

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 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 March 31, 2026

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File No.: 000-27701

**HealthStream, Inc.**

(Exact name of registrant as specified in its charter)

Tennessee

(State or other jurisdiction of  
incorporation or organization)

62-1443555

(I.R.S. Employer  
Identification No.)

500 11th Avenue North, Suite 850,  
Nashville, Tennessee  
(Address of principal executive offices)

37203  
(Zip Code)

(615) 301-3100

(Registrant's telephone number, including area code)

Title of each class

Common Stock (Par Value \$0.00)

Trading Symbol(s)

HSTM

Name of each exchange on which registered

Nasdaq Global Select 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 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   
Non-accelerated filer   
Emerging growth company

Accelerated filer   
Smaller reporting 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

As of May 4, 2026, there were 29,215,188 shares of the registrant's common stock outstanding.

**Index to Form 10-Q**  
**HEALTHSTREAM, INC.**

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**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements**

**HEALTHSTREAM, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**  
(In thousands)

|   | March 31,<br>2026 | December 31,<br>2025 |
|---|-------------------|----------------------|
| <b>ASSETS</b>   |                   |                      |
| Current assets:   |                   |                      |
| Cash and cash equivalents   | \$ 48,711         | \$ 36,161            |
| Marketable securities   | 17,787            | 20,843               |
| Accounts receivable, net  | 38,435            | 32,153               |
| Accounts receivable - unbilled  | 5,009             | 6,845                |
| Prepaid and other current assets  | 23,081            | 23,654               |
| Total current assets  | 133,023           | 119,656              |
| Property and equipment, net   | 10,203            | 10,661               |
| Capitalized software development, net   | 45,621            | 45,581               |
| Operating lease right of use assets, net  | 14,445            | 15,272               |
| Goodwill  | 212,701           | 217,518              |
| Intangibles, net  | 63,657            | 64,930               |
| Other assets  | 47,791            | 46,756               |
| Total assets  | \$ 527,441        | \$ 520,374           |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                   |                      |
| Current liabilities:  |                   |                      |
| Accounts payable  | \$ 5,086          | \$ 7,769             |
| Accrued royalties   | 6,588             | 5,595                |
| Accrued liabilities   | 14,409            | 11,166               |
| Accrued compensation  | 4,029             | 11,199               |
| Deferred revenue  | 106,402           | 88,417               |
| Total current liabilities   | 136,514           | 124,146              |
| Deferred tax liabilities  | 17,977            | 18,246               |
| Deferred revenue, noncurrent  | 1,320             | 1,344                |
| Operating lease liability, noncurrent   | 14,067            | 14,684               |
| Other long-term liabilities   | 5,571             | 7,931                |
| Commitments and contingencies   |                   |                      |
| Shareholders' equity:   |                   |                      |
| Preferred Stock, no par value, 10,000 shares authorized, no shares issued or outstanding  | —                 | —                    |
| Common stock, no par value, 75,000 shares authorized; 29,305 and 29,579 shares issued and outstanding at March 31, 2026 and December 31, 2025, respectively | 225,089           | 231,797              |
| Retained earnings   | 128,469           | 123,587              |
| Accumulated other comprehensive loss  | (1,566)           | (1,361)              |
| Total shareholders' equity  | 351,992           | 354,023              |
| Total liabilities and shareholders' equity  | \$ 527,441        | \$ 520,374           |

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

**HEALTHSTREAM, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**  
**(In thousands, except per share data)**

|  | <b>Three Months Ended</b> |                       |
|--|---------------------------|-----------------------|
|  | <b>March 31, 2026</b>     | <b>March 31, 2025</b> |
| Revenues, net  | \$ 81,203                 | \$ 73,485             |
| Operating costs and expenses:                              |                           |                       |
| Cost of revenues (excluding depreciation and amortization) | 27,758                    | 25,487                |
| Product development  | 13,606                    | 12,047                |
| Sales and marketing  | 12,960                    | 12,149                |
| General and administrative                                 | 8,002                     | 8,669                 |
| Depreciation and amortization                              | 11,365                    | 10,755                |
| Total operating costs and expenses                         | <u>73,691</u>             | <u>69,107</u>         |
| Operating income   | 7,512                     | 4,378                 |
| Interest income  | 414                       | 931                   |
| Other expense, net   | <u>(106)</u>              | <u>(61)</u>           |
| Income before income tax provision                         | 7,820                     | 5,248                 |
| Income tax provision                                       | 1,910                     | 916                   |
| Net income   | <u>\$ 5,910</u>           | <u>\$ 4,332</u>       |
| Net income per share:                                      |                           |                       |
| Basic  | <u>\$ 0.20</u>            | <u>\$ 0.14</u>        |
| Diluted  | <u>\$ 0.20</u>            | <u>\$ 0.14</u>        |
| Weighted average shares of common stock outstanding:       |                           |                       |
| Basic  | <u>29,376</u>             | <u>30,444</u>         |
| Diluted  | <u>29,424</u>             | <u>30,587</u>         |
| Dividends declared per share                               | <u>\$ 0.035</u>           | <u>\$ 0.031</u>       |

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

**HEALTHSTREAM, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**  
**(In thousands)**

|  | <b>Three Months Ended</b> |                       |
|--|---------------------------|-----------------------|
|  | <b>March 31, 2026</b>     | <b>March 31, 2025</b> |
| Net income                                       | \$ 5,910                  | \$ 4,332              |
| Other comprehensive (loss) income, net of taxes: |                           |                       |
| Foreign currency translation adjustments         | (188)                     | 49                    |
| Unrealized loss on marketable securities         | (17)                      | (19)                  |
| Total other comprehensive (loss) income          | (205)                     | 30                    |
| Comprehensive income                             | <u>\$ 5,705</u>           | <u>\$ 4,362</u>       |

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

**HEALTHSTREAM, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)**  
(In thousands, except per share data)

|  | <b>Three Months Ended March 31, 2026</b> |                   |                          |  |                                   |
|--|--|-------------------|--------------------------|--|-----------------------------------|
|  | <b>Common Stock</b>                      |                   | <b>Retained Earnings</b> | <b>Accumulated Other Comprehensive Loss</b>          | <b>Total Shareholders' Equity</b> |
|  | <b>Shares</b>                            | <b>Amount</b>     |                          |  |                                   |
| Balance at December 31, 2025   | 29,579                                   | \$ 231,797        | \$ 123,587               | \$ (1,361)   | \$ 354,023                        |
| Net income   | —  | —                 | 5,910                    | —  | 5,910                             |
| Comprehensive loss   | —  | —                 | —                        | (205)  | (205)                             |
| Dividends declared on common stock (\$0.035 per share)                           | —  | —                 | (1,028)                  | —  | (1,028)                           |
| Stock-based compensation   | —  | 1,309             | —                        | —  | 1,309                             |
| Common stock issued under stock plans, net of shares withheld for employee taxes | 68                                       | (582)             | —                        | —  | (582)                             |
| Excise tax on repurchases of common stock  | —  | 72                | —                        | —  | 72                                |
| Repurchases of common stock  | (342)                                    | (7,507)           | —                        | —  | (7,507)                           |
| Balance at March 31, 2026  | <u>29,305</u>                            | <u>\$ 225,089</u> | <u>\$ 128,469</u>        | <u>\$ (1,566)</u>                                    | <u>\$ 351,992</u>                 |
|  | <b>Three Months Ended March 31, 2025</b> |                   |                          |  |                                   |
|  | <b>Common Stock</b>                      |                   | <b>Retained Earnings</b> | <b>Accumulated Other Comprehensive (Loss)/Income</b> | <b>Total Shareholders' Equity</b> |
|  | <b>Shares</b>                            | <b>Amount</b>     |                          |  |                                   |
| Balance at December 31, 2024   | 30,432                                   | \$ 252,432        | \$ 108,972               | \$ (2,049)   | \$ 359,355                        |
| Net income   | —  | —                 | 4,332                    | —  | 4,332                             |
| Comprehensive income   | —  | —                 | —                        | 30   | 30                                |
| Dividends declared on common stock (\$0.031 per share)                           | —  | —                 | (943)                    | —  | (943)                             |
| Stock-based compensation   | —  | 1,104             | —                        | —  | 1,104                             |
| Common stock issued under stock plans, net of shares withheld for employee taxes | 93                                       | (1,070)           | —                        | —  | (1,070)                           |
| Balance at March 31, 2025  | <u>30,525</u>                            | <u>\$ 252,466</u> | <u>\$ 112,361</u>        | <u>\$ (2,019)</u>                                    | <u>\$ 362,808</u>                 |

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

**HEALTHSTREAM, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
(In thousands)

|   | <b>Three Months Ended March 31,</b> |                  |
|---|-------------------------------------|------------------|
|   | <b>2026</b>                         | <b>2025</b>      |
| <b>OPERATING ACTIVITIES:</b>  |                                     |                  |
| Net income  | \$ 5,910                            | \$ 4,332         |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                     |                  |
| Depreciation and amortization   | 11,365                              | 10,755           |
| Stock-based compensation  | 1,309                               | 1,104            |
| Amortization of deferred commissions  | 3,286                               | 3,150            |
| Provision for credit losses   | 92                                  | 237              |
| Deferred income taxes   | —                                   | 751              |
| Loss on equity method investments   | 40                                  | 72               |
| Other   | (160)                               | (399)            |
| Changes in operating assets and liabilities:                                      |                                     |                  |
| Accounts and unbilled receivables   | (4,550)                             | (1,002)          |
| Prepaid royalties   | (1,695)                             | (1,200)          |
| Other prepaid expenses and other current assets                                   | 2,300                               | 1,469            |
| Other assets  | (2,611)                             | (2,781)          |
| Accounts payable and accrued expenses   | (7,044)                             | (7,296)          |
| Accrued royalties   | 994                                 | 425              |
| Deferred revenue  | 17,900                              | 17,457           |
| Net cash provided by operating activities   | <u>27,136</u>                       | <u>27,074</u>    |
| <b>INVESTING ACTIVITIES:</b>  |                                     |                  |
| Cash paid for acquisitions  | (302)                               | —                |
| Proceeds from maturities of marketable securities                                 | 13,400                              | 11,268           |
| Purchases of marketable securities  | (10,197)                            | (9,171)          |
| Purchases of other investments  | (1,750)                             | (500)            |
| Payments associated with capitalized software development                         | (6,727)                             | (7,790)          |
| Purchases of property and equipment   | (740)                               | (1,055)          |
| Net cash used in investing activities   | <u>(6,316)</u>                      | <u>(7,248)</u>   |
| <b>FINANCING ACTIVITIES:</b>  |                                     |                  |
| Taxes paid related to net settlement of equity awards                             | (582)                               | (1,070)          |
| Payment of cash dividends   | (1,028)                             | (943)            |
| Repurchases of common stock   | (6,723)                             | —                |
| Net cash used in financing activities   | <u>(8,333)</u>                      | <u>(2,013)</u>   |
| Effect of exchange rate changes on cash and cash equivalents                      | 63                                  | 7                |
| Net increase in cash and cash equivalents   | 12,550                              | 17,820           |
| Cash and cash equivalents at beginning of period                                  | 36,161                              | 59,469           |
| Cash and cash equivalents at end of period  | <u>\$ 48,711</u>                    | <u>\$ 77,289</u> |
| <b>NONCASH INVESTING AND FINANCING ACTIVITIES:</b>                                |                                     |                  |
| Purchases of property and equipment, accrued but not paid                         | <u>\$ 262</u>                       | <u>\$ 197</u>    |
| Capitalized software development, accrued but not paid                            | <u>\$ 741</u>                       | <u>\$ 330</u>    |

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

**HEALTHSTREAM, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

## **1. OVERVIEW AND BASIS OF PRESENTATION**

### ***Company Overview***

HealthStream primarily provides Software-as-a-Service ("SaaS") based applications for healthcare organizations—all designed to improve business and clinical outcomes by supporting the people who deliver patient care. The Company is focused on helping individuals and organizations in healthcare meet their ongoing learning, clinical development, credentialing, and scheduling needs, whether through the Company's enterprise applications or emerging career networks. The Company also provides its solutions to nursing schools and nursing students.

The Company is organized and operated according to its One HealthStream approach, with its hStream technology platform at the center of that approach. Increasingly, SaaS-based applications in the Company's diverse ecosystem of solutions utilize the Company's proprietary hStream technology platform to enhance the value proposition for customers by creating interoperability with and among other applications. We believe that our single platform strategy, as represented by hStream, is the best way to realize our mission of improving the quality of care by developing the people who deliver care and the best way to create value for our shareholders in the process. As used in this Quarterly Report on Form 10-Q ("Form 10-Q"), "HealthStream," "Company," "we," "us," and "our" mean HealthStream, Inc. and its subsidiaries, unless the context indicates otherwise.

### ***Basis of Presentation***

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, condensed consolidated financial statements do not include all of the information and footnotes required by US GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. All intercompany transactions have been eliminated in consolidation and certain prior period amounts have been reclassified to conform to the current period presentation. Operating results for the three months ended March 31, 2026 are not necessarily indicative of the results that may be expected for the year ending December 31, 2026.

The Condensed Consolidated Balance Sheet at December 31, 2025 was derived from the audited Consolidated Financial Statements at that date but does not include all of the information and footnotes required by US GAAP for a complete set of financial statements. For further information, refer to the Consolidated Financial Statements and Notes thereto for the year ended December 31, 2025 (included in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on February 26, 2026).

### ***Business Segment***

The Company's chief operating decision maker ("CODM") is its Chief Executive Officer. The Company's business is organized and managed around a consolidated, enterprise approach, including with regard to technology, operations, accounting, internal reporting (including the nature of information reviewed by the CODM), organization structure, compensation, performance assessment, and resource allocation. The Company's CODM uses consolidated net income to make operating decisions, assess financial performance, and allocate resources. Further, the CODM reviews and utilizes functional expenses (cost of revenues, product development, sales and marketing, general and administrative, and depreciation and amortization) at the consolidated level to manage the Company's operations. Other segment items included in consolidated net income are interest income, other expense, net, and income tax provision, which are reflected in the Condensed Consolidated Statements of Income. Expenditures for additions to long-lived assets for the consolidated entity were \$12.2 million and \$10.7 million for the three months ended March 31, 2026 and 2025, respectively.

### ***Non-Marketable Equity Investments***

The aggregate carrying amounts of non-marketable equity investments accounted for using the measurement alternative for equity investments that do not have readily determinable fair values were \$3.0 million and \$1.5 million as of March 31, 2026 and December 31, 2025, respectively, which the Company evaluates for impairment at each reporting period. Cumulatively, there have been no adjustments recorded due to changes in the fair value of the non-marketable equity investments the Company held as of March 31, 2026. The fair value of non-marketable equity investments is not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment.

**HEALTHSTREAM, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**Fair Value Measurement**

During the three months ended March 31, 2026, the Company recorded a purchase accounting adjustment to reduce the fair value of contingent consideration by \$2.3 million related to the MissionCare Collective acquisition from the original estimate recorded based on updated information received from valuation specialists (see Note 9 to the Condensed Consolidated Financial Statements).

|  | March 31,<br>2026 | December 31,<br>2025 |
|--|-------------------|----------------------|
| Contingent Consideration:              |                   |                      |
| Beginning balance                      | \$ 6,450          | \$ 535               |
| Purchases/Initial recognition          | (2,300)           | 6,000                |
| Total (gains) losses:                  |                   |                      |
| Included in earnings                   | —                 | (85)                 |
| Included in other comprehensive income | —                 | —                    |
| Payments                               | —                 | —                    |
| Ending balance                         | <u>\$ 4,150</u>   | <u>\$ 6,450</u>      |

**2. RECENT ACCOUNTING PRONOUNCEMENTS**

In November 2024, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures: Disaggregation of Income Statement Expenses*, which requires disclosure of disaggregated information about specific categories underlying certain income statement expense line items in the footnotes to the financial statements for both annual and interim periods. This ASU is effective for fiscal years beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of this standard.

In July 2025, the FASB issued ASU 2025-05, *Measurement of Credit Loss for Accounts Receivable and Contract Assets*. The ASU provides a practical expedient for the calculation of current expected credit losses for current accounts receivable and contract assets, allowing entities to assume that current conditions as of the balance sheet date will persist through the forecast period. The Company adopted the ASU effective January 1, 2026 on a prospective basis and elected the practical expedient for the calculation of current expected credit losses. The adoption did not have a material impact on the Company’s allowance for doubtful accounts.

In September 2025, the FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*, to modernize the accounting guidance for the costs to develop software for internal use. The standard applies to costs incurred to develop or obtain software for internal use. ASU 2025-06 amends the existing standard that refers to various stages of a software development project to align better with current software development methods, such as agile development. Under the new standard, entities will commence capitalizing eligible costs when (i) management has authorized and committed to funding the software project, and (ii) it is probable that the project will be completed and the software will be used to perform the function intended. The new standard also supersedes the guidance related to costs incurred to develop a website. ASU 2025-06 is effective for annual periods beginning after December 15, 2027. The guidance can be applied on a prospective basis, a modified basis for in-process projects, or on a retrospective basis. The Company is currently evaluating the impact of this accounting standard on its consolidated financial statements.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements*, which clarifies the guidance in Topic 270 to improve the consistency of interim financial reporting. The standard provides a comprehensive list of required interim disclosures and introduces a disclosure principle requiring entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. ASU 2025-11 is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2025-11.

**3. REVENUE RECOGNITION**

Revenues are recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Company expects to be entitled to in exchange for transferring those goods or services. Revenue is recognized based on the following five step model:

- Identification of the contract with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation

**HEALTHSTREAM, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

The following table represents revenues disaggregated by revenue source (in thousands). Sales taxes are excluded from revenues.

|                       | <b>Three Months Ended March 31,</b> |                  |
|-----------------------|-------------------------------------|------------------|
|                       | <b>2026</b>                         | <b>2025</b>      |
| Subscription services | \$ 78,392                           | \$ 70,789        |
| Professional services | 2,811                               | 2,696            |
| Total revenues, net   | <u>\$ 81,203</u>                    | <u>\$ 73,485</u> |

For the three months ended March 31, 2026 and 2025, the Company recognized \$0.1 million and \$0.2 million in impairment losses on receivables and contract assets arising from the Company's contracts with customers, respectively.

During the three months ended March 31, 2026 and 2025, the Company recognized revenues of \$42.7 million and \$44.3 million, respectively, from amounts included in deferred revenue at the beginning of the respective periods. As of March 31, 2026, approximately \$687 million of revenue is expected to be recognized from remaining performance obligations under contracts with customers. The Company expects to recognize revenue related to approximately 39% of these remaining performance obligations over the next 12 months, 67% over the next 24 months, and 83% over the next 36 months, with the remaining amounts recognized thereafter.

#### 4. INCOME TAXES

Income taxes are accounted for using the asset and liability method, whereby deferred tax assets and liabilities are determined based on the temporary differences between the financial statement and tax bases of assets and liabilities measured at tax rates that will be in effect for the year in which the differences are expected to affect taxable income. The Company computes its interim period provision for income taxes by applying the estimated annual effective tax rate to year-to-date pretax income or loss and adjusts the provision for discrete tax items recorded in the period. The Company's effective tax rate was 24% and 17% for the three months ended March 31, 2026 and 2025, respectively. The Company's effective tax rate primarily reflects the statutory corporate income tax rate, the net effect of state taxes, foreign income taxes, the effect of various permanent tax differences, and recognition of discrete tax items. During the three months ended March 31, 2026, the Company recorded discrete tax expense of \$0.2 million, which consisted of discrete tax expense associated with stock-based awards and reserves for uncertain tax positions. During the three months ended March 31, 2025, the Company recorded discrete tax benefits of \$0.2 million, which consisted of a tax benefit associated with stock-based awards partially offset by discrete tax expense related to reserves for uncertain tax positions.

#### 5. SHAREHOLDERS' EQUITY AND STOCK-BASED COMPENSATION

##### *Dividends on Common Stock*

During the three months ended March 31, 2026, the Company's Board of Directors ("Board") declared the following quarterly dividend under the Company's dividend policy (in thousands, except per share data):

| <u>Dividend Payment Date</u> | <u>Dividend Declaration Date</u> | <u>Dividend Per Share</u> | <u>Record Date</u> | <u>Cash Outlay</u> |
|------------------------------|----------------------------------|---------------------------|--------------------|--------------------|
| March 20, 2026               | February 23, 2026                | \$ 0.035                  | March 9, 2026      | \$ 1,028           |

Additionally, on May 4, 2026, the Board declared a quarterly cash dividend of \$0.035 per share, payable on May 29, 2026 to holders of record on May 18, 2026.

##### *Stock Option Activity*

A summary of stock option activity for the three months ended March 31, 2026 is as follows (in thousands, except weighted-average exercise price).

|                                    | <u>Common<br/>Shares</u> | <u>Weighted-<br/>Average<br/>Exercise Price</u> | <u>Aggregate<br/>Intrinsic Value</u> |
|------------------------------------|--------------------------|---|--------------------------------------|
| Outstanding at beginning of period | 233                      | \$ 22.54  |                                      |
| Granted                            | —                        | —   |                                      |
| Exercised                          | —                        | —   |                                      |
| Expired                            | —                        | —   |                                      |
| Forfeited                          | —                        | —   |                                      |
| Outstanding at end of period       | <u>233</u>               | <u>\$ 22.54</u>                                 | <u>\$ 33</u>                         |
| Exercisable at end of period       | <u>90</u>                | <u>\$ 20.34</u>                                 | <u>\$ 33</u>                         |

The weighted average remaining contractual term of options outstanding at March 31, 2026 was 7.8 years.

**HEALTHSTREAM, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**Restricted Share Unit Activity**

A summary of Restricted Share Unit ("RSU") activity for the three months ended March 31, 2026 is as follows (in thousands, except weighted-average grant date fair value):

|                                    | Number of<br>RSU's | Weighted-<br>Average Grant<br>Date<br>Fair Value | Aggregate<br>Intrinsic Value |
|------------------------------------|--------------------|--|------------------------------|
| Outstanding at beginning of period | 518                | \$ 26.57   |                              |
| Granted                            | 57                 | 20.61  |                              |
| Vested                             | (95)               | 24.13  |                              |
| Forfeited                          | —                  | —  |                              |
| Outstanding at end of period       | <u>480</u>         | <u>\$ 26.34</u>                                  | <u>\$ 9,935</u>              |

The aggregate fair value of RSUs that vested during the three months ended March 31, 2026 and 2025, as of the respective vesting dates, was \$2.3 million and \$2.9 million, respectively.

**Stock-Based Compensation**

Total stock-based compensation expense recognized in the Condensed Consolidated Statements of Income is as follows (in thousands):

|  | Three Months Ended March 31, |                 |
|--|------------------------------|-----------------|
|  | 2026                         | 2025            |
| Cost of revenues (excluding depreciation and amortization) | \$ 56                        | \$ 53           |
| Product development  | 273                          | 229             |
| Sales and marketing  | 168                          | 145             |
| General and administrative                                 | 812                          | 677             |
| Total stock-based compensation expense                     | <u>\$ 1,309</u>              | <u>\$ 1,104</u> |

As of March 31, 2026, total unrecognized compensation expense related to non-vested stock options, RSUs, and performance-based RSUs where the performance criteria has been established was \$8.6 million, net of estimated forfeitures, with a weighted average expense recognition period remaining of 2.7 years.

**Share Repurchase Plan**

On November 11, 2025, the Board approved a share repurchase program under which the Company was authorized to repurchase up to \$10.0 million of its outstanding shares of common stock. Pursuant to this authorization, the Company was authorized to make repurchases in the open market, including under Rule 10b5-1 plans, through privately negotiated transactions, or otherwise. The terms of this program provided that it would terminate on the earlier of February 26, 2026 or when the maximum dollar amount had been expended. During the three months ended March 31, 2026, the Company repurchased and subsequently retired 222,978 shares of common stock at an aggregate fair value of \$5.0 million, reflecting an average price per share of \$22.42 (excluding the cost of broker commissions and the 1% share repurchase excise tax imposed by the Inflation Reduction Act of 2022). This share repurchase program terminated in January 2026 when the maximum dollar amount under this program was expended.

On March 13, 2026, the Company announced the adoption of a new share repurchase program approved by the Board under which the Company is authorized to repurchase up to \$10.0 million of its outstanding shares of common stock. Pursuant to this authorization, the Company is authorized to make repurchases in the open market, including under Rule 10b5-1 plans, through privately negotiated transactions, or otherwise. This share repurchase program terminates on the earlier of September 12, 2026 or when the maximum dollar amount under the plan has been expended. During the three months ended March 31, 2026, the Company repurchased and subsequently retired 119,367 shares of common stock at an aggregate fair value of \$2.5 million under this authorization, reflecting an average price per share of \$20.94 (excluding the cost of broker commissions and the 1% share repurchase excise tax imposed by the Inflation Reduction Act of 2022), and the Company continued to repurchase shares pursuant to this authorization during the second quarter of 2026, repurchasing 90,131 additional shares valued at \$1.8 million through April 30, 2026.

**HEALTHSTREAM, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**6. EARNINGS PER SHARE**

Basic earnings per share is computed by dividing the net income available to common shareholders for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing the net income available to common shareholders for the period by the weighted average number of potentially dilutive common and common equivalent shares outstanding during the period. Common equivalent shares are composed of incremental common shares issuable upon the exercise of stock options and RSUs subject to vesting. The dilutive effect of common equivalent shares is included in diluted earnings per share by application of the treasury stock method. The total number of common equivalent shares excluded from the calculations of diluted earnings per share, due to their anti-dilutive effect or contingent performance conditions, was approximately 409,000 and 105,000 for the three months ended March 31, 2026 and 2025, respectively.

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share data):

|                                     | <b>Three Months Ended March 31,</b> |             |
|-------------------------------------|-------------------------------------|-------------|
|                                     | <b>2026</b>                         | <b>2025</b> |
| <b>Numerator:</b>                   |                                     |             |
| Net income                          | \$ 5,910                            | \$ 4,332    |
| <b>Denominator:</b>                 |                                     |             |
| Weighted-average shares outstanding | 29,376                              | 30,444      |
| Effect of dilutive shares           | 48                                  | 143         |
| Weighted-average diluted shares     | 29,424                              | 30,587      |
| <b>Net income per share:</b>        |                                     |             |
| Basic                               | \$ 0.20                             | \$ 0.14     |
| Diluted                             | \$ 0.20                             | \$ 0.14     |

**7. MARKETABLE SECURITIES**

The fair value of marketable securities, which were all classified as available for sale and which the Company does not intend to sell nor will the Company be required to sell prior to recovery of their amortized cost basis, included the following (in thousands):

|                          | <b>March 31, 2026</b>    |                         |                          |                   |
|--------------------------|--------------------------|-------------------------|--------------------------|-------------------|
|                          | <b>Adjusted Cost</b>     | <b>Unrealized Gains</b> | <b>Unrealized Losses</b> | <b>Fair Value</b> |
| <b>Level 2:</b>          |                          |                         |                          |                   |
| U.S. treasury securities | \$ 17,778                | \$ 10                   | \$ (1)                   | \$ 17,787         |
| <b>Total</b>             | <b>\$ 17,778</b>         | <b>\$ 10</b>            | <b>\$ (1)</b>            | <b>\$ 17,787</b>  |
|                          | <b>December 31, 2025</b> |                         |                          |                   |
|                          | <b>Adjusted Cost</b>     | <b>Unrealized Gains</b> | <b>Unrealized Losses</b> | <b>Fair Value</b> |
| <b>Level 2:</b>          |                          |                         |                          |                   |
| U.S. treasury securities | \$ 20,817                | \$ 26                   | \$ —                     | \$ 20,843         |
| <b>Total</b>             | <b>\$ 20,817</b>         | <b>\$ 26</b>            | <b>\$ —</b>              | <b>\$ 20,843</b>  |

The carrying amounts reported in the Condensed Consolidated Balance Sheets approximate fair value based on quoted market prices or alternative pricing sources and models utilizing market observable inputs. As of March 31, 2026 and December 31, 2025, the Company did not recognize any allowance for credit impairments on its available for sale securities. All investments in marketable securities are classified as current assets on the Condensed Consolidated Balance Sheets because the underlying securities mature within one year from the balance sheet date.

**HEALTHSTREAM, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

## **8. DEBT**

### Revolving Credit Facility

On March 13, 2026, the Company entered into the First Amendment (the "First Amendment") to Amended and Restated Revolving Credit Agreement, amending the Amended and Restated Revolving Credit Agreement dated October 6, 2023 (the "Revolving Credit Facility"; the Revolving Credit Facility, as amended by the First Amendment, the "Amended Revolving Credit Facility"). The First Amendment made certain revisions to the restricted payments provision in the Revolving Credit Facility (including to broaden the scope of certain parameters restricting dividends and share repurchases by the Company), and did not otherwise change the terms of the Revolving Credit Facility.

The Revolving Credit Facility amended and restated the revolving credit facility dated as of November 24, 2014, as amended, with certain lenders party thereto from time to time, and Truist, as Administrative Agent for the lenders. Under the Amended Revolving Credit Facility, the Company may borrow up to \$50.0 million, which includes a \$5.0 million swingline sub-facility and a \$5.0 million letter of credit sub-facility, as well as an accordion feature that allows the Company to increase the Amended Revolving Credit Facility by a total of up to \$25.0 million, subject to securing additional commitments from existing lenders or new lending institutions. The Amended Revolving Credit Facility has a maturity date of October 6, 2026.

The Company's obligations under the Amended Revolving Credit Facility are unsecured. In addition, if the Company forms or acquires any domestic subsidiaries, the loans and other obligations under the Amended Revolving Credit Facility will be guaranteed by such domestic subsidiaries.

At the Company's election, the borrowings under the Amended Revolving Credit Facility, other than the swingline loans, bear interest at either (1) a base rate defined as the highest of (a) the rate which the Administrative Agent announces from time to time as its prime lending rate, as in effect from time to time, or (b) the Federal Funds Rate, as in effect from time to time, plus one-half of one percent (0.50%) per annum (any changes in such rates to be effective as of the date of any change in such rate), plus in each case an applicable margin that varies with the company's funded debt leverage ratio; or (2) a term secured overnight financing rate ("SOFR") defined as the greater of (a)(i) the forward-looking term rate based on SOFR determined as of the reference time for such interest period with a term equivalent to such interest period plus (ii) a term SOFR adjustment equal to 0.10% per annum and (b) zero, plus, in each case, an applicable margin that varies with the Company's consolidated total leverage ratio. The Company's borrowings under the swingline loans bear interest at the base rate plus the applicable margin. The initial applicable margin for base rate loans is 0.50% and the initial applicable margin SOFR loans is 1.50%. The applicable margins will be adjusted quarterly, in each case two (2) business days after the Administrative Agent's receipt of the Company's quarterly financial statements. The Company is also required to pay a commitment fee accruing on the unused revolving commitment, which fee initially is 20 basis points per annum and a letter of credit fee, accruing at a rate per annum equal to the applicable margin for SOFR loans then in effect on the daily average amount of such lender's letter of credit exposure.

Principal is payable in full at maturity on October 6, 2026, and there are no scheduled principal payments prior to maturity. Interest on base rate loans and swingline loans is payable quarterly in arrears, and interest on SOFR loans is payable at the end of each interest period, and in the case of interest periods longer than three months, on each day which occurs every three months after the initial date of such interest period.

The purpose of the Amended Revolving Credit Facility is for general working capital needs, permitted acquisitions (as defined in the Amended and Restated Revolving Credit Agreement), and for stock repurchase and/or redemption transactions that the Company may authorize.

In addition, the Amended Revolving Credit Facility required the Company to meet certain financial tests, including, without limitation:

- a funded debt leverage ratio (consolidated debt/consolidated EBITDA) of not greater than 3.0 to 1.0; and
- an interest coverage ratio (consolidated EBITDA/consolidated interest expense) of not less than 3.0 to 1.0.

In addition, the Amended Revolving Credit Facility contains certain customary affirmative and negative covenants that, among other things, restrict additional indebtedness, liens and encumbrances, changes to the character of the Company's business, acquisitions, asset dispositions, mergers and consolidations, sale or discount of receivables, creation or acquisitions of additional subsidiaries, and other matters customarily restricted in such agreements.

As of March 31, 2026, the Company was in compliance with all covenants of the Amended Revolving Credit Facility. There were no balances outstanding on the Amended Revolving Credit Facility as of or during the three months ended March 31, 2026.

**HEALTHSTREAM, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**9. BUSINESS COMBINATIONS***Virsys12*

On October 8, 2025, the Company acquired all of the outstanding equity of Virsys12, LLC ("Virsys12"), a Brentwood, Tennessee-based healthcare technology company that offers payers and health plans an innovative provider data management suite used for onboarding, credentialing, and network management. The consideration paid at closing for Virsys12 consisted of approximately \$11.4 million payable in cash, after giving effect to customary purchase price adjustments and a post-closing working capital adjustment. In addition, up to an additional \$4.0 million in cash may be paid over a three-year period following closing, contingent upon the achievement of certain financial targets. This acquisition expanded the Company's existing provider data management and credentialing solution for payers and health plan enterprises, called Network by HealthStream™, which is a part of its broader, market-leading Credentialing application suite. The acquisition was accounted for using the acquisition method of business combination under ASC 805. The results of operations for Virsys12 have been included in the Company's Condensed Consolidated Financial Statements from the date of acquisition.

A summary of the purchase price is as follows (in thousands):

|  |    |               |
|--|----|---------------|
| Cash                                   | \$ | 11,430        |
| Fair value of contingent consideration |    | 1,000         |
| Total consideration                    | \$ | <u>12,430</u> |

The following table summarizes the preliminary fair value of the assets acquired and liabilities assumed as of the date of acquisition (in thousands):

|  |    |               |
|--|----|---------------|
| Cash                                     | \$ | 741           |
| Accounts and unbilled receivable         |    | 72            |
| Prepaid and other current assets         |    | 595           |
| Operating lease right-of-use asset       |    | 252           |
| Property and equipment                   |    | 13            |
| Deferred tax assets                      |    | 529           |
| Goodwill                                 |    | 6,108         |
| Intangible assets                        |    | 7,050         |
| Accounts payable and accrued liabilities |    | (926)         |
| Deferred revenue                         |    | (2,004)       |
| Net assets acquired                      | \$ | <u>12,430</u> |

The excess of preliminary purchase price over the preliminary fair values of net tangible and intangible assets is recorded as goodwill. The preliminary fair values of tangible and identifiable intangible assets and liabilities are based on management's estimates and assumptions. The preliminary fair values of assets acquired and liabilities assumed continue to be subject to change during the measurement period (up to one year from the acquisition date) as the Company finalizes the valuation of these items. The primary areas of the preliminary purchase price allocation that are not finalized include the composition and valuation of an indemnification asset and liability related to sales tax attributes, which is preliminarily valued at \$0.4 million. The primary intangible asset acquired was developed technology. The fair value estimate for developed technology intangible asset included significant assumptions in the prospective financial information, such as revenue growth, obsolescence factor, EBITDA margin, and the discount rate. Additionally, these assumptions are forward looking and could be affected by future economic and market conditions. The goodwill balance is primarily attributed to the assembled workforce, additional market opportunities from offering Virsys12 products, and expected synergies from integrating Virsys12 with other products or other combined functional areas within the Company. The goodwill balance is deductible for U.S. income tax purposes.

The following table sets forth the preliminary components of identifiable intangible assets and their estimated useful lives as of the acquisition date (in thousands):

|   | <u>Fair value</u> | <u>Useful life</u> |
|---|-------------------|--------------------|
| Customer relationships                          | \$ 700            | 10 years           |
| Developed technology                            | 5,900             | 5 years            |
| Non-compete                                     | 250               | 5 years            |
| Trade name                                      | 200               | 3 years            |
| Total intangible assets subject to amortization | <u>\$ 7,050</u>   |                    |

**HEALTHSTREAM, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

The following unaudited pro forma financial information summarizes the results of operations of the Company and Virsys12 as though the companies were combined as of January 1, 2024 (in thousands, except per share data):

|                                | <b>Three Months<br/>Ended March 31,<br/>2025</b> |
|--------------------------------|--|
| Total revenues                 | \$ 75,236  |
| Net income                     | \$ 4,139   |
| Net income per share - basic   | \$ 0.14  |
| Net income per share - diluted | \$ 0.14  |

These unaudited pro forma combined results of operations include certain adjustments arising from the acquisition, such as amortization of intangible assets, depreciation of property and equipment, and interest expense related to Virsys12's previously outstanding debt. The unaudited pro forma combined results of operations is for informational purposes only and is not indicative of what the Company's results of operations would have been had the transaction occurred as of January 1, 2024 or to project the Company's results of operations in any future period.

***MissionCare Collective***

On December 15, 2025, the Company acquired all of the outstanding equity of MissionCare Collective, LLC ("MissionCare"), a healthcare workforce company that includes the largest caregiver network in the United States. The consideration paid at closing for MissionCare consisted of approximately \$24.9 million payable in cash at closing, after giving effect to customary purchase price adjustments and a post-closing working capital adjustment. In addition, 165,684 shares of HealthStream common stock valued at \$4.0 million were issued at closing through a private placement, and up to an additional \$10.0 million in cash may be paid over a three-year period following closing, contingent upon the achievement of certain financial targets. The acquisition will be accounted for using the acquisition method of business combination under ASC 805. The results of operations for MissionCare have been included in the Company's Condensed Consolidated Financial Statements from the date of acquisition.

A summary of the purchase price is as follows (in thousands):

|  |           |
|--|-----------|
| Cash                                   | \$ 24,880 |
| Common stock issued                    | 4,000     |
| Fair value of contingent consideration | 2,700     |
| Total consideration                    | \$ 31,580 |

The following table summarizes the preliminary fair value of the assets acquired and liabilities assumed as of the date of acquisition (in thousands):

|  |           |
|--|-----------|
| Cash                                     | \$ 165    |
| Accounts receivable                      | 618       |
| Prepaid and other current assets         | 1,046     |
| Deferred tax assets                      | 1,226     |
| Goodwill                                 | 14,993    |
| Intangible assets                        | 18,600    |
| Accounts payable and accrued liabilities | (1,238)   |
| Deferred revenue                         | (3,830)   |
| Net assets acquired                      | \$ 31,580 |

**HEALTHSTREAM, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

The excess of preliminary purchase price over the preliminary fair values of net tangible and intangible assets is recorded as goodwill. The preliminary fair values of tangible and identifiable intangible assets and liabilities are based on management's estimates and assumptions. The preliminary fair values of assets acquired and liabilities assumed continue to be subject to change during the measurement period (up to one year from the acquisition date) as the Company finalizes the valuation of these items. During the three months ended March 31, 2026, the Company recorded adjustments to intangible assets and contingent consideration based on information received during the period from valuation specialists, as well as recorded the post-closing working capital adjustment, which resulted in the Company recording a measurement period adjustment which decreased goodwill by \$4.6 million. The measurement period adjustment had an immaterial effect on current or prior period earnings. The primary areas of the preliminary purchase price allocation that are not finalized include the composition and valuation of an indemnification asset and liability related to sales tax attributes, which is preliminarily valued at \$1.0 million. The primary intangible assets acquired were customer relationships and developed technology. The fair value estimate for customer relationships intangible asset included significant assumptions regarding prospective financial information with respect to the acquisition, including with respect to revenue growth, customer attrition, EBITDA margin, and the discount rate. The fair value estimate for developed technology intangible asset included significant assumptions, including the estimate of employee hours that would be needed to recreate the technology. Additionally, these assumptions are forward looking and could be affected by future economic and market conditions. The goodwill balance is primarily attributed to the assembled workforce, additional market opportunities arising from offering MissionCare products, and expected synergies from integrating MissionCare with other products or other combined functional areas within the Company. The goodwill balance is deductible for U.S. income tax purposes.

The following table sets forth the preliminary components of identifiable intangible assets and their estimated useful lives as of the acquisition date (in thousands):

|   | <u>Fair value</u> | <u>Useful life</u> |
|---|-------------------|--------------------|
| Customer relationships                          | \$ 9,000          | 7 years            |
| Developed technology                            | 8,800             | 5 years            |
| Trade name                                      | 800               | 8 years            |
| Total intangible assets subject to amortization | <u>\$ 18,600</u>  |                    |

The following unaudited pro forma financial information summarizes the results of operations of the Company and MissionCare as though the companies were combined as of January 1, 2024 (in thousands, except per share data):

|                                | <b>Three Months<br/>Ended March 31,<br/>2025</b> |
|--------------------------------|--|
| Total revenues                 | <u>\$ 75,711</u>                                 |
| Net income                     | <u>\$ 4,486</u>                                  |
| Net income per share - basic   | <u>\$ 0.15</u>                                   |
| Net income per share - diluted | <u>\$ 0.15</u>                                   |

These unaudited pro forma combined results of operations include certain adjustments arising from the acquisition, such as amortization of intangible assets. The unaudited pro forma combined results of operations is for informational purposes only and is not indicative of what the Company's results of operations would have been had the transaction occurred as of January 1, 2024 or to project the Company's results of operations in any future period.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Special Cautionary Notice Regarding Forward-Looking Statements

You should read the following discussion and analysis in conjunction with our Condensed Consolidated Financial Statements and related Notes included elsewhere in this Form 10-Q and our audited Consolidated Financial Statements and the Notes thereto for the year ended December 31, 2025, appearing in our Annual Report on Form 10-K that was filed with the Securities and Exchange Commission ("SEC") on February 26, 2026 (the "2025 Form 10-K"). Statements contained in this Form 10-Q that are not historical facts are forward-looking statements that the Company intends to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Statements that are predictive in nature, that depend on or refer to future events or conditions, or that include words such as "anticipates," "believes," "could," "continue," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "will," "would," and similar expressions are forward-looking statements.

The Company cautions that forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. Forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

In evaluating any forward-looking statement, you should specifically consider the information regarding forward-looking statements set forth above and the risks set forth under the caption Part I, Item 1A. Risk Factors in our 2025 Form 10-K and other disclosures in our 2025 Form 10-K and other filings with the SEC from time to time, as well as other cautionary statements contained elsewhere in this Form 10-Q, including our critical accounting policies and estimates as discussed in this Form 10-Q and our 2025 Form 10-K. We undertake no obligation to update or revise any forward-looking statements. You should read this Form 10-Q with the understanding that our actual future results may be materially different from what we currently expect.

### Business Overview

HealthStream primarily provides SaaS based applications for healthcare organizations—all designed to improve business and clinical outcomes by supporting people who deliver patient care. We are focused on helping individuals and organizations in healthcare meet their ongoing learning, clinical development, credentialing, and scheduling needs, through both our enterprise applications and emerging career networks. We also provide our solutions to nursing schools and nursing students.

Our business is managed and organized around a single platform strategy, also referred to as our One HealthStream approach. At the center of this single platform strategy is our hStream technology platform. By enabling our applications through hStream, we believe that stand-alone applications, which already provide a powerful value proposition on their own, are beginning to leverage each other to more efficiently and effectively empower our customers to manage their businesses and improve their outcomes. Further, the Company's internal structure and executive leadership are likewise shaped by the organizing principle of a single platform, including with regard to technology, operations, accounting, internal reporting (including the nature of information reviewed by our key decision makers), organizational structure, compensation, performance assessment, and resource allocation.

Significant financial metrics for the first quarter of 2026 are set forth in the bullets below.

- Revenues of \$81.2 million, up 10.5% from \$73.5 million in the first quarter of 2025
- Operating income of \$7.5 million, up 71.6% from \$4.4 million in the first quarter of 2025
- Net income of \$5.9 million, up 36.4% from \$4.3 million in the first quarter of 2025
- Earnings per share ("EPS") of \$0.20 per share (diluted), up from \$0.14 per share (diluted) in the first quarter of 2025
- Adjusted EBITDA<sup>1</sup> of \$20.1 million, up 24.1% from \$16.2 million in the first quarter of 2025

<sup>1</sup> Adjusted EBITDA is a non-GAAP financial measure. A reconciliation of adjusted EBITDA to net income and disclosure regarding why we believe adjusted EBITDA provides useful information to investors is included later in this Form 10-Q.

During the first quarter of 2025, we entered into an agreement to sublease a portion of our office space in the Capitol View building in Nashville, Tennessee to optimize our workforce performance to deliver positive results for customers, employees, and shareholders. HealthStream's corporate headquarters remains in Nashville in the Capitol View building, while we continue to hire new employees both locally and nationally to support our growth. The sublease commenced in April 2025 and will expire in October 2031. We recorded sublease income, net of initial direct cost amortization, of \$0.8 million during the three months ended March 31, 2026. In addition, we expect to record sublease income, net, of approximately \$2.4 million during the last nine months of 2026 and \$3.2 million annually thereafter for the remaining term of the sublease under the caption General and Administrative.

## Recent Developments

Macroeconomic and other conditions in the United States that directly or indirectly impact the healthcare industry are challenging in certain respects and may become more challenging based on recent and contemplated changes to various policies and regulations. While healthcare costs continue to increase, government cuts or reimbursement rate reductions affecting healthcare organizations, evolving tariff and trade policies affecting healthcare-related goods and materials, as well as uncertainty surrounding potential policy, regulatory, and economic shifts, continue to be challenging for our healthcare customers. In particular, the federal budget reconciliation legislation enacted on July 4, 2025 includes significant policy changes that may adversely impact healthcare provider organizations, including changes that are expected to decrease access to health insurance and result in significant cuts to federal healthcare spending, particularly within the Medicaid program. We believe that these challenges and uncertainties, particularly among healthcare provider organizations with patient populations more dependent on government-funded reimbursement, have caused, and may continue to cause, some delays in purchasing and non-renewals of our products and services, particularly in relation to elective or non-mandatory products and services.

Macroeconomic challenges also persist in the United States in terms of inflationary pressures that have moderated from recent periods but continue to affect cost structures, ongoing elevated interest rate levels, heightened geopolitical tensions (including as a result of ongoing conflicts in the Middle East), and strained global trade relations. We believe that many of our customers have experienced increased labor, supply chain, capital, and other expenditures associated with recent inflationary pressures. These conditions and challenges impacting the United States economy and our customers in the healthcare industry have adversely affected, and may continue to adversely impact, our business and results of operations.

## Key Financial Metrics

Our management utilizes the following financial metrics in connection with managing our business.

- *Revenues, net.* Revenues, net, reflect income generated by the sales of goods and services related to our operations. Revenues, net, were \$81.2 million for the three months ended March 31, 2026, compared to \$73.5 million for the three months ended March 31, 2025. Management utilizes revenue in connection with managing our business and believes that this metric provides useful information to investors as a key indicator of the growth and success of our products.
- *Net Income.* Net income represents revenues, net, less all expenses. Net income was \$5.9 million for the three months ended March 31, 2026, compared to \$4.3 million for the three months ended March 31, 2025. Management utilizes net income in connection with managing our business, including with regard to our capital deployment strategies.
- *Adjusted EBITDA.* Adjusted EBITDA, calculated as set forth below under “Reconciliation of Non-GAAP Financial Measures,” is utilized by our management in connection with managing our business and provides useful information to investors because adjusted EBITDA reflects net income adjusted for certain GAAP accounting, non-cash, and/or non-operating items, as more specifically set forth below, which may not fully reflect the underlying operating performance of our business. We also believe that adjusted EBITDA is useful to investors to assess the Company’s ongoing operations. Additionally, certain short-term cash incentive bonuses and performance-based equity award grants are based, in whole or in part, on the achievement of adjusted EBITDA (as defined in applicable bonus and equity grant documentation) targets. Adjusted EBITDA was \$20.1 million for the three months ended March 31, 2026, compared to \$16.2 million for the three months ended March 31, 2025.
- *Capital Expenditures.* Capital expenditures represent cash payments incurred for purchases of property and equipment and during the development phase for projects to develop software and content. Capital expenditures were \$7.5 million for the three months ended March 31, 2026, compared to \$8.8 million for the three months ended March 31, 2025. Management utilizes this metric in connection with managing the allocation of capitalized expenditures in which the Company invests related to the development of its products and believes that this metric is a key indicator of investment in products relative to their current and expected performance.

## Critical Accounting Policies and Estimates

See Notes to the Consolidated Financial Statements in our 2025 Form 10-K and the Notes to the Condensed Consolidated Financial Statements herein which contain additional information regarding our accounting policies and other disclosures required by US GAAP. There have been no changes in our critical accounting policies and estimates from those reported in our 2025 Form 10-K.

### Three Months Ended March 31, 2026 Compared to Three Months Ended March 31, 2025

*Revenues, net.* Revenues increased \$7.7 million, or 11%, to \$81.2 million for the three months ended March 31, 2026 from \$73.5 million for the three months ended March 31, 2025. Subscription revenues increased by \$7.6 million, or 11%, and professional services revenues increased by \$0.1 million compared to the first quarter of 2025. Compared to the first quarter of 2025, revenue growth for the first quarter of 2026 was positively impacted by \$5.7 million of growth across our existing portfolio of solutions and \$3.4 million from our acquisitions of Virsys12 and MissionCare completed during the three months ended December 31, 2025, but was partially offset by a \$1.4 million reduction from legacy applications.

A comparison of revenues by revenue source is as follows (in thousands):

|                       | Three Months Ended March 31, |                  | Percentage<br>Change |
|-----------------------|------------------------------|------------------|----------------------|
|                       | 2026                         | 2025             |                      |
| Subscription services | \$ 78,392                    | \$ 70,789        | 11%                  |
| Professional services | 2,811                        | 2,696            | 4%                   |
| Total revenues, net   | <u>\$ 81,203</u>             | <u>\$ 73,485</u> | 11%                  |
| <b>% of Revenues</b>  |                              |                  |                      |
| Subscription services | 97%                          | 96%              |                      |
| Professional services | 3%                           | 4%               |                      |

*Cost of Revenues (excluding Depreciation and Amortization).* Cost of revenues increased \$2.3 million, or 9%, to \$27.8 million for the three months ended March 31, 2026, from \$25.5 million for the three months ended March 31, 2025. Cost of revenues as a percentage of revenues were 34% and 35% for the three months ended March 31, 2026 and 2025, respectively. The increase in amount is primarily associated with investments in several areas of our business, primarily in our platform and SaaS applications, resulting in higher labor costs, increased royalties expense, and higher third-party software and cloud hosting expenses, coupled with increases in expenses from the Virsys12 and MissionCare acquisitions.

*Product Development.* Product development expenses increased \$1.6 million, or 13%, to \$13.6 million for the three months ended March 31, 2026, from \$12.0 million for the three months ended March 31, 2025. Product development expenses as a percentage of revenues were 17% and 16% for the three months ended March 31, 2026 and 2025, respectively. The increase in expense is primarily due to an increase in labor costs along with increases in expenses from the Virsys12 and MissionCare acquisitions.

*Sales and Marketing.* Sales and marketing expenses, including personnel costs, increased \$0.9 million, or 7%, to \$13.0 million for the three months ended March 31, 2026, from \$12.1 million for the three months ended March 31, 2025. Sales and marketing expenses were 16% and 17% of revenues for the three months ended March 31, 2026 and 2025, respectively. The increase in amount is primarily due to increased sales commissions and higher labor costs, coupled with increases in expenses from the Virsys12 and MissionCare acquisitions.

*General and Administrative.* General and administrative expenses decreased \$0.7 million, or 8%, to \$8.0 million for the three months ended March 31, 2026, from \$8.7 million for the three months ended March 31, 2025. General and administrative expenses were 10% and 12% of revenues for the three months ended March 31, 2026 and 2025, respectively. The decrease in amount is primarily due to sublease income associated with the office sublease that commenced during the second quarter of 2025 as noted above, partially offset by increases in expenses from the Virsys12 and MissionCare acquisitions.

*Depreciation and Amortization.* Depreciation and amortization expense increased \$0.6 million, or 6%, to \$11.4 million for the three months ended March 31, 2026, from \$10.8 million for the three months ended March 31, 2025. This increase in amount is due to increased amortization associated with capitalized software coupled with increased amortization associated with the acquired intangibles from Virsys12 and MissionCare.

*Interest Income.* Interest income was \$0.4 million and \$0.9 million for the three months ended March 31, 2026 and 2025, respectively. This decrease is a result of lower cash balances and lower interest rates on invested funds.

*Other Expense, Net.* Other expense, net was \$0.1 million for both the three months ended March 31, 2026 and 2025.

*Income Tax Provision.* The Company recorded a provision for income taxes of \$1.9 million for the three months ended March 31, 2026, compared to \$0.9 million for the three months ended March 31, 2025. The Company's effective tax rate was 24% for the three months ended March 31, 2026, compared to 17% for the three months ended March 31, 2025. The Company's effective tax rate primarily reflects the statutory corporate income tax rate, the net effect of state taxes, foreign income taxes, the effect of various permanent tax differences, and recognition of discrete tax items.

*Net Income.* Net income was \$5.9 million and \$4.3 million for the three months ended March 31, 2026 and 2025, respectively. EPS was \$0.20 per share (diluted) and \$0.14 per share (diluted) for the three months ended March 31, 2026 and 2025, respectively.

Adjusted EBITDA was \$20.1 million for the three months ended March 31, 2026, compared to \$16.2 million for the three months ended March 31, 2025. See “Reconciliation of Non-GAAP Financial Measures” below for our reconciliation of adjusted EBITDA to the most directly comparable measure under US GAAP and disclosure regarding why we believe adjusted EBITDA provides useful information to investors.

### Reconciliation of Non-GAAP Financial Measures

This Form 10-Q presents adjusted EBITDA, which is a non-GAAP financial measure used by management in analyzing our financial results and ongoing operational performance.

In order to better assess the Company’s financial results, management believes that net income before interest, income taxes, stock-based compensation, depreciation and amortization, impairments of long-lived assets, changes in fair value of contingent consideration, and changes in fair value of, including gains (losses) on the sale of, non-marketable equity investments (“adjusted EBITDA”) is a useful measure for evaluating the operating performance of the Company because adjusted EBITDA reflects net income adjusted for certain GAAP accounting, non-cash, and/or non-operating items which may not, in any such case, fully reflect the underlying operating performance of our business. Beginning with the presentation of adjusted EBITDA for the year ended December 31, 2025, the Company has included adjustments in the definition of adjusted EBITDA for impairment of long-lived assets and changes in fair value of contingent consideration because the Company believes that these amounts may not be reflective of the underlying operational performance of our business and that including these adjustments is consistent with the intended purpose of adjusted EBITDA with respect to reflecting the underlying operating performance of our business and comparing the Company’s operational performance between periods. We believe that adjusted EBITDA is useful to investors to assess the Company’s ongoing operating performance and to compare the Company’s operating performance between periods. In addition, certain short-term cash incentive bonuses and performance-based equity awards are based on the achievement of adjusted EBITDA (as defined in applicable bonus and equity grant documentation) targets.

Adjusted EBITDA is a non-GAAP financial measure and should not be considered as a measure of financial performance under GAAP. Because adjusted EBITDA is not a measurement determined in accordance with GAAP, adjusted EBITDA is susceptible to varying calculations. Accordingly, adjusted EBITDA, as presented, may not be comparable to other similarly titled measures of other companies and has limitations as an analytical tool.

A reconciliation of adjusted EBITDA to the most directly comparable GAAP measure, net income, is set forth below (in thousands).

|                                  | <b>Three Months Ended March 31,</b> |                  |
|----------------------------------|-------------------------------------|------------------|
|                                  | <b>2026</b>                         | <b>2025</b>      |
| GAAP net income                  | \$ 5,910                            | \$ 4,332         |
| Interest income                  | (414)                               | (931)            |
| Interest expense                 | 25                                  | 25               |
| Income tax provision             | 1,910                               | 916              |
| Stock-based compensation expense | 1,309                               | 1,104            |
| Depreciation and amortization    | 11,365                              | 10,755           |
| Adjusted EBITDA                  | <u>\$ 20,105</u>                    | <u>\$ 16,201</u> |

### Liquidity and Capital Resources

Net cash provided by operating activities increased by \$0.1 million to \$27.1 million during the three months ended March 31, 2026. The increase in net cash provided by operating activities is primarily due to higher cash receipts from customers during the period, partially offset by higher payments for personnel related expenses and sales commissions. Our days sales outstanding ("DSO") was 39 days for the first quarter of 2026 compared to 37 days for the first quarter of 2025. The Company calculates DSO by dividing the average accounts receivable balance for the quarter by average daily revenues for the quarter. The Company’s primary sources of cash were receipts generated from the sales of our products and services. The primary uses of cash to fund operations included personnel expenses, sales commissions, royalty payments, payments for contract labor and other direct expenses associated with delivery of our products and services, income tax payments, general corporate expenses, and initial direct costs related to the sublease discussed above.

Net cash used in investing activities was \$6.3 million for the three months ended March 31, 2026, compared to \$7.2 million for the three months ended March 31, 2025. During the three months ended March 31, 2026, the Company invested in marketable securities of \$10.2 million, made payments for capitalized software development of \$6.7 million, purchased strategic investments of \$1.8 million, purchased property and equipment of \$0.7 million, and paid a \$0.3 million post-closing working capital adjustment related to the acquisition of MissionCare. These uses of cash were partially offset by \$13.4 million in maturities of marketable securities. During the three months ended March 31, 2025, the Company invested in marketable securities of \$9.2 million, made payments for capitalized software development of \$7.8 million, purchased property and equipment of \$1.1 million, and purchased an investment of \$0.5 million. These uses of cash were partially offset by \$11.3 million in maturities of marketable securities.

Net cash used in financing activities was \$8.3 million for the three months ended March 31, 2026, compared to \$2.0 million for the three months ended March 31, 2025. The uses of cash for the three months ended March 31, 2026 included \$6.7 million for repurchases of common stock, \$1.0 million for the payment of cash dividends, and \$0.6 million for the payment of employee payroll taxes in relation to the vesting of restricted share units. The uses of cash for the three months ended March 31, 2025 included \$1.1 million for the payment of employee payroll taxes in relation to the vesting of restricted share units and \$0.9 million for the payment of cash dividends.

Our balance sheet reflects negative working capital of \$3.5 million at March 31, 2026, compared to negative working capital of \$4.5 million at December 31, 2025. The change in working capital is primarily a result of an increase in cash and cash equivalents. The Company's primary source of liquidity as of March 31, 2026 was \$48.7 million of cash and cash equivalents and \$17.8 million of marketable securities.

The Company also has a \$50.0 million revolving credit facility, the availability of which is subject to certain covenants and minimum liquidity requirements. There currently are no outstanding borrowings under the revolving credit facility. The revolving credit facility expires on October 6, 2026, which we intend to renew on or prior to its expiration. For additional information regarding our revolving credit facility, see Note 8 to the Condensed Consolidated Financial Statements included herein.

On February 20, 2023, we announced that our Board approved a quarterly dividend policy, under which we have paid dividends on a quarterly basis since our adoption of this policy. Under this dividend policy, the Board declared, and the Company paid, quarterly cash dividends on our common stock at the rate of \$0.025 per share, \$0.028 per share, and \$0.031 per share during the years ended December 31, 2023, December 31, 2024, and December 31, 2025, respectively. On February 23, 2026, the Board approved a quarterly cash dividend under this policy of \$0.035 per share, which was paid on March 20, 2026 to holders of record of our common stock on March 9, 2026. In addition, on May 4, 2026, the Board approved a quarterly cash dividend under this policy of \$0.035 per share, which will be payable on May 29, 2026 to holders of record of our common stock on May 18, 2026.

The dividend policy and the declaration and payment of each quarterly cash dividend will be subject to our Board's continuing determination that the policy and the declaration and payment of dividends thereunder are in the best interests of our shareholders and are in compliance with applicable law and our credit agreement. Our Board retains the power to modify, suspend, or cancel the dividend policy and quarterly dividends thereunder in any manner and at any time that our Board may deem necessary or appropriate.

On November 11, 2025, the Board approved a share repurchase program under which the Company was authorized to repurchase up to \$10.0 million of its outstanding shares of common stock. Pursuant to this authorization, the Company was authorized to make repurchases in the open market, including under Rule 10b5-1 plans, through privately negotiated transactions, or otherwise. The terms of this program provided that it would terminate on the earlier of February 26, 2026, or when the maximum dollar amount had been expended. During the three months ended March 31, 2026, the Company repurchased and subsequently retired 222,978 shares of common stock at an aggregate fair value of \$5.0 million, reflecting an average price per share of \$22.42 (excluding the cost of broker commissions and the 1% share repurchase excise tax imposed by the Inflation Reduction Act of 2022). This program terminated in January 2026 when the maximum dollar amount under this program was expended.

On March 13, 2026, the Company announced the adoption of a new share repurchase program approved by the Board under which the Company is authorized to repurchase up to \$10.0 million of its outstanding shares of common stock. Pursuant to this authorization, the Company is authorized to make repurchases in the open market, including under Rule 10b5-1 plans, through privately negotiated transactions, or otherwise. This share repurchase program terminates on the earlier of September 12, 2026 or when the maximum dollar amount under the plan has been expended. During the three months ended March 31, 2026, the Company repurchased 119,367 shares of common stock at an aggregate fair value of \$2.5 million under this authorization, reflecting an average price per share of \$20.94 (excluding the cost of broker commissions and the 1% share repurchase excise tax imposed by the Inflation Reduction Act of 2022), and the Company continued to repurchase shares pursuant to this authorization during the second quarter of 2026, repurchasing 90,131 additional shares valued at \$1.8 million through April 30, 2026. This share repurchase program does not require the Company to acquire any amount of shares and may be suspended, modified, or discontinued at any time.

We believe that our existing cash, cash equivalents, marketable securities, cash generated from operations, and available borrowings under our revolving credit facility (available through October 6, 2026) will be sufficient to meet anticipated working capital needs, new product development, pay our quarterly dividends, any share repurchases we may elect to make under any future share repurchase program, and fund capital expenditures for at least the next 12 months and for the foreseeable future thereafter.

The Company's growth strategy includes acquiring businesses or making strategic investments in businesses that complement or enhance our business. It is anticipated that future acquisitions or strategic investments, if any, would be effected through cash consideration, stock consideration, debt, or a combination thereof. The issuance of our stock as consideration for an acquisition or to raise additional capital could have a dilutive effect on earnings per share and could adversely affect our stock price. Our revolving credit facility contains financial covenants and availability calculations designed to set a maximum leverage ratio of outstanding debt to consolidated EBITDA (as defined in our credit facility) and an interest coverage ratio of consolidated EBITDA to interest expense. Therefore, the maximum borrowings against our revolving credit facility would be dependent on the covenant calculations at the time of borrowing. As of March 31, 2026, we were in compliance with all covenants under our revolving credit facility. There can be no assurance that amounts available for borrowing under our revolving credit facility will be sufficient to consummate any possible acquisitions, and we cannot provide assurance that if we need additional financing, it will be available on terms favorable to us or at all. Failure to generate sufficient cash flow from operations or raise additional capital when required in sufficient amounts and on terms acceptable to us could harm our business, financial condition, and results of operations.

### **Item 3. *Quantitative and Qualitative Disclosures about Market Risk***

The Company is exposed to market risk from changes in interest rates, foreign currency risk, and investment risk. We do not have any commodity price risk.

#### **Interest Rate Risk**

As of March 31, 2026, and during the three months then ended, the Company had no outstanding debt. We may become subject to interest rate market risk associated with any future borrowings under our revolving credit facility. The interest rate under the revolving credit facility varies depending on the interest rate option selected by the Company plus a margin determined in accordance with a pricing grid. We are also exposed to market risk with respect to our cash and investment balances, which were \$66.5 million at March 31, 2026. Assuming a hypothetical 10% decrease in interest rates for invested balances, interest income from cash and investments would decrease on an annualized basis by \$0.2 million.

#### **Foreign Currency Risk**

We have foreign currency risks related to our revenue and operating expenses denominated in currencies other than the US dollar, including Canadian dollar, New Zealand dollar, and Australian dollar. Increases or decreases in our foreign-denominated revenue from movements in foreign exchange rates are often partially offset by the corresponding increases or decreases in our foreign-denominated operating expenses.

To the extent that our international operations grow, our risks associated with fluctuation in currency rates will become greater, and we will continue to assess our approach to managing this risk. In addition, currency fluctuations or a weakening US dollar can increase the costs of our international operations. To date, we have not entered into any foreign currency hedging contracts although we may do so in the future.

#### **Investment Risk**

The Company's investment policy and strategy is focused on investing in highly rated securities with the objective of minimizing the potential risk of principal loss. The Company's policy limits the amount of credit exposure to any single issuer and sets limits on the average portfolio maturity.

We have an investment portfolio that includes strategic investments in privately held companies, which primarily include early-stage companies. We primarily invest in healthcare technology companies that we believe can help expand our ecosystem. We may continue to make these types of strategic investments as opportunities arise that we find attractive. We may experience additional volatility to our Condensed Consolidated Financial Statements due to changes in market prices, observable price changes, and impairments to our strategic investments. These changes could be material based on market conditions and events.

The above market risk discussion and the estimated amounts presented are forward-looking statements of market risk assuming the occurrence of certain adverse market conditions. Actual results in the future may differ materially from those projected as a result of actual developments in the market.

### **Item 4. *Controls and Procedures***

#### **Evaluation of Controls and Procedures**

HealthStream's chief executive officer and principal financial officer have reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this Form 10-Q. Based on that evaluation, the chief executive officer and principal financial officer have concluded that HealthStream's disclosure controls and procedures were effective to ensure that the information required to be disclosed by the Company in the reports the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and the information required to be disclosed in the reports the Company files or submits under the Exchange Act was accumulated and communicated to the Company's management, including its chief executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

#### **Changes in Internal Control over Financial Reporting**

There was no change in HealthStream's internal control over financial reporting that occurred during the first quarter of 2026 that has materially affected, or that is reasonably likely to materially affect, HealthStream's internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

None.

### Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in Part I, Item 1A of the 2025 Form 10-K.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On November 11, 2025, the Company's Board of Directors approved a share repurchase program under which the Company was authorized to repurchase up to \$10.0 million of its outstanding shares of common stock. Pursuant to this authorization, the Company was authorized to make repurchases in the open market, including under Rule 10b5-1 plans, through privately negotiated transactions, or otherwise. The terms of this program provided that it would terminate on the earlier of February 26, 2026 or when the maximum dollar amount had been expended. During the three months ended March 31, 2026, the Company repurchased and subsequently retired 222,978 shares of common stock at an aggregate fair value of \$5.0 million, reflecting an average price per share of \$22.42 (excluding the cost of broker commissions and the 1% share repurchase excise tax imposed by the Inflation Reduction Act of 2022). This share repurchase program terminated in January 2026 when the maximum dollar amount under this program was expended.

On March 13, 2026, the Company announced the adoption of a new share repurchase program approved by the Board of Directors under which the Company is authorized to repurchase up to \$10.0 million of its outstanding shares of common stock. Pursuant to this authorization, the Company is authorized to make repurchases in the open market, including under Rule 10b5-1 plans, through privately negotiated transactions, or otherwise. This share repurchase program terminates on the earlier of September 12, 2026 or when the maximum dollar amount under the plan is expended. During the three months ended March 31, 2026, the Company repurchased 119,367 shares of common stock at an aggregate fair value of \$2.5 million under this authorization, reflecting an average price per share of \$20.94 (excluding the cost of broker commissions and the 1% share repurchase excise tax imposed by the Inflation Reduction Act of 2022), and the Company continued to repurchase shares pursuant to this authorization during the second quarter of 2026, repurchasing 90,131 additional shares valued at \$1.8 million through April 30, 2026.

The following table presents information with respect to HealthStream's repurchases of common stock during the three months ended March 31, 2026.

| Period                              | (a) Total<br>number of<br>shares (or<br>units)<br>purchased | (b) Average<br>price paid per<br>share (or unit)<br>(1) | (c) Total<br>number of<br>shares (or<br>units)<br>purchased as<br>part of<br>publicly<br>announced<br>plans or<br>programs | (d) Maximum<br>number (or<br>approximate<br>dollar value)<br>of shares (or<br>units) that<br>may yet be<br>purchased<br>under the<br>plans or<br>programs |
|-------------------------------------|---|---|--|---|
| Month #1 (January 1 - January 31)   | 222,978   | \$ 22.42  | 222,978  | \$ —  |
| Month #2 (February 1 - February 28) | —   | —   | —  | —   |
| Month #3 (March 1 - March 31)       | 119,367   | 20.94   | 119,367  | 7,500,127   |
| Total                               | <u>342,345</u>  | <u>\$ 21.91</u>   | <u>342,345</u>   | <u>\$ 7,500,127</u>   |

(1) The weighted average price paid per share of common stock does not include the cost of broker commissions or the 1% share repurchase excise tax imposed by the Inflation Reduction Act of 2022.

### Item 5. Other Information

None. Without limiting the generality of the foregoing, during the three months ended March 31, 2026, no director or officer of the Company adopted or terminated any "Rule 10b5-1 trading arrangement," or any "non-Rule 10b-5 trading arrangement," as such terms are defined in Item 408 of Regulation S-K.

In addition, on November 21, 2025, Linda Rebrovick, a member of the Company's Board of Directors, adopted a trading arrangement that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Securities Exchange Act of 1934, as amended. The trading arrangement, which became effective on March 4, 2026, and has an expiration date of December 31, 2026, provides for the sale of up to an aggregate of 22,000 shares of the Company's common stock pursuant to pre-established instructions regarding the timing and amount of shares to be sold. No sales to date have occurred under the plan. Disclosure of the adoption of this trading arrangement was inadvertently omitted from the Company's Annual Report on Form 10-K for the year ended December 31, 2025, filed on February 26, 2026.

**Item 6. Exhibits**

(a) Exhibits

|           |   |
|-----------|---|
| 10.1      | <a href="#">First Amendment to Amended and Restated Revolving Credit Agreement, dated March 13, 2026 by and between HealthStream, Inc. and Truist Bank (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed March 13, 2026)</a> |
| 10.2^*    | <a href="#">HealthStream, Inc. Amended and Restated 2026 Cash Incentive Bonus Plan</a>  |
| 31.1*     | <a href="#">Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>  |
| 31.2*     | <a href="#">Certification of the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>  |
| 32.1*     | <a href="#">Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>  |
| 32.2*     | <a href="#">Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>  |
| 101.1 INS | Inline XBRL Instance Document – The instant document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.   |
| 101.1 SCH | Inline XBRL Taxonomy Extension Schema   |
| 101.1 CAL | Inline XBRL Taxonomy Extension Calculation Linkbase   |
| 101.1 DEF | Inline XBRL Taxonomy Extension Definition Linkbase  |
| 101.1 LAB | Inline XBRL Taxonomy Extension Label Linkbase   |
| 101.1 PRE | Inline XBRL Taxonomy Extension Presentation Linkbase  |
| 104       | The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2026, has been formatted in Inline XBRL   |
| ^         | Management contract or compensatory plan or arrangement   |
| *         | Furnished herewith  |

**SIGNATURE**

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.

May 6, 2026

HEALTHSTREAM, INC.

By: /s/ Scott A. Roberts  
Scott A. Roberts  
Chief Financial Officer

**HealthStream, Inc.**  
**2026 Amended and Restated Cash Incentive Bonus Plan**

**Overview:**

Pursuant to the HealthStream, Inc. 2022 Omnibus Incentive Plan, the Compensation Committee (the “Committee”) of the Board of Directors of HealthStream, Inc. (the “Company”) hereby establishes this 2026 Amended and Restated Cash Incentive Bonus Plan (the “Plan”). The Plan is the cash-based, short-term incentive portion of HealthStream's incentive compensation structure for certain executive officers, as well as the vice presidents, associate vice presidents, senior directors, and directors of the Company (such individuals referred to collectively as “Management”). The purpose of the Plan is to specify appropriate opportunities to earn a cash bonus with respect to the Company’s 2026 fiscal year in order to reward Management for facilitating the Company’s achievement of certain levels of financial performance during fiscal year 2026 and to further align their interests with those of the shareholders of the Company.

**Definitions:**

- **Annual Bonus** – The annual bonus paid to Management after the Committee determines the applicable financial measure has been achieved.
- **Adjusted EBITDA** – The Company’s Adjusted EBITDA for the 2026 fiscal year calculated as set forth in the “Reconciliation of Non-GAAP Financial Measures” in the Company’s annual report on Form 10-K and as updated under subsequent quarterly filings under Form 10-Q or the Company’s quarterly earnings releases filed under Forms 8-K; provided the following are excluded from the calculation of Adjusted EBITDA: (i) acquisition and divestiture expenses incurred within the calendar year to the extent such expenses are in excess of the amount originally allocated to such purpose in the Company’s 2026 budget; and (ii) Adjusted EBITDA (profit/loss) from acquisitions and divestitures consummated during 2026 (collectively, the “Excluded Expenses”).
- **Revenue** – The Company’s GAAP revenue for the 2026 fiscal year as reported in the Company’s annual report on Form 10-K, including the GAAP revenue recognized by the Company from acquisitions and divestitures consummated during 2026.
- **Revenue Growth Percentage** – The Company’s Revenue Growth Percentage for the 2026 fiscal year is the percentage increase in 2026 Revenue compared to the Company’s GAAP revenue for the 2025 fiscal year as reported in the Company’s annual report on Form 10-K.
- **Incremental Threshold Adjusted EBITDA** – the amount of Adjusted EBITDA before bonuses less Threshold Adjusted EBITDA; as such Threshold Adjusted EBITDA amount is established by the Committee. Incremental Threshold Adjusted EBITDA funds the Threshold Bonus Pool as set forth in the “Payout” section below.
- **Incremental Target Adjusted EBITDA** – the amount of Adjusted EBITDA before bonuses less Target Adjusted EBITDA; as such Target Adjusted EBITDA amount is established by the Committee. Incremental Target Adjusted EBITDA funds the Target Bonus Pool as set forth below.

**2026 Financial Measure and Plan Principles:**

1. **Financial Measure** – For purposes of the Threshold and Target Bonus Pools, Adjusted EBITDA before bonuses will be the financial measure for 2026. For the Stretch Bonus Pool (as defined below), the Revenue Growth Percentage will be the financial measure for 2026.
2. **Funding Principle** – The Annual Bonus will be funded: (i) first from the amount of Incremental Threshold Adjusted EBITDA that exceeds Threshold Adjusted EBITDA, (ii) then from the amount of Incremental Target Adjusted EBITDA that exceeds Target Adjusted EBITDA, and (iii) finally, for Executives and Vice Presidents only, according to the achievement of Revenue Growth Percentage targets established by the Committee. Notwithstanding the foregoing, the Committee may elect to fund, or recommend that the Board fund, any Company-wide program or initiative within the Committee’s or the Board’s discretion, including, but not limited to the Company’s annual 401(k) discretionary match after 100% achievement of the Maximum Annual Bonus (as defined below) and prior to any payout of the Stretch Bonus Amount set forth herein; provided, however, that such election shall not cause the Target Bonus Pool (as defined below) to fall below 100% funding.

**The Plan**

*Eligibility*

Five groups are eligible for participation in the Plan:

- **Executive Team** – The maximum Annual Bonus (prior to giving effect to any payment of any Stretch Bonus Amount) that (i) the Chief Executive Officer of HealthStream and Executive Vice Presidents shall be eligible to receive under the Plan shall be an amount equal to 40% of such member’s base salary; and (ii) Senior Vice Presidents shall be eligible to receive under the Plan shall be an amount equal to 35% of such member’s base salary. Unless otherwise excluded below, the Executive Team eligible for participation includes the Chief Executive Officer, Executive Vice Presidents, and Senior Vice Presidents of the Company (collectively, the “Executives”).
- **Vice Presidents** – The maximum Annual Bonus that Vice Presidents shall be eligible to receive under the Plan shall be an amount equal to 20% of such Vice President’s base salary.
- **Associate Vice Presidents** – The maximum Annual Bonus that Associate Vice Presidents shall be eligible to receive under the Plan shall be an amount equal to 18% of such Associate Vice President’s base salary.
- **Senior Directors** – The maximum Annual Bonus that Senior Directors shall be eligible to receive under the Plan shall be an amount equal to 10% of such Senior Director’s base salary. For purposes of clarity, Directors do not include members of the Board of Directors, but are management-level employees of the Company.

- **Directors** – The maximum Annual Bonus that Directors shall be eligible to receive under the Plan shall be an amount equal to 8% of such Director’s base salary. For purposes of clarity, Directors do not include members of the Board of Directors, but are management-level employees of the Company.
- **Employment Requirements** – Participants in the Plan who were employed with the Company through December 31, 2026 shall be eligible to receive bonus payments, if any, under the Plan regardless of whether such employees are employed on the date such payments are actually made. Notwithstanding the foregoing, in the case of death or disability, the participant’s pro rata share from January 1, 2026 through the date of participant’s death or disability shall be awarded.
- **Exclusions** – Except as otherwise noted in this Plan, members of the Executive Team and of Management with a commission-based incentive compensation plan shall not be eligible to participate in the Plan.

#### *Payout*

Payouts under the Plan shall be determined as follows:

1. The Annual Bonus payable to any participant in this Plan will be determined as follows:
  - In the event that Adjusted EBITDA before bonuses is less than or equal to Threshold Adjusted EBITDA, a participant will receive no Annual Bonus.
  - To the extent Incremental Threshold Adjusted EBITDA funds the Threshold Bonus Pool, a participant will receive a percentage of his or her maximum Annual Bonus payable as set forth above under “The Plan-Eligibility” (the “Maximum Annual Bonus”) in an amount between 0% and 25% of the Maximum Annual Bonus payable to such participant, based on the amount of bonus pool that is funded for that range (the “Threshold Bonus Pool”). The Threshold Bonus Pool shall be funded by every dollar of Incremental Threshold Adjusted EBITDA until the Threshold Pool is fully funded. The Threshold Bonus Pool is fully funded at the point in which the Threshold Adjusted EBITDA is reached after bonus payments equal to 25% of the Maximum Annual Bonus for all participants is achieved.
  - In the event that the Threshold Bonus Pool is fully funded, a participant will then be eligible to receive an Annual Bonus in an amount between 26% and 100% of the Maximum Annual Bonus payable to such participant, based on the amount of bonus pool that is funded for that range (the “Target Bonus Pool”). The Target Bonus Pool shall be funded by (i) thirty-nine cents of every dollar of Incremental Target Adjusted EBITDA for between 26% and 50% of the Maximum Annual Bonus and (ii) forty-eight cents of every dollar of Incremental Target Adjusted EBITDA for between 51% and 100% of the Maximum Annual Bonus until the Target Bonus Pool is fully funded. The Target Bonus Pool is fully funded at the point in which the Target Adjusted EBITDA is reached after bonus payments equal to the remaining 75% of the Maximum Annual Bonus amount (at which point 100% of the Maximum Annual Bonus in the aggregate would be earned); provided Executives and Vice Presidents shall also be eligible to receive a Stretch Bonus Amount as set forth below.
  - Solely for Executives, including the Senior Vice President, Sales, and Vice President, in the event that Target Bonus Pool is fully funded, each Executive and Vice President will then be eligible to receive—in addition to their Maximum Annual Bonus, which has already been earned—an additional payment (the “Stretch Bonus Amount”) in an amount equal to a percentage between (i) 0% and 16% of the base salary payable to such Executive and (ii) 0% and 8% of the base salary payable to such Vice President, based on the amount of bonus pool that is funded for that range (the “Stretch Bonus Pool”). The Stretch Bonus Pool shall be funded according to the achievement of Revenue Growth Percentage targets established by the Committee, which Revenue Growth Percentages targets may include achievement of a minimum threshold of organic revenue growth prior to the commencement of any funding for the Stretch Bonus Pool. For purposes of clarity, Executives and Vice Presidents shall become eligible to begin achieving the Stretch Bonus Amount after 100% of the Maximum Annual Bonus is achieved, and payment for any Stretch Bonus Amount an Executive or Vice President achieves shall be in addition to the 100% Maximum Annual Bonus. For the avoidance of doubt, the Senior Vice President, Sales shall be eligible to participate in the Stretch Bonus Amount, but no other component of the Annual Bonus set forth herein.
2. Any Annual Bonus payouts made to the Executive Team, Vice Presidents, Associate Vice Presidents, Senior Directors, or Directors pursuant to the Plan shall be payable at such time as bonuses are paid generally to executive officers of the Company.
3. Any Annual Bonus paid or payable to any recipient pursuant to the Plan shall be subject to forfeiture, repayment, reimbursement or other recoupment (i) to the extent provided in the Company’s Amended and Restated Compensation Recoupment Policy, as it may be amended from time to time (the “Current Recoupment Policy”), (ii) to the extent that such recipient in the future becomes subject to any other recoupment or clawback policy hereafter adopted by the Company, including any such policy (or amended version of the Current Recoupment Policy) adopted by the Company to comply with the requirements of any applicable laws, rules or regulations, including pursuant to final SEC rules and/or final Nasdaq listing standards with respect to recoupment adopted in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act (such final rules and final Nasdaq listing standards, the “Dodd-Frank Clawback Requirements”) (such policies referenced in clause (i) or this clause (ii), collectively, the “Policies”), and (iii) to the extent otherwise provided under applicable legal requirements, SEC rules or Nasdaq listing standards which impose mandatory recoupment, as in effect from time to time (including pursuant to the Dodd-Frank Clawback Requirements). The Company may utilize any method of recovery specified in the Policies in connection with any such recoupment pursuant to the terms of the Policies.

CERTIFICATION

I, Robert A. Frist, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of HealthStream, 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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: May 6, 2026

/s/ ROBERT A. FRIST, JR.

Robert A. Frist, Jr.  
Chief Executive Officer

CERTIFICATION

I, Scott A. Roberts, certify that:

1. I have reviewed this quarterly report on Form 10-Q of HealthStream, 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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: May 6, 2026

/s/ SCOTT A. ROBERTS

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Scott A. Roberts  
Chief Financial Officer

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

In connection with the Quarterly Report of HealthStream, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Robert A. Frist, Jr., Chief Executive Officer of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) 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/ ROBERT A. FRIST, JR.

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Robert A. Frist, Jr.  
Chief Executive Officer  
May 6, 2026

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

In connection with the Quarterly Report of HealthStream, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Scott A. Roberts, Chief Financial Officer of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) 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/ SCOTT A. ROBERTS

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Scott A. Roberts  
Chief Financial Officer  
May 6, 2026