

HealthStream[™]

2025 LETTER TO SHAREHOLDERS



Financial Highlights

Year Ended December 31,

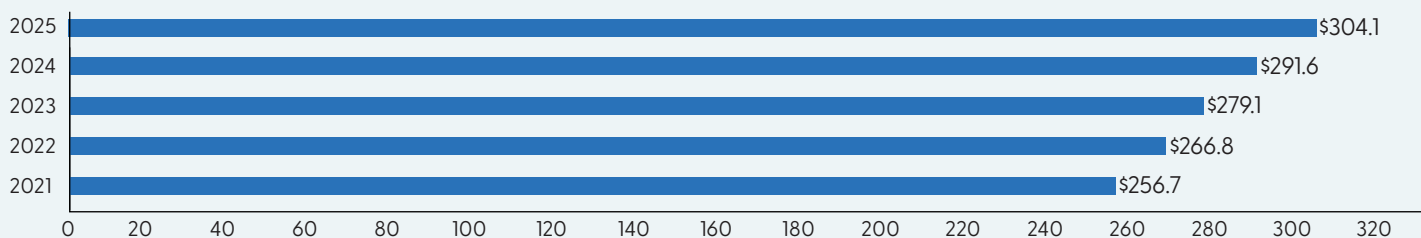
(In thousands, except per share amounts)

	2025	2024
Statement of Income Data:		
Revenues, net	\$ 304,064	\$ 291,646
Operating costs and expenses	283,828	270,359
Operating income	20,236	21,287
Interest income	3,340	3,834
Other (expense) income, net	(358)	(318)
Income before income tax provision	23,218	24,803
Income tax provision	4,876	4,796
Net income	\$ 18,342	\$ 20,007
Net income per share – diluted:		
Net income per share – diluted	\$ 0.61	\$ 0.66
Weighted average shares of common stock outstanding – diluted	30,144	30,544
Dividends declared per share	\$ 0.124	\$ 0.112
Balance Sheet Data:		
Cash and cash equivalents	\$ 36,161	\$ 59,469
Investments in marketable securities	20,843	37,748
Accounts receivable, net	32,153	30,189
Goodwill and intangible assets, net	282,448	246,768
Working capital	(4,490)	37,429
Total assets	520,374	510,766
Deferred revenue – current and noncurrent	89,761	85,882
Shareholders' equity	354,023	359,355
Reconciliation of GAAP net income to Adjusted EBITDA:		
GAAP net income	\$ 18,342	\$ 20,007
Interest income	(3,340)	(3,834)
Interest expense	101	100
Income tax provision	4,876	4,796
Stock-based compensation expense	8,145	4,470
Depreciation and amortization	43,478	41,243
Impairment of long-lived assets	262	–
Fair value adjustment on contingent consideration	(85)	–
Adjusted EBITDA	\$ 71,779	\$ 66,782

In order to better assess the Company's financial results, management believes that net income before interest, income taxes, stock-based compensation, depreciation and amortization, impairments of long-lived assets, changes in fair value of contingent consideration, and changes in fair value of, including gains (losses) on the sale of, non-marketable equity investments ("adjusted EBITDA") is a useful measure for evaluating the operating performance of the Company because adjusted EBITDA reflects net income adjusted for certain GAAP accounting, non-cash, and/or non-operating items which may not, in any such case, fully reflect the underlying operating performance of our business.

Total Revenues

(in \$ millions)



Dear Shareholders

Across the country, the need for patient care continues to grow—and it all starts with the clinicians and caregivers who provide it. I believe the opportunity to develop and support the healthcare workforce has never been greater—and HealthStream was built for this moment. As 2026 progresses, we are leaning into our vision to improve the quality of healthcare by developing the people who deliver care, while executing with focus and discipline for our shareholders. We believe that our expanding ecosystem of applications, content, AI-enabled assessment tools, and partnerships is unmatched, positioning HealthStream as the leading—and most widely adopted—clinical workforce platform in the healthcare industry.

In this letter, I want to review HealthStream's progress made in 2025, which sets the stage for our affirmation of 2026 as the *Year of the Ecosystem*. I will also discuss our growth strategies and spotlight key developments that reinforce my optimism about our path forward.

Our full-year 2025 financial metrics reflect solid growth and performance, as well as continued investment in innovation. By way of summary, HealthStream achieved \$304.1 million of revenue and adjusted EBITDA of \$71.8 million, which were up 4.3 percent and up 7.5 percent, respectively, over the prior year. We made \$30.0 million of share repurchases; paid \$3.7 million in dividends to you, our shareholders; deployed \$39.1 million of capital for acquisitions; and invested \$32.2 million for capital expenditures. We ended 2025 well capitalized with a cash and marketable securities balance of \$57.0 million and full availability of our \$50 million line of credit, which remains untapped.

Increasingly, the nation's healthcare organizations rely on HealthStream to strengthen clinical workforce capability, deliver required training at scale, keep credentials and privileges current, and streamline workforce scheduling. We do this through three core application suites—what we increasingly refer to as our “suite of suites”—all connected through our hStream® platform. Each suite is anchored by a flagship product: the HealthStream Learning Center® within the HealthStream Learning™ Suite; CredentialStream® within the HealthStream Credentialing™ Suite; and ShiftWizard® within the HealthStream Scheduling™ Suite. Complementing these offerings, we hold 20 patents across our product portfolio and have earned more than 40 awards from the Brandon Hall Group, a leading research organization focused on learning and technology.

Consistent with nationwide healthcare workforce trends, our target market meaningfully expanded approximately nine percent in 2025 to approximately 13.7 million individuals focused on healthcare delivery, primarily through provider organizations. This includes approximately 5.8 million employees who work in the nation's acute-care hospitals and approximately 6.9 million employees who work in the more broadly defined care market outside of acute-care, which includes long-term care organizations, skilled nursing facilities, physician offices, among other care environments.

HealthStream's target market also includes the nation's approximately 1.0 million nursing students and the 1,000+ nursing schools across the U.S. where those students are enrolled. The number of nursing students increased in HealthStream's network with the widespread adoption and growth of our application, myClinicalExchange™, which helps to manage students' clinical rotations and related compliance and scheduling. In 2025 alone, myClinicalExchange was used to place more than 360,000 clinical rotations for students from over 700 healthcare facilities. In the first quarter of 2026, two of the three largest health systems in the U.S. chose to adopt myClinicalExchange, enterprise-wide, for their clinical rotation programs.

Among our portfolio of applications in the HealthStream Learning® Suite, our HealthStream Learning Center® (HLC) is a market-leading SaaS-based application used in all 50 states where an average of approximately 425,000 educational activities occur each day. Within HealthStream Learning, we have amassed an ecosystem of market-leading brands of content from over 90 industry partners. Along with our own proprietary content, our course library for the healthcare workforce is among the largest in the U.S. with over 20,000 online courses and educational activities. Included in these offerings are nationally respected brands like the American Red Cross Resuscitation Suite™, where approximately 400,000 certifications were earned in 2025 alone with nearly two million certifications earned on an aggregate basis through February 2026 since its launch in early 2019.

The HealthStream Credentialing® Suite, with its primary SaaS-based application CredentialStream® and its acquired legacy applications, currently serves thousands of hospitals and outpatient facilities, making us a market-leading credentialing, privileging, and enrollment company in the United States. In fact, for the last two years in a row, the popular vendor ratings site, G2, ranked CredentialStream the highest in customer satisfaction for healthcare credentialing software by its customers, while placing it consistently in their Leader quadrant. For full-year 2025, revenues from our CredentialStream application grew 23 percent over the prior year.

The HealthStream Scheduling® Suite, with its primary SaaS-based application ShiftWizard® and its acquired scheduling applications, serves a broad base of healthcare organizations and is trusted by thousands of healthcare professionals. In 2025, ShiftWizard was recognized as a G2 Grid Leader in medical staff scheduling, also earning recognition for producing the “Best Results” in this category. For full-year 2025, revenues from ShiftWizard grew 24 percent over the prior year, edging past the year-over-year growth rate of 19 percent in 2024.

To enable scalable growth across the Company, HealthStream continues to advance its transition toward a platform-as-a-service (PaaS) approach through the hStream® technology platform. Our hStream technology platform connects everything in HealthStream's ecosystem and includes exclusive applications, services, content, and other benefits. For our customers, the interoperability provided by hStream opens many possibilities for streamlined processes and greater operational efficiencies.

Our proprietary hStream ID, which serves as a core element of our hStream platform, is fundamental to establishing and maintaining interoperability across our ecosystem. By creating a single, verified identity for each user, the hStream ID enables an individual's progress and accomplishments to travel with them throughout their career while connecting them seamlessly to any hStream-enabled application they use.

Creating hStream ID-enabled relationships with users also creates new channels for e-commerce opportunities. For example, as nurses are issued their hStream ID through their utilization of our popular #1-rated Nursegrid® app, which has over 670,000 monthly active users, they are presented with opportunities to purchase content and course bundles directly from HealthStream and the certifications they earn become part of their hStream ID record. We have been issuing approximately 2,000 hStream IDs weekly to nurses as they join Nursegrid. We believe our expanding e-commerce capabilities have potential to be a future growth driver for the Company.

Both Nursegrid and myClinicalExchange represent our commitment to supporting the lifelong development of individual professionals and students, respectively. We call these our "Career Networks", and we believe they add an important long-term component in our ecosystem as we directly support individuals in their career journeys. In those two Career Networks alone, over 400,000 hStream IDs have been created with more being added at a rapid pace of approximately 6,000 per week.

A third Career Network was added in December of 2025 with HealthStream's acquisition of MissionCare Collective, which has the largest caregiver network in the U.S. Its primary offering is myCNAjobs.com, a site that helps recruit and retain home health aides, home care providers, and Certified Nurse Assistants (CNAs) and is currently used by millions of people. U.S. demographics underscore the growing demand for caregivers for older adults, yet the 18,000+ home care organizations that serve this need report that staffing is currently their single greatest challenge. We believe the addition of this third Career Network further strengthens the overall value of our ecosystem.

In the fourth quarter of 2025, we also acquired Virsys12, a healthcare technology company that offers payers and health plans an innovative provider data management suite for onboarding, credentialing, and network management. This addition greatly enhances our position in the payer and health plan market that we initially entered less than two years ago. Earlier this year, we announced that our enterprise Virsys12 solution was recently named a "Leader" in the prestigious IDS MarketScape report, their highest tier for vendors.

In closing, I want to point out that as AI reshapes how work is performed across industries, we believe that HealthStream is well into the innovation curve—both in product development for our customers and in the enhancement of our internal workflows. We are sitting at the intersection of a growing healthcare workforce and the trusted systems and data required to help that workforce perform. Unlike many industries where headlines are declaring that AI will likely compress the number of human "seats," healthcare continues to add staff at a pace unmatched in the broader economy, and we expect demand for nurses and other clinicians to remain strong, as the Bureau of Labor Statistics (BLS) has projected. Approximately one quarter of all new jobs in the U.S. economy over the next decade will be in healthcare, according to BLS.

Moreover, in an increasingly AI-enabled environment, we believe that the importance of secure, reliable "systems of record" for our healthcare organization customers will increase. Throughout HealthStream Learning and Credentialing, customers often view us as their "single source of truth." In other words, HealthStream is the original source for critical, structured workforce data that healthcare organizations depend on to effectively make their workflows and insights safe, accurate, and actionable. This trusted foundation contributes to our customers' confidence as they manage their clinical workforce.

At HealthStream, we are grateful to our customers who trust us as their partner and rely on our solutions every day to support their people and their mission. We also thank you, as fellow investors in HealthStream, for your investment in the Company. If you are a long-term investor, we greatly appreciate your consistency through the years; if you are a more recent investor, welcome to the Company and thank you for your support. We remain focused on building enduring value for all of our shareholders and expanding our impact across healthcare.

Sincerely,



Robert A. Frist, Jr.
Chief Executive Officer and Chairman of the Board

Directors

Robert A. Frist, Jr.

*Chief Executive Officer and Chairman
of the Board of Directors
HealthStream, Inc.*

Jeffrey L. McLaren

*Chief Executive Officer
Medaxion, Inc.*

Thompson S. Dent

*Chairman and Chief Executive Officer
Urgent Team
Executive Chairman
Re:Cognition Health*

Linda E. Rebrovick

*President
Impact Corporate Consulting*

Frank E. Gordon

*Managing Partner
Crofton Capital*

Deborah Taylor Tate, J.D.

*Former Commissioner
Federal Communications Commission
Director Emerita
Tennessee Supreme Court / Administrative
Office of the Courts*

Terry Allison Rappuhn

*Former Board Chair
Quorum Health Corporation*

A. Alex Jahangir, M.D.

*Associate Chief Medical Officer & Senior Vice President,
Physician Network Development
Vanderbilt University Medical Center*

Charles E. Beard, Jr.

*Former Chief Operating Officer
Guidehouse, Inc.*

Executive Officers

Robert A. Frist, Jr.

*Chief Executive Officer and Chairman
of the Board of Directors*

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Chief Financial Officer and Senior Vice President

Michael M. Collier

*Executive Vice President,
Corporate Strategy, Development,
and Operations*

Jeffrey D. Cunningham

Chief Technology Officer and Senior Vice President

Trisha L. Coady

*Executive Vice President,
Workforce Development Solutions*

Scott McQuigg

*Senior Vice President,
Digital and Network Development*

Kevin P. O'Hara

*Executive Vice President,
Workforce Platform and Applications*

Jennifer H. LoPresto

Senior Vice President, Sales

Corporate Data

Annual Meeting

The annual meeting of shareholders will be held on May 28, 2026, at 2:00 p.m. (CT) in a virtual meeting format only, via live webcast.

Independent Auditors

Ernst & Young LLP
Nashville, Tennessee

Transfer Agent

Computershare Investor Services
Computershare
P.O. Box 43101
Providence, RI 02940-5067
(800) 962-4284
Investor Centre™ portal: www.computershare.com/investor

Legal Counsel

Bass, Berry & Sims PLC
Nashville, Tennessee

Corporate Headquarters

HealthStream, Inc.
500 11th Avenue North, Suite 850
Nashville, Tennessee 37203

Form 10-K

A copy of the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, is being mailed with this letter. Additional copies of the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, are available without exhibits, free of charge, to its shareholders. Requests should be addressed to Mollie Condra, Investor Relations Department, HealthStream, Inc., 500 11th Avenue North, Suite 850, Nashville, Tennessee 37203.

Cautionary Note Regarding Forward-looking Statements

This report contains forward-looking statements (all statement other than those made solely with respect to historical fact) within the meaning of Section 21E of the Securities and Exchange Act of 1934 and Section 27A of the Securities Act of 1933. These forward-looking statements are subject to known and unknown risks and uncertainties (some of which are beyond the Company's control) that could cause actual results to differ materially and adversely from those anticipated in the forward-looking statements. See the Company's Annual Report on Form 10-K made available with this letter for more detailed disclosure regarding forward-looking statements and associated risks and uncertainties.

Corporate Stock

HealthStream, Inc.'s common stock is traded on the NASDAQ Stock Market under the symbol HSTM. The following table shows the quarterly range of high and low closing sales prices of the common stock from 2023.

	High	Low
2023		
First Quarter	\$ 27.10	\$ 23.45
Second Quarter	\$ 27.47	\$ 22.81
Third Quarter	\$ 24.52	\$ 20.53
Fourth Quarter	\$ 27.29	\$ 21.84
2024		
First Quarter	\$ 27.62	\$ 25.57
Second Quarter	\$ 28.13	\$ 23.99
Third Quarter	\$ 30.84	\$ 27.19
Fourth Quarter	\$ 33.16	\$ 28.11
2025		
First Quarter	\$ 33.99	\$ 30.95
Second Quarter	\$ 34.07	\$ 26.60
Third Quarter	\$ 29.30	\$ 25.65
Fourth Quarter	\$ 27.52	\$ 23.07

As of February 13, 2026, HealthStream, Inc. had approximately 24,458 shareholders, including 1,181 shareholders of record and 23,277 persons or entities holding common stock in nominee name.

On February 20, 2023, we announced that our board of directors approved a quarterly dividend policy. Under this dividend policy, the board of directors declared, and the Company paid, quarterly cash dividends on our common stock at the rate of \$0.025 per share, \$0.028 per share, and \$0.031 per share during the fiscal years ended December 31, 2023, December 31, 2024, and December 31, 2025, respectively. In addition, our board of directors declared a quarterly dividend under this dividend policy in the amount of \$0.035 per share, which was paid on March 20, 2026, to holders of record of all of the issued and outstanding shares of common stock as of the close of business as of March 9, 2026, representing an increase of 13% over the previous quarter's dividend payment. The dividend policy and the declaration and payment of each quarterly cash dividend will be subject to our board's continuing determination that the policy and the declaration of dividends thereunder are in the best interests of our shareholders and are in compliance with applicable law and our credit agreement.