

Streamline Health Solutions, Inc.
Reconciliation of net earnings (loss) to non-GAAP adjusted EBITDA
Three Months Ended April 30, 2016

Adjusted EBITDA is a non-GAAP financial measure under the rules of the U.S. Securities and Exchange Commission. This non-GAAP information supplements and is not intended to represent a measure of performance in accordance with disclosures required by generally accepted accounting principles. Non-GAAP financial measures are used internally to manage the business, such as in establishing an annual operating budget. Non-GAAP financial measures are used by Streamline Health's management in its operating and financial decision-making because management believes these measures reflect ongoing business in a manner that allows meaningful period-to-period comparisons. Accordingly, the Company believes it is useful for investors and others to review both GAAP and non-GAAP measures in order to (a) understand and evaluate current operating performance and future prospects in the same manner as management does and (b) compare in a consistent manner the Company's current financial results with past financial results. The primary limitations associated with the use of non-GAAP financial measures are that these measures may not be directly comparable to the amounts reported by other companies and they do not include all items of income and expense that affect operations. The Company's management compensates for these limitations by considering the company's financial results and outlook as determined in accordance with GAAP and by providing a detailed reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures in the tables attached to this press release. Streamline Health defines "adjusted EBITDA" as net earnings (loss) before net interest expense, income tax expense (benefit), depreciation and amortization, stock-based compensation expense, transaction expenses and other expenses that do not relate to Streamline Health's core operations.

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

Adjusted EBITDA Reconciliation	Three Months Ended,	
	April 30, 2016	April 30, 2015
Net loss	\$ (1,478)	\$ (1,866)
Interest expense	162	244
Income tax expense	2	(4)
Depreciation	321	314
Amortization of capitalized software development costs	716	782
Amortization of intangible assets	325	337
Amortization of other costs	43	43
EBITDA	<u>91</u>	<u>(150)</u>
Share-based compensation expense	477	652
Loss of disposal of fixed assets	1	34
Associate severances and other costs relating to transactions or corporate restructuring	--	140
Non-cash valuation adjustments to assets and liabilities	8	(1,223)
Transaction related professional fees, advisory fees and other internal direct costs	19	12
Other non-recurring income	--	(750)
Adjusted EBITDA	<u>\$ 596</u>	<u>\$ (1,285)</u>
Adjusted EBITDA Margin ⁽¹⁾	9%	(21)%
Adjusted EBITDA per diluted share		
Loss per share – diluted	<u>\$ (0.10)</u>	<u>\$ (0.12)</u>
Adjusted EBITDA per adjusted diluted share ⁽²⁾	<u>\$ 0.03</u>	<u>\$ (0.07)</u>
Diluted weighted average shares	18,995,289	18,600,957
Includable incremental shares — adjusted EBITDA ⁽³⁾	<u>3,251,455</u>	<u>-</u>
Adjusted diluted shares	<u>22,246,744</u>	<u>18,600,957</u>

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