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SCWorx Announces Third Quarter 2019 Revenue Increased 74% over Third Quarter 2018

NEW YORK, Nov. 15, 2019 (GLOBE NEWSWIRE) -- SCWorx Corp. (Nasdaq: WORX) ("SCWorx" or the "company") announced today its financial results for the third quarter ended September 30, 2019.

"We continue to execute on our core business goals, reaching double-digit revenue growth driven by the addition of new customer contracts," said Marc Schessel, CEO of SCWorx. "Our SaaS business model delivers three to five-year contracts, which provide revenue growth, stability, and tremendous visibility into our backlog and future revenue opportunities. It is our expectation that our team will continue to add new revenue each quarter due to our Ultraverse Platform™, which we believe to be one of the most robust data management platforms in the vast healthcare provider (hospital) marketplace.

"In addition to the growth that we have experienced with our existing platform sales during the first three quarters of 2019, we have recently announced the addition of our ScanWorx product and services offering. ScanWorx is the next evolution of our data management platform. ScanWorx allows our customers to "close the loop" between the electronic medical record system ("EMR") item data with the supply chain ("ERP") purchased item data in an automated fashion. This revolutionizes how hospitals solve their interoperability issues within the ERP, EMR and finance systems. We believe that ScanWorx can drive down the cost of billing, dramatically increase data accuracy as it populates the EMR for billing and patient outcome data, decrease manual intervention in this process, and decrease time to collections. We believe that 2020 will see solid growth in the sales of ScanWorx to our existing customer base as well as to new hospital groups as the market learns about it, substantially increasing the average annual revenue that we receive per client," added Mr. Schessel.

Recent Corporate Developments

"During the first two quarters of 2019, SCWorx experienced higher than normal expenses related to the merger with Alliance MMA. The merger created extraordinary one-time legal and accounting fees as well as other one-time transitional expenses. Moving forward, SCWorx will be driving toward profits before stock compensation expenses. SCWorx has dramatically narrowed the window to profitability during the third quarter of 2019. We look forward to continued strong results in the near-term as well as the long-term," said Mr. Schessel. "SCWorx has seen an increase in payroll during the first three quarters as it

prepares for the deployment of the ScanWorx module. The company does not expect to make any significant employee additions in the near-term. We believe that the company is right-sized and prepared for the next stage of growth. The company's net loss without stock compensation in the third quarter fell to \$207,000."

Third Quarter 2019 Financial Results

Revenue

Revenue for the three months ended September 30, 2019 was \$1,682,000, compared to revenue of \$976,000 for the three months ended September 30, 2018, a 74% increase over the prior-year period. The increase in revenue is primarily related to the addition of new multi-year customer contracts and data consulting projects completed during the third quarter of 2019.

Cost of Revenue

Cost of revenue was \$890,000 for the three months ended September 30, 2019, an increase of \$266,000, compared to \$624,000 for the same period in 2018. The increased cost is primarily due to supporting additional customer growth in 2019.

Net Loss

Net loss for the period ending September 30, 2019 was reduced to \$640,000 and demonstrates the company's efforts to increase revenue and decrease operating expenses. Net loss for all three quarters in 2019 has been:

First quarter	
-	(\$5,700,000)
Second	
quarter -	(\$2,500,000)
Third	
quarter -	(\$640,000)

The company also looks at the following non-GAAP financial item:

Net loss without stock compensation during the third quarter of 2019 was \$207,000.

The following table shows the reconciliation between GAAP and non-GAAP measurements:

Net income	\$	(640,000)
Stock based compensation		433,000
Net loss without stock based compensation	\$	(207,000)

Balance Sheet

As of September 30, 2019, the company had \$1,029,000 in cash. In addition, the company continues to turn over accounts receivables, as the balance is due from prominent providers within the healthcare industry. As a result, management anticipates that the company will be able to satisfy current cash requirements.

The company also reduced the amount of debt over the previous quarter by \$192,000 to bring the total corporate debt to \$0.

About SCWorx Corp.

SCWorx has created The Ultraverse Platform™, an advanced attributed virtualized item data warehouse (“VDW”) utilizing machine learning and artificial intelligence in order to offer a suite of software-as-a-service based solutions for healthcare providers. The value proposition for customers revolves around all solution modules being fully integrated with the VDW platform. The solution modules include Virtual Item Master, contract management and request for pricing (RFP) module, automated rebate management module, data interoperability (EMR, MMIS, finance) module, Automated Item Add Portal, Virtual General Ledger, and the data analytics module. SCWorx’s Ultraverse Platform™ creates a single source for information for healthcare providers’ data governance and data analytics for executives.

Forward-Looking Statements

This press release contains “forward-looking statements” that involve substantial risks and uncertainties for purposes of the safe harbor provided by the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this press release regarding strategy, future operations, future financial position, prospects, plans and objectives of management are forward-looking statements. You can identify many (but not all) such forward-looking statements by looking for words such as “assumes,” “approximates,” “believes,” “expects,” “anticipates,” “estimates,” “projects,” “seeks,” “intends,” “plans,” “could,” “would,” “may” or other similar expressions. You should not place undue reliance on these forward-looking statements. Such statements are based on management’s current expectations and involve risks and uncertainties. Actual results and performance could differ materially from those projected in the forward-looking statements as a result of many factors, including, without limitation, securing future contracts and containing costs, the ability to project future cash utilization and reserves needed for contingent future liabilities and business operations, the availability of sufficient resources of the company to meet its business objectives and operational requirements and other important factors that are detailed in filings with the Securities and Exchange Commission made from time to time by SCWorx, including its Annual Report on Form 10-K for the year ended December 31, 2018, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K. Matters described in forward-looking statements may also be affected by other known and unknown risks, trends, uncertainties and factors, many of which are beyond the company’s ability to control or predict. SCWorx undertakes no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Contacts:

Marc Schessel
mschessel@scworx.com

Investor Contact:
Scott Gordon
President
CORE IR
516 222 2560
scottg@coreir.com

Media Contact:
Jules Abraham
Director of Public Relations
CORE IR
917-885-7378
julesa@coreir.com

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