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, 2022

☐ **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 1000, Nashville, Tennessee **(Address of principal executive offices)**	**37203** **(Zip Code)**

(615) 301-3100
(Registrant's telephone number, including area code)

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (Par Value $0.00)	HSTM	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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

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

As of April 25, 2022, there were 30,391,600 shares of the registrant’s common stock outstanding.

Index to Form 10-Q

HEALTHSTREAM, INC.

PART I. FINANCIAL INFORMATION

Item 1. *Financial Statements*

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

	March 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 43,370	$ 46,905
Marketable securities	2,008	5,041
Accounts receivable, net of allowance for doubtful accounts of $541 and $853 at March 31, 2022 and December 31, 2021, respectively	35,739	30,308
Accounts receivable - unbilled	5,049	4,612
Prepaid royalties, net of amortization	11,188	9,155
Other prepaid expenses and other current assets	9,872	10,824
Total current assets	107,226	106,845
Property and equipment, net of accumulated depreciation of $19,270 and $17,999 at March 31, 2022 and December 31, 2021, respectively	17,070	17,950
Capitalized software development, net of accumulated amortization of $90,537 and $86,097 at March 31, 2022 and December 31, 2021, respectively	34,131	32,412
Operating lease right of use assets, net	24,589	25,168
Goodwill	182,785	182,501
Customer-related intangibles, net of accumulated amortization of $47,847 and $45,615 at March 31, 2022 and December 31, 2021, respectively	66,661	68,803
Other intangible assets, net of accumulated amortization of $18,140 and $16,752 at March 31, 2022 and December 31, 2021, respectively	19,016	20,402
Deferred tax assets	601	601
Deferred commissions	24,142	24,012
Non-marketable equity investments	6,767	7,043
Other assets	938	1,016
Total assets	$ 483,926	$ 486,753
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 17,770	$ 21,497
Accrued royalties	6,914	5,037
Deferred revenue	89,878	73,816
Total current liabilities	114,562	100,350
Deferred tax liabilities	18,841	18,146
Deferred revenue, noncurrent	990	1,583
Operating lease liability, noncurrent	25,496	26,178
Other long term liabilities	1,465	1,477
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value, 75,000 shares authorized; 30,518 and 31,327 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively	251,179	270,791
Retained earnings	71,015	68,122
Accumulated other comprehensive income	378	106
Total shareholders' equity	322,572	339,019
Total liabilities and shareholders' equity	$ 483,926	$ 486,753

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

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

	Three Months Ended	
	March 31, 2022	March 31, 2021
Revenues, net	$ 65,367	$ 63,468
Operating costs and expenses:		
Cost of revenues (excluding depreciation and amortization)	21,998	22,748
Product development	10,412	9,525
Sales and marketing	10,417	9,019
Other general and administrative expenses	9,183	9,723
Depreciation and amortization	9,322	9,153
Total operating costs and expenses	61,332	60,168
Operating income	4,035	3,300
Other loss, net	(276)	(87)
Income before income tax provision	3,759	3,213
Income tax provision	866	922
Net income	$ 2,893	$ 2,291
Net income per share:		
Basic	$ 0.09	$ 0.07
Diluted	$ 0.09	$ 0.07
Weighted average shares of common stock outstanding:		
Basic	30,955	31,504
Diluted	30,976	31,526

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

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

	Three Months Ended	
	March 31, 2022	March 31, 2021
Net income	$ 2,893	$ 2,291
Other comprehensive income, net of taxes:		
Foreign currency translation adjustments	278	230
Unrealized (loss) gain on marketable securities	(6)	4
Total other comprehensive income	272	234
Comprehensive income	$ 3,165	$ 2,525

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

HEALTHSTREAM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)
(In thousands)

	Three Months Ended March 31, 2022				
	Common Stock		Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	Shares	Amount			
Balance at December 31, 2021	31,327	$ 270,791	$ 68,122	$ 106	$ 339,019
Net income	—	—	2,893	—	2,893
Comprehensive income	—	—	—	272	272
Stock-based compensation	—	774	—	—	774
Common stock issued under stock plans, net of shares withheld for employee taxes	83	(497)	—	—	(498)
Repurchase of common stock	(892)	(19,889)	—	—	(19,888)
Balance at March 31, 2022	30,518	$ 251,179	$ 71,015	$ 378	$ 322,572

	Three Months Ended March 31, 2021				
	Common Stock		Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	Shares	Amount			
Balance at December 31, 2020	31,493	$ 271,784	$ 62,277	$ 1	$ 334,062
Net income	—	—	2,291	—	2,291
Comprehensive income	—	—	—	234	234
Stock-based compensation	—	616	—	—	616
Common stock issued under stock plans, net of shares withheld for employee taxes	60	(399)	—	—	(399)
Balance at March 31, 2021	31,553	$ 272,001	$ 64,569	$ 235	$ 336,805

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2022	**2021**
OPERATING ACTIVITIES:		
Net income	$ 2,893	$ 2,291
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,322	9,153
Stock-based compensation	774	616
Amortization of deferred commissions	2,484	2,133
Provision for credit losses	6	142
Deferred income taxes	684	486
Loss on non-marketable equity investments	276	54
Non-cash paid time off expense	—	(1,011)
Other	26	15
Changes in operating assets and liabilities:		
Accounts and unbilled receivables	(5,874)	7,379
Prepaid royalties	(2,033)	(2,215)
Other prepaid expenses and other current assets	952	2,521
Deferred commissions	(2,614)	(3,602)
Other assets	79	(76)
Accounts payable and accrued expenses	(3,653)	(5,339)
Accrued royalties	1,877	(305)
Deferred revenue	15,456	6,862
Net cash provided by operating activities	20,655	19,104
INVESTING ACTIVITIES:		
Business combinations, net of cash acquired	(22)	(731)
Proceeds from maturities of marketable securities	5,025	4,500
Purchases of marketable securities	(2,024)	(5,205)
Payments to acquire non-marketable equity investments	—	(1,000)
Payments associated with capitalized software development	(6,305)	(5,326)
Purchases of property and equipment	(636)	(1,898)
Net cash used in investing activities	(3,962)	(9,660)
FINANCING ACTIVITIES:		
Taxes paid related to net settlement of equity awards	(497)	(399)
Repurchases of common stock	(19,726)	—
Payment of cash dividends	—	(12)
Net cash used in financing activities	(20,223)	(411)
Effect of exchange rate changes on cash and cash equivalents	(5)	(251)
Net (decrease) increase in cash and cash equivalents	(3,535)	8,782
Cash and cash equivalents at beginning of period	46,905	36,566
Cash and cash equivalents at end of period	$ 43,370	$ 45,348

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

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

1. 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. Operating results for the three months ended March 31, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022.

The Condensed Consolidated Balance Sheet at December 31, 2021 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, 2021 (included in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on February 28, 2022).

2. RECENT ACCOUNTING PRONOUNCEMENTS

Accounting Standards Recently Adopted

In October 2021, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers.* The new guidance requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*, as if it had originated the contracts. This approach differs from the current requirement to measure contract assets and contract liabilities acquired in a business combination at fair value. The standard will be effective for the first interim period within annual reporting periods beginning after December 15, 2022 and early adoption is permitted. The Company early adopted this ASU on January 1, 2022, and the adoption impact of the new standard will depend on the magnitude of future acquisitions. The standard will not impact contract assets or liabilities from business combinations that occurred prior to the adoption date.

3. REVENUE RECOGNITION AND SALES COMMISSIONS

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 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

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

	Three Months Ended March 31, 2022		
	Workforce Solutions	Provider Solutions	Consolidated
Subscription services	$ 50,553	$ 11,522	$ 62,075
Professional services	1,486	1,806	3,292
Total revenues, net	$ 52,039	$ 13,328	$ 65,367

	Three Months Ended March 31, 2021		
	Workforce Solutions	Provider Solutions	Consolidated
Subscription services	$ 49,770	$ 10,597	$ 60,367
Professional services	1,477	1,624	3,101
Total revenues, net	$ 51,247	$ 12,221	$ 63,468

For the three months ended March 31, 2022 and 2021, the Company recognized $6,000 and $0.1 million in impairment losses on receivables and contract assets arising from the Company's contracts with customers, respectively.

Deferred revenue represents contract liabilities that are recorded when cash payments are received or are due in advance of our satisfaction of performance obligations. During the three months ended March 31, 2022 and 2021, we recognized revenues of approximately $34.6 million and $33.6 million, respectively, from amounts included in deferred revenue at the beginning of the respective periods. As of March 31, 2022, approximately $444 million of revenue is expected to be recognized from remaining performance obligations under contracts with customers. We expect to recognize revenue related to approximately 44% of these remaining performance obligations over the next 12 months, with the remaining amounts recognized thereafter.

Sales Commissions

Sales commissions earned by our sales force are considered incremental and recoverable costs of obtaining a contract with a customer. Under ASC 606, costs to acquire contracts with customers, such as the initial sales commission payment and associated payroll taxes, are capitalized in the period a customer contract is entered into and are amortized consistent with the transfer of the goods or services to the customer over the expected period of benefit. Capitalized contract costs are included in deferred commissions in the accompanying Condensed Consolidated Balance Sheets. The expected period of benefit is the contract term, except when the capitalized commission is expected to provide economic benefit to the Company for a period longer than the contract term, such as for new customer or incremental sales where renewals are expected and renewal commissions are not commensurate with initial commissions. Non-commensurate commissions are amortized over the greater of the contract term or technological obsolescence period of approximately three years. The Company recorded amortization of deferred commissions of approximately $2.5 million and $2.1 million for the three months ended March 31, 2022 and 2021, respectively, which is included in sales and marketing expenses in the accompanying Condensed Consolidated Statements of Income.

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. During both the three months ended March 31, 2022 and 2021, the Company recorded a provision for income taxes of approximately $0.9 million. The Company's effective tax rate was 23% and 29% for the three months ended March 31, 2022 and 2021, respectively. The Company's effective tax rate primarily reflects the statutory corporate income tax rate, the net effect of state taxes, foreign income taxes, and the effect of various permanent tax differences. The Company recognizes excess tax benefits and tax deficiencies associated with stock-based awards as a component of its provision for income taxes. During the three months ended March 31, 2022, the Company recorded discrete tax expense of $0.1 million, which consisted primarily of tax deficiencies associated with stock-based awards. During the three months ended March 31, 2021, the Company recorded discrete tax expense a $0.1 million related primarily to a permanent difference related to purchase accounting adjustments and the impact of a state tax rate change enacted during the period.

5. SHAREHOLDERS' EQUITY

Stock-Based Compensation

The Company has stock awards outstanding under its 2016 Omnibus Incentive Plan. The Company accounts for its stock-based compensation plan using the fair-value based method for costs related to share-based payments, including restricted share units ("RSUs") and stock options. During the three months ended March 31, 2022, the Company approved the grant of 135,352 RSUs subject to service-based time vesting, of which 35,161 of these RSUs were conditioned upon and subject to shareholder approval of our 2022 Omnibus Incentive Plan to be submitted to the Company's shareholders for approval at the annual meeting of the Company's shareholders to be held on May 26, 2022. Of these, the 100,191 RSUs that were not conditioned on shareholder approval of our 2022 Omnibus Incentive Plan were granted with a weighted average grant date fair value of $20.32 per share, measured based on the closing fair market value of the Company's stock on the date of grant. Applicable accounting standards require that the 35,161 RSUs conditioned upon approval of our 2022 Omnibus Incentive Plan not be valued unless and until the condition is met (that is, at such time that the 2022 Omnibus Incentive Plan is approved by shareholders at the annual meeting of the Company's shareholders on May 26, 2022). During the three months ended March 31, 2021, the Company issued 121,551 RSUs subject to service-based time vesting with a weighted average grant date fair value of $23.16 per share, measured based on the closing fair market value of the Company's stock on the date of grant.

During the three months ended June 30, 2018, the Company granted 70,000 performance-based RSUs, the vesting of which occurs over a five-year period and is contingent upon continued service and achieving certain performance criteria established by the Compensation Committee on an annual basis in increments of 10%, 15%, 20%, 25%, and 30% based on performance in 2018, 2019, 2020, 2021, and 2022, respectively. The performance criteria for the final 21,000 of these performance-based RSUs is based on 2022 performance. The measurement date for these 21,000 performance-based RSUs was established during the three months ended March 31, 2022 with a grant date fair value of $20.32 per share, measured based on the closing fair market value of the Company's stock on the date the performance criteria was established.

During the three months ended March 31, 2022, the Company approved the grant of 91,042 performance-based RSUs, the vesting of which occurs over a five-year period and is contingent upon continued service and achieving certain performance criteria established by the Compensation Committee on an annual basis in increments of 15%, 20%, 20%, 20%, and 25% based on performance in 2022, 2023, 2024, 2025, and 2026, respectively, of which 17,224 performance-based RSUs were conditioned upon and subject to shareholder approval of our 2022 Omnibus Incentive Plan to be submitted to the Company's shareholders for approval at the annual meeting of the Company's shareholders on May 26, 2022. Of the total amount of performance-based RSUs approved by the Company, the performance criteria for 13,654 of these performance-based RSUs is based on 2022 performance. The measurement date for the 11,070 of these performance-based RSUs that are not conditioned on approval of the 2022 Omnibus Incentive Plan at the annual meeting of shareholders on May 26, 2022 was established during the three months ended March 31, 2022 with a grant date fair value of $20.32 per share, measured based on the closing fair market value of the Company's stock on the date the performance criteria was established. Applicable accounting standards require that the 17,224 performance-based RSUs conditioned upon approval of our 2022 Omnibus Incentive Plan (including 2,584 of these performance-based RSUs for which performance criteria will be based on 2022 performance) not be valued unless and until the condition is met (that is, at such time that the 2022 Omnibus Incentive Plan is approved by shareholders at the annual meeting of the Company's shareholders on May 26, 2022). The performance criteria for the remaining 77,388 performance-based RSUs with performance not based on 2022 performance has not yet been determined and will be established on an annual basis in 2023, 2024, 2025, and 2026, as applicable; therefore, the measurement date for these remaining 77,388 performance-based RSUs cannot be determined until the performance criteria have been established.

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

	Three Months Ended March 31,	
	2022	2021
Cost of revenues (excluding depreciation and amortization)	$ 38	$ 20
Product development	125	102
Sales and marketing	83	65
Other general and administrative	528	429
Total stock based compensation expense	$ 774	$ 616

Share Repurchase Plan

On November 30, 2021, the Company's Board of Directors authorized a share repurchase program to repurchase up to $20.0 million of the Company's outstanding shares of common stock. This share repurchase program concluded on March 8, 2022, when the maximum dollar amount authorized under the program was expended. Under this program, the Company repurchased a total of 853,023 shares through open market purchases at an aggregate value of $20.0 million, reflecting an average price per share of $23.45 (excluding the cost of broker commissions). During the three months ended March 31, 2022, the Company repurchased 649,739 shares pursuant to this share repurchase program at an aggregate fair value of $14.9 million, based on an average price per share of $22.92 (excluding the cost of broker commissions).

On March 14, 2022, the Company's Board of Directors approved an expansion of the Company's share repurchase program by authorizing the repurchase of up to an additional $10.0 million of the Company's outstanding shares of common stock. The share repurchase expansion program will terminate on the earlier of March 13, 2023, or when the maximum dollar amount has been expended. During the three months ended March 31, 2022, the Company repurchased 242,647 shares pursuant to this share repurchase program at an aggregate fair value of $5.0 million, based on an average price per share of $20.52 (excluding the cost of broker commissions).

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 218,000 and 148,000 for the three months ended March 31, 2022 and 2021, respectively.

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

	Three Months Ended March 31,	
	2022	2021
Numerator:		
Net income	$ 2,893	$ 2,291
Denominator:		
Weighted-average shares outstanding	30,955	31,504
Effect of dilutive shares	21	22
Weighted-average diluted shares	30,976	31,526
Net income per share:		
Basic	$ 0.09	$ 0.07
Diluted	$ 0.09	$ 0.07

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):

	March 31, 2022			
	Adjusted Cost	Unrealized Gains	Unrealized Losses	Fair Value
Level 2:				
Corporate debt securities	$ 2,016	$ —	$ (8)	$ 2,008
Total	$ 2,016	$ —	$ (8)	$ 2,008

	December 31, 2021			
	Adjusted Cost	Unrealized Gains	Unrealized Losses	Fair Value
Level 2:				
Corporate debt securities	$ 5,043	$ —	$ (2)	$ 5,041
Total	$ 5,043	$ —	$ (2)	$ 5,041

The carrying amounts reported in the Condensed Consolidated Balance Sheets approximate the fair value based on quoted market prices or alternative pricing sources and models utilizing market observable inputs. As of March 31, 2022, the Company did not recognize any allowance for credit impairments on its available for sale debt 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.

8. BUSINESS SEGMENTS

The Company provides services to healthcare organizations and other members within the healthcare industry. The Company's services are focused on the delivery of workforce training, certification, assessment, development, and scheduling products and services (Workforce Solutions) and provider credentialing, privileging, call center, and enrollment products and services (Provider Solutions).

The Company measures segment performance based on operating income before income taxes and prior to the allocation of certain corporate overhead expenses, interest income, interest expense, gains and losses from equity investments, and depreciation. The Unallocated component below includes corporate functions, such as accounting, human resources, legal, investor relations, information systems, administrative and executive personnel, depreciation, a portion of amortization, and certain other expenses, which are not currently allocated in measuring segment performance. The following is the Company's business segment information (in thousands).

	Three Months Ended March 31,	
Revenues, net:	**2022**	**2021**
Workforce Solutions	$ 52,039	$ 51,247
Provider Solutions	13,328	12,221
Total revenues, net	$ 65,367	$ 63,468
Operating income:		
Workforce Solutions	$ 9,385	$ 9,224
Provider Solutions	2,311	1,858
Unallocated	(7,661)	(7,782)
Total operating income	$ 4,035	$ 3,300

Segment assets *	**March 31, 2022**	**December 31, 2021**
Workforce Solutions	$ 266,882	$ 258,864
Provider Solutions	133,867	137,008
Unallocated	83,177	90,881
Total assets	$ 483,926	$ 486,753

* Segment assets include accounts and unbilled receivables, prepaid royalties, prepaid and other current assets, other assets, capitalized software development, deferred commissions, certain property and equipment, goodwill, and intangible assets. Cash and cash equivalents, marketable securities, non-marketable equity investments, and certain ROU assets are not allocated to individual segments and are included within Unallocated. A significant portion of property and equipment assets are included within Unallocated.

9. DEBT

Revolving Credit Facility

On October 28, 2020, the Company entered into a Third Amendment to Revolving Credit Agreement (Revolving Credit Facility), amending the Revolving Credit Facility dated as of November 24, 2014 with Truist Bank, successor by merger to SunTrust Bank (Truist), extending the maturity date to October 28, 2023. Under the Revolving Credit Facility, the Company may borrow up to $65.0 million, which includes a $5.0 million swing line 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 Revolving Credit Facility by a total of up to $25.0 million, subject to securing additional commitments from existing lenders or new lending institutions.

At the Company’s election, the borrowings under the Revolving Credit Facility bear interest at either (1) a rate per annum equal to the highest of Truist’s prime rate or 0.5% in excess of the Federal Funds Rate or 1.0% in excess of one-month LIBOR (the Base Rate), plus an applicable margin, or (2) the one, two, three, or six-month per annum LIBOR for deposits in the applicable currency (the Eurocurrency Rate), as selected by the Company, plus an applicable margin. The applicable margin for Eurocurrency Rate loans depends on the Company’s funded debt leverage ratio and varies from 1.50% to 1.75%. The applicable margin for Base Rate loans depends on the Company’s funded debt leverage ratio and varies from 0.50% to 0.75%. Commitment fees and letter of credit fees are also payable under the Revolving Credit Facility. Principal is payable in full at maturity on October 28, 2023, and there are no scheduled principal payments prior to maturity. The Company is required to pay a commitment fee ranging between 20 and 30 basis points per annum of the average daily unused portion of the Revolving Credit Facility, depending on the Company’s funded debt leverage ratio. The obligations under the Revolving Credit Facility are guaranteed by each of the Company’s subsidiaries.

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

The Revolving Credit Facility contains certain 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.

In addition, the Revolving Credit Facility requires 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.

As of March 31, 2022, the Company was in compliance with all covenants. There were no balances outstanding on the Revolving Credit Facility as of or during the three months ended March 31, 2022.

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 report and our audited Consolidated Financial Statements and the Notes thereto for the year ended December 31, 2021, appearing in our Annual Report on Form 10-K that was filed with the Securities and Exchange Commission ("SEC") on February 28, 2022 (the "2021 Form 10-K"). Statements contained in this Quarterly Report on 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," "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 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 2021 Form 10-K and other disclosures in our 2021 Form 10-K, earnings releases and other filings with the SEC from time to time, as well as other cautionary statements contained elsewhere in this report, including our critical accounting policies and estimates as discussed in this report and our 2021 Form 10-K. We undertake no obligation to update or revise any forward-looking statements. You should read this report and the documents that we reference in this report and have filed as exhibits to this report completely and with the understanding that our actual future results may be materially different from what we currently expect.

Business Overview

HealthStream provides primarily SaaS based applications for healthcare organizations—all designed to improve business and clinical outcomes by supporting the people who deliver patient care.

We are in the process of more completely unifying the Company under a single platform strategy that will serve as the foundation for the entire enterprise. By enabling our applications through a common technology platform known as hStream, we believe that stand-alone applications, which already provide a powerful value proposition, will begin to leverage each other to more efficiently and effectively empower our customers to manage their businesses and improve their outcomes. As we continue to achieve this goal of orienting multiple applications in relation to a single technology platform, distinctions between our current reporting segments of Workforce Solutions and Provider Solutions may become less applicable, or even obsolete, in terms of how we operate and report on the Company's business. At the current time, what we characterize and report on as Workforce Solutions products are used by healthcare organizations to meet a broad range of their clinical development, learning and performance, certification, scheduling, safety and compliance, and competency assessment needs. Provider Solutions products are used by healthcare organizations for provider credentialing, privileging, and enrollment needs. HealthStream's primary customers include healthcare organizations and other participants in the healthcare industry.

Significant financial metrics for the first quarter of 2022 are set forth in the bullets below.

- Revenues of $65.4 million in the first quarter of 2022, an increase of 3% from $63.5 million in the first quarter of 2021.
- Operating income of $4.0 million in the first quarter of 2022, up 22% from $3.3 million in the first quarter of 2021.
- Net income of $2.9 million in the first quarter of 2022, up 26% from $2.3 million in the first quarter of 2021.
- Earnings per share ("EPS") of $0.09 per share (diluted) in the first quarter of 2022 compared to $0.07 per share (diluted) in the first quarter of 2021.
- Adjusted EBITDA[1] of $14.0 million in the first quarter of 2022, up 3% from $13.6 million in the first quarter of 2021.

[1] 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 report.

Impact of and Response to COVID-19 Pandemic

While the COVID-19 pandemic persists and remains a cause of uncertainty and potential volatility, conditions related to the pandemic have generally improved in the United States in recent months, with the number of daily hospitalizations in the United States reaching a pandemic-era low during this period according to the Centers for Disease Control and Prevention. In general, this means that the healthcare organizations we serve are no longer under the immediate threat of having their operations overrun by an overwhelming influx of COVID patients. As the inflow of COVID patients with respect to healthcare organizations has become more manageable, certain areas of our business, such as our compliance and learning solutions, have begun to return to and, in some cases, even eclipse pre-pandemic norms. However, other parts of our business have continued to be negatively impacted by the lingering as well as the after-effects of the pandemic. One of the more pronounced after-effects for our healthcare customers involves staffing challenges such as burnout and labor shortages. The pressures associated with these challenges continue to result in delayed sales for certain of our products, particularly those that are more elective in nature. Ultimately, we believe that our product offerings are well-positioned to help our healthcare customers successfully manage issues associated with onboarding, training, developing, engaging, and retaining employees—nurses in particular—and we remain dedicated to helping our customers overcome both the direct and indirect challenges associated with the pandemic.

During the height of the pandemic, including in 2021, we experienced delayed and reduced bookings and renewals due to the pandemic. Given that we sell multiple year subscriptions to our solutions, the revenue impact of lost or delayed sales in a given period generally does not manifest until future periods, just as the revenue we recognize in a given period is generally the result of sales from a prior period. We believe that the delay in bookings from the height of the pandemic negatively impacted our revenue growth in the first quarter of 2022, and will continue to negatively impact our revenue, at least through the second quarter of 2022 and potentially throughout the remainder of the year. However, we also experienced increased bookings in the first quarter of 2022, which we believe will begin to benefit revenue that we will recognize in the latter half of 2022.

We continue to closely monitor developments related to the pandemic that may have an adverse impact on our operational and financial performance and we remain prepared to the best of our ability to adjust to such developments as they may arise. We also continue to take actions focused on the safety and well-being of our employees, assisting our customers in this time of need, and mitigating operational and financial impacts to our business.

We recognize that some of the uncertainties and impact that are currently being experienced in the United States on a macro-level and in healthcare more specifically may be both directly and indirectly related to the pandemic. For example, the U.S. economy has recently experienced various disruptions, including inflationary pressures, significant disruptions to global supply networks, and challenging labor market conditions. In this regard, we have recently experienced, and believe that some of our customers have experienced, increased labor, supply chain, capital, and other expenditures associated with current inflationary pressures. These conditions impacting the U.S. economy and our customers in the healthcare industry may adversely impact our business and results of operations. However, as discussed above, we also believe that our product offerings are well positioned to help customers mitigate some of the negative impacts otherwise associated with these challenges as we continue to fulfill our vision of improving healthcare by developing the people who provide care.

Key Business Metrics

Our management utilizes the following financial and non-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 and, prior to the adoption of ASU 2021-08 on January 1, 2022, reflects deferred revenue write-downs associated with fair value accounting for acquired businesses. Revenues, net, were $65.4 million for the three months ended March 31, 2022, compared to $63.5 million for the three months ended March 31, 2021. 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.

- *Operating Income*. Operating income represents the amount of profit realized from our operations and is calculated as the difference between revenues, net and operating costs and expenses. Operating income was $4.0 million for the three months ended March 31, 2022, compared to $3.3 million for the three months ended March 31, 2021. Management utilizes operating income in connection with managing our business and believes that our operating income provides useful information to investors as a key indicator of profitability.

- *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 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, short-term cash incentive bonuses and certain performance-based equity award grants are based on the achievement of adjusted EBITDA (as defined in applicable bonus and equity grant documentation) targets. Adjusted EBITDA was $14.0 million for the three months ended March 31, 2022, compared to $13.6 million for the three months ended March 31, 2021.

- *hStream Subscriptions*. hStream subscriptions are determined as the number of subscriptions under contract for hStream, our emerging technology platform that enables healthcare organizations and their respective workforces to easily connect to and gain value from the growing HealthStream ecosystem of applications, tools, and content. Management utilizes hStream subscriptions in connection with managing our business and believes that this metric provides useful information to investors as a measure of our progress in growing the value of our customer base. At March 31, 2022, we had approximately 5.13 million contracted subscriptions to hStream, compared to 4.34 million as of March 31, 2021.

Critical Accounting Policies and Estimates

The Company's Condensed Consolidated Financial Statements are prepared in accordance with US GAAP. These accounting principles require us to make certain estimates, judgments, and assumptions during the preparation of our Financial Statements. We believe the estimates, judgments, and assumptions upon which we rely are reasonable based upon information available to us at the time they are made. These estimates, judgments, and assumptions can affect the reported amounts of assets and liabilities as of the date of the Financial Statements, as well as the reported amounts of revenues and expenses during the periods presented and related disclosures. To the extent there are material differences between these estimates, judgments, or assumptions and actual results, our Financial Statements will be affected.

The accounting policies and estimates that we believe are the most critical in fully understanding and evaluating our reported financial results include the following:

- Revenue recognition
- Accounting for income taxes
- Goodwill

In many cases, the accounting treatment of a particular transaction is specifically dictated by US GAAP and does not require management's judgment in its application. There are also areas where management's judgment in selecting among available alternatives would not produce a materially different result. See Notes to the Consolidated Financial Statements in our 2021 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 2021 Form 10-K.

Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

Revenues, net. Revenues increased approximately $1.9 million, or 3%, to $65.4 million for the three months ended March 31, 2022 from $63.5 million for the three months ended March 31, 2021.

A comparison of revenues by business segment is as follows (in thousands):

	Three Months Ended March 31,		
Revenues by Business Segment:	**2022**	**2021**	**Percentage Change**
Workforce Solutions	$ 52,039	$ 51,247	2%
Provider Solutions	13,328	12,221	9%
Total revenues, net	$ 65,367	$ 63,468	3%
% of Revenues			
Workforce Solutions	80%	81%	
Provider Solutions	20%	19%	

Revenues for Workforce Solutions increased $0.8 million, or 2%, to $52.0 million for the three months ended March 31, 2022, from $51.2 million for the three months ended March 31, 2021. The Workforce Solutions segment achieved this 2% growth while overcoming a $1.7 million decline from the legacy resuscitation business. Revenues from other solutions more than offset the decline in legacy resuscitation revenues.

Revenues for Provider Solutions increased $1.1 million, or 9%, to $13.3 million for the three months ended March 31, 2022, from $12.2 million for the three months ended March 31, 2021. Revenue growth was primarily attributable to new subscription revenues.

Cost of Revenues (excluding Depreciation and Amortization). Cost of revenues decreased $0.7 million, or 3%, to $22.0 million for the three months ended March 31, 2022, from $22.7 million for the three months ended March 31, 2021. Cost of revenues as a percentage of revenues was 34% and 36% for the three months ended March 31, 2022 and 2021, respectively.

Cost of revenues for Workforce Solutions decreased $1.0 million to $17.6 million for the three months ended March 31, 2022, compared to the prior year period and approximated 34% and 36% of revenues for Workforce Solutions for the three months ended March 31, 2022 and 2021, respectively. The decrease is primarily attributable to a lower royalties payable by us related to legacy resuscitation products, consistent with the reduction in these revenues. Cost of revenues for Provider Solutions increased $0.3 million to $4.4 million for the three months ended March 31, 2022, compared to the prior year period and approximated 33% of Provider Solutions revenues for both the three months ended March 31, 2022 and 2021. The increase in amount is primarily associated with an increase in personnel costs during the three months ended March 31, 2022.

Product Development. Product development expenses increased $0.9 million, or 9%, to $10.4 million for the three months ended March 31, 2022, from $9.5 million for the three months ended March 31, 2021. Product development expenses as a percentage of revenues were 16% and 15% for the three months ended March 31, 2022 and 2021, respectively.

Product development expenses for Workforce Solutions increased $0.6 million to $8.8 million for the three months ended March 31, 2022, compared to the prior year period and approximated 17% and 16% of revenues for Workforce Solutions for the three months ended March 31, 2022 and 2021, respectively. The increase is primarily associated with an increase in personnel costs and contract labor, which was partially offset by an increase in labor capitalized for internally developed software. Additionally, the first quarter of 2021 included a non-recurring, non-cash benefit related to the reduction of paid time off ("PTO") expense as a result of modifications to the Company's PTO policy. Product development expenses for Provider Solutions increased $0.3 million to $1.6 million for the three months ended March 31, 2022, compared to the prior year period and approximated 12% and 11% of revenues for Provider Solutions for the three months ended March 31, 2022 and 2021, respectively. The increase in product development expenses is primarily due to an increase in personnel costs compared to the prior year period.

Sales and Marketing. Sales and marketing expenses, including personnel costs, increased $1.4 million, or 16%, to $10.4 million for the three months ended March 31, 2022, from $9.0 million for the three months ended March 31, 2021. Sales and marketing expenses were 16% and 14% of revenues for the three months ended March 31, 2022 and 2021, respectively.

Sales and marketing expenses for Workforce Solutions increased $1.2 million to $8.4 million for the three months ended March 31, 2022, compared to the prior year period and approximated 16% and 14% of revenues for Workforce Solutions for the three months ended March 31, 2022 and 2021, respectively. The increase is primarily due to additional personnel expenses, increased sales commissions, and higher marketing expenses. Sales and marketing expenses for Provider Solutions increased $0.2 million to $1.8 million for the three months ended March 31, 2022, compared to the prior year period and approximated 13% of revenues for Provider Solutions for both the three months ended March 31, 2022 and 2021. The increase is due to an increase in personnel expenses and general marketing expenses. The unallocated corporate portion of sales and marketing expenses decreased $46,000 to $0.2 million for the three months ended March 31, 2022, compared to the prior year period.

Other General and Administrative Expenses. Other general and administrative expenses decreased $0.5 million, or 6%, to $9.2 million for the three months ended March 31, 2022, from $9.7 million for the three months ended March 31, 2021. Other general and administrative expenses were 14% and 15% of revenues for the three months ended March 31, 2022 and 2021, respectively.

Other general and administrative expenses for Workforce Solutions decreased $1.0 million to $2.1 million for the three months ended March 31, 2022, compared to the prior year period and approximated 4% and 6% of Workforce Solutions revenues for the three months ended March 31, 2022 and 2021, respectively. The decrease is primarily due to lower transition service costs associated with prior acquisitions and reductions in facilities costs associated with closing certain leased satellite offices. Other general and administrative expenses for Provider Solutions increased $45,000 to $0.9 million for the three months ended March 31, 2022, compared to the prior year period and approximated 7% of Provider Solutions revenues for both the three months ended March 31, 2022 and 2021. The unallocated corporate portion of other general and administrative expenses increased $0.4 million to $6.2 million for the three months ended March 31, 2022, compared to the prior year period primarily due to increased personnel costs and employee recruitment expenses.

Depreciation and Amortization. Depreciation and amortization expense increased $0.1 million, or 2%, to $9.3 million for the three months ended March 31, 2022, from $9.2 million for the three months ended March 31, 2021. This increase is primarily a result of an increase in amortization associated with capitalized software.

Other Loss, Net. Other loss, net was $0.3 million for the three months ended March 31, 2022, compared to $0.1 million for the three months ended March 31, 2021. The decrease is primarily a result of a greater loss from equity method investments for the three months ended March 31, 2022, compared to the prior year period.

Income Tax Provision. The Company recorded a provision for income taxes of $0.9 million for both the three months ended March 31, 2022 and 2021. The Company's effective tax rate was 23% for the three months ended March 31, 2022, compared to 29% for the three months ended March 31, 2021. 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, 2022, the Company recorded discrete tax expense of $0.1 million, which consisted primarily of tax deficiencies associated with stock-based awards. During the three months ended March 31, 2021, the Company recorded discrete tax expense a $0.1 million related primarily to a permanent difference related to purchase accounting adjustments and the impact of a state tax rate change enacted during the period.

Net Income. Net income was approximately $2.9 million and $2.3 million for the three months ended March 31, 2022 and 2021, respectively. Earnings per share (EPS) was $0.09 per share (diluted) and $0.07 per share (diluted) for the three months ended March 31, 2022 and 2021, respectively.

Adjusted EBITDA was $14.0 million for the three months ended March 31, 2022, compared to $13.6 million for the three months ended March 31, 2021. See "Reconciliation of Non-GAAP Financial Measures" below for our reconciliation of adjusted EBITDA to the most directly comparable measures under US GAAP and disclosure regarding why we believe adjusted EBITDA provides useful information to investors.

Reconciliation of Non-GAAP Financial Measures

This Quarterly Report on 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 excluding the impact of the deferred revenue write-downs associated with fair value accounting for acquired businesses (as discussed in greater detail below) and before interest, income taxes, stock-based compensation, depreciation and amortization, changes in fair value of non-marketable equity investments, and the de-recognition of non-cash expense resulting from the paid time off expense reduction in the first quarter of 2021 (“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 non-operating items which may not, in any such case, fully reflect the underlying operating performance of our business. We also believe that adjusted EBITDA is useful to many investors to assess the Company’s ongoing operating performance and to compare the Company’s operating performance between periods. Additionally, short-term cash incentive bonuses and certain performance-based equity awards are based on the achievement of adjusted EBITDA (as defined in applicable bonus and equity grant documentation) targets.

As noted above, the definition of adjusted EBITDA includes an adjustment for the impact of the deferred revenue write-downs associated with fair value accounting for acquired businesses. Prior to the Company early adopting ASU 2021-08 effective January 1, 2022, following the completion of any acquisition by the Company, the Company was required to record the acquired deferred revenue at fair value as defined in GAAP, which typically resulted in a write-down of the acquired deferred revenue. When the Company was required to record a write-down of deferred revenue, it resulted in lower recognized revenue, operating income, and net income in subsequent periods. Revenue for any such acquired business was deferred and was typically recognized over a one-to-two year period following the completion of any particular acquisition, so our GAAP revenues for this one-to-two year period would not reflect the full amount of revenues that would have been reported if the acquired deferred revenue was not written down to fair value. Management believes that including an adjustment in the definition of adjusted EBITDA for the impact of the deferred write-downs associated with fair value accounting for businesses acquired prior to the January 1, 2022 effective date of the Company's adoption of ASU 2021-08 provides useful information to investors because the deferred revenue write-down recognized in periods after an acquisition may, given the nature of this non-cash accounting impact, cause our GAAP financial results during such periods to not fully reflect our underlying operating performance and thus adjusting for this amount may assist in comparing the Company’s results of operations between periods. Following the adoption of ASU 2021-08, contracts acquired in an acquisition completed on or after January 1, 2022 will be measured as if the Company had originated the contract (rather than the contract being measured at fair value) such that, for such acquisitions, the Company will no longer record deferred revenue write-downs associated with acquired businesses (for acquisitions completed prior to January 1, 2022, the Company will continue to record deferred revenue write-downs associated with fair value accounting for periods on and after January 1, 2022 consistent with past practice). At the current time, the Company intends to continue to include an adjustment in the definition of adjusted EBITDA for the impact of deferred revenue write-downs from business acquired prior to January 1, 2022 given the ongoing impact of such deferred revenue on our financial results.

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 analytical tools.

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

	Three Months Ended March 31,	
	2022	**2021**
GAAP net income	$ 2,893	$ 2,291
Deferred revenue write-down	94	1,622
Interest income	(15)	(18)
Interest expense	32	32
Income tax provision	866	922
Stock-based compensation expense	774	616
Depreciation and amortization	9,322	9,153
Non-cash paid time off expense	—	(1,011)
Adjusted EBITDA	$ 13,966	$ 13,607

Liquidity and Capital Resources

Net cash provided by operating activities increased by $1.6 million to $20.7 million during the three months ended March 31, 2022, from $19.1 million during the three months ended March 31, 2021. Such increase was primarily due to lower royalties paid by us compared to the prior year period and was partially offset by lower cash receipts and increased labor costs. Our DSO was 45 days for the first quarter of 2022 compared to 52 days for the first quarter of 2021. 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, and general corporate expenses.

Net cash used in investing activities was $4.0 million for the three months ended March 31, 2022, compared to $9.7 million for the three months ended March 31, 2021. During the three months ended March 31, 2022, the Company spent $22,000 related to a post-closing adjustment for a prior acquisition, invested in marketable securities of $2.0 million, made payments for capitalized software development of $6.3 million, and purchased property and equipment of $0.6 million. These uses of cash were partially offset by $5.0 million in maturities of marketable securities. During the three months ended March 31, 2021, the Company spent $2.0 million to acquire ComplyALIGN and on a net cash basis received $1.3 million of proceeds upon settling post-closing adjustments related to ANSOS and ShiftWizard acquisitions for a net cash outflow of $0.7 million for business combinations, invested in marketable securities of $5.2 million, made payments for capitalized software development of $5.3 million, purchased property and equipment of $2.0 million, and invested $1.0 million in non-marketable equity investments. These uses of cash were partially offset by $4.5 million in maturities of marketable securities.

Net cash used in financing activities was approximately $20.2 million for the three months ended March 31, 2022, compared to $0.4 million for the three months ended March 31, 2021. The uses of cash for the three months ended March 31, 2022 included $19.7 million for repurchases of common stock and $0.5 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, 2021 primarily included $0.4 million for the payment of employee payroll taxes in relation to the vesting of restricted share units.

Our balance sheet reflects negative working capital of $7.3 million at March 31, 2022, compared to positive working capital of $6.5 million at December 31, 2021. The decrease in working capital is primarily a result of a reduction in cash to fund the repurchases of common stock and an increase in deferred revenue. The Company's primary source of liquidity as of March 31, 2022 was $43.4 million of cash and cash equivalents and $2.0 million of marketable securities. The Company also has a $65.0 million revolving credit facility, all of which was available for additional borrowing at March 31, 2022. The revolving credit facility expires on October 28, 2023, unless earlier renewed or amended.

On November 30, 2021, the Company's Board of Directors authorized a share repurchase program to repurchase up to $20.0 million of the Company's outstanding shares of common stock. The share repurchase program concluded on March 8, 2022, when the maximum dollar amount authorized under the program was expended. Under this program, the Company repurchased a total of 853,023 shares in open market purchases at an aggregate value of $20.0 million, reflecting an average price per share of $23.45 (excluding the cost of broker commissions). During the three months ended March 31, 2022, the Company repurchased 649,739 shares pursuant to this share repurchase program at an aggregate fair value of $14.9 million, based on an average price per share of $22.92 (excluding the cost of broker commissions).

On March 14, 2022, the Company's Board of Directors approved an expansion of the Company's share repurchase program by authorizing the repurchase of up to an additional $10.0 million of the Company's outstanding shares of common stock. The share repurchase program will terminate on the earlier of March 13, 2023, or when the maximum dollar amount has been expended. During the three months ended March 31, 2022, the Company repurchased 242,647 shares pursuant to this share repurchase program at an aggregate fair value of $5.0 million, based on an average price per share of $20.52 (excluding the cost of broker commissions).

We believe that our existing cash and cash equivalents, marketable securities, cash generated from operations, and available borrowings under our revolving credit facility will be sufficient to meet anticipated working capital needs, new product development, and capital expenditures for at least the next 12 months and for the foreseeable future thereafter.

In addition, 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, or a combination of both. 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 adjusted EBITDA and an interest coverage ratio of adjusted 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, 2022, we were in compliance with all covenants. 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 assure you that if we need additional financing that 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, 2022, 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 approximated $45.4 million at March 31, 2022. Assuming a hypothetical 10% decrease in interest rates for invested balances, interest income from cash and investments would decrease on an annualized basis by approximately $5,000.

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 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 Quarterly Report. 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 2022 that has materially affected, or that is reasonably likely to materially affect, HealthStream's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in the 2021 Form 10-K.

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

On November 30, 2021, the Company announced a share repurchase program approved by the Company's Board of Directors under which the Company was authorized to purchase up to $20.0 million of its common stock. Under this program, during the first three months of 2022 the Company repurchased 649,739 shares at an aggregate fair value of $14.9 million, reflecting an average price per share of $22.92 (excluding the cost of broker commissions). The share repurchase program concluded on March 8, 2022, when the maximum dollar amount was expended.

On March 14, 2022, the Company announced an expansion of the share repurchase program authorized by the Company's Board of Directors under which the Company may purchase up to an additional $10.0 million of its common stock. Pursuant to this authorization, repurchases may be made in the open market, including under a Rule 105b-1 plan, through privately negotiated transactions, or otherwise. Under this program, during the first three months of 2022 the Company repurchased 242,647 shares at an aggregate fair value of $5.0 million, reflecting an average price per share of $20.52 (excluding the cost of broker commissions). In addition, any future repurchases under the authorization will be subject to prevailing market conditions, liquidity and cash flow considerations, applicable securities laws requirements (including under Rule 10b-18 and Rule 10b5-1 of the Securities Exchange Act of 1934, as applicable), and other factors. The share repurchase program will terminate on the earlier of March 13, 2023 or when the maximum dollar amount has been expended.

The table below sets forth activity under the stock repurchase plans for the three months ended March 31, 2022.

Period	(a) Total number of shares (or units) purchased	(b) Average price paid per share (or unit)(1)	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
Month #1 (January 1 - 31)	216,645	$ 25.17	216,645	$ 9,438,062
Month #2 (February 1 - February 28)	282,247	22.36	282,247	3,127,204
Month #3 (March 1 - March 31)	393,494	20.60	393,494	5,020,204
Total	892,386	$ 22.27	892,386	$ 5,020,204

(1) The weighted average price paid per share of common stock does not include the cost of broker commissions.

Item 6. ***Exhibits***

(a)Exhibits

10.1^	HealthStream, Inc. 2022 Cash Incentive Bonus Plan
10.2^	Form of HealthStream, Inc. Restricted Share Unit Agreement (Performance) under 2016 Omnibus Incentive Plan
10.3^	Form of HealthStream, Inc. Restricted Share Unit Agreement (Performance) contingent upon approval of 2022 Omnibus Incentive Plan
10.4^	Form of HealthStream, Inc. Restricted Share Unit Agreement (Time Based) contingent upon approval of 2022 Omnibus Incentive Plan
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
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, 2022, has been formatted in Inline XBRL
^	Management contract of compensatory plan or arrangement

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.

HEALTHSTREAM, INC.

April 28, 2022	By: /s/ Scott A. Roberts Scott A. Roberts Chief Financial Officer

HealthStream, Inc.
2022 Cash Incentive Bonus Plan

Overview:

Pursuant to the HealthStream, Inc. 2016 Omnibus Incentive Plan, the Compensation Committee (the “Committee”) of the Board of Directors of HealthStream, Inc. (the “Company”) hereby establishes this 2022 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 2022 fiscal year in order to reward Management for facilitating the Company’s achievement of certain levels of financial performance during fiscal year 2022 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 2022 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 2022 budget; and (ii) Adjusted EBITDA (profit/loss) from acquisitions and divestitures consummated during 2022 (collectively, the “Excluded Expenses”). The Committee has the negative discretion to include the Excluded Expenses in the calculation of Adjusted EBITDA.

- **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 EBITDA funds the Target Bonus Pool as set forth below.

- **Incremental Stretch Adjusted EBITDA** – the amount of Adjusted EBITDA before bonuses that is achieved after the Target Bonus Pool is fully funded. The Incremental Stretch Adjusted EBITDA funds the Stretch Bonus Pool as set forth below.

2022 Financial Measure and Plan Principles:

1. **Financial Measure** – Adjusted EBITDA before bonuses will be the financial measure for 2022.

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 only from the amount of Incremental Stretch Adjusted EBITDA that exceeds Stretch Adjusted EBITDA.

The Plan

Eligibility

Three 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, the President & Chief Operating Officer of HealthStream, and the President of VerityStream shall be eligible to receive under the Plan shall be an amount equal to 40% of such member's base salary. (ii) Executive Vice Presidents shall be eligible to receive under the Plan shall be an amount equal to 35% of such member's base salary, and (iii) Senior Vice Presidents shall be eligible to receive under the Plan shall be an amount equal to 30% of such member's base salary. Unless otherwise excluded below, the Executive Team eligible for participation includes the Chief Executive Officer, President & Chief Operating Officer, and 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, 2022 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, 2022 through the date of participant's death or disability shall be awarded.

- **Exclusions** – Members of the Executive Team 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 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 25% 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 seventy-eight cents of every dollar of Incremental Target Adjusted EBITDA 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 Bonus Amount (at which point 100% of the Maximum Bonus in the aggregate would be earned); provided Executives shall also be eligible to receive a Stretch Bonus Amount as set forth below.

    - Solely for Executives, in the event that Target Bonus Pool is fully funded, each Executive will then be eligible to receive—in addition to her or his Maximum Annual Bonus, which has already been earned—an additional payment (the "Stretch Bonus Amount") in an amount equal to a percentage between 0% and 15% of the base salary payable to such Executive based on the amount of bonus pool that is funded for that range (the "Stretch Bonus Pool"). The Stretch Bonus Pool shall be funded by ten cents of every dollar of Incremental Stretch Adjusted EBITDA until the Stretch Bonus Pool is fully funded. The Stretch Bonus Pool is fully funded at the point in which the Stretch Adjusted EBITDA (as established by the Committee) is reached after bonus payments equal to 15% of each Executives base salary. For purposes of clarity, Executives 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 achieves shall be in addition to the 100% Maximum Annual Bonus.

2. Any Annual Bonus payouts made to the Executive Team, Leadership Team, 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.

HEALTHSTREAM, INC.
RESTRICTED SHARE UNIT AGREEMENT

This RESTRICTED SHARE UNIT AGREEMENT (this "Agreement") is made and entered into as of the 23rd day of March, 2022 (the "Grant Date"), between HealthStream, Inc., a Tennessee corporation (together with its Subsidiaries and Affiliates, the "Company"), and [ ] (the "Grantee"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the HealthStream, Inc. 2016 Omnibus Incentive Plan (the "Plan").

WHEREAS, the Company has adopted the Plan, which permits the issuance of Restricted Share Units; and

WHEREAS, the Compensation Committee of the Board of Directors of the Company (the "Committee") has determined that it would be to the advantage and best interest of the Company and its shareholders to grant an award of the RSUs (as defined below) as a "Restricted Share Unit Award" as defined by and pursuant to the terms of the Plan, and pursuant to the terms set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

1. Grant of Restricted Share Unit Award.

1.1 The Company hereby grants to the Grantee an award ("Award") of [____] Restricted Share Units ("RSUs") on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan. Each RSU shall have a value equal to the Fair Market Value of one Share. A bookkeeping account will be maintained by the Company to keep track of the RSUs.

1.2 The Grantee's rights with respect to the Award shall remain forfeitable at all times prior to the dates on which the RSUs shall vest in accordance with Section 2 hereof. This Award may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by Grantee other than by will or the laws of descent and distribution.

2. Vesting and Payment.

2.1 Vesting. The RSUs subject to this Award shall vest as follows, subject to the time-based vesting condition set forth in the last sentence of this Section 2.1 and the Catch-Up Provision (as defined in Exhibit A) set forth in Exhibit A (all such vesting dates as set forth below, the "Vesting Dates"):

(i) Up to [_____] RSUs (15% of the total RSUs) shall vest on March 23, 2023, based on the extent of the satisfaction of the Performance Criteria (as defined on Exhibit A) for the period beginning on January 1, 2022 and ending December 31, 2022, as referenced on Exhibit A;

(ii) Up to [ ] RSUs (20% of the total RSUs) shall vest on March 23, 2024, based on the extent of the satisfaction of the Performance Criteria for the period beginning on January 1, 2023 and ending December 31, 2023, as referenced on Exhibit A;

(iii) Up to [ ] RSUs (20% of the total RSUs) shall vest on March 23, 2025, based on the extent of the satisfaction of the performance criteria for the period beginning on January 1, 2024 and ending December 31, 2024, as referenced on Exhibit A;

(iv) Up to [ ] RSUs (20% of the total RSUs) shall vest on March 23, 2026, based on the extent of the satisfaction of the performance criteria for the period beginning on January 1, 2025 and ending December 31, 2025, as referenced on Exhibit A; and

(v) Up to [ ] RSUs (25% of the total RSUs) shall vest on March 23, 2027, based on the extent of the satisfaction of the performance criteria for the period beginning on January 1, 2026 and ending December 31, 2026, as referenced on Exhibit A.

Notwithstanding the foregoing or anything contained herein to the contrary (but subject to Section 2.2 below), this Award shall not become vested as to any additional RSUs following the Grantee's termination of employment with the Company for any reason and Grantee shall forfeit any unvested RSUs as of the date of such termination of employment.

2.2 Change in Control.

(a) Notwithstanding anything contained herein to the contrary, except as may otherwise be determined by the Committee, in the event that there is a Change in Control (as defined in the Plan) that is consummated prior to March 23, 2027, then upon the occurrence of such Change in Control, this Award shall become vested immediately prior to a Change in Control as to 100% of the RSUs otherwise eligible for vesting in (i) the then current Performance Period (as defined in Exhibit A) for which the Vesting Date set forth in Section 2.1 has not yet occurred, (ii) the next Subsequent Performance Period for which the Vesting Date set forth in Section 2.1 has not yet occurred, and (iii) in the event that the Change in Control has been consummated following the end of a calendar year but prior to the next Vesting Date (i.e., on which vesting would occur based on the performance for such calendar year), then the RSUs will vest for such calendar year concurrently with the consummation of the Change in Control based on the extent of the satisfaction of the performance criteria for such calendar year as referenced on Exhibit A.

(b) Notwithstanding anything contained herein to the contrary, except as may otherwise be determined by the Committee and except as with regard to vesting that occurs pursuant to Section 2.2(a) above, no RSUs shall vest pursuant to this Agreement due to a Change in Control that is consummated prior to March 23, 2027. It is further understood and agreed that, in such circumstance, Grantee will not be entitled to any RSUs that have not vested preceding the occurrence of the Change in Control other than as set forth in Section 2.2(a) above even if such RSUs are subject to the Catch-Up Provision.

2.3 Settlement. The Grantee shall be entitled to settlement of the RSUs subject to this Award at the time that such RSUs vest pursuant to Section 2.1 or Section 2.2, as applicable. Such settlement shall be made as promptly as practicable thereafter (but in no event after the fifteenth day following the applicable vesting date, or in the case of a Change in Control, the date of the occurrence of the Change in Control). Any settlement of RSUs granted pursuant to this Award shall be made in Shares through the issuance to the Grantee of a stock certificate (or evidence such Shares have been registered in the name of the Grantee with the transfer agent of the Company) for a number of Shares equal to the number of such vested RSUs. The Committee may, in its discretion, provide that the ownership of Shares upon the vesting of the RSUs shall be evidenced by a "book entry" (i.e., a computerized or manual entry) in the records of the Company or its designated agent in the name of the Grantee who has become vested in such Shares. The Grantee will not be entitled to any dividend equivalent or voting rights with regard to the RSUs.

2.4 Withholding Obligations. Prior to the settlement of any RSUs subject to this Award, Grantee shall provide (i) full payment (in cash or by check or by a combination thereof) to satisfy the Withholding Tax Obligation (as defined below) with respect to which the Award or portion thereof shall settle or (ii) subject to compliance with applicable legal requirements, indication that the Grantee elects to tender to the Company Shares owned by the Grantee (or by the Grantee and his or her spouse jointly) and purchased and held for the requisite period of time as may be required to avoid the Company's incurring an adverse accounting charge, based on the Fair Market Value of such Shares on the payment date necessary to satisfy the Withholding Tax Obligation that would otherwise be required to be paid by the Grantee to the Company pursuant to clause (i) of this Section 2.4, or (iii) notwithstanding the foregoing and unless notice to the contrary is given to the Grantee by the Company, the number of Shares that would otherwise be issued to the Grantee upon settlement of the Award (or portion thereof) reduced by a number of Shares having an aggregate Fair Market Value, on the date of such issuance, equal to the payment to satisfy the Withholding Tax Obligation that would otherwise be required to be made by the Grantee to the Company pursuant to clause (i) of this Section 2.4. Any social security calculation or other adjustments discovered after the net Share payment described in clause (iii) of this Section 2.4 hereof will be settled in cash, not in Shares. For the avoidance of doubt, the Company may satisfy the Grantee's withholding obligation from the Grantee's other compensation which may be payable by the Company, including any withholding obligation which may not be satisfied though the procedures identified in this Section 2.4. For purposes hereof, the "Withholding Tax Obligation" means the minimum amount necessary to satisfy Federal, state, local or foreign withholding tax requirements, if any, in connection with vesting of the Award; provided, however, that, unless otherwise determined by the Committee, the Grantee may elect to withhold an additional amount or additional number of Shares to satisfy an additional amount of withholding taxes up to the maximum individual statutory tax rate in the applicable jurisdiction, but only if such additional withholding, or the discretion to elect such additional withholding, does not result in adverse accounting treatment of this Award to the Company. Vesting of the Award (or portion thereof) will result in taxable compensation reportable on the Grantee's W-2 in the year of vesting.

3. No Right to Continued Service. Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon the Grantee any right to continue service as an officer or employee of the Company.

4. Adjustments. The provisions of Section 4.2 and Section 14.3 of the Plan are hereby incorporated by reference, and the RSUs are subject to such provisions. Any determination made by the Committee pursuant to such provisions shall be made in accordance with the provisions of the Plan and shall be final and binding for all purposes of the Plan and this Agreement.

5. Administration Subject to the Plan. The Grantee hereby acknowledges receipt of a copy of (or an electric link to) the Plan and agrees to be bound by all the terms and provisions thereof. The terms of this Agreement are governed by the terms of the Plan, and in the case of any inconsistency between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall govern. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Grantee, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award.

6. Modification of Agreement. Subject to the restrictions contained in the Plan and applicable law (including compliance with Section 409A of the Code), the Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, the RSU, prospectively or retroactively.

7. Section 409A. Notwithstanding anything herein to the contrary, to the maximum extent permitted by applicable law, the settlement of the RSUs to be made to the Grantee pursuant to this Agreement is intended to qualify as a “short-term deferral” pursuant to Section 1.409A-1(b)(4) of the Regulations and this Agreement shall be interpreted consistently therewith. However, in any circumstances where the settlement of the RSUs may not so qualify, the Committee shall administer the grant and settlement of such RSUs in strict compliance with Section 409A of the Code. Further, notwithstanding anything herein to the contrary, to the extent that this Award constitutes deferred compensation for purposes of Section 409A of the Code (i) no RSU payable upon the Grantee’s termination of service shall be issued, unless Grantee’s termination of service constitutes a “separation from service” within the meaning of Section 1.409A-1(h) of the Treasury Regulations and (ii) if at the time of a Grantee’s termination of employment with the Company and all “service recipients” (as defined in the applicable provision of the Treasury Regulations), the Grantee is a “specified employee” as defined in Section 409A of the Code, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of service is necessary in order to prevent the imposition of any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Grantee) to the minimum extent necessary to satisfy Section 409A of the Code until the date that is six months and one day following the Participant’s termination of employment with the Company (or the earliest date as is permitted under Section 409A of the Code), if such payment or benefit is payable upon a termination of employment. Each payment of RSUs constitutes a “separate payment” for purposes of Section 409A of the Code. Notwithstanding any other provision of this Agreement or the Plan to the contrary, to the extent that this Agreement constitutes deferred compensation for purposes of Section 409A of the Code, a “Change in Control” for purposes of this Agreement shall mean “change in the ownership of the Company,” a “change in the effective control of the Company,” or a “change in the ownership of a substantial portion of the Company’s assets,” as such terms are defined in Section 1.409A-3(i)(5) of the Treasury Regulations. Notwithstanding the foregoing, Company does not warrant that this RSU will qualify for favorable tax treatment under Section 409A of the Code or any other provision of federal, state, local or foreign law. The Company shall not be liable to Grantee for any tax, interest, or penalties that the Grantee might owe as a result of the grant, holding, vesting, exercise, or payment of the RSUs.

8. No Right to Continued Employment. The grant of the RSU shall not be construed as giving the Grantee the right to be retained in the service of the Company, and the Company may at any time dismiss the Grantee from service, free from any liability or any claim under the Plan.

9. Severability. If any provision of this Agreement is, or becomes, or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or the Award, or would disqualify the Plan or Award under any laws deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award, and the remainder of the Plan and Award shall remain in full force and effect.

10. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Tennessee without giving effect to the conflicts of law principles thereof, except to the extent that such laws are preempted by Federal law.

11. Successors in Interest. This Agreement shall inure to the benefit of and be binding upon any successor to the Company. This Agreement shall inure to the benefit of the Grantee's legal representatives. All obligations imposed upon the Grantee and all rights granted to the Company under this Agreement shall be binding upon the Grantee's heirs, executors, administrators and successors.

12. Resolution of Disputes. Any dispute or disagreement which may arise under, or as a result of, or in any way related to, the interpretation, construction or application of this Agreement shall be determined by the Committee. Any determination made hereunder shall be final, binding and conclusive on the Grantee and the Company for all purposes.

13. Rights as a Shareholder. Grantee shall not have voting or any other rights as a shareholder of the Company with respect to the RSUs. Grantee will obtain voting and other rights as a shareholder of the Company upon the settlement of the RSUs in Shares.

14. Notices. All notices required to be given under this Agreement shall be deemed to be received if delivered or mailed as provided for herein to the parties at the following addresses, or to such other address as either party may provide in writing from time to time.

To the Company: HealthStream, Inc.
500 11th Avenue North, Suite 1000
Nashville TN 37203

To the Grantee: The address then maintained with respect to the Grantee in the Company's records.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed effective as of the day and year first above written.

HEALTHSTREAM, INC.:

By:

Robert A. Frist, Jr.
Chief Executive Officer

GRANTEE:

____
[ ]

Exhibit A

Performance Criteria

For purposes of this Award, performance will be measured over the following five performance periods (the "Performance Periods"): (i) the period beginning on January 1, 2022 and ending on December 31, 2022 (the "Initial Performance Period"; all Performance Periods other than the Initial Performance Period, "Subsequent Performance Periods"), (ii) the period beginning on January 1, 2023, and ending on December 31, 2023, (iii) the period beginning on January 1, 2024, and ending on December 31, 2024, (iv) the period beginning on January 1, 2025 and ending on December 31, 2025, and (v) the period beginning on January 1, 2026 and ending on December 31, 2026. For purposes of this Award, the performance criteria referenced herein for any Performance Period is referred to as the "Performance Criteria."

For each of the Performance Periods, the Committee shall determine (the "Determination") the Performance Criteria on an annual basis, and it is anticipated that the Performance Criteria will be based on one or more annual financial performance targets of the Company and/or annual financial performance targets of the business unit over which the Grantee has primary responsibility, which annual financial performance targets may include, among other things, operating income, Adjusted EBITDA and revenue thresholds of the Company and/or the applicable business unit (the "Financial Metric") as determined by the Committee in connection with the Determination. Determination of the Performance Criteria for the Initial Performance Period shall be determined by the Committee at or near the time this Agreement is approved by the Committee. The Determination of the Performance Criteria for each of the Subsequent Performance Periods shall be determined by the Committee within 90 calendar days following the beginning of each Subsequent Performance Period.

If the performance achieved in the applicable Performance Period meets or exceeds the established target goal level as established by the Committee, 100% of the RSUs eligible to vest in respect of such Performance Period pursuant to Section 2.1 shall vest and settle pursuant to the terms of this Agreement. If the performance achieved in the applicable Performance Period is less than the established target goal level as established by the Committee, none of the RSUs eligible to vest in respect of such Performance Period pursuant to Section 2.1 shall vest and settle pursuant to the terms of this Agreement. In addition, except as otherwise determined by the Committee, the impact of any acquisitions or divestitures that are pursued or completed during any Performance Period shall be excluded from the calculation of the Financial Metric for such Performance Period pursuant to the terms of this Agreement, including, without limitation, any expenses associated with acquisitions or divestitures pursued or completed during Performance Period and operating income (loss), Adjusted EBITDA and revenue, as applicable, resulting from acquisitions and divestitures completed during such Performance Period.

In addition, in connection with making the Determination for each corresponding Subsequent Performance Period, the Committee will establish criteria by which RSUs (if any) that have not vested with respect to the prior year's Performance Period may vest in part or in full on the Vesting Date for the Subsequent Performance Period to the extent that the Performance Criteria for such Subsequent Performance Period is exceeded by an amount as determined at such time by the Committee in connection with the Determination (the "Catch-Up Provision"); provided, however, that in the event that RSUs do not vest in any calendar year and thus are available to vest in the succeeding calendar year (the "Succeeding Year") pursuant to the Catch-Up Provision, and subsequently do not vest in such Succeeding Year, then such RSUs will not be eligible to vest in any subsequent calendar year that follows such Succeeding Year.

HEALTHSTREAM, INC.
RESTRICTED SHARE UNIT AGREEMENT

This RESTRICTED SHARE UNIT AGREEMENT (this "Agreement") is made and entered into as of the 23rd day of March, 2022 (the "Grant Date"), between HealthStream, Inc., a Tennessee corporation (together with its Subsidiaries and Affiliates, the "Company"), and [ ] (the "Grantee"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the HealthStream, Inc. 2022 Omnibus Incentive Plan (the "Plan").

WHEREAS, the Company has adopted the Plan, which permits the issuance of Restricted Share Units; and

WHEREAS, the Compensation Committee of the Board of Directors of the Company (the "Committee") has determined that it would be to the advantage and best interest of the Company and its shareholders to grant an award of the RSUs (as defined below) as a "Restricted Share Unit Award" as defined by and pursuant to the terms of the Plan, and pursuant to the terms set forth herein, subject to and contingent upon the approval of the Plan by the shareholders of the Company at the annual meeting of the shareholders to be held on May 26, 2022 (such meeting, including any adjournments or postponements thereof, the "Annual Shareholders Meeting");

NOW, THEREFORE, the parties hereto agree as follows:

1. Grant of Restricted Share Unit Award.

1.1 The Company hereby grants to the Grantee an award ("Award") of [____] Restricted Share Units ("RSUs") on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan. The Award of RSUs pursuant to this Agreement is subject to and contingent upon shareholder approval of the Plan at the Annual Shareholders Meeting, and in the event that the shareholders of the Company do not approve the Plan at the Annual Shareholders Meeting, the Award of RSUs will not be made and will be cancelled. Each RSU shall have a value equal to the Fair Market Value of one Share. A bookkeeping account will be maintained by the Company to keep track of the RSUs.

1.2 The Grantee's rights with respect to the Award shall remain forfeitable at all times prior to the dates on which the RSUs shall vest in accordance with Section 2 hereof. This Award may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by Grantee other than by will or the laws of descent and distribution.

2. Vesting and Payment.

2.1 Vesting. The RSUs subject to this Award shall vest as follows, subject to the time-based vesting condition set forth in the last sentence of this Section 2.1 and the Catch-Up Provision (as defined in Exhibit A) set forth in Exhibit A (all such vesting dates as set forth below, the "Vesting Dates"):

(i) Up to [_____] RSUs (15% of the total RSUs) shall vest on March 23, 2023, based on the extent of the satisfaction of the Performance Criteria (as defined on Exhibit A) for the period beginning on January 1, 2022 and ending December 31, 2022, as referenced on Exhibit A;

(ii) Up to [ ] RSUs (20% of the total RSUs) shall vest on March 23, 2024, based on the extent of the satisfaction of the Performance Criteria for the period beginning on January 1, 2023 and ending December 31, 2023, as referenced on Exhibit A;

(iii) Up to [ ] RSUs (20% of the total RSUs) shall vest on March 23, 2025, based on the extent of the satisfaction of the performance criteria for the period beginning on January 1, 2024 and ending December 31, 2024, as referenced on Exhibit A;

(iv) Up to [ ] RSUs (20% of the total RSUs) shall vest on March 23, 2026, based on the extent of the satisfaction of the performance criteria for the period beginning on January 1, 2025 and ending December 31, 2025, as referenced on Exhibit A; and

(v) Up to [ ] RSUs (25% of the total RSUs) shall vest on March 23, 2027, based on the extent of the satisfaction of the performance criteria for the period beginning on January 1, 2026 and ending December 31, 2026, as referenced on Exhibit A.

Notwithstanding the foregoing or anything contained herein to the contrary (but subject to Section 2.2 below), this Award shall not become vested as to any additional RSUs following the Grantee's termination of employment with the Company for any reason and Grantee shall forfeit any unvested RSUs as of the date of such termination of employment.

2.2 Change in Control.

(a) Notwithstanding anything contained herein to the contrary, except as may otherwise be determined by the Committee, in the event that there is a Change in Control (as defined in the Plan) that is consummated prior to March 23, 2027, then upon the occurrence of such Change in Control, this Award shall become vested immediately prior to a Change in Control as to 100% of the RSUs otherwise eligible for vesting in (i) the then current Performance Period (as defined in Exhibit A) for which the Vesting Date set forth in Section 2.1 has not yet occurred, (ii) the next Subsequent Performance Period for which the Vesting Date set forth in Section 2.1 has not yet occurred, and (iii) in the event that the Change in Control has been consummated following the end of a calendar year but prior to the next Vesting Date (i.e., on which vesting would occur based on the performance for such calendar year), then the RSUs will vest for such calendar year concurrently with the consummation of the Change in Control based on the extent of the satisfaction of the performance criteria for such calendar year as referenced on Exhibit A.

(b) Notwithstanding anything contained herein to the contrary, except as may otherwise be determined by the Committee and except as with regard to vesting that occurs pursuant to Section 2.2(a) above, no RSUs shall vest pursuant to this Agreement due to a Change in Control that is consummated prior to March 23, 2027. It is further understood and agreed that, in such circumstance, Grantee will not be entitled to any RSUs that have not vested preceding the occurrence of the Change in Control other than as set forth in Section 2.2(a) above even if such RSUs are subject to the Catch-Up Provision.

2.3 Settlement. The Grantee shall be entitled to settlement of the RSUs subject to this Award at the time that such RSUs vest pursuant to Section 2.1 or Section 2.2, as applicable. Such settlement shall be made as promptly as practicable thereafter (but in no event after the fifteenth day following the applicable vesting date, or in the case of a Change in Control, the date of the occurrence of the Change in Control). Any settlement of RSUs granted pursuant to this Award shall be made in Shares through the issuance to the Grantee of a stock certificate (or evidence such Shares have been registered in the name of the Grantee with the transfer agent of the Company) for a number of Shares equal to the number of such vested RSUs. The Committee may, in its discretion, provide that the ownership of Shares upon the vesting of the RSUs shall be evidenced by a "book entry" (i.e., a computerized or manual entry) in the records of the Company or its designated agent in the name of the Grantee who has become vested in such Shares. The Grantee will not be entitled to any dividend equivalent or voting rights with regard to the RSUs.

2.4 Withholding Obligations. Prior to the settlement of any RSUs subject to this Award, Grantee shall provide (i) full payment (in cash or by check or by a combination thereof) to satisfy the Withholding Tax Obligation (as defined below) with respect to which the Award or portion thereof shall settle or (ii) subject to compliance with applicable legal requirements, indication that the Grantee elects to tender to the Company Shares owned by the Grantee (or by the Grantee and his or her spouse jointly) and purchased and held for the requisite period of time as may be required to avoid the Company's incurring an adverse accounting charge, based on the Fair Market Value of such Shares on the payment date necessary to satisfy the Withholding Tax Obligation that would otherwise be required to be paid by the Grantee to the Company pursuant to clause (i) of this Section 2.4, or (iii) notwithstanding the foregoing and unless notice to the contrary is given to the Grantee by the Company, the number of Shares that would otherwise be issued to the Grantee upon settlement of the Award (or portion thereof) reduced by a number of Shares having an aggregate Fair Market Value, on the date of such issuance, equal to the payment to satisfy the Withholding Tax Obligation that would otherwise be required to be made by the Grantee to the Company pursuant to clause (i) of this Section 2.4. Any social security calculation or other adjustments discovered after the net Share payment described in clause (iii) of this Section 2.4 hereof will be settled in cash, not in Shares. For the avoidance of doubt, the Company may satisfy the Grantee's withholding obligation from the Grantee's other compensation which may be payable by the Company, including any withholding obligation which may not be satisfied though the procedures identified in this Section 2.4. For purposes hereof, the "Withholding Tax Obligation" means the minimum amount necessary to satisfy Federal, state, local or foreign withholding tax requirements, if any, in connection with vesting of the Award; provided, however, that, unless otherwise determined by the Committee, the Grantee may elect to withhold an additional amount or additional number of Shares to satisfy an additional amount of withholding taxes up to the maximum individual statutory tax rate in the applicable jurisdiction, but only if such additional withholding, or the discretion to elect such additional withholding, does not result in adverse accounting treatment of this Award to the Company. Vesting of the Award (or portion thereof) will result in taxable compensation reportable on the Grantee's W-2 in the year of vesting.

3. No Right to Continued Service. Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon the Grantee any right to continue service as an officer or employee of the Company.

4. Adjustments. The provisions of Section 4.2 and Section 14.3 of the Plan are hereby incorporated by reference, and the RSUs are subject to such provisions. Any determination made by the Committee pursuant to such provisions shall be made in accordance with the provisions of the Plan and shall be final and binding for all purposes of the Plan and this Agreement.

5. Administration Subject to the Plan. The Grantee hereby acknowledges receipt of a copy of (or an electric link to) the Plan and agrees to be bound by all the terms and provisions thereof. The terms of this Agreement are governed by the terms of the Plan, and in the case of any inconsistency between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall govern. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Grantee, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award.

6. Modification of Agreement. Subject to the restrictions contained in the Plan and applicable law (including compliance with Section 409A of the Code), the Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, the RSU, prospectively or retroactively.

7. Section 409A. Notwithstanding anything herein to the contrary, to the maximum extent permitted by applicable law, the settlement of the RSUs to be made to the Grantee pursuant to this Agreement is intended to qualify as a “short-term deferral” pursuant to Section 1.409A-1(b)(4) of the Regulations and this Agreement shall be interpreted consistently therewith. However, in any circumstances where the settlement of the RSUs may not so qualify, the Committee shall administer the grant and settlement of such RSUs in strict compliance with Section 409A of the Code. Further, notwithstanding anything herein to the contrary, to the extent that this Award constitutes deferred compensation for purposes of Section 409A of the Code (i) no RSU payable upon the Grantee’s termination of service shall be issued, unless Grantee’s termination of service constitutes a “separation from service” within the meaning of Section 1.409A-1(h) of the Treasury Regulations and (ii) if at the time of a Grantee’s termination of employment with the Company and all “service recipients” (as defined in the applicable provision of the Treasury Regulations), the Grantee is a “specified employee” as defined in Section 409A of the Code, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of service is necessary in order to prevent the imposition of any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Grantee) to the minimum extent necessary to satisfy Section 409A of the Code until the date that is six months and one day following the Participant’s termination of employment with the Company (or the earliest date as is permitted under Section 409A of the Code), if such payment or benefit is payable upon a termination of employment. Each payment of RSUs constitutes a “separate payment” for purposes of Section 409A of the Code. Notwithstanding any other provision of this Agreement or the Plan to the contrary, to the extent that this Agreement constitutes deferred compensation for purposes of Section 409A of the Code, a “Change in Control” for purposes of this Agreement shall mean “change in the ownership of the Company,” a “change in the effective control of the Company,” or a “change in the ownership of a substantial portion of the Company’s assets,” as such terms are defined in Section 1.409A-3(i)(5) of the Treasury Regulations. Notwithstanding the foregoing, Company does not warrant that this RSU will qualify for favorable tax treatment under Section 409A of the Code or any other provision of federal, state, local or foreign law. The Company shall not be liable to Grantee for any tax, interest, or penalties that the Grantee might owe as a result of the grant, holding, vesting, exercise, or payment of the RSUs.

8. No Right to Continued Employment. The grant of the RSU shall not be construed as giving the Grantee the right to be retained in the service of the Company, and the Company may at any time dismiss the Grantee from service, free from any liability or any claim under the Plan.

9. Severability. If any provision of this Agreement is, or becomes, or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or the Award, or would disqualify the Plan or Award under any laws deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award, and the remainder of the Plan and Award shall remain in full force and effect.

10. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Tennessee without giving effect to the conflicts of law principles thereof, except to the extent that such laws are preempted by Federal law.

11. Successors in Interest. This Agreement shall inure to the benefit of and be binding upon any successor to the Company. This Agreement shall inure to the benefit of the Grantee's legal representatives. All obligations imposed upon the Grantee and all rights granted to the Company under this Agreement shall be binding upon the Grantee's heirs, executors, administrators and successors.

12. Resolution of Disputes. Any dispute or disagreement which may arise under, or as a result of, or in any way related to, the interpretation, construction or application of this Agreement shall be determined by the Committee. Any determination made hereunder shall be final, binding and conclusive on the Grantee and the Company for all purposes.

13. Rights as a Shareholder. Grantee shall not have voting or any other rights as a shareholder of the Company with respect to the RSUs. Grantee will obtain voting and other rights as a shareholder of the Company upon the settlement of the RSUs in Shares; provided, however, that, for purposes of clarity, in no event will any settlement of the RSUs occur prior to the approval of the Plan at the Annual Shareholders Meeting.

14. Notices. All notices required to be given under this Agreement shall be deemed to be received if delivered or mailed as provided for herein to the parties at the following addresses, or to such other address as either party may provide in writing from time to time.

To the Company: HealthStream, Inc.
500 11th Avenue North, Suite 1000
Nashville TN 37203

To the Grantee: The address then maintained with respect to the Grantee in the Company's records.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed effective as of the day and year first above written.

HEALTHSTREAM, INC.:

By:

Robert A. Frist, Jr.
Chief Executive Officer

GRANTEE:

____
[ ]

Exhibit A

Performance Criteria

For purposes of this Award, performance will be measured over the following five performance periods (the "Performance Periods"): (i) the period beginning on January 1, 2022 and ending on December 31, 2022 (the "Initial Performance Period"; all Performance Periods other than the Initial Performance Period, "Subsequent Performance Periods"), (ii) the period beginning on January 1, 2023, and ending on December 31, 2023, (iii) the period beginning on January 1, 2024, and ending on December 31, 2024, (iv) the period beginning on January 1, 2025 and ending on December 31, 2025, and (v) the period beginning on January 1, 2026 and ending on December 31, 2026. For purposes of this Award, the performance criteria referenced herein for any Performance Period is referred to as the "Performance Criteria."

For each of the Performance Periods, the Committee shall determine (the "Determination") the Performance Criteria on an annual basis, and it is anticipated that the Performance Criteria will be based on one or more annual financial performance targets of the Company and/or annual financial performance targets of the business unit over which the Grantee has primary responsibility, which annual financial performance targets may include, among other things, operating income, Adjusted EBITDA and revenue thresholds of the Company and/or the applicable business unit (the "Financial Metric") as determined by the Committee in connection with the Determination. Determination of the Performance Criteria for the Initial Performance Period shall be determined by the Committee at or near the time this Agreement is approved by the Committee. The Determination of the Performance Criteria for each of the Subsequent Performance Periods shall be determined by the Committee within 90 calendar days following the beginning of each Subsequent Performance Period.

If the performance achieved in the applicable Performance Period meets or exceeds the established target goal level as established by the Committee, 100% of the RSUs eligible to vest in respect of such Performance Period pursuant to Section 2.1 shall vest and settle pursuant to the terms of this Agreement. If the performance achieved in the applicable Performance Period is less than the established target goal level as established by the Committee, none of the RSUs eligible to vest in respect of such Performance Period pursuant to Section 2.1 shall vest and settle pursuant to the terms of this Agreement. In addition, except as otherwise determined by the Committee, the impact of any acquisitions or divestitures that are pursued or completed during any Performance Period shall be excluded from the calculation of the Financial Metric for such Performance Period pursuant to the terms of this Agreement, including, without limitation, any expenses associated with acquisitions or divestitures pursued or completed during Performance Period and operating income (loss), Adjusted EBITDA and revenue, as applicable, resulting from acquisitions and divestitures completed during such Performance Period.

In addition, in connection with making the Determination for each corresponding Subsequent Performance Period, the Committee will establish criteria by which RSUs (if any) that have not vested with respect to the prior year's Performance Period may vest in part or in full on the Vesting Date for the Subsequent Performance Period to the extent that the Performance Criteria for such Subsequent Performance Period is exceeded by an amount as determined at such time by the Committee in connection with the Determination (the "Catch-Up Provision"); provided, however, that in the event that RSUs do not vest in any calendar year and thus are available to vest in the succeeding calendar year (the "Succeeding Year") pursuant to the Catch-Up Provision, and subsequently do not vest in such Succeeding Year, then such RSUs will not be eligible to vest in any subsequent calendar year that follows such Succeeding Year.

EXHIBIT 10.4

FORM OF HEALTHSTREAM, INC.
RESTRICTED SHARE UNIT AGREEMENT

This RESTRICTED SHARE UNIT AGREEMENT (this "Agreement") is made and entered into as of the 23rd day of March, 2022 (the "Grant Date"), between HealthStream, Inc., a Tennessee corporation (together with its Subsidiaries and Affiliates, the "Company"), and [insert name] (the "Grantee"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the HealthStream, Inc. 2022 Omnibus Incentive Plan (the "Plan").

WHEREAS, the Company has adopted the Plan, which permits the issuance of Restricted Share Units; and

WHEREAS, the Compensation Committee of the Board of Directors of the Company, (the "Committee") has determined that it would be to the advantage and best interest of the Company and its shareholders to grant an award of the Restricted Share Units provided for herein to the Grantee as an incentive for increased efforts during his or her term of service or employment with the Company or its Subsidiaries or Affiliates and for retention purposes, and has advised the Company thereof and instructed the undersigned officers to award said Restricted Share Units, subject to and contingent upon the approval of the Plan by the shareholders of the Company at the annual meeting of the shareholders to be held on May 26, 2022 (such meeting, including any adjournments or postponements thereof, the "Annual Shareholders Meeting");

NOW, THEREFORE, the parties hereto agree as follows:

RESTRICTED SHARE UNIT GRANT

Grantee:	[insert name]
Aggregate number of Restricted Share Units Granted hereunder:	[insert share count]
Grant Date:	March 23, 2022

1. Grant of Restricted Share Unit Award.

1.1 The Company hereby grants to the Grantee the award ("Award") of Restricted Share Units ("RSUs") set forth above on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan. The Award of RSUs pursuant to this Agreement is subject to and contingent upon shareholder approval of the Plan at the Annual Shareholders Meeting, and in the event that the shareholders of the Company do not approve the Plan at the Annual Shareholders Meeting, the Award of RSUs will not be made and will be cancelled. Each RSU shall have a value equal to the Fair Market Value of one Share. A bookkeeping account will be maintained by the Company to keep track of the RSUs.

1.2 The Grantee's rights with respect to the Award shall remain forfeitable at all times prior to the dates on which the RSUs shall vest in accordance with Section 2 hereof. This Award may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by Grantee other than by will or the laws of descent and distribution.

2. Vesting and Payment.

2.1 Vesting. Except as provided in Section 2.2, the RSUs subject to this Award shall vest as follows:

(i) 15% of the RSUs shall vest on the first anniversary of the Grant Date;

(ii) An additional 20% of the RSUs shall vest on the second anniversary of the Grant Date;

(iii) An additional 30% of the RSUs shall vest on the third anniversary of the Grant Date; and

(iv) The remaining 35% of the RSUs shall vest on the fourth anniversary of the Grant Date.

2.2 Change in Control. Notwithstanding the foregoing, upon the occurrence of a Change in Control, this Award shall become vested immediately prior to a Change in Control as to 100% of the RSUs (but only to the extent such Award has not otherwise terminated or become vested).

2.3 Settlement. The Grantee shall be entitled to settlement of the RSUs subject to this Award at the time that such RSUs vest pursuant to Section 2.1 or Section 2.2, as applicable. Such settlement shall be made as promptly as practicable thereafter (but in no event after the fifteenth day following the applicable vesting date, or in the case of a Change in Control, the Change in Control) through the issuance of Shares equal to the number of such vested RSUs. Any settlement of RSUs granted pursuant to this Award shall be made in Shares as evidenced by a "book entry" (i.e., a computerized or manual entry) in the records of the Company or its designated agent in the name of the Grantee who has become vested in such Shares (or, if requested by Grantee, a stock certificate evidencing such Shares). Notwithstanding the foregoing, if this Award vests in connection with a Change in Control and the Shares issuable in connection with such vesting subsequently have been converted into or have other been transferred in exchange for other consideration in connection with such Change in Control, Grantee will be entitled to receive such other consideration in lieu of the corted or transferred Shares. The Grantee will not be entitled to any dividend equivalent or voting rights with regard to the RSUs.

2.4 Termination. Except as otherwise provided by the Committee, this Award shall not become vested as to any RSUs that have not vested as of the time of the Grantee's termination of employment with the Company for any reason, and Grantee shall forfeit any unvested RSUs as of the date of such termination of employment.

2.5 Withholding Obligations. Prior to the settlement of any RSUs subject to this Award, Grantee shall provide (i) full payment (in cash or by check or by a combination thereof) to satisfy the Withholding Tax Obligation (as defined below) with respect to which the Award or portion thereof shall settle or (ii) subject to compliance with applicable Legal Requirements, indication that the Grantee elects to tender to the Company Shares owned by the Grantee (or by the Grantee and his or her spouse jointly) and purchased and held for the requisite period of time as may be required to avoid the Company's incurring an adverse accounting charge, based on the Fair Market Value of such Shares on the payment date necessary to satisfy the Withholding Tax Obligation that would otherwise be required to be paid by the Grantee to the Company pursuant to clause (i) of this Section 2.5, or (iii) notwithstanding the foregoing and unless notice to the contrary is given to the Grantee by the Company, the number of Shares that would otherwise be issued to the Grantee upon settlement of the Award (or portion thereof) reduced by a number of Shares having an aggregate Fair Market Value, on the date of such issuance, equal to the payment to satisfy the Withholding Tax Obligation that would otherwise be required to be made by the Grantee to the Company pursuant to clause (i) of this Section 2.5. Any social security calculation or other adjustments discovered after the net Share payment described in clause (iii) of this Section 2.5 hereof will be settled in cash, not in Shares. For the avoidance of doubt, the Company may satisfy the Grantee's withholding obligation from the Grantee's other compensation which may be payable by the Company, including any withholding obligation which may not be satisfied though the procedures identified in this Section 2.5. For purposes hereof, the "Withholding Tax Obligation" means the minimum amount necessary to satisfy Federal, state, local or foreign withholding tax requirements, if any, in connection with vesting of the Award; provided, however, that, in the discretion of the Company, the Company may allow the Grantee to withhold an additional amount or additional number of Shares to satisfy an additional amount of withholding taxes up to the maximum individual statutory tax rate in the applicable jurisdiction, but only if such additional withholding, or the discretion to elect such additional withholding, does not result in adverse accounting treatment of this Award to the Company. Vesting of the Award (or portion thereof) will result in taxable compensation reportable on the Grantee's W-2 in year of vesting.

3. No Right to Continued Service. Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon the Grantee any right to continue service as an officer or employee of the Company.

4. Adjustments. The provisions of Section 4.2 and Section 14.3 of the Plan are hereby incorporated by reference, and the RSUs are subject to such provisions. Any determination made by the Committee pursuant to such provisions shall be made in accordance with the provisions of the Plan and shall be final and binding for all purposes of the Plan and this Agreement.

5. Administration Subject to the Plan. The Grantee hereby acknowledges receipt of a copy of (or an electric link to) the Plan and agrees to be bound by all the terms and provisions thereof. The terms of this Agreement are governed by the terms of the Plan, and in the case of any inconsistency between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall govern. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Grantee, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award.

6. Modification of Agreement. Subject to the restrictions contained in the Plan and applicable law (including compliance with Section 409A of the Code), the Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, the RSU, prospectively or retroactively.

7. Section 409A. Notwithstanding anything herein to the contrary, to the maximum extent permitted by applicable law, the settlement of the RSUs to be made to the Grantee pursuant to this Agreement is intended to qualify as a "short-term deferral" pursuant to Section 1.409A-1(b)(4) of the Regulations and this Agreement shall be interpreted consistently therewith. However, in any circumstances where the settlement of the RSUs may not so qualify, the Committee shall administer the grant and settlement of such RSUs in strict compliance with Section 409A of the Code. Further, notwithstanding anything herein to the contrary, to the extent that this Award constitutes deferred compensation for purposes of Section 409A of the Code (i) no RSU payable upon the Grantee's termination of service shall be issued, unless Grantee's termination of service constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Treasury Regulations and (ii) if at the time of a Grantee's termination of employment with the Company and all "service recipients" (as defined in the applicable provision of the Treasury Regulations), the Grantee is a "specified employee" as defined in Section 409A of the Code, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of service is necessary in order to prevent the imposition of any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Grantee) to the minimum extent necessary to satisfy Section 409A of the Code until the date that is six months and one day following the Participant's termination of employment with the Company (or the earliest date as is permitted under Section 409A of the Code), if such payment or benefit is payable upon a termination of employment. Each payment of RSUs constitutes a "separate payment" for purposes of Section 409A of the Code. Notwithstanding any other provision of this Agreement or the Plan to the contrary, to the extent that this RSU Agreement constitutes deferred compensation for purposes of Section 409A of the Code, a "Change in Control" for purposes of this Agreement shall mean "change in the ownership of the Company," a "change in the effective control of the Company," or a "change in the ownership of a substantial portion of the Company's assets," as such terms are defined in Section 1.409A-3(i)(5) of the Treasury Regulations. Notwithstanding the foregoing, Company does not warrant that this RSU will qualify for favorable tax treatment under Section 409A of the Code or any other provision of federal, state, local or foreign law. The Company shall not be liable to Grantee for any tax, interest, or penalties that the Grantee might owe as a result of the grant, holding, vesting, exercise, or payment of the RSUs.

8. No Right to Continued Employment. The grant of the RSU shall not be construed as giving the Grantee the right to be retained in the service of the Company, and the Company may at any time dismiss the Grantee from service, free from any liability or any claim under the Plan.

9. Severability. If any provision of this Agreement is, or becomes, or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or the Award, or would disqualify the Plan or Award under any laws deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award, and the remainder of the Plan and Award shall remain in full force and effect.

10. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Tennessee without giving effect to the conflicts of law principles thereof, except to the extent that such laws are preempted by Federal law.

11. Successors in Interest. This Agreement shall inure to the benefit of and be binding upon any successor to the Company. This Agreement shall inure to the benefit of the Grantee's legal representatives. All obligations imposed upon the Grantee and all rights granted to the Company under this Agreement shall be binding upon the Grantee's heirs, executors, administrators and successors.

12. Resolution of Disputes. Any dispute or disagreement which may arise under, or as a result of, or in any way related to, the interpretation, construction or application of this Agreement shall be determined by the Committee. Any determination made hereunder shall be final, binding and conclusive on the Grantee and the Company for all purposes.

13. Rights as a Shareholder. Grantee shall not have voting or any other rights as a shareholder of the Company with respect to the RSUs. Grantee will obtain voting and other rights as a shareholder of the Company upon the settlement of the RSUs in Shares; provided, however, that, for purposes of clarity, in no event will any settlement of the RSUs occur prior to the approval of the Plan at the Annual Shareholders Meeting.

14. Notices. All notices required to be given under this Award shall be deemed to be received if delivered or mailed as provided for herein to the parties at the following addresses, or to such other address as either party may provide in writing from time to time.

To the Company: HealthStream, Inc.
500 11th Avenue North, Suite 1000
Nashville TN 37203

To the Grantee: The address then maintained with respect to the Grantee in the Company's records.

IN WITNESS WHEREOF, the parties have caused this Restricted Share Unit Agreement to be duly executed effective as of the day and year first above written.

HEALTHSTREAM, INC.:

Robert A. Frist, Jr.
Chairman and Chief Executive Officer

GRANTEE:

____

EXHIBIT 31.1

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: April 28, 2022	/s/ ROBERT A. FRIST, JR.
	Robert A. Frist, Jr.
	Chief Executive Officer

EXHIBIT 31.2

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: April 28, 2022	/s/ SCOTT A. ROBERTS
	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, 2022, 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.
Robert A. Frist, Jr.
Chief Executive Officer
April 28, 2022

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, 2022, 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

Scott A. Roberts
Chief Financial Officer
April 28, 2022