Costs associated with the planning and design phase of software development are classified as research and development costs and are expensed as incurred. Once technological feasibility has been established, a portion of the costs incurred in development, including coding, testing and quality assurance, are capitalized until available for general release to clients, and subsequently reported at the lower of unamortized cost or net realizable value. Amortization is calculated on a solution-by-solution basis and is included in cost of professional fees and licenses on the consolidated statements of operations. Annual amortization is measured at the greater of (i) the ratio of the software product's current gross revenues to the total of current and expected gross revenues or (ii) straight-line over the remaining economic life of the software (typically two years). Unamortized capitalized costs determined to be in excess of the net realizable value of a solution are expensed at the date of such determination. Capitalized software development costs for software to be sold, leased, or marketed, net of accumulated amortization, totaled $287,000 and $522,000 as of January 31, 2024 and 2023, respectively.

Internal-use software development costs are accounted for in accordance with ASC 350-40, *Internal-Use Software*. The costs incurred in the preliminary stages of development are expensed as research and development costs as incurred. Once an application has reached the development stage, internal and external costs incurred to develop internal-use software are capitalized and amortized on a straight-line basis over the estimated useful life of the software (typically three to four years). Maintenance and enhancement costs, including those costs in the post-implementation stages, are typically expensed as incurred, unless such costs relate to substantial upgrades and enhancements to the software that result in added functionality, in which case the costs are capitalized and amortized on a straight-line basis over the estimated useful life of the software. The Company reviews the carrying value for impairment whenever facts and circumstances exist that would suggest that assets might be impaired or that the useful lives should be modified. Amortization expense related to capitalized internal-use software development costs is included in Cost of software as a service on the consolidated statements of operations. Capitalized software development costs for internal-use software, net of accumulated amortization, totaled $5,511,000 and $5,324,000 as of January 31, 2024 and 2023, respectively.

The estimated useful lives of software (including software to be sold and internal-use software) are reviewed frequently and adjusted as appropriate to reflect upcoming development activities that may include significant upgrades and/or enhancements to the existing functionality. The Company reviews, on an on-going basis, the carrying value of its capitalized software development expenditures, net of accumulated amortization.

Amortization expense on all capitalized software development was $2,463,000 and $2,423,000 in fiscal 2023 and 2022, respectively. Further, the Company recognized an impairment of approximately $18,000 and $0 in fiscal 2023 and fiscal 2022, respectively, related to cancelled or abandoned enhancement projects during fiscal 2023 and fiscal 2022 that have been recognized within amortization expense. Additionally, in fiscal 2023, entries of approximately $18,000 for fully amortized and abandoned assets were offset from their corresponding capitalization and accumulated amortization balance sheet accounts.

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

| | Fiscal Year | |
|---|---|---|
| | **2023** | **2022** |
| Amortization expense on internally-developed software included in: | | |
| Cost of software as a service | $ 2,229,000 | $ 2,068,000 |
| Cost of professional fees and licenses | 234,000 | 355,000 |
| Total amortization expense on internally-developed software | $ 2,463,000 | $ 2,423,000 |

The interest capitalized to software development cost reduces the Company's interest expense recognized in the consolidated statements of operations.

Research and development expense was $5,704,000 and $6,042,000 in fiscal 2023 and 2022, respectively.

**Fair Value of Financial Instruments**

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

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

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

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

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value based on the short-term maturity of these instruments. Cash and cash equivalents are classified as Level 1. For fiscal 2023 and 2022, there were no transfers of assets or liabilities between Levels 1, 2, or 3.

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

| | Total Fair Value | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| At January 31, 2024 | | | | |
| Acquisition earnout liability (1) | $ 1,794,000 | $ — | $ — | $ 1,794,000 |
| At January 31, 2023 | | | | |
| Acquisition earnout liability (1) | $ 3,738,000 | $ — | $ — | $ 3,738,000 |

(1) The fair value of the acquisition earnout liability is based upon a probability-weighted discounted cash flow that was completed at the date of acquisition and updated as of January 31, 2024. The change in the fair value of the acquisition earnout liability decreased $1,944,000 for the year ended January 31, 2024, which is entirely recognized in "Acquisition earnout valuation adjustments" in the accompanying consolidated statement of operations.

The probability-weighted discounted cash flow is calculated using a Monte Carlo valuation method. The valuation model provides numerous outcomes. The outcomes are averaged and discounted to present value, which provides the current value point estimate. The significant inputs include our forecast of Avelead SaaS revenue, the probabilities associated with each of (i) a change in control or (ii) a certain client termination, as well as other normal and customary inputs to financial models, including but not limited to, risk factors and interest rates.

The fair value of the Company's term loan under its Loan Agreement was determined through an analysis of the interest rate spread from the date of closing the loan (August 2021) to the date of the most recent balance sheets, January 31, 2024 and January 31, 2023. The term loan bears interest at a per annum rate equal to the Prime Rate (as published in The Wall Street Journal) plus 1.5%, with a Prime "floor" rate of 3.25%. The prime rate is variable and, thus accommodates changes in the market interest rate. However, the interest rate spread (the 1.5% added to the Prime Rate) is fixed. We estimated the impact of the changes in the interest rate spread by analogizing the effect of the change in the Corporate bond rates, reduced for any changes in the market interest rate. This provided us with an estimated change to the interest rate spread of approximately 0.5% from the date we entered the debt agreement to January 31, 2024 and January 31, 2023. The fair value of the debt as of January 31, 2024 and January 31, 2023 was estimated to be $8,807,000 and $9,550,000, respectively, or a discount to book value of $193,000 and $200,000, respectively. The fair value of the line of credit as of January 31, 2024 was estimated to be $1,463,000, or a discount to book value of $37,000. The fair value of long-term debt was estimated using Level 2 inputs.

**Revenue Recognition**

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

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

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

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

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

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

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

*Contract Combination*

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

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

*Software Licenses*

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

*Maintenance and Support Services*

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

*Software-Based Solution Professional Services*

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

*Software as a Service*

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

*Audit Services*

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

*Disaggregation of Revenue*

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

| | Fiscal Year | |
|---|---|---|
| | **2023** | **2022** |
| Over time revenue | $ 22,358,000 | $ 23,670,000 |
| Point in time revenue | 238,000 | 1,219,000 |
| **Total revenue** | $ 22,596,000 | $ 24,889,000 |

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

*Contract Assets and Deferred Revenues*

The Company receives payments from clients based upon contractual billing schedules. Contract receivables include amounts related to the Company's contractual right to consideration for completed performance obligations not yet invoiced. Deferred revenues include payments received in advance of performance under the contract. Our contract receivables and deferred revenue are reported on an individual contract basis at the end of each reporting period. Contract receivables are classified as current or noncurrent based on the timing of when we expect to bill the client. Deferred revenue is classified as current or noncurrent based on the timing of when we expect to recognize revenue. In the year ended January 31, 2024, we recognized approximately $7,642,000 in revenue from deferred revenues outstanding as of January 31, 2023. Revenue allocated to remaining performance obligations was $31,414,000 as of January 31, 2024, of which the Company expects to recognize approximately 46% over the next 12 months and the remainder thereafter.

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

We defer the direct costs, which include salaries and benefits, for professional services related to SaaS contracts as a cost to fulfill a contract. These deferred costs will be amortized on a straight-line basis over the contractual term. As of January 31, 2024, and 2023, we had deferred costs of $77,000 and $94,000, respectively, net of accumulated amortization of $102,000 and $176,000, respectively. Amortization expense of these costs was $82,000 and $83,000 in fiscal 2023 and 2022, respectively. There were no impairment losses for these capitalized costs for the fiscal 2023 and 2022. Additionally, in fiscal 2023, approximately $155,000 of fully amortized contracts were cleared from their corresponding capitalization and accumulated amortization balance sheet accounts, while no such adjustments were made in fiscal 2022.

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

Deferred commissions costs paid and payable, which are included on the consolidated balance sheets within other non-current assets totaled $1,461,000 and $1,534,000, respectively, as of January 31, 2024 and 2023. In fiscal 2023 and 2022, amortization expense associated with deferred sales commissions was $588,000 and $411,000, respectively, and was included in selling, general and administrative expenses on the consolidated statements of operations. There were $35,000 and no impairment losses for these capitalized costs that was included with the amortization expense for fiscal 2023 and 2022.

**Concentrations**

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

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

**Goodwill and Intangible Assets**

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

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

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

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

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

During the year ended January 31, 2023, the Company did not note any of the above qualitative factors, which would be considered a triggering event for goodwill impairment. During the year ended January 31, 2024, the Company identified one or more factors that triggered goodwill impairment as of October 31, 2023, as described below.

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

Reporting units are determined based on the organizational structure the entity has in place at the date of the impairment test. A reporting unit is an operating segment or component business unit with the following characteristics: (a) it has discrete financial information, (b) segment management regularly reviews its operating results (generally an operating segment has a segment manager who is directly accountable to and maintains regular contact with the chief operating decision maker to discuss operating activities, financial results, forecasts or plans for the segment), and (c) its economic characteristics are dissimilar from other units (this contemplates the nature of the products and services, the nature of the production process, the type or class of client for the products and services and the methods used to distribute the products and services). The Company determined that for fiscal 2023 it has one operating segment and one reporting unit, while for fiscal 2022 it had one operating segment and two reporting units.

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

The Company performed its annual goodwill assessment for fiscal 2023 as of October 31, 2023 using the approaches described above. The assessment identified a goodwill impairment of $9,813,000 that was recorded. Based on the analysis performed for fiscal 2022, the fair value of the reporting units exceeded the carrying amount of the reporting unit, including goodwill, and, therefore, a goodwill impairment loss was not recognized. Refer to Note 6 – Goodwill and Intangible Assets to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for additional information.

**Equity Awards**

The Company accounts for share-based payments based on the grant-date fair value of the awards with compensation cost recognized as expense over the requisite service period. For awards to non-employees, the Company recognizes compensation expense in the same manner as if the entity had paid cash for the goods or services. The Company incurred total annual compensation expense related to stock-based awards of $2,102,000 in fiscal 2023, net of $140,000 of capitalized non-employee stock compensation, and $1,680,000 net of $81,000 of capitalized non-employee stock compensation, in fiscal 2022.

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

The Company issues restricted stock awards in the form of Company common stock. The fair value of these awards is based on the market close price per share on the grant date. The Company expenses the compensation cost of these awards as the restriction period lapses, which is typically a one- to four-year service period to the Company. In fiscal 2023 and 2022, 190,950 and 127,429 shares of common stock were surrendered to the Company to satisfy tax withholding obligations totaling $280,000 and $197,000, respectively, in connection with the vesting of restricted stock awards. Shares surrendered by the restricted stock award recipients in accordance with the applicable plan are deemed cancelled, and therefore are not available to be reissued. The Company awarded 1,203,621 and 890,731 shares of restricted stock to its executive officers and directors of the Company in fiscal 2023 and 2022, respectively.

**Income Taxes**

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

The Company provides for uncertain tax positions and the related interest and penalties based upon management's assessment of whether certain tax positions are more likely than not to be sustained upon examination by tax authorities. At January 31, 2024, the Company believes it has appropriately accounted for any uncertain tax positions.

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

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

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

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

| | Fiscal Year | |
|---|---|---|
| | **2023** | **2022** |
| **Basic earnings (loss) per share:** | | |
| Loss, net of tax | $ (18,697,000) | $ (11,379,000) |
| Basic net loss per share of common stock | $ (0.33) | $ (0.23) |
| | | |
| **Diluted earnings (loss) per share (1):** | | |
| Loss available to common stockholders | $ (18,697,000) | $ (11,379,000) |
| Diluted net loss per share of common stock | $ (0.33) | $ (0.23) |
| | | |
| Net loss | $ (18,697,000) | $ (11,379,000) |
| | | |
| Weighted average shares outstanding – Basic (1) | 56,510,419 | 49,324,858 |
| Effect of dilutive securities - Stock options and Restricted stock (2) | — | — |
| Weighted average shares outstanding – Diluted | 56,510,419 | 49,324,858 |
| Basic and diluted net loss per share of common stock | $ (0.33) | $ (0.23) |

(1) Excludes the effect of unvested restricted shares of common stock, which are considered non-participating securities. As of January 31, 2024 and 2023, there were 1,970,521 and 1,848,031 unvested restricted shares of common stock, respectively.

(2) Diluted net loss per share excludes the effect of shares that are anti-dilutive. As of January 31, 2024, there were 67,500 outstanding stock options and 1,970,521 unvested restricted shares of common stock. As of January 31, 2023, there were 628,598 outstanding stock options and 1,848,031 unvested restricted shares of common stock.

**Loss Contingencies**

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

**Restructuring**

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

| | (in thousands) | | | | | |
|---|---|---|---|---|---|---|
| | | | | | As of January 31, 2024 | |
| | Accrued Balance as of January 31, 2023 | 2023 Expenses to Date | 2023 Cash Payments | Accrued Balance as of January 31, 2024 | Total Costs Incurred to Date | Total Expected Costs |
| **Severance expense** | | | | | | |
| Cost of sales | $ — | $ 154 | $ 154 | **$** — | $ 154 | $ 154 |
| Selling, general, and administrative | — | 350 | 276 | 74 | 350 | 350 |
| Research and development | — | 227 | 227 | — | 227 | 227 |
| **Total severance expense** | **$ —** | **$ 731** | **$ 657** | **$ 74** | **$ 731** | **$ 731** |
| Professional fees | — | 28 | 28 | — | 28 | $ 28 |
| **Total** | **$ —** | **$ 759** | **$ 685** | **$ 74** | **$ 759** | **759** |

**Accounting Pronouncements Recently Adopted**

In November 2019, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which improves guidance around accounting for financial losses on accounts receivable. For smaller reporting entities, ASU 2016-13 is effective for annual periods beginning after December 15, 2022, including interim periods within those fiscal years. The Company's adoption of ASU 2016-13 was effective February 1, 2023. An analysis of contract receivables, including credit losses, was conducted during the first quarter of fiscal 2024. The adoption of this ASU did not have a material impact on our consolidated financial statements or disclosures.

**Recent Accounting Pronouncements Not Yet Adopted**

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which improves guidance around the disclosures about a public entity's reportable segments and additional details about a reportable segment's expenses. ASU 2023-07 is effective for all public entities for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company's adoption of ASU 2023-07 will be effective in the annual report for the fiscal year ending January 31, 2025. The adoption of this ASU is not expected to have a material impact on our consolidated financial statements or disclosures.

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

**NOTE 3 — BUSINESS COMBINATION**

*Avelead Acquisition*

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

The aggregate consideration for the purchase of Avelead was approximately $29.7 million (at fair value) consisting of (i) $12.5 million in cash, net of cash acquired, (ii) $6.5 million in common stock, and (iii) approximately $10.7 million in contingent consideration (see below). The Company issued 5,021,972 shares of its restricted common stock (the "Acquisition Restricted Common Stock"). The Acquisition Restricted Common Stock had a fair value as of the closing date of the acquisition of $6.5 million. Additionally, the Transaction included two types of contingent consideration; the first is referred to herein as "SaaS Contingent Consideration" and the second is referred to herein as "Renewal Contingent Consideration." The SaaS Contingent Consideration and Renewal Contingent Consideration had an aggregate value of approximately $10.7 million as of the date of closing. The owners of Avelead are also referred to herein as "Sellers" and are enumerated in the UPA (as defined below).

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

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

- The SaaS Contingent Consideration is calculated based upon Avelead's recurring SaaS revenue recognized during the first and second year following the closing of the Transaction. The Company will pay the SaaS Contingent Consideration as follows: (i) 50% in cash and (ii) 50% in shares of Company common stock valued at the time the earnout is paid subject to a collar, as described below.

    - The first year SaaS Contingent Consideration was calculated as 75% of Avelead's recognized SaaS revenue from September 1, 2021 to August 31, 2022. The first-year payment was subject to a deduction of $665,000 spread equally between the cash and common stock portion of the earnout consideration. Assuming that Avelead was within 80% of its forecasted SaaS revenue in the first year earnout, the Company agreed to a floor and ceiling on the value of the Company's restricted common stock issued as consideration for the earnout. That collar had a floor of $3.50 per share and a ceiling of $5.50 per share for the first year earnout. The first year SaaS Contingent Consideration was paid on November 21, 2022, as discussed in more detail below.

- The second year SaaS Contingent Consideration was calculated as 40% of Avelead's recognized SaaS revenue from September 1, 2022 to August 31, 2023. Assuming that Avelead was within 80% of its forecasted SaaS revenue in the second year earnout, the Company agreed to a floor and ceiling on the Company's restricted common stock issued as consideration for the earnout. That collar had a floor of $4.50 per share and a ceiling of $6.50 per share for the second year earnout. The second year SaaS Contingent Consideration remained outstanding as of January 31, 2024, as the Company and the Sellers work towards a resolution regarding the payment of the second year SaaS Contingent Consideration.

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

- The Renewal Contingent Consideration was tied directly to a successful renewal of a specific client of Avelead. To meet the definition of a renewal, Avelead was required to achieve a minimum threshold of contracted revenue in an updated, annual, renewed contract with the specified client. The renewal occurred on or about June 1, 2022 and June 1, 2023. The Renewal Contingent Consideration was payable in shares of Company restricted common stock valued as of the date of closing. The Renewal Contingent Consideration is either earned or not earned based upon the renewal of the specified client at the minimum amount of contracted revenue. There is no pro-ration of the underlying Renewal Contingent Consideration. On November 21, 2022, the Company issued 627,746 shares of restricted common stock to the Sellers in connection with the first year Renewal Contingent Consideration. The second year Renewal Contingent Consideration remained outstanding as of January 31, 2024, as the Company and the Sellers work towards a resolution regarding the payment of the second year Renewal Contingent Consideration.

On November 21, 2022, the Company made the first year earnout payments and issued shares of restricted common stock to the Sellers in accordance with the UPA. In connection with the first year earnout payment, the Company made an aggregate cash payment of $2,012,000 and issued 1,243,292 unregistered securities in the form of restricted common stock, par value $0.01 per share ("restricted common stock"), for the SaaS Contingent Consideration and issued 627,746 shares of restricted common stock for the Renewal Contingent Consideration. The estimated aggregate value of the first year earnout payment was $4,000,000 with respect to the SaaS Contingent Consideration and $1,000,000 with respect to the Renewal Contingent Consideration.

As of January 31, 2024, the Company has not made the second year earnout payments to the Sellers or issued shares of common stock in connection therewith. In connection with the second year earnout payment, the Company has estimated cash payments of $1,214,000 and will issue 961,640 shares of restricted common stock for the SaaS Contingent Consideration and 627,746 shares of restricted common stock for the Renewal Contingent Consideration. The estimated aggregate value of the second year earnout payment is $1,550,000 for the SaaS Contingent Consideration and $244,000 for the Renewal Contingent Consideration. The Company and the Sellers reached an agreement to defer the cash portion of the SaaS Contingent Consideration and Renewal Contingent Consideration payments over time through October 31, 2024. On March 27, 2024, the Company issued 961,640 shares of restricted common stock to the Sellers for the SaaS Contingent Consideration and 627,746 shares of restricted common stock for the Renewal Contingent Consideration. These liabilities are reflected at the fair value of the future commitment on the Company's consolidated balance sheet, as Acquisition Earnout Liability.

The Company entered into an employment agreement and a separation agreement with each of the two Sellers. Acquisition-related costs include the cost of a two-year separation agreement with one of the Sellers. The separation agreement was expensed at the closing of the transaction as there were no material future obligations of the Seller to the Company within acquisition-related costs. The employment agreement with the other Seller had a two-year term and entitled the Seller to six-months separation pay in the event of termination without cause. The expense for the employment agreement is recognized ratably over the service period customary with other employment agreements within selling, general, and administrative expense. On September 1, 2023, the Company terminated the employment agreement. In exchange for a general release from the Seller, the Company agreed to accelerate the vesting of 150,000 outstanding and unvested shares of restricted common stock of the Company previously granted to the Seller, subject to such Seller's non-revocation of a general release of claims against the Company.

## NOTE 4 — OPERATING LEASES

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

*Alpharetta Office Lease*

The Company entered into a lease for office space in Alpharetta, Georgia, on March 1, 2020. The lease expired on March 31, 2023. At inception, the Company recorded a right-of use asset of $540,000, and related current and long-term operating lease obligation in the accompanying consolidated balance sheet. As of January 31, 2023, operating lease right-of use assets totaled $32,000, and the associated lease liability of $35,000 is included in current liabilities. The Company used a discount rate of 6.5% to determine the lease liability. As of January 31, 2024 and 2023, the Company had lease operating costs of approximately $32,000 and $194,000, respectively. The Company paid cash of approximately $36,000 and $210,000 for the lease in fiscal 2023 and fiscal 2022, respectively.

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

*Suwanee Office Lease*

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

**NOTE 5 — DEBT**

Outstanding principal balances on debt consisted of the following at:

| | January 31, 2024 | January 31, 2023 |
|---|---|---|
| Term loan | $ 9,000,000 | $ 9,750,000 |
| Financing cost payable | 135,000 | 69,000 |
| Less: Deferred financing cost | (69,000) | (105,000) |
| Total | 9,066,000 | 9,714,000 |
| Less: Current portion | (1,500,000) | (750,000) |
| Non-current portion of debt | $ 7,566,000 | $ 8,964,000 |

*Term Loan Agreement*

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

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

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

*Debt Modification and Revolving Line of Credit*

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

The Second Modification includes customary financial covenants as follows:

a. **Minimum Cash.** Borrowers shall, at all times, maintain unrestricted cash in an amount not less than Two Million Dollars ($2,000,000).

b. **Maximum Debt to ARR Ratio.** Borrowers' Maximum Debt to ARR Ratio, measured on a quarterly basis as of the last day of each fiscal quarter, shall not be greater than the amount set forth under the heading "Maximum Debt to ARR Ratio" as of, and for each of the dates appearing adjacent to such "Maximum Debt to ARR Ratio".

| Quarter Ending | Maximum Debt to ARR Ratio |
|---|---|
| October 31, 2022 | 0.80 to 1.00 |
| January 31, 2023 | 0.70 to 1.00 |
| April 30, 2023 | 0.65 to 1.00 |
| July 31, 2023 | 0.60 to 1.00 |
| October 31, 2023 | 0.55 to 1.00 |
| January 31, 2024 | 0.50 to 1.00 |

c. **Maximum Debt to Adjusted EBITDA Ratio.** Commencing with the quarter ending April 30, 2024, Borrowers' Maximum Debt to Adjusted EBITDA Ratio, measured on a quarterly basis as of the last day of each fiscal quarter for the trailing four (4) quarter period then ended, shall not be greater than the amount set forth under the heading "Maximum Debt to Adjusted EBITDA Ratio" as of, and for each of the dates appearing adjacent to such "Maximum Debt to Adjusted EBITDA Ratio".

| Quarter Ending | Maximum Debt to Adjusted EBITDA Ratio |
|---|---|
| April 30, 2024 | 3.50 to 1.00 |
| July 31, 2024 and on the last day of each quarter, thereafter | 2.00 to 1.00 |

d. **Fixed Charge Coverage Ratio**. Commencing with the quarter ending April 30, 2024, Borrowers shall maintain a Fixed Charge Coverage Ratio of not less than 1.20 to 1.00, measured on a quarterly basis as of the last day of each fiscal quarter for the trailing four (4) quarter period then ended.

The Loan Agreement also includes customary negative covenants, subject to exceptions, which limit transfers, capital expenditures, indebtedness, certain liens, investments, acquisitions, dispositions of assets, restricted payments, and the business activities of the Company, as well as customary representations and warranties, affirmative covenants and events of default, including cross defaults and a change of control default. The line of credit also is subject to customary prepayment requirements. For the period ended January 31, 2024, the Company was not in compliance with the Maximum Debt to ARR Ratio covenant pursuant to the Second Modification; however, on February 7, 2024, the Company was provided a waiver exception for being non-compliant. (Refer to Note 14 – Subsequent to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for additional information.). Substantially all the assets of the Company are collateralized by the Loan Agreement.

The Company recorded $20,000 in deferred financing costs related to the Second Modification. These deferred financing costs are being amortized over the remaining term of the loan. The Company also incurred $50,000 in financing costs at the earlier of the term date of the loan, or pre-payment. These costs are being accreted, through interest expense, to the full value of the $250,000 over the remaining term of the loan. The full value of $250,000 includes the $200,000 costs incurred in connection with the Loan Agreement (see below).

On February 7, 2024, the Company executed the Third Modification and Waiver (the "Third Modification") to the Loan Agreement. Refer to Note 14 – Subsequent Events to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for additional information regarding the Third Modification.

## NOTE 6 — GOODWILL AND INTANGIBLE ASSETS

**Goodwill**

The changes in the carrying amount of goodwill were as follows:

| | | Balance |
|---|---|---|
| **Balance as of January 31, 2023** | $ | 23,089,000 |
| Impairment | | (9,813,000) |
| **Balance as of January 31, 2024** | $ | 13,276,000 |

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

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

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

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

The Company concluded that its goodwill was impaired based on the weighted combination of the DCF and MCM value estimates which resulted in a calculated fair value lower than the equity carrying value. The Company recorded an impairment of goodwill in the amount of $9,813,000 reported as "Goodwill Impairment" on its condensed consolidated statement of operations.

Intangible assets consist of the following:

| | | January 31, 2024 | | | | | |
|---|---|---|---|---|---|---|---|
| | Estimated Useful Life | | Gross Assets | | Accumulated Amortization | | Net Assets |
| Finite-lived assets: | | | | | | | |
| Client relationships | 10 years | $ | 8,370,000 | $ | 2,058,000 | $ | 6,312,000 |
| Internally developed software | 9 years | | 6,380,000 | | 1,742,000 | $ | 4,638,000 |
| Trademarks and tradenames | 15 years | | 1,340,000 | | 219,000 | $ | 1,121,000 |
| Total | | $ | 16,090,000 | $ | 4,019,000 | $ | 12,071,000 |

| | January 31, 2023 | | | |
|---|---|---|---|---|
| | Estimated Useful Life | Gross Assets | Accumulated Amortization | Net Assets |
| Finite-lived assets: | | | | |
| Client relationships | 8-10 years | $ 9,700,000 | $ 1,463,000 | $ 8,237,000 |
| Internally Developed Software | 9 years | 6,380,000 | 1,034,000 | 5,346,000 |
| Trademarks and Tradenames | 15 years | 1,340,000 | 130,000 | 1,210,000 |
| Total | | $ 17,420,000 | $ 2,627,000 | $ 14,793,000 |

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

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

The Company determined the lowest level of discrete cash flows is at the reporting unit level, and all remaining long-lived assets (excluding the Abandoned Asset) and goodwill would represent its only asset group. Recoverability is assessed by comparing that the sum of the discrete undiscounted cash flows exceeds the carrying value of the asset group. The undiscounted cash flow projections are based on 8-year (representing the useful life of the primary asset in the asset group) financial forecasts developed by management that include forecasts of future operating results based on internal budgets and strategic plans to investment in working capital to support anticipated revenue growth.

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

The Company recognized amortization expense on intangible assets of $1,760,000 and $1,971,000 for fiscal 2023 and 2022, respectively.

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

| | Annual Amortization Expense |
|---|---|
| 2024 | $ 1,635,000 |
| 2025 | 1,635,000 |
| 2026 | 1,635,000 |
| 2027 | 1,635,000 |
| 2028 | 1,635,000 |
| Thereafter | 3,896,000 |
| Total | $ 12,071,000 |

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

**NOTE 7 — INCOME TAXES**

For fiscal 2023 and 2022, income taxes consist of the following:

| | Fiscal Year | |
|---|---|---|
| | 2023 | 2022 |
| Current tax expense: | | |
| Federal | $ — | $ — |
| State | (58,000) | (62,000) |
| Total current tax benefit (expense) | $ (58,000) | $ (62,000) |
| Deferred tax expense: | | |
| Federal | $ 86,000 | $ (6,000) |
| State | 18,000 | (3,000) |
| Total deferred tax benefit (expense) | $ 104,000 | $ (9,000) |
| Income tax benefit (expense) | $ 46,000 | $ (71,000) |

The income tax expense differs from the amount computed using the federal statutory income tax rate of 21% for fiscal 2023 and 2022 as follows:

| | Fiscal Year | |
|---|---|---|
| | 2023 | 2022 |
| Federal tax benefit at statutory rate | $ 3,887,000 | $ 2,348,000 |
| State and local tax expense, net of federal | (28,000) | (52,000) |
| Increase in valuation allowance | (3,994,000) | (2,128,000) |
| Permanent items: | | |
| Other | (36,000) | (20,000) |
| Reserve for uncertain tax position | (7,000) | (18,000) |
| Federal research and development (R&D) tax credit | 33,000 | 91,000 |
| Stock-based compensation | 135,000 | (289,000) |
| Other | 56,000 | (3,000) |
| Income tax benefit (expense) | $ 46,000 | $ (71,000) |

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

| | January 31, | |
|---|---|---|
| | 2024 | 2023 |
| Deferred tax assets: | | |
| Allowance for credit losses | $ 26,000 | $ 39,000 |
| Deferred revenue | 209,000 | 122,000 |
| Accruals | 67,000 | 232,000 |
| Net operating loss carryforwards | 15,748,000 | 11,242,000 |
| Stock-based compensation | 427,000 | 342,000 |
| Finite-lived intangible assets | 1,739,000 | 1,344,000 |
| R&D tax credit | 1,434,000 | 1,407,000 |
| Other | 1,000 | 2,000 |
| Total deferred tax assets | 19,651,000 | 14,730,000 |
| Valuation allowance | (19,646,000) | (14,347,000) |
| Net deferred tax assets | 5,000 | 383,000 |
| Deferred tax liabilities: | | |
| Property and equipment | (5,000) | (5,000) |
| Finite-lived intangible liabilities | — | (482,000) |
| Total deferred tax liabilities | (5,000) | (487,000) |
| Net deferred tax liabilities | $ — | $ (104,000) |

At January 31, 2024, the Company had U.S. federal net operating loss carry forwards of $65,107,000 and $29,083,000 of these net operating losses expire at various dates through fiscal 2038. The remaining $36,024,000 of these net operating losses can be carried forward indefinitely under the provisions of the Tax Cuts and Jobs Act (TCJA). The TCJA also eliminated the ability to carry back net operating losses. The Company also had state net operating loss carry forwards of $37,650,000 and Federal R&D credit carry forwards of $1,699,000 and Georgia R&D credit carry forwards of $94,000, all of which expire at various dates through fiscal 2042.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that all or some portion of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. The Company established a valuation allowance of $19,646,000 and $14,347,000 at January 31, 2024 and 2023, respectively. The increase in the valuation allowance of $3,994,000 was driven primarily by the Company's federal net operating losses.

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

The Company has recorded a reserve, including interest and penalties, for uncertain tax positions of $340,000 and $333,000 as of January 31, 2024 and 2023, respectively. As of January 31, 2024 and 2023, the Company had no accrued interest and penalties associated with unrecognized tax benefits.

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

| | 2023 | 2022 |
|---|---|---|
| Beginning of fiscal year | $ 333,000 | $ 315,000 |
| Additions for tax positions for the current year | 9,000 | 11,000 |
| Additions for tax positions of prior years | — | 7,000 |
| Subtractions for tax positions of prior years | (2,000) | — |
| End of fiscal year | $ 340,000 | $ 333,000 |

**NOTE 8 — EQUITY**

**Capital Raise**

On October 24, 2022, the Company entered into purchase agreements with certain investors pursuant to which the Company agreed to issue and sell in a registered direct offering (the "2022 Offering") an aggregate of 6,299,989 shares of common stock, par value $0.01 per share, at a purchase price of $1.32 per share. The gross proceeds to the Company from the 2022 Offering were approximately $8,316,000. The Company used the proceeds of the 2022 Offering for general corporate purposes. The 2022 Offering closed on October 26, 2022.

**Registration of Shares Issued to 180 Consulting**

On June 22, 2022, the Company filed a Registration Statement on Form S-3 (Registration No. 333-265773) for purposes of registering for resale 272,653 shares of common stock issued to 180 Consulting, LLC ("180 Consulting"). The Registration Statement was declared effective by the SEC on July 1, 2022.

On June 28, 2023, the Company filed a Registration Statement on Form S-3 (Registration No. 333-272993) for purposes of registering for resale 394,127 shares of common stock issued to 180 Consulting, LLC ("180 Consulting"). The Registration Statement was declared effective by the SEC on July 10, 2023.

**Authorized Shares Increase**

At the 2022 Annual Meeting, the Company's stockholders approved an amendment to the Streamline Health Solutions, Inc. Third Amended and Restated 2013 Stock Incentive Plan to increase the number of shares of the Company's common stock authorized for issuance thereunder by 2,000,000 shares, from 8,223,246 shares to 10,223,246 shares. The Company's stockholders also approved an amendment to the Company's Certificate of Incorporation, as amended, to increase the total number of authorized shares of the Company's common stock from 65,000,000 shares to 85,000,000 shares.

At the 2023 Annual Meeting, the Company's stockholders approved an amendment to the 2013 Plan to increase the number of shares of the Company's common stock authorized for issuance thereunder by 1,000,000 shares, from 10,223,246 shares to 11,223,246 shares.

## NOTE 9 — MAJOR CLIENTS

During fiscal 2023, one individual client accounted for 10% or more of our revenue. This client accounted for 23% of total revenue for fiscal 2023. In the third quarter of fiscal 2023, the Company received a notice from this client of its intent not to renew its contract following the expiration of the current term on December 31, 2023. During fiscal 2022, two individual clients accounted for 10% or more of our revenue. These clients accounted for 20% and 12%, respectively, of total revenue for fiscal 2022. Four clients represented 14%, 12%, 12%, and 11%, respectively, of accounts receivable as of January 31, 2024, and four clients represented 13%, 12%, 12% and 10%, respectively, of accounts receivable as of January 31, 2023. Many of our clients are invoiced on an annual basis.

## NOTE 10 — EMPLOYEE RETIREMENT PLAN

The Company has established a 401(k) retirement plan that covers all associates. Company contributions to the plan may be made at the discretion of the board of directors. The Company's matched amount is 50% up to the first 4% of compensation deferred by each associate. The total compensation expense for this matching contribution was $242,000 and $258,000 in fiscal 2023 and 2022, respectively.

## NOTE 11 — STOCK-BASED COMPENSATION

**Stock Option Plans**

The 2013 Plan replaced the Company's 2005 Incentive Compensation Plan (the "2005 Plan"). The 2005 Plan expired based upon its terms. Accordingly, all the outstanding awards and any unallocated pool of un-issued options under the 2005 Plan were re-characterized to the 2013 Plan. Under these plans, the Company is authorized to issue equity awards (stock options, stock appreciation rights or "SARs", and restricted stock) to directors and associates of the Company. Under the 2013 Plan, as amended, the Company is authorized to issue a number of shares not to exceed 11,223,246. The options granted under the 2013 Plan have terms of ten years or less, and typically vest and become fully exercisable ratably over three years of continuous service to the Company from the date of grant. At January 31, 2024 and 2023, options to purchase 67,500 and 628,958 shares of the Company's common stock, respectively, had been granted and were outstanding under these plans. At January 31, 2024, there were no SARs outstanding.

A summary of stock option activity in fiscal 2023 follows:

| | Options | Weighted Average Exercise Price | Remaining Life in Years | Aggregate intrinsic value |
|---|---|---|---|---|
| Outstanding as of January 31, 2023 | 628,958 | $ 1.95 | 7.31 | $ 360,000 |
| Granted | — | — | | |
| Exercised | — | — | | |
| Expired | (39,250) | 7.14 | | |
| Forfeited | (522,208) | 1.55 | | |
| Outstanding as of January 31, 2024 | 67,500 | $ 1.73 | 2.37 | $ — |
| Exercisable as of January 31, 2024 | 67,500 | $ 1.73 | 2.37 | $ — |
| Vested as of January 31, 2024 | 67,500 | $ 1.73 | 2.37 | $ — |

No options were granted in fiscal 2023 or fiscal 2022.

At January 31, 2024, there was no unrecognized compensation cost related to non-vested stock-option awards. The expense associated with stock option awards was $71,000 and $132,000, respectively, for fiscal 2023 and 2022. No options were exercised during fiscal 2023 or 2022.

The 2013 Plan contains change in control provisions whereby any outstanding equity awards under the plans subject to vesting, which have not fully vested as of the date of the change in control, shall automatically vest and become immediately exercisable. One of the change in control provisions is deemed to occur if there is a change in beneficial ownership, or authority to vote, directly or indirectly, of securities representing 20% or more of the total of all of the Company's then-outstanding voting securities, unless through a transaction arranged by or consummated with the prior approval of the Board of Directors. Other change in control provisions relate to mergers and acquisitions or a determination of change in control by the Board of Directors.

**Restricted Stock**

The Company is authorized to grant restricted stock awards to associates and directors under the 2013 Plan. The Company has also issued restricted stock as inducement grants to certain new employees. The restrictions on the shares granted generally lapse over a one- to four-year term of continuous employment from the date of grant. On November 1, 2022, our then-serving CEO, Wyche T. Green, III, was awarded 50,000 shares of restricted common stock that will vest in three substantially equal annual installments commencing on the first anniversary of the date of grant. On May 20, 2022, Mr. Green was awarded 150,000 shares of restricted common stock that will vest in three substantially equal annual installments commencing on the first anniversary of the date of grant. On April 1, 2023, Mr. Green was awarded 200,000 shares of restricted common stock that will vest in three substantially equal annual installments commencing on the first anniversary of the date of grant. Prior to his appointment as CEO of the Company, Mr. Stilwill was awarded 170,000 shares of restricted common stock on April 1, 2023, that will vest in three substantially equal annual installments commencing on the first anniversary of the date of grant. The grant date fair value per share of restricted stock, which is based on the closing price of our common stock on the grant date, is expensed on a straight-line basis as the restriction period lapses. The shares represented by restricted stock awards are considered outstanding at the grant date, as the recipients are entitled to voting rights. A summary of restricted stock award activity for fiscal 2023 and 2022 is presented below:

| | Non-vested Number of Shares | Weighted Average Grant Date Fair Value |
|---|---|---|
| Non-vested balance at January 31, 2022 | 1,043,350 | $ 1.57 |
| Granted | 1,505,731 | 1.47 |
| Vested | (501,750) | 1.63 |
| Forfeited | (199,300) | 1.49 |
| Non-vested balance at January 31, 2023 | 1,848,031 | $ 1.48 |
| Granted | 1,488,621 | 1.57 |
| Vested | (982,631) | 1.48 |
| Forfeited | (383,500) | 1.67 |
| Non-vested balance at January 31, 2024 | 1,970,521 | $ 1.51 |

At January 31, 2024, there was $1,938,000 of unrecognized compensation cost related to restricted stock awards. That cost is expected to be recognized over a remaining period of 1.80 years.

The expense associated with restricted stock awards for associates and directors was $1,590,000 and $983,000, for fiscal 2023 and 2022, respectively.

## NOTE 12— COMMITMENTS AND CONTINGENCIES

**Consulting Agreement with 180 Consulting**

On March 19, 2020, the Company entered into a Master Services Agreement (the "MSA") with 180 Consulting, pursuant to which 180 Consulting has provided and will continue to provide a variety of consulting services in support of eValuator products including product management, operational consulting, staff augmentation, internal systems platform integration and software engineering services, among others, through separate executed statements of work ("SOWs"). On September 20, 2021, the Company entered into a separate MSA in support of Avelead products. As of December 2023, all outstanding SOWs under both MSAs were effectively replaced by two new SOWs. As of the end of fiscal 2023, there were two active SOWs under the eValuator MSA, and no active SOWS under the Avelead MSA. One of the active SOWs include the ability to earn stock at a conversion rate to be calculated 20 days after the execution of the related SOW. The MSA includes a termination clause upon a 90-day written notice. While no related party has a direct or indirect material interest in this MSA or the related SOWs, individuals providing services to us under the MSA, and the related SOWs may share workspace and administrative costs with 121G Consulting LLC ("121G"). 180 Consulting earned 564,707 shares for the year ended January 31, 2024 and has earned an aggregate of 1,479,911 shares through January 31, 2024. For services rendered by 180 Consulting, the Company recorded total cash fees of $2,580,000 and non-employee stock compensation of $582,000 for fiscal 2023 as compared to $1,281,000 and $640,000, respectively, for fiscal 2022. In addition, as of the date of this report, the Company has not issued to 180 Consulting an aggregate of 206,517 shares as compensation for services previously rendered during the three-months ended January 31, 2024. Such 564,707 shares will be issued in reliance on an exemption from registration available under Section 4(a)(2) of the Securities Act.

Inclusive of the MSA executed with 180 Consulting are SOWs that provide for the Company to sublicense a software through 180 Consulting that is owned by 121G. This is a services agreement for access to software that assists the Company in implementing and integrating with our clients' technology. The license agreement is designed such that there is no material financial benefit that accrues to 121G. 180 Consulting licenses the software from 121G at cost. The Company paid approximately $563,000 and $301,000 for the SOWs that include the sublicense agreement in each of the fiscal years ended January 31, 2024 and 2023, respectively, which are included in the aforementioned totals above.

**Litigation**

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

## NOTE 13 - RELATED PARTY TRANSACTIONS

Refer to Note 3 – Business Combination. The Company acquired Avelead on August 16, 2021. We assumed a lease for corporate office space from one of the selling shareholders of Avelead who was employed by the Company through August 2023. This lease term ended February 2022 but was renewed for a term of 12 months through February 2023. For the year ended January 31, 2024, the Company recorded rent expense of $6,000. Refer to Note 4 – Operating Leases to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for more information.

## NOTE 14 — SUBSEQUENT EVENTS

**Debt Private Placement**

On February 1, 2024, the Company entered into a securities purchase agreement (the "Securities Purchase Agreement") with certain accredited investors, including certain directors and officers of the Company (collectively, the "Investors"), pursuant to which the Company agreed to sell to the Investors unsecured subordinated promissory notes (the "Notes") in the aggregate principal amount of $4.4 million and warrants (the "Warrants") to purchase up to an aggregate of 4,052,631 shares of the Company's common stock (the "Common Stock") in a private placement (the "Debt Private Placement"). The closing of the Debt Private Placement occurred on February 7, 2024 (the "Closing Date").

In connection with the Debt Private Placement, the Investors and each of the Company's directors and officers agreed, subject to certain exceptions set forth in the lock-up agreements, not to offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any shares of Common Stock, or any options or warrants to purchase any shares of Common Stock, or any securities convertible into, exchangeable for or that represent the right to receive shares of Common Stock, for a period commencing on the date of the lock-up agreement and ending 90 days from the Closing Date.

*Notes*

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

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

*Warrants*

The Warrants have an exercise price of $0.38 (except for Warrants issued to the Company’s directors and officers which have an exercise price of $0.39), are immediately exercisable, and will expire on the fourth anniversary of the Closing Date. The Warrants are subject to customary adjustments for certain transactions affecting the Company’s capitalization. The terms of the Warrants preclude a holder thereof from exercising such holder’s Warrants, and the Company from giving effect to such exercise, if after giving effect to the issuance of Common Stock upon such exercise, the holder (together with the holder’s affiliates and any other persons acting as a group together with the holder or any of the holder’s affiliates) would beneficially own in excess of 9.99% of the number of shares of Common Stock outstanding immediately after giving effect to the issuance of Common Stock upon such exercise.

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

**Common Stock Private Placement**

On February 6, 2024, the Company completed the sale of 263,158 shares of the Company’s common stock to an accredited investor at a purchase price of $0.38 per share for an aggregate purchase price of $100,000 (the “Common Stock Private Placement”).

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

**Loan Modification**

On February 7, 2024, the Company and certain of its subsidiaries entered into a Third Modification and Waiver (the “Third Modification”) to the Loan Agreement with Western Alliance Bank.

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

a. **Maximum ARR Net Leverage Ratio.** Borrowers' ARR Net Leverage Ratio, measured on a quarterly basis as of the last day of each fiscal quarter, shall not be greater than the amount set forth under the heading "Maximum ARR Net Leverage Ratio" as of, and for each of the dates appearing adjacent to such "Maximum ARR Net Leverage Ratio.

| Quarter Ending | Maximum ARR Net Leverage Ratio |
|---|---|
| April 30, 2024 | 0.50 to 1.00 |
| July 31, 2024 | 0.45 to 1.00 |
| October 31, 2024 | 0.40 to 1.00 |
| January 31, 2025 | 0.35 to 1.00 |

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

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

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

e. **Minimum Adjusted EBITDA.** Commencing with the quarter ending January 31, 2024, Borrowers shall maintain Adjusted EBITDA, measured on a quarterly basis as of the last day of each fiscal quarter, in an amount not less than the amounts (or, in the case of amounts set forth in parentheses, no worse than the amounts) set forth under the heading "Minimum Adjusted EBITDA" as of, and for each of the dates appearing adjacent to such "Minimum Adjusted EBITDA.

| Quarter Ending | | Minimum Adjusted EBITDA |
|---|---|---|
| January 31, 2024 | $ | (5,750,000) |
| April 30, 2024 | $ | (4,560,000) |
| July 31, 2024 | $ | (2,960,000) |
| October 31, 2024 | $ | (1,500,000) |
| January 31, 2025 | $ | 430,000 |

**Schedule II**

**Valuation and Qualifying Accounts and Reserves**

**Streamline Health Solutions, Inc and Subsidiaries.**
**For the two years ended January 31, 2024**
***(in thousands of dollars)***

| Description | Balance at Beginning of Period | Charged to Costs and Expenses | (1) Deductions – Other Accounts | (2) Deductions | Balance at End of Period |
|---|---|---|---|---|---|
| Year ended January 31, 2024: | | | | | |
| Allowance for doubtful accounts | $ 132 | $ (10) | $ (36) | $ — | $ 86 |
| Year ended January 31, 2023: | | | | | |
| Allowance for doubtful accounts | $ 76 | $ 189 | $ — | $ (133) | $ 132 |

(1) Adjustments to retained earnings for adoption of ASC 326-10, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (Refer to the subtopic of Accounting Pronouncements Recently Adopted in Note 2 – Significant Accounting Policies to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for more information.)

(2) Uncollectible accounts written off, net of recoveries.

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

None.

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

**Evaluation of Disclosure Controls and Procedures**

Our Chief Executive Officer (who serves as our principal executive officer) and our Chief Financial Officer (who serves as our principal financial officer) have evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(c)) as of the end of the period covered by this Report (January 31, 2024). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of January 31, 2024.

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

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

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

Our management, including our principal executive officer and principal financial officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of January 31, 2024, and concluded that our internal control over financial reporting was effective as of January 31, 2024. In making the assessment of internal control over financial reporting, management used the criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

### Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the year ended January 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We have performed additional analyses and other procedures to enable management to conclude that our consolidated financial statements included in this report fairly, in all material respects, our financial condition and results of operations as of the year ended January 31, 2024.

### Item 9B. *Other Information*

None.

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

Not applicable.

## PART III

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

Information regarding directors, executive officers and corporate governance will be set forth in the proxy statement for our 2024 Annual Meeting, which will be filed with the SEC within 120 days after the end of the fiscal year covered by this Report and is incorporated herein by reference.

### Item 11. *Executive Compensation*

Information regarding executive compensation will be set forth in the proxy statement for our 2024 Annual Meeting, which will be filed with the SEC within 120 days after the end of the fiscal year covered by this Report and is incorporated herein by reference.

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

Information regarding security ownership of certain beneficial owners and management and related stockholder matters will be set forth in the proxy statement for our 2024 Annual Meeting, which will be filed with the SEC within 120 days after the end of the fiscal year covered by this Report and is incorporated herein by reference.

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

Information regarding certain relationships and related transactions and director independence will be set forth in the proxy statement for our 2024 Annual Meeting, which will be filed with the SEC within 120 days after the end of the fiscal year covered by this Report and is incorporated herein by reference.

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

The Independent Registered Public Accounting Firm is FORVIS, LLP (PCAOB Firm ID No. 686) located in Atlanta, Georgia. Information regarding principal accountant fees and services will be set forth in the proxy statement for our 2024 Annual Meeting, which will be filed with the SEC within 120 days after the end of the fiscal year covered by this Report and is incorporated herein by reference.

## PART IV

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

(b) Exhibits

See Index to Exhibits contained in this Report.

**Item 16.** ***Form 10-K Summary***

None.

## INDEX TO EXHIBITS

**EXHIBITS**

| | |
|---|---|
| 2.1 | Unit Purchase Agreement, dated August 16, 2021, by and among Streamline Health Solutions, Inc., Avelead Consulting, LLC, Jawad Shaikh and Badar Shaikh (Incorporated by reference from Exhibit 2.1 of the Company's Current Report on Form 8-K, as filed with the SEC on August 18, 2021). |
| 3.1 | Certificate of Incorporation of Streamline Health Solutions, Inc. f/k/a/ LanVision Systems, Inc., as amended through August 19, 2014 (Incorporated by reference from Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q, as filed with the SEC on September 15, 2014). |
| 3.2 | Certificate of Amendment of Certificate of Incorporation of Streamline Health Solutions, Inc. (Incorporated by reference from Exhibit 3.1 of the Company's Current Report on Form 8-K, as filed with the SEC on May 24, 2021). |
| 3.3 | Certificate of Amendment of Certificate of Incorporation of Streamline Health Solutions, Inc. (Incorporated by reference from Exhibit 3.1 of the Company's Current Report on Form 8-K, as filed with the SEC on June 8, 2022). |
| 3.4 | Amended and Restated Bylaws of Streamline Health Solutions, Inc., as amended and restated through March 28, 2014 (Incorporated by reference from Exhibit 3.1 of the Company's Current Report on Form 8-K, as filed with the SEC on April 3, 2014). |
| 4.1 | Specimen Common Stock Certificate of Streamline Health Solutions, Inc. (Incorporated by reference from the Company's Registration Statement on Form S-1, File Number 333-01494, as filed with the SEC on April 15, 1996). |
| 4.2* | Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934. |
| 4.3 | Form of Warrant of Streamline Health Solutions, Inc. (Incorporated by reference from Exhibit 4.1 of the Company's Current Report on Form 8-K, as filed with the SEC on February 7, 2024). |
| 10.1# | Streamline Health Solutions, Inc. 1996 Associate Stock Purchase Plan, as amended and restated effective July 1, 2013 (Incorporated by reference from the Registration Statement on Form S-8, File Number 333-188763, as filed with the Commission on May 22, 2013). |
| 10.2# | 2005 Incentive Compensation Plan of Streamline Health Solutions, Inc. (Incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K, as filed with the SEC on May 26, 2005). |
| 10.2(a)# | Amendment No. 2 to 2005 Incentive Compensation Plan of Streamline Health Solutions, Inc. (Incorporated by reference from Exhibit 4.3 of the Company's Registration Statement on Form S-8, as filed with the SEC on November 15, 2012). |
| 10.2(b)# | Amendment No. 3 to 2005 Incentive Compensation Plan of Streamline Health Solutions, Inc. (Incorporated by reference from Exhibit 10.2(c) of the Company's Current Report on Form 8-K, as filed with the SEC on October 20, 2020). |
| 10.2(c)# | Streamline Health Solutions, Inc. Third Amended and Restated 2013 Stock Incentive Plan (Incorporated by reference from Appendix A to the Company's Definitive Proxy Statement on Schedule 14A, as filed with the SEC on April 22, 2019). |

| | |
|---|---|
| 10.3# | Amendment No. 1 to Streamline Health Solutions, Inc. Third Amended and Restated 2013 Stock Incentive Plan (Incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K, as filed with the SEC on May 24, 2021). |
| 10.3(a)# | Amendment No. 2 to Streamline Health Solutions, Inc. Third Amended and Restated 2013 Stock Incentive Plan (Incorporated by reference from Appendix B to the Company's Definitive Proxy Statement on Schedule 14A, as filed with the SEC on May 9, 2022). |
| 10.3(b)# | Amendment No. 3 to Streamline Health Solutions, Inc. Third Amended and Restated 2013 Stock Incentive Plan (Incorporated by reference from Appendix B to the Company's Definitive Proxy Statement on Schedule 14A, as filed with the SEC on May 11, 2023). |
| 10.3(c)# | Form of Restricted Stock Award Agreement for Non-Employee Directors (Incorporated by reference from Exhibit 10.2 of the Company's Current Report on Form 8-K, as filed with the SEC on August 25, 2014). |
| 10.3(d)# | Form of Restricted Stock Award Agreement for Executives (Incorporated by reference from Exhibit 10.3 of the Company's Current Report on Form 8-K, as filed with the SEC on August 25, 2014). |
| 10.3(e)# | Form of Stock Option Agreement for Executives (Incorporated by reference from Exhibit 10.4 of the Company's Current Report on Form 8-K, as filed with the SEC on August 25, 2014). |
| 10.4# | Employment Agreement, dated October 17, 2019, by and between the Company and Wyche T. "Tee" Green, III (Incorporated by reference from Exhibit 10.2 of the Company's Current Report on Form 8-K, as filed with the SEC on October 18, 2019). |
| 10.5#* | Employment Agreement, dated February 15, 2022, by and between the Company and Benjamin L. Stilwill. |
| 10.6# | Employment Agreement, dated December 4, 2023, by and between the Company and Bryant James Reeves (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, as filed with the SEC on December 7, 2023). |
| 10.7#* | Employment Agreement, dated February 4, 2021, by and between the Company and Wendy L. Lovvorn. |
| 10.8# | Employment Agreement dated September 10, 2018 by and between Streamline Health Solutions, Inc. and Thomas J. Gibson (Incorporated by reference from Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q, as filed with the SEC on September 12, 2018). |
| 10.9# | Restricted Stock Agreement by and between Streamline Health Solutions, Inc. and Jawad Shaikh, dated as of August 16, 2021 (Incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K, as filed with the SEC on August 18, 2021). |
| 10.10# | Restricted Stock Agreement by and between Streamline Health Solutions, Inc. and Badar Shaikh, dated as of August 16, 2021 (Incorporated by reference from Exhibit 10.2 of the Company's Current Report on Form 8-K, as filed with the SEC on August 18, 2021). |
| 10.11# | Form of Indemnification Agreement for all directors and officers of Streamline Health Solutions, Inc. (Incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K, as filed with the SEC on June 7, 2006). |
| 10.12# | Restricted Stock Agreement by and between Streamline Health Solutions, Inc. and Badar Shaikh, dated as of August 16, 2021 (Incorporated by reference from Exhibit 10.2 of the Company's Current Report on Form 8-K, as filed with the SEC on August 18, 2021). |
| 10.13 | Loan and Security Agreement dated as of December 11, 2019 by and among Bridge Bank, a division of Western Alliance Bank, Streamline Health Solutions, Inc. and Streamline Health, Inc. (Incorporated by reference from Exhibit 10.5 of the Company's Quarterly Report on Form 10-Q, as filed with the SEC on January 7, 2020). |
| 10.13(a) | Amended and Restated Loan and Security Agreement dated as of March 2, 2021 by and among Western Alliance Bank, Streamline Health Solutions, Inc. and Streamline Health, Inc. (Incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K, as filed with the SEC on March 2, 2021). |
| 10.13(b) | Second Amended and Restated Loan and Security Agreement, dated August 26, 2021, by and among Streamline Health Solutions, Inc., Streamline Health, Inc., Streamline Pay & Benefits, LLC, Streamline Consulting Solutions, LLC, Avelead Consulting, LLC and Western Alliance Bank (Incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K, as filed with the SEC on August 30, 2021. |
| 10.13(c) | Waiver of Second Amended and Restated Loan and Security Agreement, dated August 26, 2022, by and among the Company, Streamline Health, LLC, Streamline Pay & Benefits, LLC, Avelead Consulting, LLC, Streamline Consulting Solutions, LLC and Western Alliance Bank (Incorporated by reference from Exhibit 10.2 of the Quarterly Report on Form 10-Q, filed September 8, 2022). |
| 10.13(d) | Second Modification to Second Amended and Restated Loan and Security Agreement, dated November 29, 2022, by and between Streamline Health Solutions, Inc. and certain of its subsidiaries party thereto, and Western Alliance Bank (Incorporated by reference from Exhibit 10.1 of the Current Report on Form 8-K, filed December 5, 2022). |
| 10.13(e) | Third Modification to Second Amended and Restated Loan and Security Agreement, dated February 7, 2024, by and between Streamline Health Solutions, Inc. and certain of its subsidiaries party thereto, and Western Alliance Bank (Incorporated by reference from Exhibit 10.3 of the Current Report on Form 8-K, filed February 7, 2024). |

| | |
|---|---|
| 10.14 | Securities Purchase Agreement, dated October 10, 2019, between the Company and each purchaser identified on the signature pages thereto (Incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K, as filed with the SEC on October 11, 2019). |
| 10.15 | Registration Rights Agreement, dated October 10, 2019, between the Company and each of the several purchasers signatory thereto (Incorporated by reference from Exhibit 10.2 of the Company's Current Report on Form 8-K, as filed with the SEC on October 11, 2019). |
| 10.16 | Form of Common Stock Purchase Agreement dated as of October 24, 2022, by and among Streamline Health Solutions, Inc. and the purchasers thereto (Incorporated by reference from Exhibit 10.1 of the Current Report on Form 8-K, filed October 27, 2022). |
| 10.17 | Master Services and Non-Disclosure Agreement, dated as of March 18, 2020, by and between Streamline Health Solutions, Inc. and 180 Consulting, LLC (Incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed with the SEC on March 25, 2020). |
| 10.18 | Sublease Agreement (Incorporated by reference from Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q, as filed with the SEC on June 11, 2020). |
| 10.19 | Form of Securities Purchase Agreement, by and among Streamline Health Solutions, Inc. and each purchaser identified on the signature pages thereto (Incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed with the SEC on February 7, 2024). |
| 10.20 | Form of Promissory Note of Streamline Health Solutions, Inc. (Incorporated by reference from Exhibit 10.2 of the Company's Current Report on Form 8-K, as filed with the SEC on February 7, 2024). |
| 21.1* | Subsidiaries of Streamline Health Solutions, Inc. |
| 23.1* | Consent of Independent Registered Public Accounting Firm - FORVIS, LLP |
| 24 | Power of Attorney (included in signature page) |
| 31.1* | Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2* | Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1* | Certification by Chief Executive Officer pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2* | Certification by Chief Financial Officer pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101 | The following financial information from Streamline Health Solutions, Inc.'s Annual Report on Form 10-K for the fiscal year ended January 31, 2024 filed with the SEC on April 30, 2024, formatted in XBRL includes: (i) Consolidated Balance Sheets at January 31, 2024 and 2023, (ii) Consolidated Statements of Operations for the two years ended January 31, 2024, (iii) Consolidated Statements of Changes in Stockholders' Equity for the two years ended January 31, 2024, (iv) Consolidated Statements of Cash Flows for the two years ended January 31, 2024, and (v) the Notes to Consolidated Financial Statements. |
| 101.INS | Inline XBRL Instance Document |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

* Filed herewith.

\# Management Contracts and Compensatory Arrangements.

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

## SIGNATURES

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

STREAMLINE HEALTH SOLUTIONS, INC.

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

## POWER OF ATTORNEY

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

DATE: April 30, 2024

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

| | | |
|---|---|---|
| */s/ WYCHE T. "TEE" GREEN, III*<br>Wyche T. "Tee" Green, III | Executive Chairman and Chairman of the Board | April 30, 2024 |
| */S/ BENJAMIN L. STILWILL*<br>Benjamin L. Stilwill | President, Chief Executive Officer and Director<br>*(Principal Executive Officer)* | April 30, 2024 |
| */s/ BRYANT J. REEVES, III*<br>Bryant J. Reeves, III | Chief Financial Officer<br>*(Principal Financial Officer and Principal Accounting Officer)* | April 30,2024 |
| */s/ JONATHAN R. PHILLIPS*<br>Jonathan R. Phillips | Director | April 30, 2024 |
| */s/ JUSTIN FERAYORNI*<br>Justin Ferayorni | Director | April 30, 2024 |
| */s/ JUDITH E. STARKEY*<br>Judith E. Starkey | Director | April 30, 2024 |
| */s/ KENAN H. LUCAS*<br>Kenan H. Lucas | Director | April 30, 2024 |
| */s/ MATTHEW ETHERIDGE*<br>Matthew Etheridge | Director | April 30, 2024 |

**Exhibit 4.2**

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

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

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

## Common Stock

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

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

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

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

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

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

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

The rights, preferences and privileges of holders of our Common Stock are subject to, and may be adversely affected by, those of the holders of Preferred Stock, and will be subject to those of the holders of any shares of our Preferred Stock that we may issue in the future. As of April 30, 2024, we had no shares of Preferred Stock outstanding.

**Warrants**

As of April 30, 2024, we have warrants (the "Warrants") outstanding to purchase up to an aggregate of 4,052,631 shares of Common Stock.

The Warrants have an exercise price of $0.38 (except for Warrants issued to the Company's directors and officers which have an exercise price of $0.39), and are exercisable any time on or after February 7, 2024, and prior to February 7, 2028. The Warrants are exercisable for cash or on a cashless basis, at the holder's option.

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

The Warrant holders do not have the rights or privileges of holders of shares of our Common Stock or any voting rights until they exercise their Warrants and receive shares of our Common Stock. After the issuance of shares of Common Stock upon exercise of the Warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by stockholders of the Company. The Warrants were issued in a private placement pursuant to an exemption under the Securities Act of 1933, as amended.

**Listing**

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

**Transfer Agent and Registrar**

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

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

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

- prior to the date of such business combination, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (a) shares owned by persons who are directors and also officers of the corporation and (b) shares issued under employee stock plans under which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- on or subsequent to the date of such business combination, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines a business combination to include:

- any merger or consolidation involving the corporation and the interested stockholder or any merger or consolidation involving the corporation and another entity that is caused by the interested stockholder;

- any sale, lease, exchange, mortgage, pledge, transfer or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;

- subject to exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

- any transaction involving the corporation that has the effect of increasing the proportionate share of its stock owned by the interested stockholder; or

- any receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

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

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

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

- provide that the authorized number of directors may be changed only by the Board of Directors;

- provide that all vacancies, including newly created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum; and

- do not provide for cumulative voting rights (therefore allowing the holders of a majority of the shares of capital stock entitled to vote in any election of directors to elect all of the directors standing for election, if they should so choose).

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

# EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (together with Exhibit A attached hereto, the "Agreement") is entered as of February 15, 2022, by and between Streamline Health, LLC, a Delaware limited liability company with its headquarters in Alpharetta, Georgia (the "Company"), and Ben Stilwill, a resident of the state of Pennsylvania ("Executive").

**RECITALS**:

**WHEREAS**, the Company is a wholly owned subsidiary of Streamline Health Solutions, Inc. ("STRM");

**WHEREAS**, the Company and Executive hereby agree that Executive will serve as an officer of the Company pursuant to the terms and conditions set forth in this Agreement.

**NOW, THEREFORE**, in consideration of the premises and the agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which the parties hereby acknowledge, the parties agree as follows:

## 1. EMPLOYMENT

The Company hereby agrees to employ Executive, and Executive, in consideration of such employment and other consideration set forth herein, hereby accepts employment, upon the terms and conditions set forth herein.

## 2. POSITION AND DUTIES

During the Term (as defined in Section 10 of this Agreement), Executive will be employed as CEO and President of the Company and may also serve as an officer or director of affiliates of the Company for no additional compensation, as part of Executive's services to the Company hereunder. While employed hereunder, Executive will do all things necessary, legal and incident to the above positions, and otherwise will perform such executive- level functions, as the CEO of Streamline Health Solutions, Inc. (the "CEO") or other person as may be designated by the Company as are commensurate with Executive's position, to whom Executive will report, or other person(s) the Board of Directors of STRM (the "Board") may establish from time to time.

## 3. COMPENSATION AND BENEFITS

Subject to such modifications as may be contemplated by Exhibit A attached hereto and approved from time to time by the Board or the Compensation Committee of the Board of Directors of STRM (the "Committee"), and unless otherwise consented to by Executive, during the Term, Executive will receive the compensation and benefits listed on the attached Exhibit A, which is incorporated herein and expressly made a part of this Agreement. Such compensation and benefits will be paid and provided by the Company in accordance with the Company's regular payroll, compensation and benefits plans, programs and policies, as in effect from time to time.

## 4. EXPENSES

The Company will pay or reimburse Executive for all travel and out-of-pocket expenses reasonably incurred or paid by Executive in connection with the performance of Executive's duties as an employee of the Company upon compliance with the Company's procedures for expense reimbursement, including the presentation of expense statements or receipts or such other supporting documentation as the Company may reasonably require. All expenses eligible for reimbursement in connection with the Executive's employment with the Company must be incurred by Executive during the term of employment and must be in accordance with the Company's expense reimbursement policies. The amount of reimbursable expenses incurred in one taxable year will not affect the expenses eligible for reimbursement in any other taxable year. Each category of reimbursement will be paid as soon as administratively practicable, but in no event will any such reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. No right to reimbursement is subject to liquidation or exchange for other benefits.

## 5. BINDING AGREEMENT

The Company warrants and represents to Executive that the Company, acting by the officer executing this Agreement on its behalf of the Company, has the full right and authority to enter into this Agreement and to perform all of its obligations hereunder.

## 6. OUTSIDE EMPLOYMENT

Executive will devote Executive's full time and attention to the performance of the duties incident to Executive's position with the Company, and will not have any other employment with any other enterprise or substantial responsibility for any enterprise which would be inconsistent with Executive's duty to devote Executive's full time and attention to Company matters; *provided, however,* that the foregoing will not prevent Executive from participation in any charitable or civic organization or, subject to President consent, which consent will not be unreasonably withheld, from service in a non-executive capacity on the boards of directors of up to two
(2) other companies that does not interfere with Executive's performance of the duties and responsibilities to be performed by Executive under this Agreement.

## 7. CONFIDENTIAL INFORMATION AND TRADE SECRETS

The Company is in the business of providing solutions, including comprehensive suites of health information management solutions relating to enterprise content management, computer assisted coding, business analytics, clinical analytics, patient scheduling and integrated workflow systems, that help hospitals, physician groups and other healthcare organizations improve efficiencies and business processes across the enterprise to enhance and protect revenues, offering a flexible, customizable way to optimize the clinical and financial performance of any healthcare organization (the "Business").

For the purpose of this Agreement, "Confidential Information" will mean proprietary or confidential data, information, documents, or materials (in oral, written, unwritten or electronic form) which belongs to or pertains to the Company's Business and which was disclosed to Executive or which Executive became aware of as a consequence of Executive's relationship with the Company. Confidential Information includes, without limitation, the Company's services, processes, patents, systems, equipment, creations, designs, formats, programming, discoveries, inventions, improvements, computer programs, data kept on computers, engineering, research, development, applications, financial information, information regarding services and products in development, market information, including test marketing or localized marketing, other information regarding processes or plans in development, trade secrets, training manuals, know-how of the Company, and the customers, clients, suppliers and others with whom the Company does or has in the past done, business (including any information about the identity of the Company's customers or suppliers and written customer lists and customer prospect lists), or information about customer requirements, transactions, work orders, pricing policies, plans or any other Confidential Information, which the Company deems confidential and proprietary and which is generally not known to others outside the Company and which gives or tends to give the Company a competitive advantage over persons who do not possess such information or the secrecy of which is otherwise of value to the Company in the conduct of its business — regardless of when and by whom such information was developed or acquired, and regardless of whether any of these are described in writing, reduced to practice, copyrightable or considered copyrightable, patentable or considered patentable; *provided, however,* that "Confidential Information" will not include general industry information or information which is publicly available or is otherwise in the public domain without breach of this Agreement, information which Executive has lawfully acquired from a source other than through his employment with the Company, or information which is required to be disclosed pursuant to any law, regulation or rule of any governmental body or authority or court order (in which event Executive will immediately notify the Company of such requirement or order so as to give the Company an opportunity to seek a protective order or other manner of protection prior to production or disclosure of the information). Executive acknowledges that Confidential Information is novel and proprietary to and of considerable value to the Company.

Confidential Information will also include confidential information of third parties, clients or prospective clients that has been provided to the Company or to Executive in conjunction with Executive's employment, which information the Company is obligated to treat as confidential. Confidential Information does not include information voluntarily disclosed to the public by the Company, except where such public disclosure has been made by the Executive without authorization from the Company, or which has been independently developed and disclosed by others, or which has otherwise entered the public domain through lawful means.

Executive acknowledges that all Confidential Information is the valuable, unique and special asset of the Company and that the Company owns the sole and exclusive right, title and interest in and to this Confidential Information.

(a) To the extent that the Confidential Information rises to the level of a trade secret under applicable law, then Executive will, during Executive's employment and for as long thereafter as the Confidential Information remains a trade secret (or for the maximum period of time otherwise allowed under applicable law) protect and maintain the confidentiality of these trade secrets and refrain from disclosing, copying or using the trade secrets without the Company's prior written consent, except as necessary in Executive's performance of Executive's duties while employed with the Company.

(b) To the extent that the Confidential Information defined above does not rise to the level of a trade secret under applicable law, Executive will not, during Executive's employment and thereafter for a period of two (2) years, disclose, or cause to be disclosed in any way, Confidential Information, or any part thereof, to any person, firm, corporation, association or any other operation or entity, or use the Confidential Information on Executive's own behalf, for any reason or purpose except as necessary in the performance of his duties while employed with the Company. Executive further agrees that, during Executive's employment and thereafter for a period of two (2) years, Executive will not distribute, or cause to be distributed, Confidential Information to any third person or permit the reproduction of Confidential Information, except on behalf of the Company in Executive's capacity as an employee of the Company. Executive will take all reasonable care to avoid unauthorized disclosure or use of the Confidential Information. Executive agrees that all restrictions contained in this Section 7 are reasonable and valid under the circumstances and hereby waives all defenses to the strict enforcement thereof by the Company.

Notwithstanding the foregoing, nothing in this Agreement is intended to or will be used in any way to prevent Executive from testifying truthfully under oath in a judicial proceeding or to limit Executive's right to communicate with a government agency, as provided for, protected under or warranted by applicable law. Further, Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if Executive files a lawsuit for retaliation for reporting a suspected violation of law, Executive may disclose the trade secret to his attorney and use the trade secret information in the court proceeding, as long as Executive files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

Executive agrees that, upon the request of the Company, or in any event immediately upon termination of his employment for whatever reason, Executive will immediately deliver up to the Company or its designee all Confidential Information in Executive's possession or control, and all notes, records, memoranda, correspondence, files and other papers, and all copies thereof, relating to or containing Confidential Information. Executive does not have, nor can Executive acquire, any property or other rights in Confidential Information.

**8. PROPERTY OF THE COMPANY**

All ideas, inventions, discoveries, proprietary information, know-how, processes and other developments and, more specifically, improvements to existing inventions, conceived by Executive, alone or with others, during the term of Executive's employment with the Company, whether or not during working hours and whether or not while working on a specific project, that are within the scope of the Company's Business operations or that relate to any work or projects of the Company, shall be deemed to be a "work made for hire" (as defined in the United States Copyright Act, 17 U.S.C.A. §101 et seq., as amended) to the greatest extend possible and are and will remain the exclusive property of the Company. Inventions, improvements and discoveries relating to the Business of the Company conceived or made by Executive, either alone or with others, while employed with the Company are conclusively and irrefutably presumed to have been made during the period of employment and are the sole property of the Company. The Executive will promptly disclose in writing any such matters to the Company but to no other person without the consent of the Company. Executive hereby assigns and agrees to assign all right, title and interest in and to such matters to the Company. Executive will, upon request of the Company, execute such assignments or other instruments and assist the Company in the obtaining, at the Company's sole expense, of any patents, trademarks or similar protection, if available, in the name of the Company.

**9. PROTECTIVE COVENANTS**

(a) Non-Solicitation of Customers, Clients, or Vendors. During Executive's employment and for a period of two (2) years following the date of any voluntary or involuntary termination of Executive's employment for any reason, Executive agrees not to solicit, directly or indirectly (including by assisting others), any business from any of the Company's customers, clients, or vendors (including actively sought prospective customers, clients, or vendors) with whom Executive has had material contact during the most recent two (2) years prior to the solicitation for the purpose of providing products or services that are competitive with those provided by the Company.

(b) Non-Piracy of Employees. During Executive's employment and for a period of two (2) years following the date of any voluntary or involuntary termination of Executive's employment for any reason, Executive covenants and agrees that Executive will not, directly or indirectly, on Executive's own behalf or on behalf of any other person or entity (i) solicit, recruit or hire (or attempt to solicit, recruit or hire) or otherwise assist anyone in soliciting, recruiting or hiring, any employee or independent contractor of the Company who performed work for the Company and with whom Executive had material business contact within the last year of Executive's employment with the Company to work for or provide services to any business that competes with the Business, or (ii) otherwise encourage, solicit or support any such employee or independent contractor to leave his or her employment or engagement with the Company or to violate the terms of any agreement or understanding between that individual and the Company.

(c) Non-Compete. During Executive's employment with the Company and for a period of two (2) years following the date of any voluntary, or one (1) year following the date of any involuntary, termination of Executive's employment for any reason, Executive agrees not to, directly or indirectly, either on Executive's own behalf or on behalf of any other person or entity, in the Territory, compete with the Company by performing services for any person or entity competitor engaging in competition with the Business, that are the same as or similar to the duties performed by Executive during the most recent two (2)-year period, provided that the foregoing will not prohibit Executive from owning not more than five percent (5%) of the outstanding stock of a corporation subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The "Territory" will be defined to be that geographic area comprised of the following states in the United States of America, the District of Columbia, and the Canadian provinces of Quebec and Alberta:

| | | | |
|---|---|---|---|
| Alabama | Indiana | Nebraska | South Carolina |
| Alaska | Iowa | Nevada | South Dakota |
| Arizona | Kansas | New Hampshire | Tennessee |
| Arkansas | Kentucky | New Jersey | Texas |
| California | Louisiana | New Mexico | Utah |
| Colorado | Maine | New York | Vermont |
| Connecticut | Maryland | North Carolina | Virginia |
| Delaware | | | |
| Florida | Massachusetts | North Dakota | Washington |
| Georgia | Michigan | Ohio | West Virginia |
| Hawaii | Minnesota | Oklahoma | Wisconsin |
| Idaho | Mississippi | Oregon | Wyoming |
| Illinois | Missouri | Pennsylvania | |
| | Montana | Rhode Island | |

*; provided, however,* that the Territory described herein is a good faith estimate of the geographic area that is now applicable as the area in which the Company does business during the term of Executive's employment, and the Company and Executive agree that this non-compete covenant will ultimately be construed to cover only so much of such Territory as relates to the geographic areas in which the Executive does business for and on behalf of the Company within the most recent two (2)-year period.

**10. TERM**

Unless earlier terminated pursuant to Section 11 herein, the term of this Agreement will be for a period beginning on the effective date specified in Exhibit A and ending on March 13, 2023 (the "Initial Term"). Upon expiration of the Initial Term, this Agreement will automatically renew in successive twelve (12)-month periods (each a "Renewal Period"), unless Executive or the Company notifies the other party at least sixty (60) days prior to the end of the Initial Term or the applicable Renewal Period that this Agreement will not be renewed. The Initial Term, and, if this Agreement is renewed in accordance with this Section 10, each Renewal Period, will be included in the definition of "Term" for purposes of this Agreement. Unless waived in writing by the Company, the requirements of Section 7 (Confidential Information and Trade Secrets), Section 8 (Property of the Company) and Section 9 (Protective Covenants) will survive the expiration or termination of this Agreement or Executive's employment for any reason.

**11. TERMINATION**

(a) Death. This Agreement and Executive's employment hereunder will be terminated on the death of Executive, effective as of the date of Executive's death. In such event, the Company will pay to the estate of Executive the sum of (i) accrued but unpaid Base Salary (as defined in Exhibit A) earned prior to Executive's death (to be paid in accordance with normal practices of the Company or as otherwise required by law) and (ii) expenses incurred by Executive prior to his death for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and Executive will be entitled to no severance or other post-termination benefits.

(b) Continued Disability. This Agreement and Executive's employment hereunder may be terminated, at the option of the Company, upon a Continued Disability (as defined herein) of Executive. For the purposes of this Agreement, and unless otherwise required under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), "Continued Disability" will be defined as the inability or incapacity (either mental or physical) of Executive to continue to perform Executive's duties hereunder for a continuous period of one hundred twenty (120) working days, or if, during any calendar year of the Term hereof because of disability, Executive was unable to perform Executive's duties hereunder for a total period of one hundred eighty (180) working days regardless of whether or not such days are consecutive. The determination as to whether Executive is unable to perform the duties of Executive's job will be made by the Board or the Committee in its reasonable discretion; *provided, however,* that if Executive is not satisfied with the decision of the Board or the Committee, Executive will submit to examination by three (3) competent physicians who practice in the metropolitan area in which the Company maintains its principal executive office, one of whom will be selected by the Company, another of whom will be selected by Executive, with the third to be selected by the physicians so selected. The determination of a majority of the physicians so selected will supersede the determination of the Board or the Committee and will be final and conclusive. In the event of the termination of Executive's employment due to Continued Disability, the Company will provide to Executive (i) accrued but unpaid Base Salary earned through the date of the Executive's termination of employment (paid in accordance with the normal practices of the Company or as otherwise required by law), (ii) expenses incurred by Executive prior to his termination of employment for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and (iii) any vested benefits earned by the Executive under any employee benefit plan of the Company or its affiliates under which he was participating immediately prior to the termination date, which such benefits to be provided in accordance with the terms of the applicable employee benefit plan (the "Accrued Obligations"), and Executive will be entitled to no severance or other post-termination benefits.

(c) Termination by the Company for Good Cause, by Executive Other Than for Good Reason, or upon Non-Renewal of the Term by Company or Executive. Notwithstanding any other provision of this Agreement, the Company may at any time terminate this Agreement and Executive's employment hereunder for Good Cause, Executive may at any time terminate his employment other than for Good Reason (as defined in Section 11(d) herein), Company may notify Executive that it will not renew the Term, or Executive may notify the Company that he will not renew the Term. For this purpose, "Good Cause" will include the following: the current use of illegal drugs; conviction of any crime which involves moral turpitude, fraud or misrepresentation; commission of any act which would constitute a felony or which adversely impacts the business or reputation of the Company; fraud; misappropriation or embezzlement of Company funds or property; willful misconduct or grossly negligent or reckless conduct which is materially injurious to the reputation, business or business relationships of the Company; material violation or default on any of the provisions of this Agreement; or material and continuous failure to meet reasonable performance criteria or reasonable standards of conduct as established from time to time by the Board, which failure continues for at least thirty (30) days after written notice from the Company to Executive. Notice of a termination by the Company for Good Cause will be delivered in writing to Executive stating the Good Cause for such action. If the employment of Executive is terminated by the Company for Good Cause, if Executive terminates employment for any reason other than for Good Reason (including, but not limited to, resignation or retirement), or if Executive notifies the Company he will not renew the Term, then, the Company will provide Executive (i) accrued but unpaid salary through the termination date (paid in accordance with the normal practices of the Company or as otherwise required by law), (ii) expenses incurred by Executive prior to his termination date for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein and (iii) any vested benefits earned by the Executive under any employee benefit plan of the Company or its affiliates under which he was participating immediately prior to the termination date, which such benefits to be provided in accordance with the terms of the applicable employee benefit plan, and Executive will be entitled to no severance or other post- termination benefits. For the sake of clarity, no election by the Company not to renew the Term will trigger any rights to severance or other benefits.

(d) Termination by the Company without Good Cause or by Executive for Good Reason. The Company may terminate this Agreement and Executive's employment at any time, including for reasons other than Good Cause (as "Good Cause" is defined in Section 11(c) above. For the purposes herein, "Good Reason" will mean (i) a material diminution of Executive's base salary; (ii) a material diminution in Executive's authority, duties, or responsibilities; or (iii) any other action or inaction that constitutes a material breach of the terms of this Agreement; provided that Executive's termination will not be treated as for Good Reason unless Executive provides the Company with notice of the existence of the condition claimed to constitute Good Reason within ninety (90) days of the initial existence of such condition and the Company fails to remedy such condition within thirty (30) days following the Company's receipt of such notice. In the event that (i) the Company terminates the employment of Executive during the Term for reasons other than for Good Cause, death or Continued Disability or (ii) Executive terminates employment for Good Reason, then Executive shall be entitled to the Accrued Obligations (as defined in Section 11(b)) and, subject to Executive's signing, delivering and not revoking a complete general release of all claims against the Company in a form acceptable to the Company (the "Release"), which Release must be signed, delivered and not revoked within the period set forth in the Release, and provided that Executive is not in default of his obligations under Section 7, 8, or 9 herein, the following:

(i) Payment of an amount equal to six (6) months of Executive's base salary in effect at the time of termination, payable in accordance with the regular pay periods of the Company (but no less frequently than monthly and in equal installments) beginning on the first payroll date following the date of termination of employment provided, however, that all payments otherwise due during the first sixty (60) days following termination of employment shall be accumulated and, if the Release requirements have been met, paid on the sixtieth ($60^{th}$) day following termination of employment.

(ii) Payment of an amount equal to the product of six (6) times the monthly rate of the Company's subsidy for coverage in its medical, dental and vision plans for active employees (including any applicable coverage for spouses and dependents) in effect on the date of termination, payable in a lump sum on the sixtieth (60th) day following termination of employment.

The payments set forth in Section 11(d)(i) and (ii) are collectively referred to as the "Severance Payments." All other rights the Executive may have, other than as set forth in this Section, shall terminate upon such termination.

**12. NOTIFICATION TO PROSPECTIVE EMPLOYERS**

If Executive seeks or is offered employment by any other company, firm or person during his employment or during the post- termination restricted periods, he will notify the prospective employer of the existence and terms of the Confidential Information and Trade Secrets provision in Section 7 and the Protective Covenants provision in Section 9 of this Agreement. Executive may disclose the language of Sections 7 and 9 but may not disclose the remainder of this Agreement.

**13. CHANGE IN CONTROL**

(a) In the event of a Change in Control (as defined herein) of the Company during the Term,

(i) If Executive has remained continuously employed with the Company through the date of the Change in Control, all stock options, restricted stock, and all other equity awards (if any) granted to Executive that are outstanding immediately prior to the Change in Control shall immediately vest in full as of the date of the Change in Control.

(ii) If, during the Term and within ninety (90) days prior to or twelve (12) months following a Change in Control, the Company terminates the employment of Executive for reasons other than for Good Cause, death or Continued Disability, then, Executive shall receive the Accrued Obligations (as defined in Section 6(a), and, subject to the Release requirements set forth in Section 11(d) and provided that Executive is not in default of his obligations under Section 7, 8, or 9 herein, (A) Executive shall be entitled to the Severance Payments set forth in and pursuant to Section 11(d) and (B) all stock options, restricted stock, and other equity awards (if any) granted to Executive that are outstanding immediately prior to the date of termination shall immediately vest in full as of the date of termination and, with respect to any outstanding options, will remain exercisable by Executive from such vesting date (i.e., the date of termination) until the earlier of: (x) the end of the applicable option period or (y) one hundred and eighty (180) days from the date of Executive's termination of employment.

(b) For purposes of this Agreement, "Change in Control" means any of the following events:

(i) A change in control of the direction and administration of the Company's business of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Exchange Act, as in effect on the date hereof and any successor provision of the regulations under the Exchange Act, whether or not the Company is then subject to such reporting requirements; or

(ii) Any "person" (as such term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act but excluding any employee benefit plan of the Company) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than one half (1/2) of the combined voting power of the Company's outstanding securities then entitled to vote for the election of directors; or

(iii) The Company sells all or substantially all of the assets of the Company; or

(iv) The consummation of a merger, reorganization, consolidation or similar business combination that constitutes a change in control as defined in the Company's 2013 Second Amended and Restated Stock Incentive Plan or other successor stock plan or results in the occurrence of any event described in Sections 13(b) (i), (ii) or (iii) above.

Notwithstanding the foregoing, a Change in Control will not be deemed to have occurred unless such event would also be a Change in Control under Code Section 409A or would otherwise be a permitted distribution event under Code Section 409A.

(c) If any payment or distribution by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement or the lapse or termination of any restriction on or the vesting or exercisability of any payment or benefit (each a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law (such tax or taxes are hereafter collectively referred to as the "Excise Tax"), then the aggregate amount of Payments payable to Executive shall be reduced to the aggregate amount of Payments that may be made to the Executive without incurring an excise tax (the "Safe-Harbor Amount") in accordance with the immediately following sentence. Any such reduction shall be made in the following order: (i) first, any future cash payments (if any) shall be reduced (if necessary, to zero); (ii) second, any current cash payments shall be reduced (if necessary, to zero); (iii) third, all non-cash payments (other than equity or equity derivative related payments) shall be reduced (if necessary, to zero); and (iv) fourth, all equity or equity derivative payments shall be reduced.

**14. ACKNOWLEDGEMENTS**

The Company and Executive each hereby acknowledge and agree as follows:

(a) The covenants, restrictions, agreements and obligations set forth herein are founded upon valuable consideration, and, with respect to the covenants, restrictions, agreements and obligations set forth in Sections 7 and 9 hereof, are reasonable in duration, the activities proscribed, and geographic scope;

(b) In the event of a breach or threatened breach by Executive of any of the covenants, restrictions, agreements and obligations set forth in Sections 7 or 9 hereof, monetary damages or the other remedies at law that may be available to the Company for such breach or threatened breach will be inadequate and, without prejudice to the Company's right to pursue any other remedies at law or in equity available to it for such breach or threatened breach, including, without limitation, the recovery of damages from Executive, the Company will be entitled to injunctive relief from a court of competent jurisdiction or the arbitrator; and

(c) The time period, proscribed activities, and geographical area set forth in the Confidential Information and Trade Secrets provision in Section 7 or the Protective Covenants provision in Section 9 hereof are each divisible and separable, and, in the event that they are judicially held invalid or unenforceable as to such time period, scope of activities, or geographical area, they will be valid and enforceable to such extent and in such geographical area(s) and for such time period(s) which the court or arbitrator determines to be reasonable and enforceable. Executive agrees that in the event any court of competent jurisdiction or arbitrator determines that the covenants in Sections 7 and 9 are invalid or unenforceable to join with the Company in requesting that court or arbitrator to construe the applicable provision by limiting or reducing it so as to be enforceable to the extent compatible with the then applicable law. Furthermore, any period of restriction or covenant herein stated will not include any period of violation or period of time required for litigation to enforce such restriction or covenant and Executive agrees that the time periods for the covenants in Sections 7 and 9 of this Agreement shall be tolled during any period in which Executive is in violation of either of those provisions.

**15. NOTICES**

Any notice or communication required or permitted hereunder will be given in writing and will be sufficiently given if delivered by email or sent by overnight, nationally recognized courier to such party addressed as follows:

(a) In the case of the Company, if addressed to it as follows:

Streamline Health Solutions, Inc.
2400 Old Milton Parkway Box #1353
Alpharetta, GA 30009
Attn: Chief Executive Officer
Email: Thomas.gibson@streamlinehealth.net

(b) In the case of Executive, if addressed to Executive at the most recent address on file with the Company.

Any such notice delivered personally or sent via mail will be deemed to have been received on the date it is delivered. Any address for the giving of notice hereunder may be changed by notice in writing.

**16. ASSIGNMENT, SUCCESSORS AND ASSIGNS**

This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns. The Company may assign or otherwise transfer its rights under this Agreement to any successor or affiliated business or corporation (whether by sale of stock, merger, consolidation, sale of assets or otherwise), but this Agreement may not be assigned, nor may her duties hereunder be delegated, by Executive. In the event that the Company assigns or otherwise transfers its rights under this Agreement to any successor or affiliated business or corporation (whether by sale of stock, merger, consolidation, sale of assets or otherwise), for all purposes of this Agreement, the "Company" will then be deemed to include the successor or affiliated business or corporation to which the Company, assigned or otherwise transferred its rights hereunder.

**17. MODIFICATION**

This Agreement may not be released, discharged, abandoned, changed or modified by the parties in any manner, except by an instrument in writing signed by each of the parties hereto.

**18. SEVERABILITY AND WAIVER**

The invalidity or unenforceability of any particular provision of this Agreement will not affect any other provisions hereof, and the parties will use their best efforts to substitute a valid, legal and enforceable provision, which, insofar as practical, implements the purpose of this Agreement. If the parties are unable to reach such agreement, then the provisions will be modified as set forth in Section 14(c) above. Any failure to enforce any provision of this Agreement will not constitute a waiver thereof or of any other provision hereof.

**19. COUNTERPARTS**

This Agreement may be signed in counterparts (and delivered via facsimile transmission or by digitally scanned signature delivered electronically), and each of such counterparts will constitute an original document and such counterparts, taken together, will constitute one and the same instrument.

**20. ENTIRE AGREEMENT**

This constitutes the entire agreement among the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements, understandings, and negotiations, whether written or oral, with respect to such subject matter.

**21. DISPUTE RESOLUTION**

Except as set forth in Section 14 above, and excluding ERISA health and disability plan claims, workers' compensation claims, unemployment compensation claims, claims related to sexual harassment or assault, claims to enforce the Confidential Information and Trade Secrets provision in Section 7 or the Protective Covenants provision in Section 9 , or any other claims that cannot be required to be arbitrated as a matter of law, any and all disputes arising out of or in connection with the execution, interpretation, performance or non-performance of this Agreement or any agreement or other instrument between, involving or affecting the parties (including the validity, scope and enforceability of this arbitration clause) ("Covered Claims"), will be submitted to and resolved by arbitration. The arbitration will be conducted pursuant to the terms of the Federal Arbitration Act and the Employment Arbitration Rules and Mediation Procedures of the American Arbitration Association effective at the time of filing, as supplemented by the terms of this Agreement. This Agreement means that Streamline and Executive agree to use binding arbitration, instead of going to court, for any Covered Claims that arise between Executive and Streamline or any of Streamline's employees or agents. Executive understands and agrees that arbitration is the only forum for resolving Covered Claims and that both Streamline and he are waiving the right to a trial before a judge or a jury in federal or state court in favor of arbitration for them. Streamline and Executive agree that Covered Claims will be arbitrated only on an individual basis, and that both Streamline and Executive waive the right to participate in or receive money or any other relief from any class, collective or representative proceeding of Covered Claims. No party may bring a claim on behalf of other individuals, and any arbitrator hearing a Covered Claim may not: (i) combine more than one individual's claim or claims into a single case; (ii) participate in or facilitate notification of others of potential claims; or (iii) arbitrate any form of a class, collective or representative proceeding. Streamline will pay the arbitrator's fees and expenses, including but not limited to travel fees, per diem costs, and any administrative fees. In the event that Executive initiates an arbitration proceeding under this Agreement, Executive shall be liable for the AAA-mandated portion of the filing fee not to exceed $300.00; Streamline shall pay the remainder of any filing fee in excess of that amount as set forth in the applicable AAA Employment/Workplace Fee Schedule. The arbitrator shall have the authority to award the same damages or other relief that would have been available in court pursuant to applicable law. Streamline and Executive agree that the arbitrator shall have the additional right to rule on motions to dismiss and/or motions for summary judgment, applying the standards governing such motions under the Federal Rules of Civil Procedure. Executive understands that the ability of the parties to obtain documents, witness statements, and other discovery is generally more limited in arbitration than in court proceedings. Executive also understands that arbitration awards are generally final and binding, and a party's ability to have a court reverse or modify an arbitration award is very limited. The arbitrator must issue an award in writing, setting forth the reasons for the arbitrator's determination. The arbitrator's authority shall be limited to deciding the case submitted by the party bringing the arbitration and any counterclaims filed therein. Therefore, no decision by any arbitrator under this Agreement shall serve as precedent in other arbitrations. If the arbitrator makes an award, a judgment on the award may be entered in any court having jurisdiction. Either party may notify the other party at any time of the existence of a controversy potentially requiring arbitration by certified mail, and the parties will attempt in good faith to resolve their differences within fifteen (15) days after the receipt of such notice. If the dispute cannot be resolved within the fifteen-day period, either party may file a written demand for arbitration with the American Arbitration Association. The place of arbitration will be Atlanta, Georgia.

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|---|---|
| Initial by Executive | Initial by the Company |

**22. GOVERNING LAW; FORUM SELECTION**

The provisions of this Agreement will be governed by and interpreted in accordance with the internal laws of the State of Georgia and the laws of the United States applicable therein. Executive acknowledges and agrees that Executive is subject to personal jurisdiction in state and federal courts in Georgia, and waives any objection thereto.

**23. CODE SECTION 409A**

Notwithstanding any other provision in this Agreement to the contrary, if and to the extent that Code Section 409A is deemed to apply to any benefit under this Agreement, it is the general intention of the Company that such benefits will, to the extent practicable, comply with, or be exempt from, Code Section 409A, and this Agreement will, to the extent practicable, be construed in accordance therewith. To the maximum extent permitted under Code Section 409A and its corresponding regulations, Severance Payments under this Agreement are intended to meet the requirements of the short-term deferral exemption under Code Section 409A and the "separation pay exception" under Treas. Reg. §1.409A-1(b)(9)(iii). For purposes of the application of Treas. Reg. § 1.409A-1(b)(4) (or any successor provision), each payment in a series of payments to the Executive will be deemed a separate payment. Deferrals of benefits distributable pursuant to this Agreement that are otherwise exempt from Code Section 409A in a manner that would cause Code Section 409A to apply will not be permitted unless such deferrals follow Code Section 409A. In the event that the Company (or a successor thereto) has any stock which is publicly traded on an established securities market or otherwise and Executive is determined to be a "specified employee" (as defined under Code Section 409A), any payment that is deemed to be deferred compensation under Code Section 409A to be made to the Executive upon a separation from service may not be made before the date that is six (6) months after Executive's separation from service (or death, if earlier). To the extent that Executive becomes subject to the six (6)-month delay rule, all payments that would have been made to Executive during the six (6) months following her separation from service that are not otherwise exempt from Code Section 409A, if any, will be accumulated and paid to Executive during the seventh (7th) month following his separation from service, and any remaining payments due will be made in their ordinary course as described in this Agreement. For the purposes herein, the phrase "termination of employment" or similar phrases will be interpreted in accordance with the term "separation from service" as defined under Code Section 409A if and to the extent required under Code Section 409A. Further, (i) in the event that Code Section 409A requires that any special terms, provisions or conditions be included in this Agreement, then such terms, provisions and conditions will, to the extent practicable, be deemed to be made a part of this Agreement, and (ii) terms used in this Agreement will be construed in accordance with Code Section 409A if and to the extent required. Further, in the event that this Agreement or any benefit thereunder will be deemed not to comply with Code Section 409A, then neither the Company, the Board, STRM, the Committee nor its or their affiliates designees or agents will be liable to any participant or other person for actions, decisions or determinations made in good faith.

**24. WITHHOLDING.**

The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as will be required to be withheld pursuant to any applicable law or regulation.

**25. ATTORNEYS' FEES.**

If the Company successfully enforces any right under this Agreement through legal process of any kind, then the Company shall be entitled to recover from Executive its costs of such enforcement, including reasonable attorneys' fees.

[Signature page follows.]

**IN WITNESS WHEREOF**, this Agreement has been executed by the parties hereto as of the date first above written.

**STREAMLINE HEALTH SOLUTIONS, INC.**
President & Chief Executive Officer

2/18/2022

By: */s/ Wyche T. Green, III*
Wyche T. "Tee" Green, III

**EXECUTIVE**

2/17/2022

By: */s/ Benjamin L. Stilwill*
Benjamin L. Stilwill

[*Signature Page to B. Stilwill - Employment Agreement*]

**EXHIBIT A TO EMPLOYMENT AGREEMENT (THE "AGREEMENT") DATED AS OF FEBRUARY 15, 2022, BETWEEN STREAMLINE HEALTH LLC AND Benjamin L. Stilwill — COMPENSATION AND BENEFITS**

1. Effective Date. This agreement is dated February 15, 2022, and is effective as of that date.

2. Base Salary. Base Salary will be paid at an annualized rate of $280,000, which will be subject to annual review and adjustment by the Committee but will not be reduced below $280,000 without the consent of Executive ("Base Salary"). Such amounts will be payable to Executive in accordance with the normal payroll practices of the Company, but not less frequently than monthly.

3. Annual Bonus. During the term of employment, Executive will be eligible to participate in and earn an annual bonus of up to fifty percent (50%) of Executive's then current Base Salary, subject to attainment of annual performance goals determined by the Committee or Board and in accordance with the terms of the Company's or STRM's executive bonus plan, as may be amended from time to time. For the 2022 fiscal year, if Executive remains employed by the Company on March 15, 2023, Executive shall be entitled to a target annual bonus for the fiscal year ending January 31, 2023 equal to fifty percent (50%) of Executive's then current Base Salary. The annual bonus earned (if any) for a particular fiscal year will be paid pursuant to such conditions as are established by the Compensation Committee and, to the extent payable under a bonus plan, subject to such terms and conditions as may be set out in such plan. The annual bonus earned (if any) will, if payable, be paid in cash in a lump sum no later than March 15th of the fiscal year following the fiscal year during which Executive's right to the annual bonus vests. For the avoidance of doubt, by way of example, the annual bonus payable for the 2022 fiscal year ending on January 31, 2023, will be paid no later than March 15, 2023.

4. Benefits. Executive will be eligible to participate in the Company's or STRM's benefit plans generally made available by the Company or STRM to Company employees, subject to all terms and conditions of such plans as they may be amended from time to time. During the Term, Executive will accrue vacation days and personal days totaling an aggregate of twenty (20) days per annum, prorated for fiscal year ended January 31, 2023, in accordance with the Company's vacation policies, as in effect from time to time. The Company reserves the right to amend or cancel any employee benefit plans at any time in its sole discretion, subject to the terms of such employee benefit plan and applicable law.

5. Grant of Restricted Stock. On or as soon as administratively feasible following the execution of this Agreement and subject to approval of the Committee, Executive will receive a grant of 100,000 shares of restricted stock. The vesting of such shares will occur in three (3) equal annual installments over the first three years of continuous employment under this Agreement. Such grant will be made pursuant to, and otherwise subject to, the terms and conditions of the Streamline Health Solutions, Inc. Third Amended and Restated 2013 Stock Incentive Plan and the related restricted stock grant agreement.

**Exhibit 10.7**

# EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (together with Exhibit A, the "Agreement") is entered as of February 4, 2021, by and between Streamline Health Solutions, Inc., a Delaware corporation with its headquarters in Atlanta, Georgia (the "Company"), and Wendy Lucio, a resident of the state of Georgia ("Executive").

## RECITALS:

**WHEREAS**, the Company and Executive hereby agree that Executive will serve as an officer of the Company pursuant to the terms and conditions set forth in this Agreement.

**NOW, THEREFORE**, in consideration of the premises and the agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which the parties hereby acknowledge, the parties agree as follows:

## 1. EMPLOYMENT

The Company hereby agrees to employ Executive, and Executive, in consideration of such employment and other consideration set forth herein, hereby accepts employment, upon the terms and conditions set forth herein.

## 2. POSITION AND DUTIES

During the Term (as defined in Section 10 of this Agreement), Executive will be employed as Chief People Officer of the Company and may also serve as an officer or director of affiliates of the Company for no additional compensation, as part of Executive's services to the Company hereunder. While employed hereunder, Executive will do all things necessary, legal and incident to the above positions, and otherwise will perform such executive- level functions, as the Chief Executive Officer of the Company (the "CEO"), to whom Executive will report, or the Board of Directors of the Company (the "Board") may establish from time to time.

## 3. COMPENSATION AND BENEFITS

Subject to such modifications as may be contemplated by Exhibit A and approved from time to time by the Board or the Compensation Committee of the Board (the "Committee"), and unless otherwise consented to by Executive, Executive will receive the compensation and benefits listed on the attached Exhibit A, which is incorporated herein and expressly made a part of this Agreement. Such compensation and benefits will be paid and provided by the Company in accordance with the Company's regular payroll, compensation and benefits policies.

## 4. EXPENSES

The Company will pay or reimburse Executive for all travel and out-of-pocket expenses reasonably incurred or paid by Executive in connection with the performance of Executive's duties as an employee of the Company upon compliance with the Company's procedures for expense reimbursement, including the presentation of expense statements or receipts or such other supporting documentation as the Company may reasonably require. All expenses eligible for reimbursements in connection with the Executive's employment with the Company must be incurred by Executive during the term of employment and must be in accordance with the Company's expense reimbursement policies. The amount of reimbursable expenses incurred in one taxable year will not affect the expenses eligible for reimbursement in any other taxable year. Each category of reimbursement will be paid as soon as administratively practicable, but in no event will any such reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. No right to reimbursement is subject to liquidation or exchange for other benefits.

## 5. BINDING AGREEMENT

The Company warrants and represents to Executive that the Company, acting by the officer executing this Agreement on its behalf of the Company, has the full right and authority to enter into this Agreement and to perform all of its obligations hereunder.

## 6. OUTSIDE EMPLOYMENT

Executive will devote their full time and attention to the performance of the duties incident to Executive's position with the Company, and will not have any other employment with any other enterprise or substantial responsibility for any enterprise which would be inconsistent with Executive's duty to devote Executive's full time and attention to Company matters; *provided, however,* that the foregoing will not prevent Executive from participation in any charitable or civic organization or, subject to CEO consent, which consent will not be unreasonably withheld, from service in a non-executive capacity on the boards of directors of up to two other companies that does not interfere with Executive's performance of the duties and responsibilities to be performed by Executive under this Agreement. Notwithstanding the foregoing, Executive may continue human resources consulting services ("Consulting"), so long as such Consulting does not engage in competition with the Company or use or disclose Company Confidential Information in the performance of such Consulting.

## 7. CONFIDENTIAL INFORMATION AND TRADE SECRETS

The Company is in the business of providing solutions, including comprehensive suites of health information management solutions relating to enterprise content management, computer assisted coding, business analytics, clinical analytics and integrated workflow systems, that help hospitals, physician groups and other healthcare organizations improve efficiencies and business processes across the enterprise to enhance and protect revenues, offering a flexible, customizable way to optimize the clinical and financial performance of any healthcare organization (the "Business").

For the purpose of this Agreement, "Confidential Information" will mean any written or unwritten information which relates to or is used in the Company's Business (including, without limitation, the Company's services, processes, patents, systems, equipment, creations, designs, formats, programming, discoveries, inventions, improvements, computer programs, data kept on computers, engineering, research, development, applications, financial information, information regarding services and products in development, market information, including test marketing or localized marketing, other information regarding processes or plans in development, trade secrets, training manuals, know-how of the Company, and the customers, clients, suppliers and others with whom the Company does or has in the past done, business (including any information about the identity of the Company's customers or suppliers and written customer lists and customer prospect lists), or information about customer requirements, transactions, work orders, pricing policies, plans or any other Confidential Information, which the Company deems confidential and proprietary and which is generally not known to others outside the Company and which gives or tends to give the Company a competitive advantage over persons who do not possess such information or the secrecy of which is otherwise of value to the Company in the conduct of its business — regardless of when and by whom such information was developed or acquired, and regardless of whether any of these are described in writing, reduced to practice, copyrightable or considered copyrightable, patentable or considered patentable; *provided, however,* that "Confidential Information" will not include general industry information or information which is publicly available or is otherwise in the public domain without breach of this Agreement, information which Executive has lawfully acquired from a source other than through his employment with the Company, or information which is required to be disclosed pursuant to any law, regulation or rule of any governmental body or authority or court order (in which event Executive will immediately notify the Company of such requirement or order so as to give the Company an opportunity to seek a protective order or other manner of protection prior to production or disclosure of the information). Executive acknowledges that Confidential Information is novel and proprietary to and of considerable value to the Company.

Confidential Information will also include confidential information of third parties, clients or prospective clients that has been provided to the Company or to Executive in conjunction with Executive's employment, which information the Company is obligated to treat as confidential. Confidential Information does not include information voluntarily disclosed to the public by the Company, except where such public disclosure has been made by the Executive without authorization from the Company, or which has been independently developed and disclosed by others, or which has otherwise entered the public domain through lawful means.

Notwithstanding anything to the contrary set forth in this Agreement, pursuant to the Defend Trade Secrets Act of 2016 (18 U.S.C. § 1833(b)(1)), no individual shall be held criminally or civilly liable under federal or state law for the disclosure of a trade secret that: (1) is made (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

Executive acknowledges that all Confidential Information is the valuable, unique and special asset of the Company and that the Company owns the sole and exclusive right, title and interest in and to this Confidential Information.

(a) To the extent that the Confidential Information rises to the level of a trade secret under applicable law, then Executive will, during Executive's employment and for as long thereafter as the Confidential Information remains a trade secret (or for the maximum period of time otherwise allowed under applicable law) protect and maintain the confidentiality of these trade secrets and refrain from disclosing, copying or using the trade secrets without the Company's prior written consent, except as necessary in Executive's performance of Executive's duties while employed with the Company.

(b) To the extent that the Confidential Information defined above does not rise to the level of a trade secret under applicable law, Executive will not, during Executive's employment and thereafter for a period of two (2) years, disclose, or cause to be disclosed in any way, Confidential Information, or any part thereof, to any person, firm, corporation, association or any other operation or entity, or use the Confidential Information on Executive's own behalf, for any reason or purpose except as necessary in the performance of his duties while employed with the Company. Executive further agrees that, during Executive's employment and thereafter for a period of two (2) years, Executive will not distribute, or cause to be distributed, Confidential Information to any third person or permit the reproduction of Confidential Information, except on behalf of the Company in Executive's capacity as an employee of the Company. Executive will take all reasonable care to avoid unauthorized disclosure or use of the Confidential Information. Executive agrees that all restrictions contained in this Section 7 are reasonable and valid under the circumstances and hereby waives all defenses to the strict enforcement thereof by the Company.

Executive agrees that, upon the request of the Company, or in any event immediately upon termination of his employment for whatever reason, Executive will immediately deliver up to the Company or its designee all Confidential Information in Executive's possession or control, and all notes, records, memoranda, correspondence, files and other papers, and all copies thereof, relating to or containing Confidential Information. Executive does not have, nor can Executive acquire, any property or other rights in Confidential Information.

**8. PROPERTY OF THE COMPANY**

All ideas, inventions, discoveries, proprietary information, know-how, processes and other developments and, more specifically, improvements to existing inventions, conceived by Executive, alone or with others, during the term of Executive's employment with the Company, whether or not during working hours and whether or not while working on a specific project, that are within the scope of the Company's Business operations or that relate to any work or projects of the Company, are and will remain the exclusive property of the Company. Inventions, improvements and discoveries relating to the Business of the Company conceived or made by Executive, either alone or with others, while employed with the Company are conclusively and irrefutably presumed to have been made during the period of employment and are the sole property of the Company. The Executive will promptly disclose in writing any such matters to the Company but to no other person without the consent of the Company. Executive hereby assigns and agrees to assign all right, title and interest in and to such matters to the Company. Executive will, upon request of the Company, execute such assignments or other instruments and assist the Company in the obtaining, at the Company's sole expense, of any patents, trademarks or similar protection, if available, in the name of the Company.

**9. PROTECTIVE COVENANTS**

(a) Non-Solicitation of Customers or Clients. During Executive's employment and for a period of two (2) years following the date of any voluntary or involuntary termination of Executive's employment for any reason, Executive agrees not to solicit, directly or indirectly (including by assisting others), any business from any of the Company's customers or clients, including actively sought prospective customers or clients, with whom Executive has had material contact during Executive's employment with the Company, for the purpose of providing products or services that are competitive with those provided by the Company. As used in this paragraph, "material contact" means the contact between Executive and each customer, client or vendor, or potential customer, client or vendor (i) with whom or which Executive dealt on behalf of the Company, (ii) whose dealings with the Company were coordinated or supervised by Executive, (iii) about whom Executive obtained confidential information in the ordinary course of business as a result of Executive's association with the Company, or (iv) who receives products or services authorized by the Company, the sale or provision of which products or services results or resulted in compensation, commissions or earnings for Executive within two years prior to the date of the Executive's termination.

(b) Non-Piracy of Employees. During Executive's employment and for a period of two (2) years following the date of any voluntary or involuntary termination of Executive's employment for any reason, Executive covenants and agrees that Executive will not, directly or indirectly, within the Territory, as defined below: (i) solicit, recruit or hire (or attempt to solicit, recruit or hire) or otherwise assist anyone in soliciting, recruiting or hiring, any employee or independent contractor of the Company who performed work for the Company and worked with Executive within the last year of Executive's employment with the Company, or (ii) otherwise encourage, solicit or support any such employee or independent contractor to leave his or her employment or engagement with the Company.

(c) Non-Compete. During Executive's employment with the Company and (i) for a period of two (2) years following the date of any termination of Executive's employment for any reason other than termination of Executive's employment by the Company without Good Cause or by the Executive for Good Reason or (ii) for a period of one (1) year following the date of any termination of Executive's employment with the Company by the Company without Good Cause or by the Executive for Good Reason; and provided in each of (i) and (ii) that the Company is not in default of its obligations specified in Sections 11 and 13 hereof, Executive agrees not to, directly or indirectly, compete with the Company, as an officer, director, member, principal, partner, shareholder, owner, manager, supervisor, administrator, employee, consultant or independent contractor, by working for a competitor to, or engaging in competition with, the Business, in the Territory, in a capacity in which Executive performs duties and responsibilities that are the same as or similar to the duties performed by Executive while employed by the Company, provided that the foregoing will not prohibit Executive from owning not more than 5% of the outstanding stock of a corporation subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The "Territory" will be defined to be that geographic area comprised of the following states in the United States of America, the District of Columbia, the Canadian provinces of Quebec and Alberta:

| | | | |
|---|---|---|---|
| Alabama | Indiana | Nebraska | South Carolina |
| Alaska | Iowa | Nevada | South Dakota |
| Arizona | Kansas | New Hampshire | Tennessee |
| Arkansas | Kentucky | New Jersey | Texas |
| California | Louisiana | New Mexico | Utah |
| Colorado | Maine | New York | Vermont |
| Connecticut Delaware | Maryland | North Carolina | Virginia |
| Florida | Massachusetts | North Dakota | Washington |
| Georgia | Michigan | Ohio | West Virginia |
| Hawaii | Minnesota | Oklahoma | Wisconsin |
| Idaho | Mississippi | Oregon | Wyoming |
| Illinois | Missouri | Pennsylvania | |
| | Montana | Rhode Island | |

*; provided, however,* that the Territory described herein is a good faith estimate of the geographic area that is now applicable as the area in which the Company does or will do business during the term of Executive's employment, and the Company and Executive agree that this non-compete covenant will ultimately be construed to cover only so much of such Territory as relates to the geographic areas in which the Executive does business for and on behalf of the Company within the two-year period preceding termination of Executive's employment.

**10. TERM**

Unless earlier terminated pursuant to Section 11 herein, the term of this Agreement will be for a period beginning on the start date specified in Exhibit A and ending on the date of the one year anniversary of the start date specified in Exhibit A (the "Initial Term"). Upon expiration of the Initial Term, this Agreement will automatically renew in successive one-year periods (each a "Renewal Period"), unless Executive or the Company notifies the other party at least 60 days prior to the end of the Initial Term or the applicable Renewal Period that this Agreement will not be renewed. The Initial Term, and, if this Agreement is renewed in accordance with this Section 10, each Renewal Period, will be included in the definition of "Term" for purposes of this Agreement. Unless waived in writing by the Company, the requirements of Section 7 (Confidential Information and Trade Secrets), Section 8 (Property of the Company) and Section 9 (Protective Covenants) will survive the expiration or termination of this Agreement or Executive's employment for any reason.

**11. TERMINATION**

(a) Death. This Agreement and Executive's employment hereunder will be terminated on the death of Executive, effective as of the date of Executive's death. In such event, the Company will pay to the estate of Executive the sum of (i) accrued but unpaid base salary earned prior to Executive's death (to be paid in accordance with normal practices of the Company) and (ii) expenses incurred by Executive prior to his death for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and Executive will be entitled to no severance or other post-termination benefits.

(b) Continued Disability. This Agreement and Executive's employment hereunder may be terminated, at the option of the Company, upon a Continued Disability (as defined herein) of Executive. For the purposes of this Agreement, and unless otherwise required under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), "Continued Disability" will be defined as the inability or incapacity (either mental or physical) of Executive to continue to perform Executive's duties hereunder for a continuous period of one hundred twenty (120) working days, or if, during any calendar year of the Term hereof because of disability, Executive will have been unable to perform Executive's duties hereunder for a total period of one hundred eighty (180) working days regardless of whether or not such days are consecutive. The determination as to whether Executive is unable to perform the essential functions of Executive's job will be made by the Board or the Committee in its reasonable discretion; *provided, however,* that if Executive is not satisfied with the decision of the Board or the Committee, Executive will submit to examination by three competent physicians who practice in the metropolitan area in which the Company maintains its principal executive office, one of whom will be selected by the Company, another of whom will be selected by Executive, with the third to be selected by the physicians so selected. The determination of a majority of the physicians so selected will supersede the determination of the Board or the Committee and will be final and conclusive. In the event of the termination of Executive's employment due to Continued Disability, the Company will pay to Executive the sum of (i) accrued but unpaid base salary earned prior to the date of the Executive's termination of employment due to Continued Disability (paid in accordance with the normal practices of the Company), and (ii) expenses incurred by Executive prior to his termination of employment for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and Executive will be entitled to no severance or other post-termination benefits.

(c) Termination by the Company for Good Cause, by Executive Other Than for Good Reason, or upon Non-Renewal of the Term by Executive. Notwithstanding any other provision of this Agreement, the Company may at any time terminate this Agreement and Executive's employment hereunder for Good Cause, Executive may at any time terminate his employment other than for Good Reason (as defined in Section 11(d) herein), or Executive may notify the Company that he will not renew the Term. For this purpose, "Good Cause" will include the following: the current use of illegal drugs; conviction of any crime which involves moral turpitude, fraud or misrepresentation; commission of any act which would constitute a felony or which adversely impacts the business or reputation of the Company; fraud; misappropriation or embezzlement of Company funds or property; willful misconduct or grossly negligent or reckless conduct which is materially injurious to the reputation, business or business relationships of the Company; material violation or default on any of the provisions of this Agreement; or material and continuous failure to meet reasonable performance criteria or reasonable standards of conduct as established from time to time by the Board, which failure continues for at least 30 days after written notice from the Company to Executive. Notice of a termination by the Company for Good Cause will be delivered in writing to Executive stating the Good Cause for such action. If the employment of Executive is terminated by the Company for Good Cause, if Executive terminates employment for any reason other than for Good Reason (including, but not limited to, resignation), or if Executive notifies the Company he will not renew the Term, then, the Company will pay to Executive the sum of (i) accrued but unpaid salary through the termination date (paid in accordance with the normal practices of the Company), and (ii) expenses incurred by Executive prior to his termination date for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and Executive will be entitled to no severance or other post- termination benefits.

(d) Termination by the Company without Good Cause or by Executive for Good Reason. The Company may terminate this Agreement and Executive's employment at any time, including for reasons other than Good Cause (as "Good Cause" is defined in Section 11(c) above), Executive may terminate his employment at any time, including for Good Reason, or the Company may elect not to renew the Term. For the purposes herein, "Good Reason" will mean (i) a material diminution of Executive's base salary; (ii) a material diminution in Executive's authority, duties, or responsibilities; or (iii) any other action or inaction that constitutes a material breach of the terms of this Agreement; provided that Executive's termination will not be treated as for Good Reason unless Executive provides the Company with notice of the existence of the condition claimed to constitute Good Reason within 45 days of the initial existence of such condition and the Company fails to remedy such condition within 30 days following the Company's receipt of such notice. In the event that (i) the Company terminates the employment of Executive during the Term for reasons other than for Good Cause, death or Continued Disability or (ii) Executive terminates employment for Good Reason, then the Company will pay Executive the sum of (A) accrued but unpaid salary through the termination date, and payments of any bonuses and commission earned and payable for up to 90 days following the termination date (as paid in accordance with the normal practices of the Company), (B) expenses incurred by Executive prior to his termination date for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and (C) provided that Executive is not in default of his obligations under Section 7, 8, or 9 herein, an amount equal to six months' base salary ((A) through (C), being hereinafter referred to, collectively, as the "Separation Benefits"). In such event, the payments described in (C) in the preceding sentence will be made following Executive's execution (and non-revocation) of a form of general release of claims as is acceptable to the Board or the Committee if the general release form is provided to the Executive within one month of the Executive's date of termination, in accordance with the normal payroll practices of the Company; provided that the portion of the severance payment described in clause (C) above that exceeds the "separation pay limit," if any, will be paid to the Executive in a lump sum payment within thirty (30) days following the date of Executive's termination of employment (or such earlier date following the date of Executive's termination of employment, if any, as may be required under applicable wage payment laws), but in no event later than the fifteenth (15th) day of the third (3rd) month following the Executive's date of termination. The "separation pay limit" will mean two (2) times the lesser of: (1) the sum of Executive's annualized compensation based upon the annual rate of pay for services provided to the Company for the calendar year immediately preceding the calendar year in which Executive's date of termination of employment occurs (adjusted for any increase during that calendar year that was expected to continue indefinitely if Executive had not terminated employment); and (2) the maximum dollar amount of compensation that may be taken into account under a tax-qualified retirement plan under Code Section 401(a)(17) for the year in which his termination of employment occurs. The lump-sum payment to be made to Executive pursuant to this Section 11(d) is intended to be exempt from Code Section 409A under the exemption found in Regulation Section 1.409A-1(b)(4) for short-term deferrals. The remaining portion of the severance payment described in clause (C) above will be paid in periodic installments over the 15-month period commencing on the first post- termination payroll date following expiration of the revocation period described above and will be paid in accordance with the normal payroll practices of the Company. Notwithstanding the foregoing, in no event will such remaining portion of the severance payment described in clause (C) above be paid to Executive later than December 31 of the second calendar year following the calendar year in which Executive's date of termination of employment occurs. The payments to be made to Executive pursuant to the immediately preceding sentence are intended to be exempt from Code Section 409A under the exemption found in Regulation Section 1.409A- 1(b)(9)(iii) for separation pay plans (*i.e.,* the so-called "two times" pay exemption). For the sake of clarity, no election by the Company not to renew the Term will trigger any rights to severance or other benefits.

(e) Payment of COBRA Premiums. In the event that the Company terminates Executive's employment for any reason other than Good Cause or Executive terminates his employment for Good Reason, then, provided that Executive timely elects to receive continued coverage under the Company's group medical and dental insurance plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended ("COBRA"), for the period commencing on the date of Executive's termination and continuing until the earlier of the end of the six-month period following his termination date or the first of the month immediately following the Company's receipt of notice from Executive terminating such coverage, Executive (and any qualified dependents) will be entitled to coverage under such plans (as may be amended during the period of coverage) in which Executive was participating immediately prior to the date of his termination of employment (the "COBRA Coverage"). The cost of the premiums for such coverage will be borne by the Company, except that Executive will reimburse the Company for premiums becoming due each month with respect to such coverage in an amount equal to the difference between the amount of such premiums and the portion thereof currently being paid by Executive. Executive's portion of such premiums will be payable by the first of each month commencing the first month following the month in which his termination of employment occurs. The period during which Executive is being provided with health insurance under this Agreement at the Company's expense will be credited against Executive's period of COBRA coverage, if any. Further, if at any time during the period Executive is entitled to premium payments under this Section 11(e), Executive becomes entitled to receive health insurance from a subsequent employer, the Company's obligation to continue premium payments to Executive shall terminate immediately.

## 12. ADVICE TO PROSPECTIVE EMPLOYERS

If Executive seeks or is offered employment by any other company, firm or person during his employment or during the post- termination restricted periods, he will notify the prospective employer of the existence and terms of the non-competition and confidentiality agreements set forth in Sections 7 and 9 of this Agreement. Executive may disclose the language of Sections 7 and 9 but may not disclose the remainder of this Agreement.

## 13. CHANGE IN CONTROL

(a) In the event of a Change in Control (as defined herein) of the Company, (i) all stock options, restricted stock, and all other equity awards granted to Executive prior to the Change in Control will immediately vest in full, (ii) if, within 90 days prior to a Change in Control, the Company terminates the employment of Executive for reasons other than for Good Cause, death or Continued Disability, or Executive terminates employment for Good Reason, then, the Company will (x) pay the Executive the sum of (A) accrued but unpaid salary through the termination date (paid in accordance with the normal practices of the Company), (B) expenses incurred by Executive prior to his termination date for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and (C) provided that Executive is not in default of his obligations under Section 7, 8, or 9 herein, an amount equal to twelve months' base salary ((A) through (C), being hereinafter referred to, collectively, as the "Change in Control Separation Benefits") and (y) provide the COBRA Coverage, and all other stock options, restricted stock, and other equity awards granted to Executive will immediately vest in full as of the date of termination and will remain exercisable until the earlier of the end of the applicable option period or one hundred and eighty (180) days from the date of Executive's termination of employment, and (iii) if, within 12 months following a Change in Control, the Company terminates the employment of Executive for reasons other than for Good Cause, death or Continued Disability or Executive terminates employment for Good Reason, then (a) the Company will provide the Change in Control Separation Benefits and the COBRA Coverage, and (b) all stock options, restricted stock, and other equity awards granted to Executive will immediately vest in full as of the date of termination and will remain exercisable until the earlier of the end of the applicable option period or one hundred and eighty (180) days from the date of Executive's termination of employment. In the event Executive seeks to terminate his employment for Good Reason, such termination will not be treated for purposes of this Section 13 as a termination for Good Reason unless Executive provides the Company with notice of the existence of the condition claimed to constitute Good Reason within 90 days of the initial existence of such condition and the Company fails to remedy such condition within 30 days following the Company's receipt of such notice.

(b) For purposes of this Agreement, "Change in Control" means any of the following events:

(i) A change in control of the direction and administration of the Company's business of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Exchange Act, as in effect on the date hereof and any successor provision of the regulations under the Exchange Act, whether or not the Company is then subject to such reporting requirements; or

(ii) Any "person" (as such term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act but excluding any employee benefit plan of the Company) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than one half of the combined voting power of the Company's outstanding securities then entitled to vote for the election of directors; or

(iii) The Company sells all or substantially all of the assets of the Company; or

(iv) The consummation of a merger, reorganization, consolidation or similar business combination that constitutes a change in control as defined in the Company's 2013 Second Amended and Restated Stock Incentive Plan or other successor stock plan or results in the occurrence of any event described in Sections 13(b) (i), (ii) or (iii) above.

(c) Notwithstanding anything to the contrary contained in this Agreement, in the event any amounts payable hereunder would be considered to be excess parachute payments for purposes of the amount payable following the occurrence of a Change of Control that is treated as a "change in the ownership or effective control" of the Company or "in the ownership of a substantial portion of the assets" of the Company for purposes of Code Sections 280G and 4999, those payments that are treated for purposes of Code Section 280G as being contingent on a "change in the ownership or effective control" (as that phrase is used for purposes of Code Section 280G) of the Company will be reduced, if and to the extent necessary, so that no payments under this Agreement are treated as excess parachute payments.

**14. ACKNOWLEDGEMENTS**

The Company and Executive each hereby acknowledge and agree as follows:

(a) The covenants, restrictions, agreements and obligations set forth herein are founded upon valuable consideration, and, with respect to the covenants, restrictions, agreements and obligations set forth in Sections 7, 8 and 9 hereof, are reasonable in duration, the activities proscribed, and geographic scope;

(b) In the event of a breach or threatened breach by Executive of any of the covenants, restrictions, agreements and obligations set forth in Sections 7, 8 or 9 hereof, monetary damages or the other remedies at law that may be available to the Company for such breach or threatened breach will be inadequate and, without prejudice to the Company's right to pursue any other remedies at law or in equity available to it for such breach or threatened breach, including, without limitation, the recovery of damages from Executive, the Company will be entitled to injunctive relief from a court of competent jurisdiction or the arbitrator; and

(c) The time period, proscribed activities, and geographical area set forth in Section 9 hereof are each divisible and separable, and, in the event that the covenants not to compete contained therein are judicially held invalid or unenforceable as to such time period, scope of activities, or geographical area, they will be valid and enforceable to such extent and in such geographical area(s) and for such time period(s) which the court determines to be reasonable and enforceable. Executive agrees that in the event any court of competent jurisdiction determines that the above covenants are invalid or unenforceable to join with the Company in requesting that court to construe the applicable provision by limiting or reducing it so as to be enforceable to the extent compatible with the then applicable law. Furthermore, any period of restriction or covenant herein stated will not include any period of violation or period of time required for litigation to enforce such restriction or covenant.

**15. NOTICES**

Any notice or communication required or permitted hereunder will be given in writing and will be sufficiently given if delivered personally or sent by telecopy to such party addressed as follows:

(a) In the case of the Company, if addressed to it as follows:

Streamline Health Solutions, Inc.
10800 Amber Park Drive
Suite 125
Alpharetta, Georgia 30009
Attn: Chief Executive Officer

(b) In the case of Executive, if addressed to Executive at the most recent address on file with the Company.

Any such notice delivered personally will be deemed to have been received on the date of such delivery. Any address for the giving of notice hereunder may be changed by notice in writing.

**16. NON-INTERFERENCE**

Notwithstanding anything to the contrary set forth in this Agreement or in any other agreement between Executive and the Company, nothing in this Agreement or in any other agreement shall limit Executive's ability, or otherwise interfere with Executive's rights, to (a) file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission, or any other federal, state, or local governmental agency or commission (each a "Government Agency"), (b) communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company, (c) receive an award for information provided to any Government Agency, or (d) engage in activity specifically protected by Section 7 of the National Labor Relations Act, or any other federal or state statute or regulation.

**17. ASSIGNMENT, SUCCESSORS AND ASSIGNS**

This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns. The Company may assign or otherwise transfer its rights under this Agreement to any successor or affiliated business or corporation (whether by sale of stock, merger, consolidation, sale of assets or otherwise), but this Agreement may not be assigned, nor may his duties hereunder be delegated, by Executive. In the event that the Company assigns or otherwise transfers its rights under this Agreement to any successor or affiliated business or corporation (whether by sale of stock, merger, consolidation, sale of assets or otherwise), for all purposes of this Agreement, the "Company" will then be deemed to include the successor or affiliated business or corporation to which the Company, assigned or otherwise transferred its rights hereunder.

**18. MODIFICATION**

This Agreement may not be released, discharged, abandoned, changed or modified in any manner, except by an instrument in writing signed by each of the parties hereto.

**19. SEVERABILITY**

The invalidity or unenforceability of any particular provision of this Agreement will not affect any other provisions hereof, and the parties will use their best efforts to substitute a valid, legal and enforceable provision, which, insofar as practical, implements the purpose of this Agreement. If the parties are unable to reach such agreement, then the provisions will be modified as set forth in Section 14(c) above. Any failure to enforce any provision of this Agreement will not constitute a waiver thereof or of any other provision hereof.

**20. COUNTERPARTS**

This Agreement may be signed in counterparts (and delivered via facsimile transmission or by digitally scanned signature delivered electronically), and each of such counterparts will constitute an original document and such counterparts, taken together, will constitute one and the same instrument.

**21. ENTIRE AGREEMENT**

This constitutes the entire agreement among the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements, understandings, and negotiations, whether written or oral, with respect to such subject matter.

**22. DISPUTE RESOLUTION**

Except as set forth in Section 14 above, any and all disputes arising out of or in connection with the execution, interpretation, performance or non-performance of this Agreement or any agreement or other instrument between, involving or affecting the parties (including the validity, scope and enforceability of this arbitration clause), will be submitted to and resolved by arbitration. The arbitration will be conducted pursuant to the terms of the Federal Arbitration Act and the Employment Arbitration Rules and Mediation Procedures of the American Arbitration Association. Either party may notify the other party at any time of the existence of a controversy potentially requiring arbitration by certified mail, and the parties will attempt in good faith to resolve their differences within fifteen (15) days after the receipt of such notice. If the dispute cannot be resolved within the fifteen-day period, either party may file a written demand for arbitration with the American Arbitration Association. The place of arbitration will be mutually agreed by the parties.

Initialed by Executive Initialed by the Company

**23. GOVERNING LAW; FORUM SELECTION**

The provisions of this Agreement will be governed by and interpreted in accordance with the internal laws of the State of Georgia and the laws of the United States applicable therein. Executive acknowledges and agrees that Executive is subject to personal jurisdiction in state and federal courts in Fulton County, Georgia, and waives any objection thereto.

**24. CODE SECTION 409A**

Notwithstanding any other provision in this Agreement to the contrary, if and to the extent that Code Section 409A is deemed to apply to any benefit under this Agreement, it is the general intention of the Company that such benefits will, to the extent practicable, comply with, or be exempt from, Code Section 409A, and this Agreement will, to the extent practicable, be construed in accordance therewith. Deferrals of benefits distributable pursuant to this Agreement that are otherwise exempt from Code Section 409A in a manner that would cause Code Section 409A to apply will not be permitted unless such deferrals follow Code Section 409A. In the event that the Company (or a successor thereto) has any stock which is publicly traded on an established securities market or otherwise and Executive is determined to be a “specified employee” (as defined under Code Section 409A), any payment that is deemed to be deferred compensation under Code Section 409A to be made to the Executive upon a separation from service may not be made before the date that is six months after Executive’s separation from service (or death, if earlier). To the extent that Executive becomes subject to the six-month delay rule, all payments that would have been made to Executive during the six months following his separation from service that are not otherwise exempt from Code Section 409A, if any, will be accumulated and paid to Executive during the seventh month following his separation from service, and any remaining payments due will be made in their ordinary course as described in this Agreement. For the purposes herein, the phrase “termination of employment” or similar phrases will be interpreted in accordance with the term “separation from service” as defined under Code Section 409A if and to the extent required under Code Section 409A. Further, (i) in the event that Code Section 409A requires that any special terms, provisions or conditions be included in this Agreement, then such terms, provisions and conditions will, to the extent practicable, be deemed to be made a part of this Agreement, and (ii) terms used in this Agreement will be construed in accordance with Code Section 409A if and to the extent required. Further, in the event that this Agreement or any benefit thereunder will be deemed not to comply with Code Section 409A, then neither the Company, the Board, the Committee nor its or their designees or agents will be liable to any participant or other person for actions, decisions or determinations made in good faith.

**25. WITHHOLDING**.

The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as will be required to be withheld pursuant to any applicable law or regulation.

[Signature page follows.]

**IN WITNESS WHEREOF**, this Agreement has been executed by the parties hereto effective as of the date first above written.

**STREAMLINE HEALTH SOLUTIONS, INC.**

By: */s/ Wyche T. Green*
Wyche "Tee" Green
Chairman and Chief Executive Officer

**EXECUTIVE**

By: */s/ Wendy Lucio*
Wendy Lucio 217
Grove Court
Carrollton, GA 30117

[*Signature Page to Wendy Lucio Employment Agreement*]

**EXHIBIT A TO EMPLOYMENT AGREEMENT ("AGREEMENT") DATED AS OF FEBRUARY 4, 2021, BETWEEN STREAMLINE HEALTH SOLUTIONS, INC. AND WENDY LUCIO -- COMPENSATION AND BENEFITS**

1. Start Date. Executive's start date will be March 1, 2021.

2. Base Salary. Base Salary will be paid at an annualized rate of $170,000, which will be subject to annual review and adjustment by the Compensation Committee or the Board but will not be reduced below $170,000 without the consent of Executive. Such amounts will be payable to Executive in accordance with the normal payroll practices of the Company.

3. Annual Bonus. Target annual bonus and target goals will be set by the Compensation Committee annually and based on a combination of individual and Company performance. Target annual bonus (prorated for any partial period) will be 40% of Executive's Base Salary, as my be increased from time- to-time. The annual bonus will be paid pursuant to such conditions as are established by the Compensation Committee and, to the extent payable under a bonus plan, subject to such terms and conditions as may be set out in such plan. The annual bonus will, if payable, be paid in cash no later than March 14 of the fiscal year following the fiscal year during which Executive's right to the annual bonus vests.

4. Benefits. Executive will be eligible to participate in the Company's benefit plans on the same terms and conditions as provided for other Company executives, subject to all terms and conditions of such plans as they may be amended from time to time and will accrue vacation days and personal days totaling an aggregate of 20 days per annum prorated for 2019.

5. Grant of Restricted Stock. Executive will receive the following grants of equity incentives:

   (a) A grant of 75,000 restricted shares of common stock, par value $0.01 per share, upon your hire date referred to in paragraph 1 above. The vesting of such shares will be in three substantially equal annual installments over the first three years of employment. Such grant will be made pursuant to and otherwise subject to the terms and conditions of the Company's Second Amended and Restated 2013 Stock Incentive Plan and the related restricted stock grant agreement.

**Exhibit 21.1**

**STREAMLINE HEALTH SOLUTIONS, INC.**

**SUBSIDIARIES OF STREAMLINE HEALTH SOLUTIONS, INC.**

| Name | Jurisdiction of Incorporation | % Owned |
|---|---|---|
| Streamline Health, LLC | Delaware | 100% |
| Avelead Consulting, LLC | Delaware | 100% |
| Streamline Consulting Solutions, LLC | Delaware | 100% |
| Streamline Pay & Benefits, LLC | Delaware | 100% |

**Exhibit 23.1**

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the Registration Statements on Form S 3 (Nos. 333 234567, 333 255723, 333 265773, 333 267187 and 333 272993) and Form S 8 (Nos. 333 188764, 333 208752, 333 220953, 333 233728, 333 258445, 333 265774 and 333 272995) of Streamline Health Solutions, Inc. (the “Company”) of our reports dated April 30, 2024, with respect to the consolidated financial statements of the Company, included in this Annual Report on Form 10 K for the year ended January 31, 2024.

/s/ FORVIS, LLP

**Atlanta, Georgia**
**April 30, 2024**

**Exhibit 31.1**

**STREAMLINE HEALTH SOLUTIONS, INC.**

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

I, Benjamin L. Stilwill, certify that:

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

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

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

The registrant's other certifying officer and I:

- are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant;

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

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

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

- disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case on an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

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

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

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

| | |
|---|---|
| April 30, 2024 | */S/ BENJAMIN L. STILWILL* |
| | President and Chief Executive Officer |

**Exhibit 31.2**

**STREAMLINE HEALTH SOLUTIONS, INC.**

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

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

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

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

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

The registrant's other certifying officer and I:

- are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant;

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

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

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

- disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case on an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

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

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

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

| | |
|---|---|
| April 30, 2024 | */s/ BRYANT J. REEVES, III* |
| | 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, Benjamin L. Stilwill, President and Chief Executive Officer of Streamline Health Solutions, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- The annual report on Form 10-K of the Company for the annual period ended January 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

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

*/S/ BENJAMIN L. STILWILL*
President and Chief Executive Officer

April 30, 2024

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

- The annual report on Form 10-K of the Company for the annual period ended January 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

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

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

April 30, 2024

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.