

Risk Factors Comparison 2025-05-02 to 2024-04-30 Form: 10-K

Legend: New Text Removed Text Unchanged Text Moved Text Section

An investment in our common stock or other securities involves a number of risks. You should carefully consider each of the risks described below before deciding to invest in our common stock or other securities. If any of the following risks develops into actual events, our business, financial condition or results of operations could be negatively affected, the market price of our common stock or other securities could decline, and you may lose all or part of your investment. **9** Risks Relating to Our Business Our sales have been concentrated in a small number of clients. Our revenues have been concentrated in a relatively small number of large clients, and we have historically derived a substantial percentage of our total revenue from a few clients. For the fiscal years ended January 31, **2025 and 2024** and ~~2023~~, our five largest clients accounted for **25 % and 38 %** and ~~46 %~~, respectively, of our total revenue. ~~A~~ **In the third quarter of fiscal 2023, the Company received notice from a client who accounted of its intent not to renew its contract for the Company' s SaaS solutions following the expiration of the contract' s term on December 31, 2023. Revenue recognized related to that client' s SaaS contract represented approximately \$4.4 million, or 19 %, of our total revenue for fiscal 2023, and the Company recognized no SaaS \$4.2 million, or 17 %, of our revenue for from that client in fiscal 2022-2024, terminated its contract with the Company, effective December 31, 2023.** If one or more clients terminate all or any portion of a master agreement, delay installations or if we fail to procure additional agreements, there could be a material adverse effect on our business, financial condition and results of operations. See Note 9- Major Clients to our consolidated financial statements included in Part II, Item 8, " Financial Statements and Supplementary Data ", herein for further information regarding representation of the Company' s largest individual major clients. Over the last several years, we have completed acquisitions, and may undertake additional acquisitions in the future. Any failure to adequately integrate past and future acquisitions into our business could have a material adverse effect on us. Acquisitions will require that we integrate into our existing operations separate companies that historically operated independently or as part of another, larger organization, and had different systems, processes and cultures. Acquisitions may require integration of finance and administrative organizations and involve exposure to different legal and regulatory regimes in jurisdictions in which we have not previously operated. Over the last several years, we have completed acquisitions of businesses through asset and stock purchases. We expect that we will make additional acquisitions in the future. Acquisitions involve a number of risks, including, but not limited to: ● the potential failure to achieve the expected benefits of the acquisition, including the inability to generate sufficient revenue to offset acquisition costs, or the inability to achieve expected synergies or cost savings; ● unanticipated expenses related to acquired businesses or technologies and their integration into our existing businesses or technology; ● the diversion of financial, managerial and other resources from existing operations; ● the risks of entering into new markets in which we have little or no experience or where competitors may have stronger positions; ● potential write- offs or amortization of acquired assets or investments; ● the potential loss of key employees, clients or partners of an acquired business; ● delays in client purchases due to uncertainty related to any acquisition; ● potential unknown liabilities associated with an acquisition; and ● the tax effects of any such acquisitions. If we fail to successfully integrate acquired businesses or fail to implement our business strategies with respect to acquisitions, we may not be able to achieve projected results or support the amount of consideration paid for such acquired businesses, which could have an adverse effect on our business and financial condition. **10** Finally, if we finance acquisitions by issuing equity or convertible or other debt securities, our existing stockholders may be diluted, or we could face constraints related to the terms of and repayment obligations related to the incurrence of indebtedness. This could adversely affect the market price of our securities. We could consume resources in researching acquisitions, business opportunities or financings and capital market transactions that are not ultimately consummated, which could materially adversely affect our financial condition and subsequent attempts to locate and acquire or invest in another business. We anticipate that the investigation of each specific acquisition or business opportunity and the negotiation, drafting, and execution of relevant agreements, disclosure documents, and other instruments with respect to such transaction will require substantial management time and attention and substantial costs for financial advisors, accountants, attorneys and other advisors. If a decision is made not to consummate a specific acquisition, business opportunity or financing and capital market transaction, the costs incurred up to that point for the proposed transaction likely would not be recoverable. Furthermore, even if an agreement is reached relating to a specific acquisition, investment target or financing, we may fail to consummate the investment or acquisition for any number of reasons, including those beyond our control. Any such event could consume significant management time and result in a loss to us of the related costs incurred, which could adversely affect our financial position and our ability to consummate other acquisitions and investments. A significant increase in new SaaS contracts could require a significant cash outlay, which could adversely affect near term cash flow. If new or existing clients purchase significant amounts of our SaaS services, we may have to expend a significant amount of initial setup costs and time before those new clients are able to begin using such services, and we cannot begin to recognize revenues from those SaaS agreements until the commencement of such services. Accordingly, we anticipate that our near- term cash flow may be adversely affected by significant incremental setup costs from new SaaS clients that would not be offset by revenue until new SaaS clients go into production. While we anticipate long- term growth in profitability through increases in recurring SaaS subscription fees and significantly improved profit visibility, any inability to adequately finance setup costs for new SaaS solutions could result in the failure to put new SaaS solutions into production and could have a material adverse effect on our liquidity, financial position and results of operations. In addition, this near- term cash flow demand could adversely impact our financial flexibility and cause us to forego otherwise attractive business opportunities or investments. We may not see the

anticipated market interest or growth in our software solutions. In addition, coding audit services and associated software and technologies represent a new market for the Company, and we may not see the anticipated market interest or growth due to being a new player in the industry. The Company is currently investing in the eValuator platform **and RevID** as well as new software- based technologies relating to high automation and machine- based analytics regarding a client' s coding audit process. The return on this investment requires that the product developments continue to be defined and completed in a timely and cost- effective manner, there remains general interest in the marketplace (for both existing and future clients) for this technology, the demand for the product generates sufficient revenue in light of the development costs and that the Company is able to execute a successful product launch for these technologies. If the Company is unable to meet these requirements when launching these technologies, or if there is a delay in the launch process, the Company may not see an increase in revenue to offset the current development costs or otherwise translate to added growth and revenue for the Company. **11** Clients may exercise termination rights within their contracts, which may cause uncertainty in anticipated and future revenue streams. The Company generally does not allow for termination of a client' s agreement except at the end of the agreed upon term or for cause. However, certain of the Company' s client contracts provide that the client may terminate the contract without cause prior to the end of the term of the agreement by providing written notice, sometimes with relatively short notice periods. In the third quarter of fiscal 2023, **the Company received notice from a client who accounted for the Company' s SaaS solutions following the expiration of the contract' s term on December 31, 2023. Revenue recognized related to that client' s SaaS contract represented approximately \$ 4. 4 million, or 19 % of our total revenue for fiscal 2023, and the Company recognized no SaaS \$ 4. 2 million, or 17 % of our revenue for from that client in fiscal 2022- 2024, terminated its contract with the Company, effective December 31, 2023.** The Company also provides trial or evaluation periods for certain clients, especially for new products and services. Furthermore, there can be no assurance that a client will not cancel all or any portion of an agreement, even without an express early termination right, and the Company may face additional costs or hardships collecting on amounts owed if a client terminates an agreement without such a right. Whether resulting from termination for cause or the limited termination for convenience rights discussed above, the existence of contractual relationships with these clients is not an assurance that we will continue to provide services for our clients through the entire term of their respective agreements. If clients representing a significant portion of our revenue terminated their agreements unexpectedly, we may not, in the short- term, be able to replace the revenue and income from such contracts and this would have a material adverse effect on the Company' s business, financial condition, results of operations and cash flows. In addition, client contract terminations could harm our reputation within the industry, especially any termination for cause, which could negatively impact our ability to obtain new clients. Changes in healthcare regulations impacting coding, payers and other aspects of the healthcare regulatory cycle could have substantial impact on our financial performance, growth and operating costs. Our sales and profitability depend, in part, on the extent to which coverage of and reimbursement for medical care provided is available from governmental health programs, private health insurers, managed care plans and other third- party payors. Unanticipated regulatory changes could materially impact the need for and / or value of our solutions. For example, if governmental or other third- party payors materially reduce reimbursement rates or fail to reimburse our clients adequately, our clients may suffer adverse financial consequences. Changes in regulations affecting the healthcare industry, such as any increased regulation by governmental agencies of the purchase and sale of medical products, or restrictions on permissible discounts and other financial arrangements, could also directly impact the capabilities our solutions and services provide and the pricing arrangements we are required to offer to be competitive in the market. Similarly, the U. S. Congress may adopt legislation that may change, override, conflict with or pre- empt the currently existing regulations and which could restrict the ability of clients to obtain, use or disseminate patient health information and / or impact the value of the functionality our products and services provide. These situations would, in turn, reduce the demand for our solutions or services and / or the ability for a client to purchase our solutions or services. This could have a material impact on our financial performance. In addition, the speed with which the Company can respond to and address any such changes when compared with the response of other companies in the same market (especially companies who may accurately anticipate the evolving healthcare industry structure and identify unmet needs) are important competitive factors. If the Company is not able to address the modifications in a timely manner compared with our competition, that may further reduce demand for our solutions and services. The potential impact on us of new or changes in existing federal, state and local regulations governing healthcare information could be substantial. Healthcare regulations issued to date have not had a material adverse effect on our business. However, we cannot predict the potential impact of new or revised regulations that have not yet been released or made final, or any other regulations that might be adopted. The U. S. Congress may adopt legislation that may change, override, conflict with or pre- empt the currently existing regulations and which could restrict the ability of clients to obtain, use or disseminate patient health information. Although the features and architecture of our existing solutions can be modified, it may be difficult to address the changing regulation of healthcare information. **12** The healthcare industry is highly regulated. Any material changes in the political, economic or regulatory healthcare environment that affect the group purchasing business or the purchasing practices and operations of healthcare organizations, or that lead to consolidation in the healthcare industry, could require us to modify our services or reduce the funds available to providers to purchase our solutions and services. Our business, financial condition and results of operations depend upon conditions affecting the healthcare industry generally and hospitals and health systems particularly. Our ability to grow will depend upon the economic environment of the healthcare industry, as well as our ability to increase the number of solutions that we sell to our clients. The healthcare industry is highly regulated and is subject to changing political, economic and regulatory influences. Factors such as changes in reimbursement policies for healthcare expenses, consolidation in the healthcare industry, regulation, litigation and general economic conditions affect the purchasing practices, operation and, ultimately, the operating funds of healthcare organizations. In particular, changes in regulations affecting the healthcare industry, such as any increased regulation by governmental agencies of the purchase and sale of medical products, or

restrictions on permissible discounts and other financial arrangements, could require us to make unplanned modifications to our solutions and services, or result in delays or cancellations of orders or reduce funds and demand for our solutions and services. Our clients derive a substantial portion of their revenue from third- party private and governmental payors, including through Medicare, Medicaid and other government- sponsored programs. Our sales and profitability depend, in part, on the extent to which coverage of and reimbursement for medical care provided is available from governmental health programs, private health insurers, managed care plans and other third- party payors. If governmental or other third- party payors materially reduce reimbursement rates or fail to reimburse our clients adequately, our clients may suffer adverse financial consequences, which in turn, may reduce the demand for and ability to purchase our solutions or services. We face significant competition, including from companies with significantly greater resources. We currently compete with many other companies for the licensing of similar software solutions and related services. Several companies historically have dominated the clinical information systems software market and several of these companies have either acquired, developed, or are developing their own analytics and coding / clinical documentation improvement solutions, as well as the resultant workflow technologies. The industry is undergoing consolidation and realignment as companies position themselves to compete more effectively. Many of these companies are larger than us and have significantly more resources to invest in their business. In addition, information and document management companies serving other industries may enter the market. Suppliers and companies with whom we may establish strategic alliances also may compete with us. Such companies and vendors may either individually, or by forming alliances excluding us, place bids for large agreements in competition with us. A decision on the part of any of these competitors to focus additional resources in any of our solution focuses (charge reconciliation, coding audit solutions, analytics and coding / clinical documentation improvement), workflow technologies and other markets addressed by us could have a material adverse effect on us. The healthcare industry is evolving rapidly, which may make it more difficult for us to be competitive in the future. The U. S. healthcare system is under intense pressure to improve in many areas, including modernization, universal access and controlling skyrocketing costs of care. We believe that the principal competitive factors in our market are client recommendations and references, company reputation, system reliability, system features and functionality (including ease of use), technological advancements, client service and support, breadth and quality of the systems, the potential for enhancements and future compatible solutions, the effectiveness of marketing and sales efforts, price and the size and perceived financial stability of the vendor. In addition, we believe that the speed with which companies in our market can anticipate the evolving healthcare industry structure and identify unmet needs is an important competitive factor. If we are unable to keep pace with changing conditions and new developments, we will not be able to compete successfully in the future against existing or potential competitors. **13** Rapid technology changes and short product life cycles could harm our business. The market for our solutions and services is characterized by rapidly changing technologies, regulatory requirements, evolving industry standards and new product introductions and enhancements that may render existing solutions obsolete or less competitive. As a result, our position in the healthcare information technology market could change rapidly due to unforeseen changes in the features and functions of competing products, as well as the pricing models for such products. Our future success will depend, in part, upon our ability to enhance our existing solutions and services and to develop and introduce new solutions and services to meet changing requirements. Moreover, competitors may develop competitive products that could adversely affect our operating results. We need to maintain an ongoing research and development program to continue to develop new solutions and apply new technologies to our existing solutions but may not have sufficient funds with which to undertake such required research and development. If we are not able to foresee changes or to react in a timely manner to such developments, we may experience a material, adverse impact on our business, operating results and financial condition. Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our solutions and services. Our intellectual property, which represents an important asset to us, has some protection against infringement through copyright and trademark law. We generally have little patent protection on our software. We rely upon license agreements, employment agreements, confidentiality agreements, nondisclosure agreements and similar agreements to maintain the confidentiality of our proprietary information and trade secrets. Notwithstanding these precautions, others may copy, reverse engineer or independently design technology similar to our solutions. If we fail to protect adequately our intellectual property through trademarks and copyrights, license agreements, employment agreements, confidentiality agreements, nondisclosure agreements or similar agreements, our intellectual property rights may be misappropriated by others, invalidated or challenged, and our competitors could duplicate our technology or may otherwise limit any competitive technology advantage we may have. It may be necessary to litigate to enforce or defend our proprietary technology or to determine the validity of the intellectual property rights of others. Any litigation, successful or unsuccessful, may result in substantial cost and require significant attention by management and technical personnel. Due to the rapid pace of technological change, we believe our future success is likely to depend upon continued innovation, technical expertise, marketing skills and client support and services rather than on legal protection of our intellectual property rights. However, we have aggressively asserted our intellectual property rights when necessary and intend to do so in the future. We could be subjected to claims of intellectual property infringement that could be expensive to defend. While we do not believe that our solutions and services infringe upon the intellectual property rights of third parties, the potential for intellectual property infringement claims continually increases as the number of software patents and copyrighted and trademarked materials continues to rapidly expand. Any claim for intellectual property right infringement, even if not meritorious, could be expensive to defend. If we were held liable for infringing third party intellectual property rights, we could incur substantial damage awards, and potentially be required to cease using the technology, produce non- infringing technology or obtain a license to use such technology. Such potential liabilities or increased costs could be material to us. If we are unable to maintain effective internal control over financial reporting, we may fail to prevent or detect material misstatements in our financial statements, in which case investors may lose confidence in the accuracy and completeness of our financial statements. In connection with the preparation of the consolidated financial statements for each of our fiscal years, our management

conducts a review of our internal control over financial reporting. We are also required to maintain effective disclosure controls and procedures. Any failure to maintain adequate controls or to adequately implement required new or improved controls could harm operating results, or cause failure to meet reporting obligations in a timely and accurate manner. **14** Third party products are essential to our software. Our software incorporates software licensed from various vendors into our proprietary software. In addition, third- party, stand- alone software is required to operate some of our proprietary software modules. The loss of the ability to use these third- party products, or ability to obtain substitute third- party software at comparable prices, could have a material adverse effect on our ability to license our software. Our solutions may not be error- free and could result in claims of breach of contract and liabilities. Our solutions are very complex and may not be error- free, especially when first released. Although we perform extensive testing, failure of any solution to operate in accordance with its specifications and documentation could constitute a breach of the license agreement and require us to correct the deficiency. If such deficiency is not corrected within the agreed- upon contractual limitations on liability and cannot be corrected in a timely manner, it could constitute a material breach of a contract allowing the termination thereof and possibly subjecting us to liability. Also, we sometimes indemnify our clients against third- party infringement claims. If such claims are made, even if they are without merit, they could be expensive to defend. Our license and SaaS agreements generally limit our liability arising from these types of claims, but such limits may not be enforceable in some jurisdictions or under some circumstances. A significant uninsured or under- insured judgment against us could have a material adverse impact on us. We could be liable to third parties from the use of our solutions. Our solutions provide access to patient information used by physicians and other medical personnel in providing medical care. The medical care provided by physicians and other medical personnel are subject to numerous medical malpractice and other claims. We attempt to limit any potential liability of ours to clients by limiting the warranties on our solutions in our agreements with our clients (i. e., healthcare providers). However, such agreements do not protect us from third- party claims by patients who may seek damages from any or all persons or entities connected to the process of delivering patient care. We maintain insurance, which provides limited protection from such claims, if such claims result in liability to us. Although no such claims have been brought against us to date regarding injuries related to the use of our solutions, such claims may be made in the future. A significant uninsured or under- insured judgment against us could have a material adverse impact on us. Our SaaS and support services could experience interruptions. We provide SaaS for many clients, including the storage of critical patient, financial and administrative data. In addition, we provide support services to clients through our client support organization. We have redundancies, such as backup generators, redundant telecommunications lines and backup facilities built into our operations to prevent disruptions. However, complete failure of all generators, impairment of all telecommunications lines or severe casualty damage to the primary building or equipment inside the primary building housing our hosting center or client support facilities could cause a temporary disruption in operations and adversely affect clients who depend on the application hosting services. Any interruption in operations at our data center or client support facility could cause us to lose existing clients, impede our ability to obtain new clients, result in revenue loss, cause potential liability to our clients, and increase our operating costs. Our business and operations would suffer in the event of computer system failures, cyber- attacks or a deficiency in our cybersecurity. Our SaaS solutions are provided over an internet connection and any breach of security or confidentiality of protected health information could expose us to significant expense and harm our reputation. Despite the implementation of security measures, our internal computer systems, and those of third parties on which we rely, are vulnerable to damage from a variety of causes, including computer viruses, malware, intentional or accidental mistakes or errors by users with authorized access to our computer systems, natural disasters, terrorism, war, telecommunication and electrical failures, cyber- attacks or cyber- intrusions over the Internet, or attachments to emails. The risk of a security breach or disruption, particularly through cyber- attacks or cyber intrusions, including by computer hackers, non- U. S. governments, extra- state actors and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. **15** We provide remote SaaS solutions for clients, including the storage of critical patient, financial and administrative data. We have security measures in place to prevent or detect misappropriation of protected health information. We must maintain facility and systems security measures to preserve the confidentiality of data belonging to clients, as well as their patients, that resides on computer equipment in our data center, which we handle via application hosting services, or that is otherwise in our possession. Notwithstanding efforts undertaken to protect data, it can be vulnerable to infiltration as well as unintentional lapse. If any disruption or security breach was to result in a loss of or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we could face claims for contract breach, penalties and other liabilities for violation of applicable laws or regulations, significant costs for remediation and re- engineering to prevent future occurrences and serious harm to our reputation. In the current environment, there are numerous and evolving risks to cybersecurity and privacy, including criminal hackers, hacktivists, state- sponsored intrusions, industrial espionage, employee malfeasance and human or technological error. High- profile security breaches at other companies and in government agencies have increased in recent years, and security industry experts and government officials have warned about the risks of hackers and cyber- attacks targeting businesses such as ours. Computer hackers and others routinely attempt to breach the security of technology products, services and systems, and to fraudulently induce employees, clients, or others to disclose information or unwittingly provide access to systems or data. We can provide no assurance that our current IT systems, software, or third- party services, or any updates or upgrades thereto will be fully protected against third- party intrusions, viruses, hacker attacks, information or data theft or other similar threats. Legislative or regulatory action in these areas is also evolving, and we may be unable to adapt our IT systems to accommodate these changes. We have experienced and expect to continue to experience sophisticated attempted cyber- attacks of our IT networks. Although none of these attempted cyber- attacks has had a material adverse impact on our operations or financial condition, we cannot guarantee that any such incidents will not have such an impact in the future. The loss of key personnel could adversely affect our business. Our success depends, to a significant degree, on our management, sales force and technical personnel. We must recruit, motivate

and retain highly skilled managers, sales, consulting and technical personnel, including solution programmers, database specialists, consultants and system architects who have the requisite expertise in the technical environments in which our solutions operate. Competition for such technical expertise is intense. Our failure to attract and retain qualified personnel could have a material adverse effect on us. Our future success depends upon our ability to grow, and if we are unable to manage our growth effectively, we may incur unexpected expenses and be unable to meet our clients' requirements. We will need to expand our operations if we successfully achieve greater demand for our products and services. We cannot be certain that our systems, procedures, controls and human resources will be adequate to support expansion of our operations. Our future operating results will depend on the ability of our officers and employees to manage changing business conditions and to implement and improve our technical, administrative, financial control and reporting systems. We may not be able to expand and upgrade our systems and infrastructure to accommodate these increases. Difficulties in managing any future growth, including as a result of integrating any prior or future acquisition with our existing businesses, could cause us to incur unexpected expenses or render us unable to meet our clients' requirements, and consequently have a significant negative impact on our business, financial condition and operating results. **16** We may not have access to sufficient or cost-efficient capital to support our growth, execute our business plans and remain competitive in our markets. As our operations grow and as we implement our business strategies, we expect to use both internal and external sources of capital. In addition to cash flow from normal operations, we may need additional capital in the form of debt or equity to operate and support our growth, execute our business plans and remain competitive in our markets. We may have no or limited availability to such external capital, in which case our future prospects may be materially impaired. Furthermore, we may not be able to access external sources of capital on reasonable or favorable terms. Our business operations could be subject to both financial and operational covenants that may limit the activities we may undertake, even if we believe they would benefit the Company. While we believe our existing sources of liquidity will provide sufficient resources to meet our current working capital and cash requirements, if we require an increase in capital to meet our future business needs or if we are unable to comply with covenants under our credit facilities, such capital may not be available to us on terms acceptable to us, or at all. Unstable market and economic conditions and potential disruptions in the credit markets may adversely affect our business, including the availability and cost of short-term funds for liquidity requirements and our ability to meet long-term commitments, which could adversely affect our results of operations, cash flows and financial condition. If internally generated funds are not available from operations, we may be required to rely on the banking and credit markets to meet our financial commitments and short-term liquidity needs. Our access to funds under our revolving credit facility or pursuant to arrangements with other financial institutions is dependent on the financial institution's ability to meet funding commitments. Financial institutions may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience high volumes of borrowing requests from other borrowers within a short period of time. Global credit and financial markets have recently, and may continue to, experience extreme volatility and disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, inflationary pressure and interest rate changes and uncertainty about economic stability. There can be no assurance that future credit and financial market instability and a deterioration in confidence in economic conditions will not occur. Our general business strategy may be adversely affected by any such economic downturn, liquidity shortages, volatile business environment or continued unpredictable and unstable market conditions. If the equity and credit markets deteriorate, or if adverse developments are experienced by financial institutions, it may cause short-term liquidity risk and also make any necessary debt or equity financing more difficult, more costly and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to delay or abandon clinical development plans. In addition, there is a risk that one or more of our current service providers, financial institutions, manufacturers and other partners may be adversely affected by the foregoing risks, which could directly affect our ability to attain our operating goals on schedule and on budget. **17** We must maintain compliance with the terms of our existing credit facilities or receive a waiver for any non-compliance. The failure to maintain compliance could have a material adverse effect on our ability to finance our ongoing operations and we may not be able to find an alternative lending source if a default occurs. We have a credit facility with Western Alliance Bank ("WAB") pursuant to that certain Second Amended and Restated Loan and Security Agreement (as amended and modified, the "Loan Agreement"). The Loan Agreement includes (i) a term loan facility with an initial maximum principal amount of \$ 10,000,000 and (ii) a \$ 2,000,000 revolving line of credit. The Loan Agreement is secured by substantially all of the assets of the Company, its subsidiaries, and certain of our affiliates. The Loan Agreement has a five-year term, and the maximum principal amount was advanced in a single-cash advance on or about the closing date. Interest accrued under the Loan Agreement is due monthly, and the Company is required to make monthly interest-only payments through the one-year anniversary of the closing date. From the first anniversary of the closing date through the maturity date, the Company is required to make monthly payments of principal and interest that increase over the term of the agreement. The Loan Agreement requires principal repayments of \$ 500,000 in the second year, \$ 1,000,000 in the third year, \$ 2,000,000 in the fourth year, and \$ 3,000,000 in the fifth year, respectively, with the remaining outstanding principal balance and all accrued but unpaid interest due in full on the maturity date. The Loan Agreement may also require early repayments if certain conditions are met. The Loan Agreement also includes negative covenants, subject to exceptions, which limit transfers, capital expenditures, indebtedness, certain liens, investments, acquisitions, dispositions of assets, restricted payments and the business activities of the Company, as well as customary representations and warranties, affirmative covenants and events of default, including cross defaults and a change of control default. Specifically, the Loan Agreement requires us to satisfy a Maximum ARR Net Leverage Ratio, Maximum Debt to Adjusted EBITDA Ratio, and Fixed Charge Coverage Ratio (as such terms are defined in the Loan Agreement) and maintain minimum Adjusted EBITDA on an ongoing basis, measured at the end of each fiscal quarter. For the period ended January 31, **2024-2025**, the Company was not in compliance with certain financial covenants under the Loan Agreement; however, on

February 7, ~~March 27~~, 2024-2025, the Company received a waiver from WAB pursuant to that certain ~~Third-Sixth~~ Modification and Waiver (the “~~Third-Sixth~~ Modification”) to the Loan Agreement (see Refer to Note 14 – Subsequent Events to our consolidated financial statements included in Part II, Item 8, “ Financial Statements and Supplementary Data ” for additional information regarding the ~~Third-Sixth~~ Modification.). If we do not maintain compliance with all of the continuing covenants and other terms and conditions of our existing credit facilities or **are unable to** secure a waiver for any non-compliance, we could be required to repay outstanding borrowings on an accelerated basis, which could subject us to decreased liquidity and other negative impacts on our business, results of operations and financial condition. Furthermore, ~~if we needed to do so~~, it may be difficult for us to find an alternative lending source. In addition, because our assets are pledged as a security under our credit facilities, if we are not able to cure any default or repay outstanding borrowings, our assets are subject to the risk of foreclosure by our lenders. Without a sufficient credit facility, we would be adversely affected by a lack of access to liquidity needed to operate our business. Any disruption in access to credit could force us to take measures to conserve cash, such as deferring important research and development expenses, which ~~measures~~ could have a material adverse effect on ~~us~~ **the Company**.

18 Economic conditions in the U. S. and globally may have significant effects on our clients and suppliers that could result in material adverse effects on our business, operating results and stock price. Economic conditions in the U. S. and globally could deteriorate and cause the worldwide economy to enter into a stagnant period that could materially adversely affect our clients’ access to capital or willingness to spend capital on our solutions and services or their levels of cash liquidity with which to pay for solutions that they will order or have already ordered from us. In addition, the ongoing conflict between Russia and Ukraine could lead to disruption, instability and volatility in global markets and industries that could negatively impact our operations. The U. S. government, and other governments in jurisdictions in which we operate, have imposed severe sanctions and export controls against Russia and Russian interests and threatened additional sanctions and controls. The impact of these measures, as well as potential responses to them by Russia, is currently unknown and they could adversely affect our business, partners or clients. Challenging economic conditions also would likely negatively impact our business, which could result in: (1) reduced demand for our solutions and services; (2) increased price competition for our solutions and services; (3) increased risk of collectability of cash from our clients; (4) increased risk in potential reserves for doubtful accounts and write-offs of accounts receivable; (5) reduced revenues; and (6) higher operating costs as a percentage of revenues. All of the foregoing potential consequences of a deterioration of economic conditions are difficult to forecast and mitigate. As a consequence, our operating results for a particular period are difficult to predict, and, therefore, prior results are not necessarily indicative of future results. Any of the foregoing effects could have a material adverse effect on our business, results of operations, and financial condition and could adversely affect the market price of our common stock and other securities. The variability of our quarterly operating results can be significant. Our operating results have fluctuated from quarter- to- quarter in the past, and we may experience continued fluctuations in the future. Future revenues and operating results may vary significantly from quarter- to- quarter as a result of a number of factors, many of which are outside of our control. These factors include: the relatively large size of client agreements; unpredictability in the number and timing of software licenses and sales of application hosting services; length of the sales cycle; delays in installations; changes in clients’ financial conditions or budgets; increased competition; the development and introduction of new products and services; the loss of significant clients or remarketing partners; changes in government regulations, particularly as they relate to the healthcare industry; the size and growth of the overall healthcare information technology markets; any liability and other claims that may be asserted against us; our ability to attract and retain qualified personnel; national and local general economic and market conditions; and other factors discussed in this **Annual** Report and our other filings with the SEC.

19 Our business, results of operations and financial condition has been, and may continue to be, materially adversely affected by the COVID- 19 pandemic. The COVID- 19 pandemic, and its attendant economic damage, has had an adverse impact on our revenue and may continue to adversely affect our business, results of operations and financial condition. These and other potential impacts of COVID- 19 may continue to materially and adversely affect our business, results of operations and financial condition. We may experience adverse impacts to our business as a result of any economic recession or depression that has occurred or may occur in the future as a result of the COVID- 19 pandemic. For instance, changes in the behavior of customers, businesses and their employees as a result of the COVID- 19 pandemic, including social distancing practices, even after formal restrictions have been lifted, are unknown. Furthermore, the financial condition of our customers and vendors may be adversely impacted, which may result in a decrease in the demand for our products, the inability and our franchisees’ ability to operate store locations or a disruption to our supply chain. Any of these events may, in turn, have a material adverse impact our business, results of operations and financial condition. The preparation of our financial statements requires the use of estimates that may vary from actual results. The preparation of consolidated financial statements in conformity with U. S. generally accepted accounting principles requires management to make significant estimates that affect the financial statements. One of our most critical estimates is the capitalization of software development costs. Due to the inherent nature of these estimates, we may be required to significantly increase or decrease such estimates upon determination of the actual results. Any required adjustments could have a material adverse effect on us and our results of operations. Failure to improve and maintain the quality of internal control over financial reporting and disclosure controls and procedures or other lapses in compliance could materially and adversely affect our ability to provide timely and accurate financial information about us or subject us to potential liability.

20 Risks Relating to our Common Stock The market price of our common stock is likely to be highly volatile as the stock market in general can be highly volatile. The public trading of our common stock is based on many factors that could cause fluctuation in the price of our common stock. These factors may include, but are not limited to: ● General economic and market conditions; ● Actual or anticipated variations in annual or quarterly operating results; ● Lack of or negative research coverage by securities analysts; ● Conditions or trends in the healthcare information technology industry; ● Changes in the market valuations of other companies in our industry; ● Announcements by us or our competitors of significant acquisitions, strategic partnerships, divestitures, joint

ventures or other strategic initiatives; ● Announced or anticipated capital commitments; ● Ability to maintain listing of our common stock on Nasdaq; ● Additions or departures of key personnel; and ● Sales and repurchases of our common stock by us, our officers and directors or our significant stockholders, if any. Most of these factors are beyond our control. Further, as a result of our relatively small public float, our common stock may be less liquid, and the trading price for our common stock may be more affected ~~affected~~ by relatively small volumes of trading than is the case for the common stock of companies with a broader public ownership. These factors may cause the market price of our common stock to decline, regardless of our operating performance or financial condition. ~~If equity research analysts do not publish research reports about our business or if they issue unfavorable commentary or downgrade our common stock, the price of our common stock could decline. The trading market for our common stock may rely in part on the research and reports that equity research analysts publish about our business and us. We do not control the opinions of these analysts. The price of our stock could decline if one or more equity analysts downgrade our stock or if those analysts issue other unfavorable commentary or cease publishing reports about our business or us. Furthermore, if no equity research analysts conduct research or publish reports about our business and us, the market price of our common stock could decline.~~ All of our debt obligations and any preferred stock that we may issue in the future will have priority over our common stock with respect to payment in the event of a bankruptcy, liquidation, dissolution or winding up. In any bankruptcy, liquidation, dissolution or winding up of the Company, our shares of common stock would rank in right of payment or distribution below all debt claims against us and all of our outstanding shares of preferred stock, if any. As a result, holders of our shares of common stock will not be entitled to receive any payment or other distribution of assets in the event of a bankruptcy or upon a liquidation or dissolution until after all of our obligations to our debt holders and holders of preferred stock have been satisfied. Accordingly, holders of our common stock may lose their entire investment in the event of a bankruptcy, liquidation, dissolution or winding up of the Company. Similarly, holders of our preferred stock would rank junior to our debt holders and creditors in the event of a bankruptcy, liquidation, dissolution or winding up of the Company. **21** There may be future sales or other dilution of our equity, which may adversely affect the market price of our common stock. As of January 31, **2024-2025**, we had outstanding options and warrants to purchase **673,500-630** and ~~no~~ **237,027** shares of the Company's common stock, respectively. The exercise of such options and warrants and conversion of convertible securities would dilute the ownership percentages of our existing stockholders, and any sales in the public market of common stock underlying such securities could adversely affect prevailing market prices for our common stock. We are generally not restricted from issuing in public or private offerings additional shares of common stock or preferred stock, and other securities that are convertible into or exchangeable for, or that represent a right to receive, common stock or preferred stock or any substantially similar securities. Such offerings represent the potential for a significant increase in the number of outstanding shares of our common stock. The market price of our common stock could decline as a result of sales of common stock, preferred stock or similar securities in the market made after an offering or the perception that such sales could occur. The issuance of preferred stock could adversely affect holders of shares of our common stock, which may negatively impact your investment. Our Board of Directors is authorized to issue classes or series of preferred stock without any action on the part of the stockholders. The Board of Directors also has the power, without stockholder approval, to set the terms of any such classes or series of preferred stock that may be issued, including rights and preferences over the shares of common stock with respect to dividends or upon our dissolution, winding-up or liquidation, and other terms. If we issue preferred stock in the future that has a preference over the shares of our common stock with respect to the payment of dividends or upon our dissolution, winding up or liquidation, or if we issue preferred stock with voting rights that dilute the voting power of the shares of our common stock, the rights of the holders of shares of our common stock or the market price of our common stock could be adversely affected. As of January 31, **2024-2025**, we had no shares of preferred stock outstanding. We do not currently intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend solely on appreciation in the price of our common stock. We have never declared or paid any cash dividends on our common stock and do not currently intend to do so for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth. Therefore, you are not likely to receive any dividends on your common stock for the foreseeable future and the success of an investment in shares of our common stock will depend upon any future appreciation in its value. The trading price of our common stock could decline and you could lose all or part of your investment. Sales of shares of our common stock or securities convertible into our common stock in the public market may cause the market price of our common stock to fall. The issuance of shares of our common stock or securities convertible into our common stock in an offering from time to time could have the effect of depressing the market price for shares of our common stock. In addition, because our common stock is thinly traded, resales of shares of our common stock by our largest stockholders or insiders could have the effect of depressing market prices for our common stock. **22** If we are unable to maintain compliance with Nasdaq listing requirements, our stock could be delisted, and the trading price, volume and marketability of our stock could be adversely affected. Our common stock is listed on The Nasdaq Capital Market. To maintain listing on The Nasdaq Capital Market, we must satisfy minimum financial and other continued listing requirements and standards, including the Minimum Bid Price Requirement ~~(as discussed below)~~ and those regarding director independence and independent committee requirements, minimum stockholders' equity, and certain corporate governance requirements. ~~We are required to maintain a minimum bid price of \$ 1.00 per share. On October 24, 2023, we received a letter from the Listing Qualifications Department (the "Staff") of the Nasdaq Stock Market indicating that the closing bid price of our common stock had been below the minimum bid price of \$ 1.00 per share for the previous 30 consecutive business days, which is required for continued listing on The Nasdaq Capital Market pursuant to Nasdaq Listing Rule 5550 (a) (2) (the "Minimum Bid Price Requirement"). In accordance with Nasdaq Listing Rule 5810 (c) (3) (A), Nasdaq has provided the Company with 180 calendar days, or until April 22, 2024, to regain compliance with the Minimum Bid Price Requirement. During this period, our common stock will continue to trade uninterrupted on The Nasdaq Capital Market under the symbol "STRM." To regain compliance, the closing bid price of our common stock must be at least \$ 1.00 for a minimum of 10 consecutive business days at any time~~

before April 22, 2024. If by April 22, 2024, the Company cannot demonstrate compliance with the Minimum Bid Price Requirement, it may be eligible for additional time, subject to meeting the continued listing requirements for The Nasdaq Capital Market, with the exception of the Minimum Bid Price Requirement. If the Company meets these requirements, we will have an additional 180 calendar days to comply with the Minimum Bid Price Requirement to maintain the listing of our common stock on The Nasdaq Capital Market. If we are not eligible for the second compliance period, the Staff will provide notice that our common stock will be subject to delisting, which determination may be appealed to the Nasdaq Hearings Panel. There can be no assurance that the Company will be able to regain compliance with the Minimum Bid Price Requirement, even if we maintain compliance with the other **continued** listing requirements **and standards of The Nasdaq Capital Market**. In the event that our common stock is delisted from The Nasdaq Capital Market and is not eligible for quotation or listing on another market or exchange, trading of our common stock could be conducted only in the over-the-counter market or on an electronic bulletin board established for unlisted securities such as the Pink Sheets or the OTC Bulletin Board. In such event, it could become more difficult to dispose of, or obtain accurate price quotations for, our common stock, and there would likely also be a reduction in our coverage by securities analysts and the news media, which could cause the price of our common stock to decline further. Also, it may be difficult for us to raise additional capital if we are not listed on a major exchange. Such a delisting would also likely have a negative effect on the price of our common stock and would impair your ability to sell or purchase our common stock when you wish to do so. In the event of a delisting, we may take actions to restore our compliance with The Nasdaq Stock Market's **continued** listing requirements **and standards**, but we can provide no assurance that any such action taken by us would allow our common stock to become listed again, stabilize the market price or improve the liquidity of our common stock, prevent our common stock from dropping below the Minimum Bid Price Requirement or prevent future non-compliance with **the continued listing requirements and standards of** The Nasdaq **Stock Capital** Market ~~'s listing requirements~~. **23** Note Regarding Risk Factors The risk factors presented above are all of the ones that we currently consider material. However, they are not the only ones facing the Company. Additional risks not presently known to us, or which we currently consider immaterial, may also adversely affect us. There may be risks that a particular investor views differently from us, and our analysis might be wrong. If any of the risks that we face actually occur, our business, financial condition and operating results could be materially adversely affected and could differ materially from any possible results suggested by any forward-looking statements that we have made or might make. In such case, the market price of our common stock or other securities could decline and you could lose all or part of your investment. We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. ~~Item 1B. Unresolved Staff Comments~~