REFINITIV

# DELTA REPORT

## 10-Q

STRM - STREAMLINE HEALTH SOLUTIO

10-Q - APRIL 30, 2024 COMPARED TO 10-Q - OCTOBER 31, 2023

The following comparison report has been automatically generated

| TOTAL DELTAS | 2764 |
| --- | --- |
| CHANGES | 61 |
| DELETIONS | 1372 |
| ADDITIONS | 1331 |

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# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, DC 20549**
# FORM 10-Q

(Mark One)

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

For the quarterly period ended October 31, 2023April 30, 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** | **31-1455414** |
|---|---|
| *(State or other jurisdiction of incorporation or organization)* | *(I.R.S. Employer Identification No.)* |

**2400 Old Milton Pkwy., Box 1353**

**Alpharetta,, GA30009**

*(Address of principal executive offices) (Zip Code)*

**(888)997-8732**

*(Registrant's Registrant's telephone number, including area code)*

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

| | | | |
|---|---|---|---|
| Large accelerated filer ☐ | Accelerated filer ☐ | Non-accelerated filer ☒ | Smaller reporting company ☒ |
| Emerging growth company ☐ | | | |

If an emerging growth company, indicate by check mark if the registrant 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the Registrant's Common Stock, $0.01 par value per share, as of December 11 June 10, 2024, 2023 was 58,829,461.62,030,026.

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**PART I. FINANCIAL INFORMATION**

**Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**STREAMLINE HEALTH SOLUTIONS, INC.**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

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

| | October 31, 2023 | January 31, 2023 | April 30, 2024 | January 31, 2024 |
|---|---|---|---|---|
| | (Unaudited) | | (Unaudited) | |
| **ASSETS** | | | | |
| **Current assets:** | | | | |
| Cash and cash equivalents | $ 2,557,000 | $ 6,598,000 | $ 3,979,000 | $ 3,190,000 |
| Accounts receivable, net of allowance for credit losses of $94,000 and $132,000, respectively | 3,653,000 | 7,719,000 | | |
| Accounts receivable, net of allowance for credit losses of $117,000 and $86,000, respectively | | | 4,706,000 | 4,237,000 |
| Contract receivables | 763,000 | 960,000 | 294,000 | 780,000 |
| Prepaid and other current assets | 742,000 | 710,000 | 722,000 | 629,000 |
| Total current assets | 7,715,000 | 15,987,000 | 9,701,000 | 8,836,000 |
| **Non-current assets:** | | | | |
| Property and equipment, net of accumulated amortization of $278,000 and $246,000 respectively | 94,000 | 79,000 | | |
| Right-of use asset for operating lease | — | 32,000 | | |
| Capitalized software development costs, net of accumulated amortization of $7,560,000 and $6,224,000, respectively | 6,248,000 | 5,846,000 | | |
| Intangible assets, net of accumulated amortization of $3,978,000 and $2,627,000, respectively | 12,479,000 | 14,793,000 | | |
| Property and equipment, net of accumulated amortization of $304,000 and $291,000 respectively | | | 76,000 | 88,000 |
| Capitalized software development costs, net of accumulated amortization of $8,396,000 and $7,960,000, respectively | | | 5,624,000 | 5,798,000 |
| Intangible assets, net of accumulated amortization of $4,428,000 and $4,019,000, respectively | | | 11,662,000 | 12,071,000 |
| Goodwill | 13,276,000 | 23,089,000 | 13,276,000 | 13,276,000 |
| Other | 1,293,000 | 1,695,000 | 1,386,000 | 1,666,000 |
| Total non-current assets | 33,390,000 | 45,534,000 | 32,024,000 | 32,899,000 |
| **Total assets** | $ 41,105,000 | $ 61,521,000 | $ 41,725,000 | $ 41,735,000 |

See accompanying notes to condensed consolidated financial statements.

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**STREAMLINE HEALTH SOLUTIONS, INC.**

**CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)**

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

| | **October 31, 2023** | **January 31, 2023** | April 30, 2024 | January 31, 2024 |
|---|---|---|---|---|
| | **(Unaudited)** | | (Unaudited) | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | |
| **Current liabilities:** | | | | |
| Accounts payable | $ 736,000 | $ 626,000 | $ 1,120,000 | $ 1,253,000 |
| Accrued expenses | 2,883,000 | 3,265,000 | 1,777,000 | 2,023,000 |
| Current portion of term loan | 1,250,000 | 750,000 | 1,750,000 | 1,500,000 |
| Deferred revenues | 5,983,000 | 8,361,000 | 7,351,000 | 7,112,000 |
| Current portion of operating lease obligation | — | 35,000 | | |
| Acquisition earnout liability | 1,833,000 | 3,738,000 | 817,000 | 1,794,000 |
| Total current liabilities | 12,685,000 | 16,775,000 | 12,815,000 | 13,682,000 |
| **Non-current liabilities:** | | | | |
| Term loan, net of current portion and deferred financing costs | 8,042,000 | 8,964,000 | 7,089,000 | 7,566,000 |
| Line of credit | 500,000 | — | — | 1,500,000 |
| Notes payable, net of current portion and deferred financing costs | | | 3,587,000 | — |
| Warrants – common stock | | | 746,000 | — |
| Deferred revenues, less current portion | 127,000 | 167,000 | 185,000 | 173,000 |
| Other non-current liabilities | — | 104,000 | | |
| Total non-current liabilities | 8,669,000 | 9,235,000 | 11,607,000 | 9,239,000 |
| Total liabilities | 21,354,000 | 26,010,000 | 24,422,000 | 22,921,000 |
| **Commitments and contingencies – Note 8** | | | | |
| **Stockholders' equity:** | | | | |
| Common stock, $0.01 par value per share, 85,000,000 shares authorized; 58,793,990 and 57,567,210 shares issued and outstanding, respectively | 588,000 | 576,000 | | |
| Common stock, $0.01 par value per share, 85,000,000 shares authorized; 61,825,587 and 58,945,498 shares issued and outstanding, respectively | | | 617,000 | 590,000 |
| Additional paid in capital | 133,492,000 | 131,973,000 | 135,124,000 | 133,923,000 |
| Accumulated deficit | (114,329,000) | (97,038,000) | (118,438,000) | (115,699,000) |
| Total stockholders' equity | 19,751,000 | 35,511,000 | 17,303,000 | 18,814,000 |
| Total liabilities and stockholders' equity | $ 41,105,000 | $ 61,521,000 | $ 41,725,000 | $ 41,735,000 |

See accompanying notes to condensed consolidated financial statements.

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**STREAMLINE HEALTH SOLUTIONS, INC.**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

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

| | **2023** | **2022** | **2023** | **2022** | | |
|---|---|---|---|---|---|---|
| | **Three Months Ended October 31,** | | **Nine Months Ended October 31,** | | Three Months Ended April 30, | |
| | **2023** | **2022** | **2023** | **2022** | 2024 | 2023 |
| **Revenues:** | | | | | | |
| Software as a service | $ 3,924,000 | $ 3,209,000 | $ 10,630,000 | $ 9,157,000 | $ 2,723,000 | $ 3,175,000 |
| Maintenance and support | 1,070,000 | 1,120,000 | 3,327,000 | 3,348,000 | 890,000 | 1,157,000 |
| Professional fees and licenses | 1,139,000 | 1,888,000 | 3,278,000 | 5,639,000 | 717,000 | 1,000,000 |
| Total revenues | 6,133,000 | 6,217,000 | 17,235,000 | 18,144,000 | 4,330,000 | 5,332,000 |
| **Operating expenses:** | | | | | | |
| Cost of software as a service | 1,677,000 | 1,742,000 | 5,159,000 | 4,771,000 | 1,348,000 | 1,589,000 |
| Cost of maintenance and support | 129,000 | 84,000 | 250,000 | 220,000 | 42,000 | 89,000 |
| Cost of professional fees and licenses | 1,072,000 | 1,744,000 | 3,202,000 | 4,992,000 | 887,000 | 1,108,000 |
| Cost of goods and services | 1,072,000 | 1,744,000 | 3,202,000 | 4,992,000 | | |
| Selling, general and administrative expense | 4,122,000 | 4,055,000 | 12,079,000 | 12,629,000 | 3,192,000 | 3,841,000 |
| Research and development | 1,304,000 | 1,754,000 | 4,310,000 | 4,527,000 | 1,111,000 | 1,701,000 |
| Impairment of goodwill | 9,813,000 | — | 9,813,000 | — | | |
| Impairment of long-lived assets | 963,000 | — | 963,000 | — | | |
| Total operating expenses | 19,080,000 | 9,379,000 | 35,776,000 | 27,139,000 | 6,580,000 | 8,328,000 |
| Operating loss | (12,947,000) | (3,162,000) | (18,541,000) | (8,995,000) | (2,250,000) | (2,996,000) |
| **Other (expense) income:** | | | | | | |
| Interest expense | (266,000) | (198,000) | (781,000) | (519,000) | (465,000) | (248,000) |
| Acquisition earnout valuation adjustments | 1,182,000 | 163,000 | 1,905,000 | 188,000 | | |
| Valuation adjustments | | | | | (24,000) | 364,000 |
| Other | — | 68,000 | 31,000 | 151,000 | — | 32,000 |
| Loss before income taxes | (12,031,000) | (3,129,000) | (17,386,000) | (9,175,000) | (2,739,000) | (2,848,000) |
| Income tax benefit (expense) | 120,000 | (9,000) | 59,000 | (22,000) | | |
| Income tax expense | | | | | — | (53,000) |
| **Net loss** | $ (11,911,000) | $ (3,138,000) | $ (17,327,000) | $ (9,197,000) | $ (2,739,000) | $ (2,901,000) |
| Basic and Diluted Earnings Per Share: | | | | | | |
| Net loss per common share – basic and diluted | $ (0.21) | $ (0.07) | $ (0.31) | $ (0.19) | $ (0.05) | $ (0.05) |
| Weighted average number of common shares – basic and diluted | 56,710,335 | 47,730,009 | 56,346,300 | 47,329,923 | 58,224,090 | 55,970,880 |

See accompanying notes to condensed consolidated financial statements.

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**STREAMLINE HEALTH SOLUTIONS, INC.**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS’ STOCKHOLDERS’ EQUITY**

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

| | Common stock (Shares) | Common stock (Amount) | Additional paid in capital | Accumulated deficit | Total stockholders’ equity | Common stock (Shares) | Common stock (Amount) | Additional paid in capital | Accumulated deficit | Total stockholde equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at January 31, 2023** | 57,567,210 | $ 576,000 | $ 131,973,000 | $ (97,038,000) | $ 35,511,000 | | | | | |
| Balance at January 31, 2024 | | | | | | 58,945,498 | $ 590,000 | $ 133,923,000 | $ (115,699,000) | $ 18,814, |
| Restricted stock issued | 1,185,927 | 12,000 | (12,000) | — | — | 1,215,000 | 11,000 | (11,000) | — | |
| Restricted stock forfeited | (28,400) | (1,000) | 1,000 | — | — | (48,350) | — | — | — | |
| Surrender of shares | (88,326) | (1,000) | (178,000) | — | (179,000) | (139,105) | (1,000) | (66,000) | — | (67, |
| Share-based compensation | — | — | 595,000 | — | 595,000 | — | — | 529,000 | — | 529, |
| Adoption of ASU 2016-13 | — | — | — | 36,000 | 36,000 | | | | | |
| Issuance of common stock | | | | | | 1,852,544 | 17,000 | 753,000 | — | 770, |
| Offering expenses | | | | | | — | — | (4,000) | — | (4, |
| Net loss | — | — | — | (2,901,000) | (2,901,000) | — | — | — | (2,739,000) | (2,739, |
| **Balance at April 30, 2023** | 58,636,411 | 586,000 | 132,379,000 | (99,903,000) | 33,062,000 | | | | | |
| Restricted stock issued | 385,720 | 4,000 | (4,000) | — | — | | | | | |
| Restricted stock forfeited | (77,000) | (1,000) | 1,000 | — | — | | | | | |
| Surrender of shares | (50,060) | — | (73,000) | — | (73,000) | | | | | |
| Share-based compensation | — | — | 630,000 | — | 630,000 | | | | | |
| Net loss | — | — | — | (2,515,000) | (2,515,000) | | | | | |
| **Balance at July 31, 2023** | 58,895,071 | $ 589,000 | $ 132,933,000 | $ (102,418,000) | $ 31,104,000 | | | | | |
| Restricted stock issued | 176,054 | 2,000 | (2,000) | — | — | | | | | |
| Restricted stock forfeited | (239,100) | (2,000) | 2,000 | — | — | | | | | |
| Surrender of shares | (38,035) | (1,000) | (18,000) | — | (19,000) | | | | | |
| Share-based compensation | — | — | 577,000 | — | 577,000 | | | | | |
| Net loss | — | — | — | (11,911,000) | (11,911,000) | | | | | |

| | Common stock (Shares) | Common stock (Amount) | Additional paid in capital | Accumulated deficit | Total stockholders' equity |
|---|---|---|---|---|---|
| **Balance at October 31, 2023** | 58,793,990 | $ 588,000 | $ 133,492,000 | $ (114,329,000) | $ 19,751,000 |
| **Balance at January 31, 2022** | 47,840,950 | $ 478,000 | $ 119,225,000 | $ (85,659,000) | $ 34,044,000 |
| Restricted stock issued | 408,031 | 4,000 | (4,000) | — | — |
| Restricted stock forfeited | (63,900) | — | — | — | — |
| Surrender of shares | (95,701) | (1,000) | (140,000) | — | (141,000) |
| Share-based compensation | — | — | 326,000 | — | 326,000 |
| Net loss | — | — | — | (2,787,000) | (2,787,000) |
| **Balance at April 30, 2022** | 48,089,380 | 481,000 | 119,407,000 | (88,446,000) | 31,442,000 |
| Exercise of stock options | 5,000 | — | 6,000 | — | 6,000 |
| Restricted stock issued | 726,801 | 7,000 | (7,000) | — | — |
| Restricted stock forfeited | (20,000) | — | — | — | — |
| Share-based compensation | — | — | 331,000 | — | 331,000 |
| Net loss | — | — | — | (3,272,000) | (3,272,000) |
| **Balance at July 31, 2022** | 48,801,181 | $ 488,000 | $ 119,737,000 | $ (91,718,000) | $ 28,507,000 |
| **Balance** | 48,801,181 | $ 488,000 | $ 119,737,000 | $ (91,718,000) | $ 28,507,000 |
| Restricted stock issued | 118,836 | 1,000 | (1,000) | — | — |
| Restricted stock forfeited | (75,200) | (1,000) | 1,000 | — | — |
| Surrender of shares | (14,472) | — | (24,000) | — | (24,000) |
| Share-based compensation | — | — | 555,000 | — | 555,000 |
| Issuance of common stock | 6,299,989 | 63,000 | 8,253,000 | — | 8,316,000 |
| Offering expenses | — | — | (52,000) | — | (52,000) |

| | Common stock (Shares) | Common stock (Amount) | Additional paid in capital | Accumulated deficit | Total stockholders' equity |
|---|---|---|---|---|---|
| Balance at April 30, 2024 | 61,825,587 | $ 617,000 | $ 135,124,000 | $ (118,438,000) | $ 17,303, |
| Balance at January 31, 2023 | 57,567,210 | $ 576,000 | $ 131,973,000 | $ (97,038,000) | $ 35,511,000 |
| Restricted stock issued | 1,185,927 | 12,000 | (12,000) | — | — |
| Restricted stock forfeited | (28,400) | (1,000) | 1,000 | — | — |
| Surrender of shares | (88,326) | (1,000) | (178,000) | — | (179,000 |
| Share-based compensation | — | — | 595,000 | — | 595,000 |
| Adoption of ASU 2016-13 | — | — | — | 36,000 | 36,000 |
| Net loss | — | — | — | (2,901,000) | (2,901,000 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Net loss | — | — | — | (3,138,000) | (3,138,000) | | | | | |
| **Balance at October 31, 2022** | 55,130,334 | $ 551,000 | $ 128,469,000 | $ (94,856,000) | $ 34,164,000 | | | | | |
| **Balance** | 55,130,334 | $ 551,000 | $ 128,469,000 | $ (94,856,000) | $ 34,164,000 | | | | | |
| Balance at April 30, 2023 | | | | | | 58,636,411 | $ 586,000 | $ 132,379,000 | $ (99,903,000) | $ 33,062,000 |

See accompanying notes to condensed consolidated financial statements.

**STREAMLINE HEALTH SOLUTIONS, INC.**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

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

| | **2023** | **2022** | | |
|---|---|---|---|---|
| | **Nine months Ended October 31,** | | Three Months Ended April 30, | |
| | **2023** | **2022** | 2024 | 2023 |
| Net loss | $ (17,327,000) | $ (9,197,000) | $ (2,739,000) | $ (2,901,000) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | | |
| Depreciation and amortization | 3,264,000 | 3,272,000 | 1,120,000 | 1,059,000 |
| Acquisition earnout valuation adjustments | (1,905,000) | (188,000) | | |
| Accrued interest expense – notes payable | | | 152,000 | — |
| Valuation adjustments | | | 24,000 | (364,000) |
| Benefit for deferred income taxes | (104,000) | — | — | 39,000 |
| Share-based compensation expense | 1,626,000 | 1,212,000 | 499,000 | 572,000 |
| Impairment of goodwill | 9,813,000 | — | | |
| Impairment of long-lived assets | 963,000 | — | | |
| Provision for credit losses | — | 21,000 | | |
| Changes in assets and liabilities: | | | | |
| Accounts and contract receivables | 4,299,000 | 492,000 | 17,000 | 3,900,000 |
| Other assets | (65,000) | (868,000) | (100,000) | (15,000) |
| Accounts payable | 109,000 | (373,000) | (161,000) | (327,000) |
| Accrued expenses and other liabilities | (417,000) | 1,159,000 | (262,000) | (795,000) |
| Deferred revenue | (2,417,000) | (251,000) | 251,000 | (1,042,000) |
| Net cash used in operating activities | (2,161,000) | (4,721,000) | (1,199,000) | 126,000 |
| Cash flows from investing activities: | | | | |
| Purchases of property and equipment | (47,000) | (10,000) | — | (29,000) |
| Capitalization of software development costs | (1,562,000) | (1,435,000) | (232,000) | (404,000) |
| Net cash used in investing activities | (1,609,000) | (1,445,000) | (232,000) | (433,000) |
| Cash flows from financing activities: | | | | |
| Repayment of bank term loan | (500,000) | (125,000) | (250,000) | (125,000) |
| Proceeds from line of credit | 500,000 | — | | |
| Repayment of line of credit | | | (1,500,000) | — |
| Proceeds from issuance of common stock | — | 8,316,000 | 100,000 | — |
| Payments for costs directly attributable to the issuance of common stock | — | (52,000) | | |
| Proceeds from notes payable | | | 4,400,000 | — |
| Payments of acquisition earnout liabilities | | | (447,000) | — |
| Payments for deferred financing costs | | | (16,000) | — |
| Payments related to settlement of employee share-based awards | (271,000) | (165,000) | (67,000) | (179,000) |
| Other | — | 6,000 | | |
| Net cash (used in) provided by financing activities | (271,000) | 7,980,000 | 2,220,000 | (304,000) |
| Net (decrease) increase in cash and cash equivalents | (4,041,000) | 1,814,000 | 789,000 | (611,000) |
| Cash and cash equivalents at beginning of period | 6,598,000 | 9,885,000 | 3,190,000 | 6,598,000 |
| Cash and cash equivalents at end of period | $ 2,557,000 | $ 11,699,000 | $ 3,979,000 | $ 5,987,000 |

See accompanying notes to condensed consolidated financial statements.







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STREAMLINE HEALTH SOLUTIONS, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2024

October NOTE 1—31, 2023

NOTE 1 — BASIS OF PRESENTATION

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"), operate 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 & Clinical Documentation Improvement (CDI) solutions, 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.

The accompanying unaudited condensed consolidated financial statements have been prepared by us pursuant to the rules and regulations applicable to quarterly reports on Form 10-Q10-Q of the U.S. Securities and Exchange Commission (the "SEC"). Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to those rules and regulations, although we believe that the disclosures made are adequate to make the information not misleading. The condensed consolidated financial statements include the accounts of Streamline Health Solutions, Inc. and each of its wholly-owned subsidiaries. In the opinion of the Company's management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the condensed consolidated financial statements have been included. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's most recent annual report on Form 10-K.10-K. Operating results for the three and nine months ended October 31, 2023April 30, 2024, are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2024.January 31, 2025.

The Company has one operating segment and one reporting unit due to the singular nature of our products, product development and distribution process, and client base as a provider of computer software-based solutions and services for acute-care healthcare providers.

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

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. To date, the Company has not generated sufficient revenues to allow it to generate cash flow from operations. The Company has historically accumulated losses and used cash from its financing activities to supplement its operations. Further, the Company's current forecast projects the Company will not be able to maintain compliance with certain of its financial covenants under its current credit agreement in the next twelve months. These conditions raise substantial doubt about the ability of the Company to continue as a going concern within one year after the date that the financial statements are issued.

In view of these matters, continuation as a going concern is dependent upon the Company's ability to achieve cash from operations and raise additional debt or equity capital to fund its ongoing operations. The Company expects to generate positive operating cash flow in the next two fiscal quarters based upon executed contracts which it expects to be fully implemented.

As of October 31, 2023, the Company had approximately $9.75 million of total outstanding debt associated with its term loan and revolver, $1.25 million of which is classified as a current liability. The Company is engaged in ongoing discussions with its current banking partner, Western Alliance Bank, with whom it maintains a good working relationship; however, the Company does not have written or executed agreements as of the issuance of this Form 10-Q. The Company's ability to refinance its existing debt is based upon credit markets and economic forces that are outside of its control. There can be no assurance that the Company will be successful in raising additional capital or that such capital, if available, will be on terms that are acceptable to the Company.

The financial statements do not include any adjustments to the amount and classification of assets and liabilities that may be necessary should the Company not continue as a going concern.



NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Our significant accounting policies are presented in "Note 2 – Significant Accounting Policies" in the fiscal year 2022 Annual Report on Form 10-K.10-K for fiscal year 2023. Users of financial information for interim periods are encouraged to refer to the notes to the consolidated financial statements contained in the Annual Report on Form 10-K10-K when reviewing interim financial results.

Use of Estimates

The preparation of financial statements in conformity with 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, share-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.

Reclassification

Reclassification

Certain amounts for the three and nine months ended October 31, 2022April 30, 2023, were reclassified to conform to the current period classification. For the three and nine months ended October 31, 2023, April 30, 2023, the Company incurred certain acquisition-related costs related to the acquisition of Avelead totaling $0 and $44,000, respectively, $35,000, consisting primarily of professional service fees. For the three and nine months ended October 31, 2022, the Company incurred acquisition-related costs totaling $2,000 and $141,000, respectively, consisting primarily of professional service fees. The aforementioned acquisition-related costs for the three and nine months ended October 31, 2022April 30, 2023, 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.

Fair Value of Financial Instruments

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

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

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

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

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value based on the short-term maturity of these instruments. Cash and cash equivalents are classified as Level 1. There were no transfers The acquisition earnout liability transferred out of assets or liabilities between Levels 1, 2, or Level 3 during the nine as of three months ended October 31, 2023 and 2022.April 30, 2024.

The table below provides information on the fair value of our liabilities:

| | Total Fair Value | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total Fair Value | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|---|---|---|---|
| At January 31, 2023 | | | | | | | | |
| At January 31, 2024 | | | | | | | | |
| Acquisition earnout liability (1) | $ 3,738,000 | $ — | $ — | $ 3,738,000 | $ 1,794,000 | $ — | $ — | $ 1,794,000 |
| At October 31, 2023 | | | | | | | | |
| Acquisition earnout liability (1) | $ 1,833,000 | $ — | $ — | $ 1,833,333 | | | | |
| At April 30, 2024 | | | | | | | | |
| Warrants - common stock (2) | | | | | $ 746,000 | $ — | $ 746,000 | $ — |

(1) On March 27, 2024, the Company issued the shares of its common stock owed as part of the acquisition earnout liability related to the acquisition of Avelead Consulting, LLC
(1) ("Avelead"). The remaining obligation related to the acquisition earnout liability is to be settled in cash (refer to Note 3 – Business Combinations for more information). At that time, the acquisition earnout liability no longer qualified as a Level 3 fair value calculation and was removed from the hierarchy. As of that date, the Company recorded a valuation adjustment of $159,000 using the value of the shares issued adjusted for a discount for lack of marketability. As of April 30, 2024, the acquisition earnout liability no longer qualified as a Level 3 fair value calculation and was transferred out. See the table below for the roll-forward of values including the amount transitioned out of Level 3.

(2) The fair value of the acquisition earnout liability common stock warrants issued in connection with the Company's equity raises in February 2024 is based upon a probability-weighted discounted cash flow that was completed at established as of the date of acquisition issuance and updated as of October 31, 2023. April 30, 2024. The change in the fair value of the acquisition earnout liability common stock warrants decreased $1,182,000 and $1,905,000 for the three and nine months ended October 31, 2023, respectively. by $135,000 from its initial measurement date on February 7, 2024 through April 30, 2024. The change in the fair value is recognized in "Acquisition earnout valuation "valuation adjustments" in the accompanying condensed consolidated statement of operations.

The probability-weighted discounted cash flow estimated fair value of the warrant liability is calculated using a Monte Carlo valuation method. Black-Scholes pricing model. The valuation model provides numerous outcomes. The outcomes are averaged input uses the warrant strike pries of $0.38 and discounted to present value, which provides $0.39, market prices on the current value point estimate. A range measurement dates ($0.34 as of possible outcomes is not available under February 7, 2024 and $0.30 as of April 30, 2024) plus assumptions for expected term, expected volatility and risk-free interest rate impact the specific valuation method that was used in determining fair value estimate. These assumptions are subjective and are generally derived from external (such as, risk-free rate of interest) and historical data (such as, volatility factor and expected term). The warrants carry a term of 48 months and the acquisition earnout liability. Company assumes they are held until expiration. The significant inputs include recorded Avelead SaaS revenue, risk-free rate was determined from the probabilities associated U.S. Treasury published daily treasury yields corresponding with each the remaining expected term which ranged between 4% - 5%. The Company's common stock volatility was estimated between 91% - 92% utilizing its historical average closing price for preceding trading days equal to expected term remaining. Fluctuations in the risk-free rate of (i) interest or the Company's stock price could have 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. material impact on reported expenses.



**The table below provides the Level 3 roll-forward on the fair value of our acquisition earnout liability for the three months ended April 30, 2024:**

| | 3 months ended 04/30/2024 |
|---|---|
| **Beginning balance** | **$ 1,794,000** |
| **Settlement – common stock** | **(690,000 )** |
| **Settlement – cash** | **(447,000 )** |
| **Unrealized loss** | **159,000** |
| **Transfer out** | **(817,000 )** |
| **Ending balance** | **$ —** |
| **Amount of unrealized loss for the period included in income relating to the acquisition earnout liability at the end of the period** | **$ (159,000 )** |

**The value of the Company's acquisition earnout liability at April 30, 2024 represents the remaining cash obligation of $817,000. The Company reached an agreement with the former owners of Avelead to settle the cash obligation by making periodic payments through October 31, 2024.**

**The fair value of the Company's term loan and outstanding balance of the revolving line of credit under its Second Amended and Restated Loan and Security Agreement (as amended and modified, the "Second Amended and Restated Loan Agreement") was determined through an analysis of the interest rate spread from the**

**date of closing the loan (August( August 2021) to the date of the most recent balance sheets, October 31, 2023April 30, 2024 and January 31, 2023January 31, 2024. 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%1.5%, with a Prime "floor" rate of 3.25%3.25%. The prime rate is variable and, thus accommodates changes in the market interest rate. However, the interest rate spread (the 1.5%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 published "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%0.5% from (i) the date we entered the Second Amended and Restated Loan Agreement for the term loan or (ii) the date of each draw on the revolving line of credit to the end of the fiscal third quarter, October 31, 2023, October 31, 2023, and end of the fiscal year, January 31, 2023. January 31, 2024. The fair value of the debt as of October 31, 2023April 30, 2024 and January 31, 2023January 31, 2024 was estimated to be $9,054,000 $8,560,000 and $9,550,000,$8,807,000, respectively, or a discount to book value of $196,000 $190,000 and $200,000,$193,000, respectively. The fair value of the line of credit as of October 31, 2023 and January 31, 2023 was estimated to be $488,000 and $0, respectively, or a discount to book value of $12,000 and $0, respectively. Long-term debt is classified as Level 2.**

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**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 the Company's direct sales force or through third-partythird-party resellers. Licensed, locally-installed customers on a perpetual model utilize the Company's 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 Customers*, under the core principle of recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.**

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*Disaggregation of Revenue*

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

| | October 31, 2023 | October 31, 2022 | October 31, 2023 | October 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Three Months Ended | | Nine Months Ended | | Three Months Ended | |
| | October 31, 2023 | October 31, 2022 | October 31, 2023 | October 31, 2022 | April 30, 2024 | April 30, 2023 |
| Over time revenue | $ 6,133,000 | $ 6,217,000 | $ 17,161,000 | $ 18,021,000 | $ 4,195,000 | $ 5,258,000 |
| Point in time revenue | — | — | 74,000 | 123,000 | 135,000 | 74,000 |
| Total revenue | $ 6,133,000 | $ 6,217,000 | $ 17,235,000 | $ 18,144,000 | $ 4,330,000 | $ 5,332,000 |

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 (i) software licenses as point in time revenue.

***Contract Receivables and Deferred Revenues***

The Company receives payments from customers based upon contractual billing schedules. Contract receivables include amounts related to the Company's contractual right to consideration for completed performance obligations not yet invoiced. Deferred revenue includes payments received in advance of performance under the contract. The Company's contract receivables and deferred revenue are reported on an individual contract basis at the end of each reporting period. Contract receivables are classified as current or noncurrent based on the timing of when we expect to bill the customer. Deferred revenue is classified as current or noncurrent based on the timing of when we expect to recognize revenue. During the ninethree months ended October 31, 2023,April 30, 2024, the Company recognized approximately $approxi6,772,000mately $2,831,000 in revenue from deferred revenues outstanding as of January 31, 2023January 31, 2024. Revenue allocated to remaining performance obligations was $29,143,00023,045,000 as of April 30, 2024October 31, 2023,, of which the Company expects to recognize approximately 56% 45% over the next 12 months and the remainder thereafter.

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

The Company defers 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 period of expected benefit which is the contractual term. As of OctoberApril 30, 2024 and January 31, 2023 and January 31, 2023 2024, the Company had deferred costs of $98,00065,000 and $94,000,$77,000, respectively, net of accumulated amortization of $235,000$123,000 and $176,000,$102,000, respectively. Amortization expense of these costs was $24,000$20,000 and $22,000$18,000 for the the three months ended October 31, 2023 April 30, 2024 and 2022, respectively, and $59,000 and $62,000 for the nine months ended October 31, 2023 and 2022,, respectively, and is included in cost of SaaS in the condensed consolidated statements of operations.

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

As of April 30, 2024October and January 31, 2023 and January 31, 2023 2024, deferred commission costs paid and payable, which are included on the consolidated balance sheets within other non-current assets totaled $1,195,000$1,321,000 and $1,534,000, respectively, net of accumulated amortization and impairment totaling $1,238,000 and $820,000,$1,461,000, respectively. Amortization expense associated with deferred sales commissions, which is included in selling, general and administrative expense in the condensed consolidated statements of operations, was $129,000$140,000 and $110,000$129,000 for the three months ended October 31, 2023 April 30, 2024 and 2022, respectively. Amortization expense for the nine months ended 2023October 31, 2023 and 2022 was $383,000 and $298,000, respectively. For

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***Allowance for Credit Losses***

The Company estimates current expected credit losses based on historical credit loss rates and applied an increase to account for future economic conditions. The changes in the three and nine months ended October 31, 2023, the Company recorded an impairment of $35,000Company's allowance for deferred commission costs related to the client termination notification received in October 2023. There were no impairment charges recorded for the three and nine months ended October 31, 2022. credit losses is as follows:

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| | January 31, 2024 | CECL Adoption | Provision adjustments | Write-offs & Recoveries | April 30, 2024 |
|---|---|---|---|---|---|
| Allowance for credit losses | $ 86,000 | $ — | $ — | $ 31,000 | $ 117,000 |
| | January 31, 2023 | CECL Adoption | Provision adjustments | Write-offs & Recoveries | April 30, 2023 |
| Allowance for credit losses | $ 132,000 | $ (36,000 ) | $ — | $ — | $ 96,000 |

**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, and forfeitures are recognized as incurred. 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 compensation expense related to share-based awards for the three and nine months ended October 31, April 30, 2024 and 2023, of $517,000$499,000 and $1,626,000,$572,000 respectively, which includes $60,000net of $30,000 and $176,000, respectively,$23,000 of capitalized non-employee stock compensation, compared to share-based compensation expense of $555,000 and $1,212,000, respectively, for the three and nine months ended October 31, 2022. During third quarter of fiscal year 2023, the Company accelerated the vesting of approximately 260,000 previously outstanding and unvested shares of restricted common stock of the Company.respectively.

The fair value of 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. These assumptions are subjective and are generally derived from external (such as, risk-free rate of interest) and historical data (such as, volatility factor and expected term). Future grants of equity awards accounted for as share-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 closing price per share on the grant date. For the three and nine months ended October 31, April 30, 2024 and 2023, the Company issued 45,000 1,015,000 and 1,130,000 1,085,000 shares of restricted common stock to employees, respectively, compared to 65,000 and 865,000 shares of restricted common stock for the three and nine months ended October 31, 2022, respectively. The Company expenses the compensation cost of these awards as the restriction period lapses, which is typically over a three-yearthree-year period. For the three and nine months ended October 31, 2023, April 30, 2024, the Company issued 0 and 258,621 200,000 shares of restricted common stock to certain members of the Board of Directors. There were no shares issued to the Board of Directors respectively, compared in the three months ended April 30, 2023.

**Warrants**

The Company reviews the specific terms for its warrants and applies the authoritative FASB guidance under ASC topics 480, Distinguishing Liabilities from Equity (“ASC 480”) and ASC 815, Derivatives and Hedging (“ASC 815”) to 0 account for the warrants as either equity-classified or liability-classified instruments. This review identifies if the warrants are freestanding financial instruments under ASC 480, should be defined as a liability under ASC 480,and 200,731 whether the warrants meet all requirements of ASC 815 to be classified as equity, including whether the warrants are indexed to the Company’s own common stock, if there are conditions where warrant holders could potentially require “net cash settlement” in a circumstance that would be outside of the Company’s control, among other conditions for equity classification. This assessment requires the use of professional judgment and is conducted at the time of warrant issuance plus as of each subsequent quarterly period end date while the warrants are outstanding.

For the issued or modified warrants that qualify for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do *not* meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the condensed consolidated Statements of Operations as "valuation adjustments." The fair value of the warrants is estimated using a Black-Scholes pricing model.

The Company issued warrants to purchase shares of restricted common stock foras part of the three and nine months ended October 31, 2022, respectively. For Securities Purchase Agreement. Based on the three and nine months ended October 31, 2023, previously noted guidance, the Company determined that warrants issued 131,054 in with the Securities Purchase Agreement should be recorded and 359,080 shares accounted for as a liability as of restrictedApril 30, 2024. The Company reports the fair value of the liability as non-current liabilities under the heading "Warrants – common stock to consultants, respectively, compared to 53,836 stock" on the condensed consolidated Balance Sheet. The Company recorded an opening warrant liability of $881,000 as of February 7, 2024, with a subsequent $135,000 gain recorded under "Valuation adjustments" on the condensed consolidated Statement of Operations as of April 30,2024. The Company will reassess this classification and 187,937 shares of restricted common stock for the three and nine months ended October 31, 2022, respectively.re-measure at each balance sheet date, as necessary.



**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 6 – Income Taxes 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. The Company believes it has appropriately accounted for any uncertain tax positions as of October 31, 2023April 30, 2024.

Net Loss Per Common Share

The Company presents basic and diluted earnings per share (“EPS”) data for the Company’s common stock.

The Company’s warrants, unvested restricted stock awards, and options are considered non-participating securities because holders are not entitled to non-forfeitable rights to dividends or dividend equivalents during the vesting term. term or while unexercised. Diluted EPS for the Company’s 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 for the three and nine months ended October 31, 2023 April 30, 2024 and 2022:2023:

| | October 31, 2023 | October 31, 2022 | October 31, 2023 | October 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Three Months Ended | | Nine Months Ended | | Three Months Ended | |
| | October 31, 2023 | October 31, 2022 | October 31, 2023 | October 31, 2022 | April 30, 2024 | April 30, 2023 |
| Basic and diluted loss per share: | | | | | | |
| Net loss | $ (11,911,000) | $ (3,138,000) | $ (17,327,000) | $ (9,197,000) | $ (2,739,000) | $ (2,901,000) |
| Basic and diluted net loss per share of common stock from operations | $ (0.21) | $ (0.07) | $ (0.31) | $ (0.19) | | |
| Basic and diluted net loss per share of common stock | | | | | $ (0.05) | $ (0.05) |
| Weighted average shares outstanding – basic and diluted (1)(2) | 56,710,335 | 47,730,009 | 56,346,300 | 47,329,923 | 58,224,090 | 55,970,880 |
| Weighted average shares outstanding - basic | 56,710,335 | 47,730,009 | 56,346,300 | 47,329,923 | | |

(1) (1) Includes the effect of vested and excludes the effect of unvested restricted shares of common stock, which are considered non-participating securities. As of October 31, 2023 April 30, 2024 and 2022,2023, there were 2,687,4711,980,471 and 1,501,031 2,655,831 unvested restricted shares of common stock outstanding, respectively.

(2) (2) Diluted net loss per share excludes the effect of shares that are anti-dilutive. For the three and nine months ended October 31, 2023April 30, 2024, diluted earnings per share excludes 418,83666,000 outstanding stock options, and 1,980,4712,687,471 unvested restricted shares of common stock. stock, and 4,016,025 shares of common stock issuable through the exercise of warrants. For the three and nine months ended October 31, 2022April 30, 2023, diluted earnings per share excludes 628,958 outstanding stock options and 1,501,0312,655,831 unvested restricted shares of common stock.

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**Restructuring**

On October 16, 2023, October 16, 2023, the Company announced it was executing a strategic restructuring (the "Strategic Restructuring") designed to reduce expenses while maintaining the Company's ability to expand its SaaS business. The strategic restructuring Strategic Restructuring initiatives included a reduction in force, resulting in the termination of 26employees, or approximately 24% 24% of the Company's workforce. To execute the strategic restructuring, Strategic Restructuring, the Company estimates the one-time incurred one-time restructuring costs associated with the workforce reduction to be approximately $900,000, of $759,000, and the Company expects the has recognized all expenses associated with the strategic restructuring to be substantially recognized by Strategic Restructuring as of the end of fiscal year 2023. The estimated costs pertain to severance and other employee termination-related costs and various professional fees the Company may require required to assist with execution of the Strategic Restructuring. For the period ended April 30, 2023, there were no costs incurred or accrued related to the strategic restructuring. The following is a reconciliation of the strategic restructuring Strategic Restructuring liability that is reflected on the Company's condensed consolidated balance sheet under "Accrued expenses". "accrued expenses."

| | (in thousands) | | | | | | (in thousands) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | As of October 31, 2023 | | | | | | As of April 30, 2024 | |
| | Accrued Balance as of January 31, 2023 | 2023 Expenses to Date | 2023 Cash Payments | Accrued Balance as of October 31, 2023 | Total Costs Incurred to Date | Total Expected Costs | Accrued Balance as of January 31, 2024 | 2024 Expenses to Date | 2024 Cash Payments | Accrued Balance as of April 30, 2024 | Total Costs Incurred to Date | Total Expected Costs |
| **Severance expense** | | | | | | | | | | | | |
| Cost of sales | $ — | $ 154 | $ — | $ 154 | $ 154 | $ 154 | $ — | $ — | $ — | $ — | $ 154 | $ 154 |
| Selling, general, and administrative | — | 350 | — | 350 | 350 | 350 | 74 | — | (65) | 9 | 350 | 350 |
| Research and development | — | 227 | — | 227 | 227 | 227 | — | — | — | — | 227 | 227 |
| **Total severance expense** | $ — | $ 731 | $ — | $ 731 | $ 731 | $ 731 | $ 74 | $ — | $ (65) | $ 9 | $ 731 | $ 731 |
| Professional fees | — | 18 | — | 18 | 18 | $ 169 | — | — | — | — | 28 | 28 |
| **Total** | $ — | $ 749 | $ — | $ 749 | $ 749 | 900 | $ 74 | $ — | $ (65) | $ 9 | $ 759 | $ 759 |

*Non-Cash Items*

For the three and nine months ended October 31, 2023,April 30, 2024 and 2023, the Company recorded a change in capitalized software purchased with stock, totaling $60,000$30,000 and $176,000, $23,000, respectively, as non-cash items as it relates to non-cash investing activities in the condensed consolidated statements of cash flow.

For the three months ended April 30, 2024, the Company settled the second earnout with the issuance of common shares in the amount of $690,000, issued warrants in the amount of $881,000 as debt discounts, deferred financing costs for the Notes (refer to Note 5 – Debt) in the amount of $167,000 which are accrued as of April 30, 2024, and professional fees for the Common Stock Private Placement (refer to Note 7 – Equity) in the amount of $4,000, respectively, as non-cash items as it relates to non-cash financing activities in the condensed consolidated statements of cash flows. The Company did not have any non-cash financing activities in the three months ended April 30, 2023.

**Recent Accounting Pronouncements RecentlyNot Yet Adopted**

On February 1, 2023, In November 2023, the Company adoptedFASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses2023-07, Segment Reporting (Topic 326)280): Measurement of Credit Losses on Financial Instruments* ("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 2016-13"), as amended. ASU 2016-13 requires an allowance2023-07 is effective for expected credit losses to be applied to financial assets at inception all public entities for annual periods beginning after December 15, 2023, and reflect the risk of credit loss over the life of the asset. The Company estimated current expected credit losses based on historical credit loss rates and applied an increase to account for future economic conditions. interim periods within fiscal years beginning after December 15, 2024. The Company's allowance for doubtful accounts as of January 31, 2023, prior to the adoption of ASU 216-13, was $132,000. The Company estimated2023-07 will be effective in the current expected credit loss related to accounts receivable as of the adoption date of February 1, 2023 to be $96,000. The Company recorded the adjustment in accounting policy change of $36,000 to the opening accumulated deficit balanceannual report for the fiscal year ending January 31, 2025. The adoption of adoption.

| | January 31, 2023 | CECL Adoption | Provision adjustments | Write-offs & Recoveries | October 31, 2023 |
|---|---|---|---|---|---|
| Allowance for credit losses | $ (132,000) | $ 36,000 | — | — | $ (96,000) |

For the period ended October 31, 2023, the Company estimated the current this ASU is not expected credit loss related to accounts receivable using historical credit loss rates and applied an adjustment to account for future economic conditions in accordance with ASU 2016-13. The Company had no further impact on the allowance for credit losses during the nine-month period ended October 31, 2023.

**Recent Accounting Pronouncements Not Yet Adopted**

The Company does not believe there are any other new accounting pronouncements that have been issued that might have a material impact on its our consolidated financial position statements or results 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 operations. 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.**



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**NOTE 3—BUSINESS COMBINATION**

***Avelead Acquisition***

**The Company acquired all the equity interests of Avelead Consulting, LLC (“Avelead”) as part of the Company’s strategic expansion into the acute-care health care revenue cycle management industry (the “Transaction”). The Transaction was completed on August 16, 2021.August 16, 2021.**

**As of January 31, 2024, the estimated aggregate value of the second year earnout consideration was $1,794,000. On November 21, 2022, March 27, 2024, the Company made cash payments of $2,012,000 and issued 1,871,0371,589,386 unregistered securities in the form of restricted common stock, par value $0.01$0.01 per share, with respect to the firstsecond year earnout consideration. The estimated aggregate value As of April 30, 2024, the first Company had made cash payments of $447,000 related to the second year earnout payment was $5,000,000. The second (and final) year earnout payment is expected consideration with periodic payments to be paid during the quarter ending January 31, 2024 and consists of $1,214,000 of made through October 31, 2024. The remaining cash payments and 1,589,342 unregistered securities in the form of restricted common stock, par value $0.01 per share. These liabilities are liability is reflected at the estimated fair value of the future commitment on the Company’s condensed consolidated balance sheet as “Acquisition Earnout Liability” “acquisition earnout liability” and totaled $1,833,000$817,000 as of October 31, 2023April 30, 2024.**

**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. For the three months ended April 30, 2024 and 2023, the Company recorded $7,000 and $4,000, respectively, related to such office space rentals.**

***Alpharetta Office Lease***

**On October 1, 2021, October 1, 2021, the Company entered into an agreement with a third-partythird-party to sublease its office space in Alpharetta, Georgia. The sublease term was for 18 months, which coincided with the Company’s underlying lease (see below). The Company received $292,000$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 sublease terminated on March 31, 2023. March 31, 2023. For the three and nine months ended October 31, 2023,April 30, 2024 and 2023, the Company recorded $0$0 and $32,000, $32,000, respectively, as other income related to the sublease. For the three and nine months ended October 31, 2022, the Company recorded $49,000 and $145,000, respectively, as other income related to the sublease.**

**The Company entered into a lease for office space in Alpharetta, Georgia, on March 1, 2020. March 1, 2020. The lease terminated on March 31, 2023. March 31, 2023. At inception, the Company recorded a right-of use asset of $540,000, $540,000, and related current and long-term operating lease obligation in the accompanying consolidated balance sheet. The Company used a discount rate of 6.5%6.5% to determine the lease liability. For the three and nine months ended October 31, 2023,April 30, 2024 and 2023, the Company had lease operating costs of approximately $0$0 and $32,000, $32,000, respectively. For the three and nine months ended October 31, 2022, the Company had lease operating costs of approximately $48,000 and $145,000, respectively.**

***Suwanee Office Lease***

**Upon acquiring Avelead on August 16, 2021 (referAugust 16, 2021 (refer to Note 3 – Business Combination), the Company assumed an operating lease agreement for the corporate office space of Avelead. The lessor is an entity controlled by one of the sellers of Avelead Sellers and that seller Seller is a former employee of the Company. The initial 36-month term lease commenced March 1, 2019 March 1, 2019, and expired on February 28, 2022. 2022. The Company previously renewed the lease for an additional 12-month term which expired February 28, 2023 February 28, 2023, and was not renewed. For the three and nine months ended October 31, 2023,April 30, 2024 and 2023, the Company recorded rent expense of $0$0 and $6,000, $6,000, respectively. For the three and nine months ended October 31, 2022, the Company recorded rent expense of $18,000 and $55,000, respectively.**



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**NOTE 5—DEBT**

Outstanding principal balances consisted of the following at:at April 30, 2024:

| | October 31, 2023 | January 31, 2023 | April 30, 2024 | January 31, 2024 |
|---|---|---|---|---|
| Term loan | $ 9,250,000 | $ 9,750,000 | $ 8,750,000 | $ 9,000,000 |
| Financing cost payable | 120,000 | 69,000 | 150,000 | 135,000 |
| Deferred financing cost | (78,000) | (105,000) | | |
| Less: Deferred financing cost | | | (61,000) | (69,000) |
| Total | 9,292,000 | 9,714,000 | 8,839,000 | 9,066,000 |
| Less: Current portion of term loan | (1,250,000) | (750,000) | (1,750,000) | (1,500,000) |
| Non-current portion of term loan | 8,042,000 | 8,964,000 | $ 7,089,000 | $ 7,566,000 |
| Non-current portion of line of credit | 500,000 | — | | |
| Total non-current portion of debt | $ 8,542,000 | $ 8,964,000 | | |

| | April 30, 2024 | January 31, 2024 |
|---|---|---|
| Notes payable | $ 4,552,000 | $ — |
| Less: Discount on notes payable | (796,000 ) | — |
| Less: Deferred financing costs | (169,000 ) | — |
| Total | 3,587,000 | — |
| Less: Current portion of notes payable | — | — |
| Non-current portion of notes payable | $ 3,587,000 | $ — |

*Term Loan and Revolving Line of Credit*

On November 29, 2022, November 29, 2022, the Company executed a Second Modification to Second Amended and Restated Loan Agreement (the "Second Modification"). The Second Modification includes an expansion of the Company's total borrowing to include a $2,000,000$2,000,000 non-formula revolving line of credit. The revolving line of credit will be co-terminus with the term loan and matures on August 26, 2026. August 26, 2026. There are no requirements to draw on the line of credit. Amounts outstanding under the line of credit portion of the Second Amended and Restated Loan Agreement bear interest at a per annum rate equal to the Prime Rate (as published in The Wall Street Journal) plus 1.5%1.5%, with a Prime "floor" rate of 3.25%3.25%. The Second Modification amended certain financial covenants in the Second Amended and Restated Loan Agreement. At January 31, 2023 and October 31, 2023, there was $0 and $500,000 outstanding on the revolving line of credit, respectively.

Under the Second Amended and Restated Loan Agreement, the Company has a term loan facility with an initial maximum principal amount of $10,000,000. $10,000,000. Amounts outstanding under the Second Amended and Restated Loan Agreement bear interest at a per annum rate equal to the Prime Rate (as published in The Wall Street Journal) plus 1.5%1.5%, with a Prime "floor" rate of 3.25%3.25%. The Second Amended and Restated Loan Agreement has a five-yearfive-year term, and the maximum principal amount was advanced in a single-cash advance on or about the original closing date (August( August 2021). Interest is due monthly, and the Company shall make monthly interest-only payments through the one-yearone-year anniversary of the original closing date. Under the Second Amended and Restated Loan Agreement, principal repayments are required of $500,000$500,000 in the second year, $1,000,000$1,000,000 in the third year, $2,000,000$2,000,000 in the fourth year, and $3,000,000$3,000,000 in the fifth year with the remaining outstanding principal balance and all accrued but unpaid interest due in full on the maturity date. The Second Amended and Restated Loan Agreement may also require early repayments if certain conditions are met.



The Company executed a Third Modification and Waiver to Second Amended and Restated Loan Agreement includes(the "Third Modification") and a Fourth Modification to Second Amended and Restated Loan Agreement (the "Fourth Modification") on February 7, 2024 and April 5, 2024, respectively (collectively, the "Third and Fourth Modifications"). The Third and Fourth Modifications reestablished the customary financial covenants for the Second Amended and Restated Loan Agreement as follows:

- Minimum Cash Adjusted EBITDA. BorrowersCommencing with the quarter ending January 31, 2024, the Company shall at all times, maintain unrestricted cash Adjusted EBITDA, measured on a quarterly basis as of Borrowers at Bank the last day of each fiscal quarter, in an amount not less than Two Million Dollars ($2,000,000).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** |

- 
- **Maximum Debt to ARR Net Leverage Ratio**. Borrowers' Maximum Debt to The Company's 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 Debt to ARR Net Leverage Ratio" as of, and for each of the dates appearing adjacent to such "Maximum Debt to ARR Ratio". 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 |



| 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 |

● **Maximum Debt to Adjusted EBITDA Ratio**. Commencing with the quarter ending April 30, 2024, Borrowers'April 30, 2025, the Company's 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) (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".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 |

| 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 |

● **Fixed Charge Coverage Ratio**. Commencing with the quarter ending April 30, 2024, BorrowersApril 30, 2025, the Company 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) (4) quarter period then ended.

The Second Amended and Restated 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. Substantially all the assets of the Company are collateralized by the Second Amended and Restated Loan Agreement. For the periods ended January 31, 2023 and October 31, 2023As of April 30, 2024, the Company was in compliance with the Second Amended and Restated Loan Agreement covenants. However, the Company's current forecast projects the Company may not be able to maintain compliance with certain of its financial covenants under the Second Amended and Restated Loan Agreement in the future. The Company is forecasted to miss certain future covenants. See Note 1 – Basis of Presentation for detail regarding the Company's assessment as a going concern.

The Company records costs related to the maintenance of the Second Amended and Restated Loan Agreement as deferred financing costs, net of the term loan. These deferred financing costs are being amortized over the remaining term of the loan. The Company has incurred $250,000$250,000 in financing costs which becomes become payable 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$250,000 over the remaining term of the loan.



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 4,016,025 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”).

***Notes Payable***

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 Notes also include customary negative covenants, subject to exceptions, which limit dispositions of assets 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 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.

The Company allocated the original total proceeds at inception from the Debt Private Placement and Common Stock Private Placement (refer to Note 7 – Equity) across the securities issued in connection with the offerings. The Company has recorded the Notes at a relevant residual fair value of $3,538,000, consisting of the $4,400,000 face value of the notes and $862,000 discount. The Company allocated $183,000 in issuance costs. The discount is being accreted and the financing costs amortized as interest expense over the term of the Notes.



***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, were "restricted securities" 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.

The Warrants contain a registration rights provision for the Company to provide the Warrant holder with registered Common Stock upon their exercise of a Warrant. If the Company is not able to deliver registered Common Stock for exercised Warrants that results in the Warrant holder acquiring registered Common Stock, then the Warrant holder has the discretion to request the Company remit cash compensation up to the corresponding purchase price. Accordingly, the Company determined the feature required liability accounting treatment. On May 7, 2024, the Company filed a Registration Statement on Form S-3 (Registration No.333-279190), as amended by that certain Pre-Effective Amendment No.1 to Form S-3 filed on May 24, 2024, for purpose of registering for resale 4,016,025 shares of common stock underlying the Warrants. The Registration Statement was declared effective by the SEC on June 10, 2024.

The Company allocated the total proceeds from the Debt Private Placement and Common Stock Private Placement (refer to Note 7 – Equity) across the securities issued in connection with offerings. The Company recorded an initial liability of $881,000 for the Warrants at fair value using a Black-Scholes model. For the three-month period ended April 30, 2024, the Company immediately recognized $46,000 in issuance costs as expense related to the agreements for the Warrants.



**NOTE 6—INCOME TAXES**

Income tax benefit increased to $59,000was $0 for the ninethree months ended October 31, 2023April 30, 2024, compared to an expense of $22,000$53,000 in the prior year comparable period. The effective income tax rate on continuing operations of approximately -0-%0% differs from our combined federal and state statutory rate of 25%24% primarily due to the full valuation allowance the Company currently maintains on its net deferred tax asset.

The Company has recorded $340,000$346,000 and $333,000$340,000 in reserves for uncertain tax positions as of October April 30, 2024 and January 31, 2023 and January 31, 2023 2024, respectively.

**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, 2019. January 31, 2019. All material state and local income tax matters have been concluded for years through January 31, 2018. January 31, 2018. The Company is no longer subject to IRS examination for periods prior to the tax year ended January 31, 2019; January 31, 2019; however, carryforward losses that were generated prior to the tax year ended January 31, 2019 January 31, 2019, may still be adjusted by the IRS if they are used in a future period.**

**NOTE 7—EQUITY**

**Capital RaiseCommon Stock Private Placement**

**On October 24, 2022, February 6, 2024, the Company entered into purchase agreements with certain investors pursuant to which completed the Company agreed to issue and sell in a registered direct offering (the "2022 Offering") an aggregate sale of 6,299,989263,158 shares of the Company's common stock par value $0.01 per share, to an accredited investor at a purchase price of $1.32$0.38 per share. share for an aggregate purchase price of $100,000 (the "Common Stock Private Placement").**

**The gross proceeds 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 Company from the 2022 Offering were approximately $8,316,000. Securities Act.**

**The Company used allocated the total proceeds of the 2022 Offering Common Stock Private Placement across the underlying components. As a result, $77,000 of net proceeds, comprised of $81,000 of the proceeds less $4,000 of issuance costs, was recorded for general corporate purposes. The 2022 Offering closed on October 26, 2022. the Common Stock Private Placement as equity in the three-month period ended April 30, 2024.**

**Registration of Shares Issued to 180 Consulting**

**On June 22, 2022, June 28, 2023, the Company filed a Registration Statement on Form S-3 S-3 (Registration No. 333-265773)333-272993) for the purpose of registering for resale 272,653394,127 shares of common stock issued to 180 Consulting, LLC (" ("180 Consulting"). The Registration Statement was declared effective by the SEC on July 1, 2022.July 10, 2023.**

**On June 28, 2023, May 7, 2024, the Company filed a Registration Statement on Form S-3 S-3 (Registration No. 333-272993) 333-279190), as amended by that certain Pre-Effective Amendment No.1 to Form S-3 filed on May 24, 2024, for purpose of registering for resale 394,127564,707 shares of common stock issued to 180 Consulting, LLC ("180 Consulting"). Consulting. The Registration Statement was declared effective by the SEC on July 10, 2023.June 10, 2024.**

**Authorized Shares Increase**

**At the Annual Meeting of Stockholders held on June 7, 2022, June 15, 2023, 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 Annual Meeting of Stockholders held on June 15, 2023, the Company's stockholders approved an amendment to the Streamline Health Solutions, Inc. Third Amended and Restated 2013 Stock Incentive Plan to increase the available 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 8—COMMITMENTS AND CONTINGENCIES**

**Consulting Agreement with 180 Consulting, LLC**

On March 19, 2020, 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, September 20, 2021, the Company entered into a separate MSA in support of Avelead products. Certain As of December 2023, all outstanding SOWs under both MSAs were effectively replaced by two new SOWs. As of April 30, 2024, there were three active SOWs under the eValuator MSA. One of the active SOWs include includes the ability of 180 Consulting to earn common stock of the company 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-day90-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 the Company under the MSA and the SOWs may share workspace and administrative costs with 121G Consulting, LLC (" ("121G"). Mr. Green is a "member" of 121G, and, accordingly, has a financial interest in that entity. 180 Consulting earned 100,037418,653 and 358,190127,099 shares for the three and nine months ended October 31, 2023,April 30, 2024 and 2023, respectively, and has earned an aggregate of 1,273,3941,898,560 shares of the Company's common stock through October 31, 2023April 30, 2024. 180 Consulting earned 183,284 and 293,190 shares for the three and nine months ended October 31, 2022, respectively. For services rendered by 180 Consulting during the three and nine months ended October 31, 2023,April 30, 2024 and 2023, the Company incurred fees of $639,000$539,000 and $2,558,000, $953,000, respectively, and capitalized non-employee stock compensation of $60,000$30,000 and $176,000, $23,000, respectively. The Company paid fees of $751,000$376,000 and $1,781,000$452,000 for services rendered by 180 Consulting during the three and nine months ended October 31, 2022.April 30, 2024 and 2023, respectively.

Inclusive of the MSA executed with 180 Consulting are SOWs that provide for the Company to sublicense 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 $87,000$141,000 and $468,000$117,000 for the SOWs that include the sublicense agreement for the three and nine months ended October 31, 2023,April 30, 2024 and 2023, respectively, which are included in the aforementioned totals above.

**NOTE 9 — GOODWILL AND INTANGIBLE ASSETS**

Goodwill represents the excess cost over fair value of the net assets of acquired businesses and is not amortized. The Company performs an impairment assessment of goodwill annually during the fourth quarter of its fiscal year with a valuation date of November 1, or more frequently if a triggering event occurs.

The Company's intangible assets consist of client relationships, acquired and developed technology, and trade names. These assets are recorded at cost, less accumulated amortization and impairment, if any. All the Company's intangible assets are definite lived and amortized on a straight-line basis over their estimated useful lives. Subsequent testing of intangible assets is conducted when a triggering event occurs that would indicate impairment may exist.

In October 2023, the Company was notified by a legacy client of its intent to not renew its contract as of its end date 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.

**Goodwill**

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

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

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 its preparation of its 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 360. 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 healthcare technology 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 for the period ended October 31, 2023.

**Intangible Assets**

The changes in the carrying amounts of the Company's finite-lived assets were as follows:

| | Estimated Useful Life | October 31, 2023 Gross Assets | Accumulated Amortization | Impairment | Net Assets |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| Finite-lived assets: | | | | | |
| Client relationships | 8-10 years | $ 9,700,000 | $ 2,216,000 | $ 963,000 | $ 6,521,000 |
| Internally developed software | 9 years | 6,380,000 | 1,565,000 | — | $ 4,815,000 |
| Trademarks and tradenames | 15 years | 1,340,000 | 197,000 | — | $ 1,143,000 |
| Total | | $ 17,420,000 | $ 3,978,000 | 963,000 | $ 12,479,000 |

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 in conjunction with preparation of its financial statements for the three and nine months ended October 31, 2023 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. For the three-month period ended October 31, 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.

**NOTE 109 - RELATED PARTY TRANSACTIONS**

**Refer to Note 3 – Business Combination. Avelead Office Lease**

**The Company acquired Avelead on August 16, 2021. August 16, 2021. Accordingly, the Company assumed a lease for corporate office space from aone of the selling equity-holder shareholders of Avelead that is a former employee of who was employed by the Company. company through August 2023. This lease term ended February 2023. For the three and nine months ended October 31, 2023, April 30, 2024 and 2023, the Company recorded rent expense of $0$0 and $6,000, $6,000, respectively. For the three and nine months ended October 31, 2022, Refer to Note 3 – Business Combination for additional information.**

**Debt Private Placement**

**On February 1, 2024, the Company recorded rent expense entered into a securities purchase agreement with certain accredited investors, including certain directors and officers of $18,000 the Company (collectively, the “Investors”), 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 $55,000, respectively (refer warrants to purchase up to an aggregate of 4,016,025 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 45 – Operating Leases). Debt for additional information. The following related parties participated in the Debt Private Placement:**

| Name of Investor | Investment Amount | | Warrants Granted |
|---|---|---|---|
| 121G, LLC (1) | $ | 1,000,000 | 897,436 |
| Matthew Etheridge (2) | | 1,000,000 | 921,053 |
| Jonathan R. Phillips (3) | | 50,000 | 44,872 |
| The Ferayorni Family Trust (4) | | 500,000 | 448,718 |

(1) The securities held in the account of 121G, LLC (“121G”) may be deemed to be beneficially owned by Wyche “Tee” Green, III, the managing member of 121G. Mr. Green serves as Executive Chairman of the Company and is a member of the Company’s Board of Directors.

(2) Mr. Etheridge became a member of the Company’s Board of Directors subsequent to the closing of the Debt Private Placement.

(3) Mr. Phillips is a member of the Company’s Board of Directors.

(4) The securities held in the account of The Ferayorni Family Trust may be deemed to be beneficially owned by Justin J. Ferayorni as co-trustee of The Ferayorni Family Trust. Mr. Ferayorni is a member of the Company’s board of directors.

**Common Stock Private Placement**

On February 6, 2024, the Company completed the sale of 263,158 shares of the Company’s common stock to Matthew Etheridge at a purchase price of $0.38 per share for an aggregate purchase price of $100,000. Mr. Etheridge became a director of the Company subsequent to the closing of the Debt Private Placement.



**Item 2. MANAGEMENT’S MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**FORWARD-LOOKING STATEMENTS**

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

Among the factors that could cause actual future results to differ materially from our expectations are the risks and uncertainties described under “Risk Factors” and elsewhere in our Annual Report on Form 10-K for the fiscal year ended January 31, 2023 January 31, 2024 and in our subsequent filings with the SEC, and include among others, 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, 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 customers 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;**
- **impairment of our goodwill and other intangible assets;**
- **the extent to which health epidemics and other outbreaks of communicable diseases could disrupt our operations and/or materially and adversely affect our business and financial conditions;**
- **our ability to maintain compliance with the terms of our credit facilities; and**
- **our ability to maintain compliance with the continued listing standards of the Nasdaq Capital Market ("Nasdaq").**

**Most of these risk 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.**

**Overview**

**On August 16, 2021, the Company entered into a Unit Purchase Agreement ("UPA") to acquire 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 customers. Operations for Avelead are included in the Company's consolidated financial information from the acquisition date. Refer to Note 3 – Business Combination in our unaudited condensed consolidated financial statements included in Part I, Item I, "Financial Statements" for further information on the Avelead acquisition.**

**During the fiscal third quarter ended October 31, 2022, the Company strengthened its balance sheet through a 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 $8.3 million. The 2022 Offering closed on October 26, 2022.**

The Company expanded its existing relationship with its debt partner, Western Alliance Bank, in the fourth quarter of 2022. On November 29, 2022, the Company executed a Second Modification to the Second Amended and Restated Loan Agreement ("Second Modification"). The Second Modification includes an expansion of the Company's total borrowing to include a $2,000,000 non-formula revolving line of credit. The revolving line of credit is co-terminus with the term loan, which matures on August 26, 2026. The Second Modification includes modified covenants through the term of the Second Amended and Restated Loan Agreement. See Item 1, Note 5 - Debt, for discussion of the Second Modification.

On October 16, 2023, the Company announced it was executing a strategic restructuring Strategic Restructuring designed to reduce expenses while maintaining the Company's ability to expand its SaaS business. The strategic restructuring 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, Strategic Restructuring, the Company estimates the one-time restructuring costs associated with the workforce reduction to be approximately $900,000, and the Company expects the expenses associated with the strategic restructuring to be substantially recognized by the end recorded $759,000 of fiscal year 2023. The Company recorded $749,000 of the estimated expenses in the three months ending October 31, 2023 January 31, 2024, which consisted of approximately $730,000 $731,000 in severance and other employee termination-related expenses and approximately $19,000 $28,000 in incurred legal fees. The remaining estimated cost pertains to various professional fees As of April 30, 2024, the Company may require has recorded all expenses related to assist the Strategic Restructuring with execution $9,000 of the strategic restructuring. severance payouts payable. 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 are related to the reduction in force and will be realized beginning in the fourth quarter of fiscal year 2023. The remaining expected savings are vendor related expenses which are expected to result in cost savings beginning in the first quarter of fiscal year 2024.Strategic Restructuring.

Results of Operations

*Revenues*

| ($ in thousands): | Three Months Ended October 31, 2023 | Three Months Ended October 31, 2022 | Change | % Change | Three Months Ended April 30, 2024 | Three Months Ended April 30, 2023 | Change | % Change |
|---|---|---|---|---|---|---|---|---|
| Software as a service | $ 3,924 | $ 3,209 | $ 715 | 22 % | $ 2,723 | $ 3,175 | $ (452) | (14)% |
| Maintenance and support | 1,070 | 1,120 | (50) | (4)% | $ 890 | 1,157 | (267) | (23)% |
| Professional fees and licenses | 1,139 | 1,888 | (749) | (40)% | $ 717 | 1,000 | (283) | (28)% |
| Total Revenues | $ 6,133 | $ 6,217 | $ (84) | (1)% | $ 4,330 | $ 5,332 | $ (1,002) | (19)% |

| ($ in thousands): | Nine Months Ended October 31, 2023 | Nine Months Ended October 31, 2022 | Change | % Change |
|---|---|---|---|---|
| Software as a service | $ 10,630 | $ 9,157 | $ 1,473 | 16 % |
| Maintenance and support | 3,327 | 3,348 | (21) | (1)% |
| Professional fees and licenses | 3,278 | 5,639 | (2,361) | (42)% |
| Total Revenues | $ 17,235 | $ 18,144 | $ (909) | (5)% |

***Software as a Service (SaaS)*** — Revenue from SaaS for the three- and nine-month periods three months ended October 31, 2023 increased April 30, 2024 decreased by $715,000 and $1,473,000, respectively, $452,000 compared to the same period in the prior year periods. The increase in SaaS revenue year. A previously announced client non-renewal contributed to a decrease of $944,000 for the three and nine-month months ended April 30, 2024, compared to the corresponding three-month period ended October 31, 2023 is primarily due to new April 30, 2023. New clients on the Company's eValuator and RevID and Compare products provided an offset by non-renewals to the negative impact of certain clients. Beginning the client non-renewal. The Company expects sequential growth in the first each quarter of fiscal 2024 we anticipate lower SaaS as the Company replenishes the lost revenue for related to the short term due primarily to a large client non-renewal of RevID and Compare. the client contract.

We have The Company had approximately $2.7 million $3.9 million of annualized contract value of SaaS contracts to be implemented as of October 31, 2023 April 30, 2024. The Company is seeing improvements in the contract-to-implementation timelines compared to the prior year. The industry has had been impacted by hospital personnel shortages and a backlog of hospital IT projects. This has resulted in slower contract-to-implementation timelines, which is delaying revenue recognition for such contracts. It is Despite this positive trend, the Company remains uncertain how long these headwinds the broader industry challenges will impact continue to affect our implementation timelines. schedules.

***Maintenance and support*** — For both the three- and nine-month periods three months ended October 31, 2023 April 30, 2024, revenue from maintenance and support remained relatively consistent decreased by $267,000 compared to the same period in the prior year periods. The year. As the Company does not continues to prioritize SaaS products, we anticipate the maintenance and support growth due revenue will decline in fiscal 2024 attributed to the Company's shift to its growth products that are classified as software as a service. expected contract non-renewals, and limited new sales.

***Professional fees and licenses*** — Proprietary Revenues from professional fees and licenses include proprietary software, revenue term license, professional services and audit and coding services revenue. Total professional fees and license revenues for the three- and nine-month periods three months ended October 31, 2023 remained consistent April 30, 2024, decreased by $283,000 compared to the same period in the prior year periods. year. The Company has primarily shifted the business from perpetual software licenses to a SaaS model. Software license sales come solely from our channel partners; therefore, the periodic amounts are less predictable and consistent than recurring revenues.

For the three- and nine-month periods three months ended October 31, 2023 April 30, 2024, revenue from professional services decreased by $749,000 and $2,110,000, respectively, $153,000 compared to the same period in the prior year periods. year. Professional services for a subset of the Company's solutions, are recognized as the services are performed. The decrease in professional fees is primarily driven by the termination of client consulting agreements at the close of fiscal year 2022 that did not align with the Company's long-term strategy. These terminations resulted in a decrease in Company expects professional services revenue for to fluctuate based on the three timing and nine months ended October 31, 2023 combination of $884,000 and $2,572,000, respectively, products currently being implemented. The Company saw an increase in license revenue of $61,000 in the first fiscal quarter of 2024 compared to the same period in the prior year periods. year. The Company is primarily focused on growth of its SaaS products, and, accordingly, is not expecting growth in professional services license revenue for the remainder of the fiscal year.

For the three-month period ended October 31, 2023 April 30, 2024, revenue from audit services remained consistent decreased by $190,000 compared to the prior year period. For the nine-month period ended October 31,2023, The decrease was driven primarily by three client terminations. Certain existing clients shifted their demand for audit services which resulted in an increase of audit services revenue overall decreased by $201,000 of $22,000 for the three-month period ending April 30, 2024, compared to the prior year period. This decrease included $938,000 of revenue The Company believes demand for its onshore, technically proficient coders and auditors in the prior year nine-month period for agreements not renewed by 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. To support the shifting demand among clients, that was offset by $611,000 from new the Company anticipates the audit service agreements plus $126,000 of additional revenue from amended agreements with increased scope. The company is primarily focused on utilizing audit and coding services to support its eValuator product. Accordingly, the Company does not expect revenue growth in the future in audit services.remain relatively flat throughout fiscal year 2024.

*Cost of Sales*

| | Three Months Ended | | | |
|---|---|---|---|---|
| (in thousands): | October 31, 2023 | October 31, 2022 | Change | % Change |
| Cost of software as a service | $ 1,677 | $ 1,742 | $ (65) | (4)% |
| Cost of maintenance and support | 129 | 84 | 45 | 54% |
| Cost of professional fees and licenses | 1,072 | 1,744 | (672) | (39)% |
| Total cost of sales | $ 2,878 | $ 3,570 | $ (692) | (19)% |

| | Nine Months Ended | | | | Three Months Ended | | | |
|---|---|---|---|---|---|---|---|---|
| (in thousands): | October 31, 2023 | October 31, 2022 | Change | % Change | April 30, 2024 | April 30, 2023 | Change | % Change |
| Cost of software as a service | $ 5,159 | $ 4,771 | $ 388 | 8% | $ 1,348 | $ 1,589 | $ (241) | (15)% |
| Cost of maintenance and support | 250 | 220 | 30 | 14% | 42 | 89 | (47) | (53)% |
| Cost of professional fees and licenses | 3,202 | 4,992 | (1,790) | (36)% | 887 | 1,108 | (221) | (20)% |
| Total cost of sales | $ 8,611 | $ 9,983 | $ (1,372) | (14)% | $ 2,277 | $ 2,786 | $ (509) | (18)% |

***Cost of software as a service (SaaS)*** -– The cost of SaaS solutions is comprised consists of salaries, expenses associated with (i) amortization of capitalized software, development (ii) royalties payable to third-parties for use of their coding related content, and third-party content provider costs. Certain costs in SaaS solutions are tied (iii) personnel and network infrastructure required to volumes, such as number of users. These costs include coding tools supporting eValuator deploy and a third-party system that enable the Company's products to ingest data from the hospital system. support applications for each client. For the three months ended October 31, 2023 April 30, 2024, the cost of SaaS solutions decreased $65,000 $241,000 compared to the prior year period. The decrease is driven by lower infrastructure costs of $124,000 and lower contract and personnel costs of $216,000 $180,000 offset by an increase in third-party related royalties of $63,000, and amortization of capitalized assets for RevID software remained relatively unchanged. Certain expenses included in our cost of SaaS are tied to volumes. These expenses include coding tools supporting eValuator and Compare of $69,000 compared a third-party system that translates data from the hospital system to the prior year three-month period. For the nine months ended October 31,2023 the cost of software as a service increased $388,000 compared to the prior year period. The increase was driven by an increase in vendor costs of $1,008,000 offset by lower personnel costs of $690,000 compared to the prior year nine-month period. Company's systems. The Company expects the cost these costs of SaaS solutions will continue to increase as revenue increases.

For the three and nine months ended October 31, 2023 April 30, 2024, and 2023, the cost of SaaS solutions includes non-cash charges of $572,000 $545,000 and $1,692,000, $554,000, respectively, related to the amortization of capitalized software, which impacts SaaS margin by 15% and 16%, respectively. software. The Company expects margins related to SaaS solutions to increase in the future for clients currently in the process of implementation. Certain costs included in cost of SaaS, such as labor and third-party content providers, negatively impact the gross margin before a customer 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 the Abstracting software licenses. This cost of third-party content provider contracts. The costs decreased by $47,000 for the three and nine months ended October 31, 2023 remained consistent with April 30, 2024, compared to the comparable prior year periods.period.

***Cost of professional fees and licenses*** – The cost of professional fees and licenses include each includes the cost of software licenses, the cost of professional services and the cost of audit and coding services and software licenses. services. The overall change for aggregate cost of professional fees and licenses decreased for the three and nine months ended October 31, 2023 decreased $672,000 and $1,790,000, respectively, April 30, 2024, by $221,000 compared to the prior year periods.period.

The cost of professional fees includes compensation and benefits for personnel and related expenses. For the three and nine months ended October 31, 2023 April 30, 2024, professional services costs decreased by $659,000 and $1,847,000, respectively, approximately $69,000 compared to the prior year periods. These decreases were period. This decrease was driven by a large customer contract cancellation at the end of fiscal year 2022 reduction in staff resulting in lower personnel and third-party contractor costs. This lower cost The costs of professional fees is are expected to continue, when compared with the prior year, remain relatively flat throughout fiscal year 2023.2024.

The cost of audit services includes compensation and benefits for internal audit services personnel, and related expenses. The costs for the three months ended October 31, 2023 remained consistent April 30, 2024, decreased by approximately $162,000 compared to the prior year period with period. The reduction of personnel and related expenses is a slight increase of $13,000. The costs response to matching the shifting demand for the nine months ended October 31, 2023 increased, compared to the corresponding prior year period, by $159,000 due to an increase in employee related expenses.Company's audit services.

**The cost of software licenses for the three and nine months ended October 31, 2023 decreased April 30, 2024 increased by $27,000 and $102,000, respectively, $10,000 compared to the same prior year periods period due to lower the amortization of development costs related to the Company's coding/CDI product. The Company expects the remaining capitalized Coding and CDI software license costs to continue to decrease due to be fully amortized by the maturity end of the non-SaaS software products.fiscal 2024.**

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

| ($ in thousands): | Three Months Ended October 31, 2023 | | Three Months Ended October 31, 2022 | | Change | | % Change |
|---|---|---|---|---|---|---|---|
| General and administrative expenses | $ | 2,798 | $ | 2,692 | $ | 106 | 4% |
| Sales and marketing expenses | | 1,324 | | 1,363 | | (39) | (3)% |
| Total selling, general, and administrative expense | $ | 4,122 | $ | 4,055 | $ | 67 | 2% |

| ($ in thousands): | Nine Months Ended October 31, 2023 | | Nine Months Ended October 31, 2022 | | Change | | % Change | Three Months Ended April 30, 2024 | Three Months Ended April 30, 2023 | Change | | % Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **General and administrative expenses** | **$** | **8,220** | **$** | **8,253** | **$** | **(33)** | **(0)%** | **$ 2,246** | **$ 2,619** | **$** | **(373)** | **(14)%** |
| **Sales and marketing expenses** | | **3,859** | | **4,376** | | **(517)** | **(12)%** | **946** | **1,222** | | **(276)** | **(23)%** |
| **Total selling, general, and administrative expense** | **$** | **12,079** | **$** | **12,629** | **$** | **(550)** | **(4)%** | **$ 3,192** | **$ 3,841** | **$** | **(649)** | **(17)%** |

**General and administrative expenses consist primarily of comprise various costs including compensation and related associated benefits, reimbursable travel and entertainment expenses related to our executive and administrative staff, general corporate expenses, expenditures, amortization of intangible assets, and occupancy costs. For the three months ended October 31, 2023April 30, 2024, the increase decrease in general and administrative expenses of $106,000 $373,000 was driven primarily by a decrease in compensation and related benefits of $412,000. The Company saw an increase in stock compensation expense of $207,000 due to accelerated vesting of grants, as well as an increase of severance expense of $278,000, director fees and audit financial fees, offset by decreased employee salaries, bonuses, office rent and benefits of $208,000. The Company also saw a decrease amortization in rent expense of $57,000 and a decrease of $77,000 related to computer equipment and software. For the nine three months ended October 31, 2023 April 30, 2024, the general and administrative expenses remained generally consistent compared to the prior year period. Overall, despite some increases in specific areas, the Company is successfully implementing cost saving initiatives to its general and administrative expenses for the three months ended April 30, 2024.**

**Sales and marketing expenses consist primarily of encompass compensation, and related associated benefits, and travel and entertainment expenses related to costs for our sales and marketing staff, as well as advertising personnel. Additionally, sales and marketing expenses including include costs from third parties related to advertising, marketing and trade shows. show attendance. For the three months ended October 31, 2023 April 30, 2024, sales and marketing expenses remained consistent decreased by $276,000 compared to the prior year period. For the nine months ended October 31, 2023, the decrease of $517,000 was primarily driven by a decrease in professional services and marketing expenses of $446,000, severance expense of $105,000, and travel-related expenses of $60,000, offset by an increase in salaries, bonuses, commissions, and benefits of $77,000, compared to the prior year period.**

***Research and Development***

| ($ in thousands): | Three Months Ended October 31, 2023 | | Three Months Ended October 31, 2022 | | Change | | % Change |
|---|---|---|---|---|---|---|---|
| Research and development expense | $ | 1,304 | $ | 1,754 | $ | (450) | (26)% |
| Capitalized research and development cost | | 535 | | 563 | | (28) | (5)% |
| **($ in thousands):** | **Nine Months Ended October 31, 2023** | | **Nine Months Ended October 31, 2022** | | **Change** | | **% Change** |
| Research and development expense | $ | 4,310 | $ | 4,527 | $ | (217) | (5)% |
| Capitalized research and development cost | | 1,556 | | 1,450 | | 106 | 7% |

| ($ in thousands): | Three Months Ended April 30, 2024 | Three Months Ended April 30, 2023 | Change | % Change |
|---|---|---|---|---|
| Research and development expenses | $ 1,111 | $ 1,701 | $ (590 ) | (35 )% |
| Capitalized research and development cost | 247 | 404 | (157 ) | (39 )% |

Research and development expense consists expenses consist primarily of compensation and related benefits and the use of independent contractors for specific near-term development projects. Research and development expenses for the three and nine months ended October 31, 2023 April 30, 2024, decreased by $450,000 and $217,000, respectively, $590,000 compared to the prior year periods. period. The prior year comparable periods three months ended April 30, 2023, included additional one-time non-capitalizable projects completed by our third-party partner plus outside staff augmentation and higher headcount from operating separate product innovation teams. related expenses. The consolidation of the teams and completion of the one-time projects reduced the overall Company continues to focus research and development expense for fiscal year 2023. activities on eValuator and RevID, its flagship SaaS solutions.

Capitalized research and development costs for the three months ended October 31, 2023 remained consistent with the prior year period. Capitalized research and development costs for the nine months ended October 31, 2023 increased April 30, 2024, decreased by approximately $106,000 $157,000 compared to the prior year period due to additional projects being capitalized for the products. With the recent strategic restructuring, the Company expects capitalization rates will decrease. period.

***Impairment of Goodwill***

| ($ in thousands): | Three Months Ended October 31, 2023 | Three Months Ended October 31, 2022 | Change | % Change |
|---|---|---|---|---|
| Impairment of Goodwill | $ 9,813 | $ — | $ 9,813 | 100 % |
| ($ in thousands): | Nine Months Ended October 31, 2023 | Nine Months Ended October 31, 2022 | Change | % Change |
| Impairment of Goodwill | $ 9,813 | $ — | $ 9,813 | 100 % |

Based on the Triggering Events and in conjunction with its preparation of its 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. Refer to the Goodwill section of Note 9 — Goodwill and Intangible Assets of the unaudited condensed consolidated financial statements included in Part I, Item I, "Financial Statements" for more information on the goodwill impairment testing.

The Company concluded that goodwill was impaired based on the weighted combination of the DCF and MCM 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 the three- and nine-month periods ended October 31, 2023, with no goodwill impairments reported in the prior year comparable periods.

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

| ($ in thousands): | Three Months Ended October 31, 2023 | Three Months Ended October 31, 2022 | Change | % Change |
|---|---|---|---|---|
| Impairment of long-lived assets | $ 963 | $ — | $ 963 | 100 % |
| ($ in thousands): | Nine Months Ended October 31, 2023 | Nine Months Ended October 31, 2022 | Change | % Change |
| Impairment of long-lived assets | $ 963 | $ — | $ 963 | 100 % |

Based on the Triggering Events and in conjunction with its preparation of its financial statements for the three and nine months ended October 31, 2023, the Company tested long-lived assets, including intangible assets, for recoverability that, if failed, would indicate impairment. 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 Avelead was no longer going to be used following the Company's determination that these services were not part of its core offerings going forward. The Company adjusted the abandoned asset's carrying value to its salvage value which would be zero given no future cash flows.

Refer to the Intangible Assets section of Note 9 — Goodwill and Intangible Assets of the unaudited condensed consolidated financial statements included in Part I, Item I, "Financial Statements" for more information on the long-lived asset impairment testing.

For the three- and nine-month periods ended October 31, 2023, the Company recorded $963,000 representing the impairment of the Abandoned Asset with no other long-lived impairments reported in the prior year comparable periods.

***Other Income (Expense)***

| ($ in thousands): | Three Months Ended October 31, 2023 | Three Months Ended October 31, 2022 | Change | % Change | Three Months Ended April 30, 2024 | Three Months Ended April 30, 2023 | Change | % Change |
|---|---|---|---|---|---|---|---|---|
| Interest expense | $ (266) | $ (198) | $ (68) | 34% | $ (465) | $ (248) | $ (217) | 88% |
| Acquisition earnout valuation adjustments | 1,182 | 163 | 1,019 | 625% | | | | |
| Miscellaneous income | — | 68 | (68) | (100)% | | | | |
| Valuation adjustments | | | | | (24) | 364 | (388) | (107)% |
| Miscellaneous income (expense) | | | | | — | 32 | (32) | (100)% |
| Total other income | $ 916 | $ 33 | $ 883 | 2,676% | $ (489) | $ 148 | $ (637) | (430)% |

Nine Months Ended

| ($ in thousands): | October 31, 2023 | October 31, 2022 | Change | % Change |
|---|---|---|---|---|
| Interest expense | $ (781) | $ (519) | $ (262) | 50% |
| Acquisition earnout valuation adjustments | 1,905 | 188 | 1,717 | 913% |
| Miscellaneous income | 31 | 151 | (120) | (79)% |
| Total other (expense) income | $ 1,155 | $ (180) | $ 1,335 | (742)% |

**Interest expense consists of interest associated with the term loan, notes payable, and their respective deferred financing costs, and line of credit, less interest related to capitalization of software. Interest For the three months ended April 30, 2024, interest expense increased for by $217,000 compared to the three and nine months ended October 31, 2023 from the comparable prior year periods period. The increase was primarily due attributable to the $10,000,000 term loan and $500,000 outstanding line or credit with Western Alliance Bank $4,400,000 of notes payable (See Note 5 – Debt) and the associated increased interest rate on that debt. Interest rate increases .**

**Valuation adjustments are expected to continue to increase interest expense (year-over-year) through the remainder of fiscal year 2023.**

The acquisition earnout valuation is related to the liabilities associated with the Avelead acquisition (Refer to Note 3 – Business Combination of the unaudited condensed consolidated financial statements included in Part I, Item I, "Financial Statements"), and the common stock underlying the Warrants (Refer to Note 5 – Debt). For the three and nine months ended October 31, 2023, April 30, 2024 and 2023, the Company recorded a valuation income adjustment adjustments of $1,182,000 $24,000 and $1,905,000, respectively, compared to $163,000 and $188,000, respectively, for the comparable prior year periods. $364,000, respectively. The valuation adjustment is adjustments are caused by the decrease in the value of the stock to be transferred under and that decreases affect on the arrangement. Black Scholes model used for valuing the Warrants.

**There was no miscellaneous income or expense for the period ended April 30, 2024. Miscellaneous income for the three months ended April 30, 2023, is primarily from the sublease of the Alpharetta location (Refer to Note 4 – Operating Leases of the unaudited condensed consolidated financial statements included in Part I, Item I, "Financial Statements").**

*Provision for Income Taxes*

We recorded an income tax benefit of $120,000 $0 and income tax expense of $9,000 $53,000 for the three months ended October 31, 2023 April 30, 2024 and 2022, respectively, and income tax benefit of $59,000 and income tax expense of $22,000 for the nine months ended October 31, 2023 and 2022, 2023, 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 effective income tax rate on continuing operations of approximately 0% differs from our combined federal and state statutory rate of 25% 24% primarily due to the full valuation allowance the Company currently maintains on its net deferred tax asset.

**Use of Non-GAAP Financial Measures**

In order to provide investors with greater insight and allow for a more comprehensive understanding of the information used by management and the Board of Directors in its financial and operational decision-making, the Company has supplemented the condensed consolidated financial statements presented on a GAAP basis in this 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 by 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 that do not relate to our core operations such as severances and impairment charges; 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 supplemental understanding of factors and trends affecting our business than GAAP measures alone. These measures assist management and the Board of Directors, 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. 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 Second Amended and Restated 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 supplemental information provided by these measures 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 Second Amended and Restated 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 condensed consolidated financial statements included above.**

**The following table reconciles EBITDA and Adjusted EBITDA to net loss from continuing operations for the three and nine months ended October 31, 2023 April 30, 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.**

| In thousands, except per share data | Three Months Ended | | Nine Months Ended | | Three Months Ended | |
|---|---|---|---|---|---|---|
| | October 31, 2023 | October 31, 2022 | October 31, 2023 | October 31, 2022 | April 30, 2024 | April 30, 2023 |
| **Adjusted EBITDA Reconciliation** | | | | | | |
| **Net Loss** | $ (11,911) | $ (3,138) | $ (17,327) | $ (9,197) | $ (2,739) | $ (2,901) |
| Interest expense | 266 | 198 | 781 | 519 | 465 | 248 |
| Income tax (benefit) expense | (120) | 9 | (59) | 22 | | |
| Income tax expense | | | | | — | 53 |
| Depreciation and amortization | 1,105 | 1,053 | 3,186 | 3,212 | 1,017 | 1,031 |
| **EBITDA** | $ (10,660) | $ (1,878) | $ (13,419) | $ (5,444) | $ (1,257) | $ (1,569) |
| Share-based compensation expense | 517 | 555 | 1,626 | 1,212 | 499 | 572 |
| Impairment of goodwill | 9,813 | — | 9,813 | — | | |
| Impairment of long-lived assets | 963 | — | 963 | — | | |
| Non-cash valuation adjustments | (1,182) | (163) | (1,905) | (188) | 24 | (364) |
| Acquisition-related costs, severance, and transaction-related bonuses | 213 | 387 | 389 | 1,010 | 31 | 57 |
| Restructuring charges | 749 | — | 749 | — | | |
| Other non-recurring charges | — | (73) | (33) | (140) | — | (33) |
| **Adjusted EBITDA** | $ 413 | $ (1,172) | $ (1,817) | $ (3,550) | $ (703) | $ (1,337) |
| **Adjusted EBITDA margin (1)** | 7% | (19)% | (11)% | (20)% | (16)% | (25)% |

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

**Application of Critical Accounting Policies**

The preparation of financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Management considers an accounting policy to be critical if the accounting policy requires management to make particularly difficult, subjective, or complex judgments about matters that are inherently uncertain. A summary of our critical accounting policies is included in Note 2 to our consolidated financial statements Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended January 31, 2023 January 31, 2024. Except as discussed below, there have been no material changes to the critical accounting policies disclosed in our Annual Report on Form 10-K for the fiscal year ended January 31, 2023 January 31, 2024.

Goodwill and Intangible Assets

The Company completed its annual goodwill assessment during the fourth quarter of fiscal year 2022. We determined, as of January 31, 2023, the Company has one reporting unit for purposes of evaluation of goodwill as a result of the Company's consolidation of operations of Streamline and Avelead at the end of fiscal year 2022. 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 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 a planned strategic restructuring to allow it to reduce costs while continuing to 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 that the fair value of the reporting unit was lower than the carrying value, resulting in a $9.8 million goodwill impairment charge. As of October 31, 2023, the remaining goodwill balance of the Company after recording the goodwill impairment charge was $13 million.

Also, during the third quarter of 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 million, primarily related to client relationships related to a subset of consulting related services the Company expects to not be a core part of its business going forward. The 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" in the Company's Quarterly Report on Form 10-Q for the quarter ended October 31, 2023.

**Liquidity, Capital Resources, and Going Concern**

The Company's liquidity is dependent upon numerous factors including: (i) the timing and amount of revenue and collection of contractual amounts from customers, (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 capital expenditures, which generally include computer hardware. Operations are funded with cash generated by operations and borrowings under credit facilities. Information concerning the Company's assessment as a going concern is included in Note 1 – Basis of Presentation in our unaudited condensed consolidated financial statements included in Part I, Item I, "Financial Statements". Cash and cash equivalent balances at October 31, 2023 April 30, 2024 and January 31, 2023 January 31, 2024, were approximately $2,557,000 $3,979,000 and $6,598,000, $3,190,000, respectively.

On October 24, 2022, the Company entered into purchase agreements with certain investors pursuant to which the Company agreed to issue We expect that our cash flow from operations, current cash 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 $8.3 million. The Company intends to use the proceeds of the 2022 Offering for general corporate purposes. The 2022 Offering closed on October 26, 2022.

The Company has liquidity through cash equivalents and available borrowing capacity under the Second Amended and Restated Loan Agreement (as defined below) will be sufficient to meet our present and future working capital and cash requirements for at least the next twelve months.

The Company has liquidity through its Second Amended and Restated Loan Agreement (as amended and modified, the "Second Amended and Restated Loan Agreement") described in more detail in Note 5 – Debt in our unaudited condensed consolidated financial statements included in Part I, Item I, "Financial Statements". The Statements." Under the Second Amended and Restated Loan Agreement, the Company has a term loan facility with an initial, maximum, principal amount of $10,000,000. Amounts outstanding under the Second Amended and Restated 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 Company executed a Second Modification to Second Amended and Restated Loan Agreement (the "Second Modification") on November 29, 2022, which amended the covenants under the Second Amended and Restated Loan Agreement expanded the Company's total borrowing to include a $2,000,000 non-formula revolving line of credit. The revolving line of credit will be co-terminus with the term loan and matures on August 26, 2026. The Company executed a Third Modification and Waiver to Second Amended and Restated Loan Agreement (the "Third Modification") and a Fourth Modification to Second Amended and Restated Loan Agreement (the "Fourth Modification") on February 7, 2024 and April 5, 2024, respectively (collectively, the "Third and Fourth Modifications"). The Third and Fourth Modifications reestablished certain customary financial covenants for the Second Amended and Restated Loan Agreement. Refer to Note 5 – Debt for information regarding the Second Modification. At October 31, 2023, there was $500,000 outstanding on the revolving line of credit. Amended and Restated Loan Agreement, Second Modification and Third and Fourth Modifications.

The Second Amended and Restated Loan Agreement includes customary financial covenants, including the requirements that the Company achieve certain EBITDA levels and fixed coverage ratios, ARR net leverage ratios, and maintain certain cash balances and certain recurring revenue levels. fixed charge coverage ratios. The Second Amended and Restated 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. As of October 31, 2023 April 30, 2024, the Company was in compliance with all debt covenants under the Second Amended and Restated Loan Agreement. The Company is forecasted to miss certain future covenants. See Note 1 – Basis of Presentation for detail regarding the Company's assessment as a Going Concern.**

***Significant cash obligations***

| (in thousands) | October 31, 2023 | January 31, 2023 |
|---|---|---|
| Term loan (1) | $ 9,292 | $ 9,714 |
| Acquisition earnout liability (2) | 1,833 | 3,738 |
| Restructuring severance (3) | 731 | — |
| Line of credit (4) | 500 | — |

| (in thousands) | April 30, 2024 | January 31, 2024 |
|---|---|---|
| Term loan (1) | $ 8,839 | $ 9,066 |
| Notes payable (2) | 3,587 | — |
| Acquisition earnout liability (3) | 817 | 1,794 |
| Warrants – common stock (4) | 746 | — |
| Line of credit (5) | — | 1,500 |

(1) Term loan balance is reported net of deferred financing costs of $78,000 $61,000 and $105,000 $69,000 as of October 31, 2023 April 30, 2024 and January 31, 2023 January 31, 2024, respectively, and financing cost payable of $120,000 $150,000 and $69,000 $135,000 as of October 31, 2023 April 30, 2024 and January 31, 2022 January 31, 2024, respectively. Refer to Note 5 – Debt for additional information. The term loan payable as of October 31, 2023 April 30, 2024 and January 31, 2023 January 31, 2024 was bank term debt under the Second Amended and Restated Loan Agreement.

(2) Refer to Note 5 – Debt for additional information. The cash obligation is net of discounts on notes payable of $796,000 and deferred financing costs of $169,000.

(3) The fair value of the acquisition earnout liability is based upon a probability-weighted discounted cash flow as of October 31, 2023 and January 31, 2023 January 31, 2024. As of April 30, 2024, respectively. The second year the acquisition earnout liability reflects the cash balance which is expected to be paid during the quarterly period ending January 31, 2024, subject to a dispute and resolution process. out by October 31, 2024. Refer to Note 3 — – Business Combination.

(3) Refer to the "Restructuring" section of Note 2 – Summary of Significant Accounting Policies. The outstanding severance payable balance was related to the recent restructuring. Combination for additional information.

(4) Refer to Note 5 – Debt for additional information. The warrants include a registration rights provision that provides the individual holders with certain "net cash settlement" rights at their discretion. The Company is only obligated for this cash amount if the warrant holders are able and elect to request the "net cash settlement."

(5) Refer to Note 5 – Debt for additional information. The outstanding balance of on the line of credit was paid in full as of October 31, 2023 was related to the Second Amended and Restated Loan Agreement. April 30, 2024.

***Operating cash flow activities***

| (in thousands) | Nine months Ended October 31, 2023 | Nine months Ended October 31, 2022 | Three Months Ended April 30, 2024 | Three Months Ended April 30, 2023 |
|---|---|---|---|---|
| Net loss from continuing operations | $ (17,327) | $ (9,197) | | |
| Net loss | | | $ (2,739) | $ (2,901) |
| Non-cash adjustments to net loss | 13,657 | 4,317 | 1,795 | 1,306 |
| Cash impact of changes in assets and liabilities | 1,509 | 159 | (255) | 1,721 |
| Net cash used in operating activities | $ (2,161) | $ (4,721) | | |
| Net cash (used in) provided by operating activities | | | $ (1,199) | $ 126 |

The net cash used in operating activities improved increased during the nine three months ended October 31, 2023 April 30, 2024, compared with to the prior year comparable period. This improvement was The Company observed a higher cash impact slightly slower conversion of changes in operating assets and liabilities, driven by a decrease in accounts and contract receivables as a result of the timing of cash payments received, and a decrease in both deferred revenue and accrued expense receivable for the period ended October 31, 2023. Both April 30, 2024, that contributed to the net loss from continuing operations and the non-cash adjustments to net loss for the nine months ended October 31, 2023 include impairment of long-lived assets of $963,000 and impairment of goodwill of $9,813,000. increase in cash used in operating activities.

***Investing cash flow activities***

| (in thousands) | Nine months Ended October 31, 2023 | Nine months Ended October 31, 2022 | Three Months Ended April 30, 2024 | Three Months Ended April 30, 2023 |
|---|---|---|---|---|
| Purchases of property and equipment | $ (47) | $ (10) | $ — | $ (29) |
| Capitalized software development costs | (1,562) | (1,435) | (232) | (404) |
| Net cash used in investing activities | $ (1,609) | $ (1,445) | | |
| Net cash (used in) provided by investing activities | | | $ (232) | $ (433) |

The cash used in investing activities for the nine three months ended October 31, 2023 April 30, 2024 and October 31, 2022 April 30, 2023, includes capitalized software development costs. Capitalization The Company expects continued capitalizable projects associated with the Company's flagship products; however, the rate of costs is expected to begin to capitalization may temporarily remain constant or decrease for the remainder of fiscal year 2023 as a result of the recently Strategic Restructuring announced strategic restructuring. See discussion and analysis in "Research and development costs" above.October 2023.

***Financing cash flow activities***

| (in thousands) | Nine months Ended October 31, 2023 | Nine months Ended October 31, 2022 | Three Months Ended April 30, 2024 | Three Months Ended April 30, 2023 |
|---|---|---|---|---|
| Proceeds from notes payable | | | $ 4,400 | $ (125) |
| Proceeds from issuance of common stock | | | 100 | — |
| Payments for deferred financing costs | | | (16) | — |
| Payments related to settlement of employee share-based awards | | | (67) | — |
| Repayment of term loan payable | $ (500) | $ (125) | (250) | — |
| Proceeds from line of credit | 500 | — | | |
| Proceeds from issuance of common stock | — | 8,316 | | |
| Payments for costs directly attributable to the issuance of common stock | — | (52) | | |
| Payments related to settlement of employee share-based awards | $ (271) | $ (165) | | |
| Other | $ — | $ 6 | | |
| Payments of acquisition earnout liabilities | | | (447) | — |
| Repayment of line of credit | | | (1,500) | (179) |
| Net cash (used in) provided by financing activities | $ (271) | $ 7,980 | $ 2,220 | $ (304) |

The cash used in financing activities in for the nine three months ended October 31, 2023 April 30, 2024, and October 31, 2022 April 30, 2023, includes principal payments on the term loan related to the Second Amended and Restated Loan Agreement, repayment on the line of credit, and payments related to settlement of employee share-based awards. The Company received proceeds from the line of credit related to the Second Amended and Restated Loan Agreement for the nine months ended October 31, 2023. The cash provided by financing activities for the three months ended April 30, 2024, includes proceeds received in connection with the issuance of the Notes in the nine months ended October 31, 2022 was a result of the 2022 Offering of the Company's common stock, Debt Private Placement, which closed on October 26, 2022. in February 2024.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our President and Chief Executive Officer (who serves as our principal executive officer) and our Interim 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(e) 13a-15(c)) as of October 31, 2023 April 30, 2024. Based on that evaluation, our President and Chief Executive Officer and our Interim Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of October 31, 2023. April 30, 2024, due to the material weakness described below.

*Material Weakness in Internal Control Over Financial Reporting*

The Company identified a material weakness in our internal control over financial reporting related to our accounting and classification for the warrants issued in connection with the debt private placement in February 2024. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Our internal control over financial reporting did not detect the proper accounting classification of the warrants issued in connection with the private placement. The change in the classification impacted initial allocation of proceeds for the transaction, the presentation and recognition of the warrants between equity and liability and the recognition of expenses allocated to the warrants originated. As a result of this material weakness, our management concluded that our internal control over financial reporting was not effective as of April 30, 2024.

*Remediation of Material Weakness in Internal Control Over Financial Reporting*

To respond to this material weakness, management is working to remediate the material weakness and enhance our overall control environment. Our remediation plan includes expanding and improving our review process, particularly in the context of complex financial instruments and related accounting standards, as well as internal communications in connection therewith. In addition, management will continue to engage third-party professionals with whom to consult regarding complex accounting applications. The Company will consider the material weakness remediated after the applicable controls operate for a sufficient period of time and are tested. We can provide no assurance that our remediation efforts described herein will be successful and that we will not have material weaknesses in the future.

Changes in Internal Control over Financial Reporting

There Except for the material weakness described above, 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 quarter ended October 31, 2023 April 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II. OTHER INFORMATION**

**Item 1. LEGAL PROCEEDINGS**

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

**Item 1A. RISK FACTORS**

**An investment in our common stock or other securities involves a number of risks. You should carefully consider each of the risks described in our Annual Report on Form 10-K for the fiscal year ended January 31, 2023 January 31, 2024 which Annual Report includes a detailed discussion of the Company's risk factors. If any of the risks develop 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.**

**Except as described below, there have been no material changes to the risk factors disclosed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended January 31, 2023 January 31, 2024.**

***We may not be able to generate sufficient cash flows or raise additional debt and equity capital to fund our ongoing operations. We will need to raise additional funding, which may not be available on acceptable terms, if at all. If we are unable to raise additional capital in amounts and on terms sufficient to fund our ongoing operations, our lack of additional capital and results of operations could limit our ability to continue operations.***

Our ability to continue as a going concern is dependent upon generating sufficient cash flow from operations and obtaining additional debt and equity financing. If our ability to generate cash flow from operations is curtailed or delayed, our financial condition and results of operations could be materially impacted. We have been dependent on sales of our equity securities and debt financing to meet our ongoing cash requirements. There can be no assurances that we would be able to obtain debt or equity financing when needed, on terms acceptable to the Company, or at all, and our failure to raise additional capital in amounts and on terms sufficient to fund our operations could limit our ability to continue operations.

***If we do not meet the continued listing standards of The Nasdaq Capital Market, our common stock could be delisted from trading, which could limit investors' investors' ability to make transactions in our common stock and subject us to additional trading restrictions.***

**Our common stock is currently listed on The Nasdaq Capital Market which imposes continued listing requirements with respect to listed shares. On October 24, 2023, we received a letter from the Listing Qualifications Department (the "Staff") of Nasdaq, indicating that our common stock was subject to potential delisting from The Nasdaq Capital Market because, for a period of thirty (30) consecutive business days, the bid price of our common stock had closed below the minimum $1.00 per share requirement for continued listing on The Nasdaq Capital Market pursuant to Nasdaq Listing Rule 5550(a)(2) (the "Bid Price Requirement"). Nasdaq stated in its letter that in accordance with the Nasdaq Listing Rules, we have been provided an initial period of one hundred eighty (180) calendar days, or until April 22, 2024, to regain compliance with the Bid Price Requirement. The letter states that Nasdaq will provide written notification that we have achieved compliance with the Bid Price Requirement if at any time before April 22, 2024, the bid price of our common stock closes at $1.00 per share or more for a minimum of ten (10) consecutive business days.**

If we fail Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), the Company was initially provided 180 calendar days, or until April 22, 2024, to regain compliance by April 22, 2024 with the Minimum Bid Price Requirement.

**On April 23, 2024, we may be eligible for an additional one hundred eighty (180) calendar day compliance period to demonstrate the Company received a letter from the Staff informing the Company that, while the Company has not regained compliance with the Bid Price Requirement. To qualify Requirement, the Staff has determined that the Company is eligible for the an additional one hundred eighty (180) 180 calendar day period, we or until October 21, 2024 (the "Second Compliance Period"), to regain compliance. If at any time during the Second Compliance Period, the closing bid price of our common stock is at least $1.00 per share for a minimum of 10 consecutive business days, the Staff will be required to meet provide the continued listing requirement for market value Company with written confirmation of publicly held shares set forth in Nasdaq Listing Rule 5550(a) and all other listing standards for The Nasdaq Capital Market set forth in Nasdaq Listing Rule 5505, compliance. If compliance with the exception of the Bid Price Requirement and cannot be demonstrated by October 21, 2024, the Staff will need to provide written notice to Nasdaq to cure the deficiency during the second compliance period by effecting a reverse stock split, if necessary. If we do not qualify for the second compliance period or we fail to regain compliance during the second one hundred eighty (180)-day period, then Nasdaq will notify us of its determination to delist notification that our common stock at which we would have an opportunity to will be delisted. At that time, the Company may appeal the delisting Staff's determination to a Hearings Panel.**

**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 Capital Market 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 Bid Price Requirement or prevent future non-compliance with The Nasdaq Capital Market listing requirements.**

***If our goodwill or other intangible assets become impaired, our results of operations and capitalization could be negatively impacted.*****ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

**We have significant intangible assets, including goodwill and other long-lived assets, which are susceptible to valuation adjustments as a result of changes in various factors or conditions. Whenever events or changes in circumstances indicate that the carrying value may not be recoverable, we will be required to assess the potential impairment of goodwill and other intangible assets. Factors that could trigger an impairment of such assets include, but are not limited to, (i) changes in our organization or management reporting structure that could result in additional reporting units, which may require alternative methods of estimating fair values or greater disaggregation or aggregation in our analysis by reporting unit; (ii) under performance relative to historical or projected future operating results; (iii) changes in the strategy for our overall business; (iv) negative industry or economic trends; (v) decline in our stock price for a sustained period; and (vi) our market capitalization declining to below net book value.Avelead Earnout**

**For the fiscal quarter ended October 31, 2023, the Company recorded (i) a goodwill impairment charge of $9,813,000 as a result of the impairment analysis in connection with the significant decline in the Company's share price that was in response to the Company announcing acceleration of a strategic restructure plus a significant SaaS client notice to terminate as of December 31, 2023 and (ii) an impairment on finite-lived assets of $963,000 due to the Company's conclusion that its Customer Relationships (Consulting) asset was considered abandoned and therefore fully impaired under ASC 360 as of October 31, 2023. Future adverse changes in these or other unforeseeable factors could result in additional impairment charges that would negatively impact our results of operations and financial position in the reporting period identified.**

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES**

During the three months ended October 31, 2023 On March 27, 2024, the Company issued to 180 Consulting an aggregate of 131,054 961,640 shares of restricted common stock, as compensation for services previously rendered during the three months ended July 31, 2023. Such shares were issued pursuant par value $0.01 per share (the "restricted common stock") to the Master Services Agreement, effective March 19, 2020, by Sellers for the SaaS Contingent Consideration (as defined in the UPA) and between 627,746 shares of restricted common stock for the Renewal Contingent Consideration (as defined in the UPA). 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 and 180 Consulting and related statements of work. The shares were issued in a private placement in reliance on the exemption from registration available under Section 4(a)(2) Sellers reached an agreement to defer the cash portion of the Securities Act, including Regulation D promulgated thereunder SaaS Contingent Consideration and the certificate representing such shares has a legend imprinted on it 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.Renewal Contingent Consideration payments over time through October 31, 2024.

**Share Repurchases**

The following table sets forth information with respect to our repurchases of common stock during the three months ended October 31, 2023 April 30, 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 |
|---|---|---|---|---|
| Aug 1 - Aug 31 | — | $ — | — | — |
| Sep 1 - Sep 30 | 4,923 | 0.95 | — | — |
| Oct 1 - Oct 31 | 33,112 | 0.43 | — | — |
| Total | 38,035 | $ 0.50 | — | — |

| | 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 |
|---|---|---|---|---|
| February 1 - February 29 | 10,821 | $ 0.51 | — | — |
| March 1 - March 31 | 39,882 | 0.49 | — | — |
| April 1 - April 30 | 88,402 | 0.48 | — | — |
| Total | 139,105 | $ 0.49 | — | — |

(1) (1) Amount represents shares surrendered by employees to satisfy tax withholding obligations resulting from restricted stock that vested during the three months ended October 31, 2023.

**Item 5. OTHER INFORMATION**

During the three months ended October 31, 2023 April 30, 2024.

**February 2024 Private Placements**

In February 2024, the Company closed private placements of common stock, unsecured promissory notes and warrants resulting in aggregate gross proceeds of approximately $4,500,000. Refer to Note 5 – Debt and Note 7 – Equity for additional information related to the private placements.

The offer, sale and issuance of the securities described above were exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act (or Regulation D promulgated thereunder) as transactions by an issuer not involving any public offering. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with the view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the certificates (or book entries representing such securities) issued in these transactions.

**Item 5. OTHER INFORMATION**

During the three months ended April 30, 2024, none of our directors or officers (as defined in Rule 16a-1(f)16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted or terminated a Rule 10b5-110b5-1 trading arrangement or non-Rule 10b5-110b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933)1933).

**Item 6. EXHIBITS**

See Index to Exhibits.

**INDEX TO EXHIBITS**

| Exhibit No. | Description of Exhibit |
|---|---|
| 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 Quarterly Report on Form 10-Q, filed 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 Current Report on Form 8-K, filed 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 Current Report on Form 8-K, filed June 8, 2022). |
| 3.4 | Bylaws of Streamline Health Solutions, Inc., as amended and restated through March 28, 2014 (Incorporated by reference from Exhibit 3.1 of the Current Report on Form 8-K, filed April 3, 2014). |
| 10.14.1 | Amendment No. 3 to Form of Warrant of Streamline Health Solutions, Inc. Third Amended and Restated 2013 Stock Incentive Plan, dated June 15, 2023 (Incorporated by reference from Appendix B to Exhibit 4.1 of the Company's Definitive Proxy Statement, dated May 11, 2023, for the Company's 2023 Annual Meeting of Stockholders). Current Report on Form 8-K, filed February 7, 2024). |
| 10.2<br>10.1 | EmploymentForm 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 of the Current Report on Form 8-K, filed February 7, 2024). |
| 10.2 | Form of Promissory Note (Incorporated by reference from Exhibit 10.2 of the Current Report on Form 8-K, filed February 7, 2024). |
| 10.3 | Third Modification to Second Amended and Restated Loan and Security Agreement, dated December 4, 2023 February 7, 2024, by and between Company Streamline Health Solutions, Inc. and Bryant James Reeves 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). |
| 31.1*10.4* | Fourth Modification to Second Amended and Restated Loan and Security Agreement, dated April 5, 2024, by and between Streamline Health Solutions, Inc. and certain of its subsidiaries party thereto, and Western Alliance Bank. |
| 10.5 | Second Amendment to Employment Agreement, dated May 7, 2024, by and between the Company and Wyche T. "Tee" Green, III (Incorporated by reference from Exhibit 10.1 of the Current Report on Form 8-K, filed May 13, 2024). |
| 31.1* | Certification by President and Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act. |
| 31.2* | Certification by Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act. |
| 32.1* | Certification by President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350. |
| 32.2* | Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350. |
| 101.INS* | INLINE XBRL INSTANCE DOCUMENT |
| 101.SCH* | INLINE XBRL TAXONOMY EXTENSION SCHEMA DOCUMENT |
| 101.CAL* | INLINE XBRL TAXONOMY EXTENSION CALCULATION LINKBASE |
| 101.DEF* | INLINE XBRL TAXONOMY EXTENSION DEFINITION LINKBASE |
| 101.LAB* | INLINE XBRL TAXONOMY EXTENSION LABELS LINKBASE |
| 101.PRE* | INLINE XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE |
| 104* | COVER PAGE INTERACTIVE DATA FILE (FORMATTED AS INLINE XBRL AND CONTAINED IN EXHIBIT 101) |

* Filed herewith.

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

**SIGNATURES**

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

**STREAMLINE HEALTH SOLUTIONS, INC.**

| | | |
|---|---|---|
| **DATE: December 14, 2023 June 12, 2024** | **By:** | ***/s/ Benjamin L. Stilwill*** |
| | | **Benjamin L. Stilwill** |
| | | ***President and Chief Executive Officer*** |
| **DATE: December 14, 2023 June 12, 2024** | **By:** | ***/s/ Bryant J. Reeves III*** |
| | | **Bryant J. Reeves III** |
| | | ***Interim Chief Financial Officer*** |





**Exhibit 10.210.4**

**EMPLOYMENT FOURTH MODIFICATION**
**TO**
**SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

**This EMPLOYMENT THIS FOURTH MODIFICATION TO SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (together with Exhibit A attached hereto, the (this "Agreement Modification") is entered into as of December 4th, 2023, April 5, 2024 by and between among STREAMLINE HEALTH SOLUTIONS, INC., a Delaware corporation ("Streamline Health,"), STREAMLINE HEALTH, LLC, a Delaware limited liability company with its headquarters in Alpharetta, Georgia (the " (f/k/a STREAMLINE HEALTH, INC., an Ohio corporation) ("Company Streamline Health"), STREAMLINE PAY & BENEFITS, LLC, a Delaware limited liability company ("Streamline Pay"), AVELEAD CONSULTING, LLC, a Georgia limited liability company ("Avelead Consulting"), STREAMLINE CONSULTING SOLUTIONS, LLC, a Delaware limited liability company ("Streamline Consulting" and, Bryant James Reeves, together with Streamline, Streamline Health, Streamline Pay, Avelead Consulting and any other Person who, from time to time, becomes a resident of Borrower under the state of Georgia Loan Agreement (as defined below), collectively, the "Borrowers" and each individually, a "Borrower") and WESTERN ALLIANCE BANK, an Arizona corporation ("Executive Bank").**

**RECITALS:**

**WHEREASA. Bank and Borrower have previously entered into that certain Second Amended and Restated Loan and Security Agreement dated as of August 26, 2021 (as amended, restated, supplemented and otherwise modified from time to time, the "Loan Agreement"), the Company is a wholly owned subsidiary of Streamline Health Solutions, Inc. ("STRM");pursuant to which Bank has made certain loans and financial accommodations available to Borrower.**

**WHEREAS, B. Bank and Borrower now wish to modify the Company and Executive hereby agree that Executive will serve as an officer of the Company pursuant to Loan Agreement on the terms and conditions set forth in this Agreement.herein.**

**C. Borrower is entering into this Modification with the understanding and agreement that, except as specifically provided herein, none of Bank's rights or remedies as set forth in the Loan Agreement or any other Loan Document is being waived or modified by the terms of this Modification.**

**AGREEMENT**

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

**1. EMPLOYMENTMODIFICATIONS.**

**(a) Maximum Debt to Adjusted EBITDA Ratio. Section 6.9(c) of the Loan Agreement is hereby deleted in its entirety and the following substituted therefor:**

> **"(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 |

(b) Compliance Certificate. Exhibit B to the Loan Agreement is hereby deleted in its entirety and replaced with Exhibit B attached hereto.

2. NO DEFENSES OF BORROWER/GENERAL RELEASE. Each Borrower agrees that, as of this date, it has no defenses against the obligations to pay any amounts under the Indebtedness. Each Borrower acknowledges that Bank would not enter into this Modification without Borrower's assurance that it has no claims against Bank or any of Bank's officers, directors, employees or agents. Except for any claims or obligations arising after the date of this Modification, each Borrower releases Bank, and each of Bank's officers, directors and employees from any known or unknown claims that such Borrower now has against Bank of any nature, including any claims that such Borrower, its successors, counsel, and advisors may in the future discover they would have now had if they had known facts not now known to them, whether founded in contract, in tort or pursuant to any other theory of liability, including but not limited to any claims arising out of or related to the Loan Agreement or the transactions contemplated thereby. Each Borrower acknowledges and agrees that they have been informed by their attorneys and advisors of, and are familiar with, and do hereby expressly waive, the provisions of Section 1542 of the California Civil Code, and any similar statute, code, law, or regulation of any state or the United States, to the full extent that they may waive such rights and benefits. Civil Code section 1542 provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR A BORROWER DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

The Company hereby agrees provisions, waivers and releases set forth in this section are binding upon each Borrower and its shareholders, agents, employees, assigns and successors in interest. The provisions, waivers and releases of this section shall inure to employ Executive, the benefit of Bank and Executive, its agents, employees, officers, directors, assigns and successors in consideration interest. The provisions of such employment this section shall survive payment in full of the Obligations, full performance of all the terms of this Modification and other consideration the Loan Agreement, and/or Bank's actions to exercise any remedy available under the Loan Agreement or otherwise.

3. CONTINUING VALIDITY. Borrowers understand and agree that in modifying the existing Indebtedness, Bank is relying upon Borrowers' representations and warranties set forth in this Modification and the reaffirmation of Borrowers' performance obligations under the Loan Documents, subject to the modifications set forth herein. Except as expressly modified pursuant to this Modification, the terms of the Loan Documents remain unchanged and in full force and effect. Bank's agreement to modifications to the existing Indebtedness pursuant to this Modification in no way shall obligate Bank to make any future modifications to the Indebtedness. Nothing in this Modification shall constitute a satisfaction of the Indebtedness. It is the intention of Bank and Borrowers to retain as liable parties all makers and endorsers of Loan Documents, unless the party is expressly released by Bank in writing. No maker, endorser, or guarantor will be released by virtue of this Modification. The terms of this paragraph apply not only to this Modification, but also to any subsequent modification agreements.

4. EFFECTIVENESS OF THIS MODIFICATION. This Modification, and the waivers provided for herein, shall become effective upon the satisfaction, as determined by Bank, of the following conditions.

(a) Modification. Bank shall have received this Modification fully executed in a sufficient number of counterparts for distribution to all parties.

(b) Representations and Warranties. The representations and warranties set forth herein hereby accepts employment, upon and in the terms Loan Agreement are true and conditions set forth herein. correct in all material respects (except for such representations and warranties qualified by materiality, which shall be true and correct in all respects).

2. POSITION AND DUTIES

During the Term (as defined in Section 10 of this Agreement), Executive will be employed as Interim CFO 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, (c) Other Required Documentation. All other documents and legal and incident to the above positions, and otherwise will perform such executive-level functions, as the President of Streamline Health, LLC (the "President") 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 matters in connection with the performance of Executive's duties transactions contemplated by this Modification shall have been delivered or executed or recorded, as an employee required by Bank.

Bank shall provide prompt written notice (e-mail to suffice) to Borrowers confirming the satisfaction of the Company upon compliance with conditions in this Section 6 and the Company's procedures for expense reimbursement, including effectiveness of this Modification, which confirmation shall be binding on Bank.

5. CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER; REFERENCE PROVISION. This Modification constitutes a "Loan Document" as defined and set forth in 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 Loan Agreement, 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 AGREEMENTSections 11 and 12 of the Loan Agreement, which are incorporated by reference herein.

**The Company warrants 6. NOTICE OF FINAL AGREEMENT. By signing this document each party represents and agrees that: (A) this written agreement represents to Executive that the Company, acting final agreement between the parties, (B) there are no unwritten oral agreements between the parties, and (C) this written agreement may not be contradicted by the officer executing this Agreement on its behalf evidence of any prior, contemporaneous, or subsequent oral agreements or understandings of the Company, has the full right parties.**

**7. COUNTERPARTS; FACSIMILE SIGNATURES. This Modification may be executed in any number of and authority to enter into this Agreement and to perform by different parties hereto on separate counterparts, 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 when so executed, shall 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, deemed an original, but all such counterparts shall constitute one 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 same agreement. Any signature delivered by 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 party 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 their 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 facsimile or other manner similar form 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 her 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 their 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 their 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, electronic transmission shall be deemed to be a "work made for hire" (as defined an original signature hereto.

**8. <u>RATIFICATION</u>. Borrowers hereby covenant and agree to comply with each and every term and condition set forth in the United States Copyright Act, 17 U.S.C.A. §101 et seq., Loan Agreement, 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 amended 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 their or their 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<br>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 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 12/05/2024 (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, Loan Documents 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) hereof, and (ii) expenses incurred by Executive prior to hereby reaffirm their 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.various obligations thereunder.

**(b) 9. Continued Disability INTEGRATION. This Modification, together with the Loan 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 their 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 her 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 their 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 her 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 the Annual Bonus (as defined in Exhibit A) at the rate of base pay and subject to attainment of annual performance goals specified in Exhibit A for the fiscal year during which Executive terminates employment under this Section 11(d), prorated for the number of months from the beginning of the fiscal year through the date of termination and payable at the same time the Annual Bonus (if any) is normally payable as set forth in Exhibit A. For purposes of this provision, and by way of example, if Executive's employment is terminated under this Section 11(d)after the last day of a fiscal year but before the Annual Bonus (if any) for such completed fiscal year is paid, Executive shall be entitled to receive the Annual Bonus (to the extent earned) for the full prior fiscal year period as well as any Annual Bonus earned for any period within the new fiscal year prorated from the beginning of such fiscal year through the date of termination. Any Annual Bonus payable under this Section 11(d) shall be paid in a lump sum in the normal course of bonus payouts, if the Company is achieving the basic budgeted numbers through the date of termination (as determined by the Committee or Company in its sole discretion), Executive will receive the Annual Bonus post-termination, accrued as is applicable. The "basic budgeted numbers" for purposes of this provision are sales bookings, revenue and adjusted EBITDA.

(iii) 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), (ii) and (iii) 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 their 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 her 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 People Officer
Email: wendy.lovvorn@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 Loan Documents, incorporates 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 negotiations 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 hereto with respect to the subject matter hereof and is the final expression and agreement of this Agreement and supersedes all prior and contemporaneous agreements, understandings, and negotiations, whether written or oral, the parties hereto with respect to such the subject matter. matter hereof.

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.

| *Initial by Executive* | *Initial by the Company* |
|---|---|
| */s/ Bryant James Reeves III* | */s/ Benjamin L. Stilwill* |

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 her 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.] Page Follows]**

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

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**STREAMLINE HEALTH SOLUTIONS, INC.**

**BORROWER:**

**By:**

***/s/ Benjamin L. Stilwill***

**Benjamin L. Stilwill STREAMLINE HEALTH SOLUTIONS, INC.**

**President &**

**By: *[/s/ Bryant J. Reeves, III]***

**Name: Bryant J. Reeves, III**

**Title: Interim Chief Executive Financial Officer**

**EXECUTIVE**

**STREAMLINE HEALTH, LLC (F/K/A STREAMLINE HEALTH, INC.)**

**By:**

**By: */s/ Bryant James J. Reeves, III***

**Name: Bryant James J. Reeves, III**

**Title: Authorized Signatory**

**STREAMLINE PAY & BENEFITS, LLC**

**By: */s/ Bryant J. Reeves, III***

**Name: Bryant J. Reeves, III**

**Title: Authorized Signatory**

**AVELEAD CONSULTING, LLC**

**By: */s/ Bryant J. Reeves, III***

**Name: Bryant J. Reeves, III**

**Title: Authorized Signatory**

**STREAMLINE CONSULTING SOLUTIONS, LLC**

**By: */s/ Bryant J. Reeves, III***

**Name: Bryant J. Reeves, III**

**Title: Authorized Signatory**

[*Signature Page to - Employment Agreement*]

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**(THE "AGREEMENT") DATED AS OF December 04, 2023, BETWEEN STREAMLINE HEALTH LLC AND Bryant James Reeves — COMPENSATION AND BENEFITS**

**1.**

**Effective Date BANK. This agreement:**

**WESTERN ALLIANCE BANK**

**By: */s/ Blake Reid***

**Name: Blake Reid**

**Title: Senior Director**

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**EXHIBIT B**

**COMPLIANCE CERTIFICATE**

**TO: WESTERN ALLIANCE BANK, an Arizona corporation**

**FROM: Streamline Health Solutions, Inc., a Delaware corporation and Streamline Health, Inc., an Ohio corporation, Streamline Pay & Benefits, LLC, a Delaware limited liability company, Avelead Consulting, LLC, Streamline Consulting Solutions, LLC**

**The undersigned authorized officer of Borrower hereby certifies that in accordance with the terms and conditions of the Amended and Restated Loan and Security Agreement between Borrower and Bank (the "Agreement"), (i) Borrower is in complete compliance for the period ending _______________ with all required covenants except as noted below and (ii) all representations and warranties of Borrower stated in the Agreement are true and correct as of the date hereof. Attached herewith are**

the required documents supporting the above certification. The Officer further certifies that these are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are consistently applied from one period to the next except as explained in an accompanying letter or footnotes.

Please indicate compliance status by circling Yes/No under "Complies" column.

| Reporting Covenant | Required | | Complies |
|---|---|---|---|
| Annual financial statements (CPA Audited) | FYE within 180 days | | Yes No |
| Monthly financial statements and a Compliance Certificate | Monthly within 30 days | | Yes No |
| 10K and 10Q | (as applicable) | | Yes No |
| Annual operating budget, sales projections and operating plans approved by board of directors | Annually no later than 30 days prior to the beginning of each fiscal year | | Yes No |
| A/R & A/P Agings, Borrowing Base Certificate, Deferred Revenue Schedule and Monthly Recurring Revenue Report | Monthly within 30 days | | Yes No |
| A/R Audit | Initial and Annual | | Yes No |
| Deposit balances with Bank | $ ____________________ | | |
| Deposit balance outside Bank | $ ____________________ | | |
| **Financial Covenant** | **Required** | **Actual** | **Complies** |
| Maximum ARR Net Leverage Ratio | (a) January 31, 2024, 0.50 to 1.00, (b) April 30, 2024, 0.50 to 1.00, (c) July 31, 2024, 0.45 to 1.00, (d) October 31, 2024, 0.40 to 1.00, and (e) January 31, 2024, 0.35 to 1.00 | ___ to 1.00 | Yes No |
| Maximum Debt to Adjusted EBITDA Ratio | (a) April 30, 2025, 3.50 to 1.00, (b) July 31, 2025, 3.00 to 1.00, (c) October 31, 2025, 2.50 to 1.00 and (d) January 31, 2026, and the last day of each quarter thereafter, 2.00 to 1.00 | ___ to 1.00 | Yes No |
| Fixed Charge Coverage Ratio | April 30, 2025, and the last date of each quarter thereafter, 1.20 to 1.00 | ___ to 1.00 | Yes No |
| Minimum Adjusted EBITDA | (a) January 31, 2024, ($5,750,000), (b) April 30, 2024, ($4,560,000), (c) July 31, 2024, ($2,960,000), (d) October 31, 2024, ($1,500,000) and (e) January 31, 2025, $430,000 | $_____ | Yes No |

Intellectual Property Updates

Attached as Exhibit A is dated December 4th, 2023 a listing of listing of any applications or registrations of intellectual property rights filed with the United States Patent and is effective Trademark Office, including the date of such filing and the registration or application numbers, if any, since the date of the last such Compliance Certificate delivered to Bank.

Updates to Schedules

Attached as Exhibit A are updated Schedules updating any information set forth in such Schedules since the date of December 4, 2023. the last such Compliance Certificate delivered to Bank.

Comments Regarding Exceptions: See Attached.

BANK USE ONLY

Received by: Base Salary. Base Salary will be paid at an annualized rate of $185,000, which will be subject to annual review and adjustment by the Committee but will not be reduced below $185,000 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.

2.

Sincerely,

AUTHORIZED SIGNER

3.

Date: Annual Bonus. During the term of employment, Executive will be eligible to participate in and earn an annual bonus of up to thirty percent (25%) 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.

4.

Verified: 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.

SIGNATURE

AUTHORIZED SIGNER

5.

Date: 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 50,000 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.

TITLE

Compliance Status Yes No

DATE

Exhibit 31.1

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

I, Benjamin Louis Stilwill, certify that:

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

2. 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;

3. 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;

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

(a) 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;

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

(c) 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

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

5. 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):

(a) 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

(b) 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.

Date: December 14, 2023June 12, 2024

*/s/ Benjamin L. Stilwill*

President and Chief Executive Officer

Exhibit 31.2

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

I, Bryant J. Reeves III, certify that:

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

2. 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;

3. 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;

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

(a) 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;

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

(c) 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

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

5. 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):

(a) 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

(b) 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.

Date: December 14, 2023June 12, 2024

*/s/ Bryant J. Reeves III*

Interim
Chief Financial Officer

Exhibit 32.1

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

I, Benjamin Louis 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 to my knowledge:

(1) The quarterly report on Form 10-Q of the Company for the quarter ended October 31, 2023April 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

*/s/ Benjamin L. Stilwill*

Benjamin L. Stilwill
President and Chief Executive Officer

December 14, 2023
June 12, 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

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 to my knowledge:

(1) The quarterly report on Form 10-Q of the Company for the quarter ended April 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

*/s/ Bryant J. Reeves III*

**Bryant J. Reeves III**

**Chief Financial Officer**

**June 12, 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

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, Interim 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 to my knowledge:

(1) The quarterly report on Form 10-Q of the Company for the quarter ended October 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

*/s/ Bryant J. Reeves III*

Bryant J. Reeves III
Interim Chief Financial Officer
December 14, 2023

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.

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