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Zacks Small-Cap Research

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CareCloud, Inc. (CCLD-NASDAQ)

CCLD: 4Q24 Earnings – High-Quality EPS Beat; Turning the Page to Growth

On a non-GAAP adjusted basis, CCLD reported 4Q24 net income of $0.23 per fully diluted share vs. our estimate of $0.21. The beat primarily reflected higher revenues/operating income and lower shares. Lowering our 2025 adjusted EPS estimate from $0.94 to $0.33 to account for Preferred Stock conversion. Introducing a 2026 forecast of $0.41. As a result of lower EPS estimates, we are taking down our price target to $5.

Current Price (03/12/25)	$1.60
Valuation	**$5.00**

OUTLOOK

Key 4Q24 takeaways include: 1) we look for sustainable revenue/earnings growth reflecting powerful industry tailwinds and CCLD's comprehensive suite of fully integrated services combined with targeted marketing initiatives; 2) rising free cash flow continues to drive a real-time step up in capital deployment including the early resumption of preferred stock dividend payments and reinvesting in the business to accelerate growth; and 3) we look for management to increasingly capitalize on M&A opportunities (see the recently announced acquisition of MesaBilling), particularly now that CCLD shareholders approved upsizing the company's share authorization by 50 million shares, with the Board recently announcing the conversion of Series A Preferred Stock to common stock, thereby freeing up considerable capacity for deals, while generating meaningful savings related to lower preferred stock dividends.

SUMMARY DATA

52-Week High	**$4.84**
52-Week Low	**$1.01**
One-Year Return (%)	**25.98**
Beta (5Y Monthly)	**1.55**
Average Daily Volume (3 mo)	**178,044**
Shares Outstanding (mil)	**42**
Market Capitalization ($mil)	**$68**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**11**
Insider Ownership (%)	**38**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**9.8**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**2.5**
P/E using 2025 Estimate	**4.8**
P/E using 2026 Estimate	**3.9**

Risk Level	**High**
Type of Stock	**Small-Value**
Industry	**Health Info. Services**

ZACKS ESTIMATES

Revenues
(in thousands of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	30,001 A	29,362 A	29,280 A	28,416 A	117,059 A
2024	25,962 A	28,090 A	28,546 A	28,239 A	110,837 A
2025	26,481 E	28,652 E	29,117 E	28,802 E	113,052 E
2026					124,357 E

Adjusted Earnings/Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	$0.15 A	$0.09 A	$0.01 A	$0.05 A	$0.29 A
2024	$0.01 A	$0.18 A	$0.21 A	$0.23 A	$0.64 A
2025	$0.07 E	$0.09 E	$0.09 E	$0.09 E	$0.33 E
2026					$0.41 E

Quarterly revenues/EPS may not equal annual revenues/EPS due to rounding.

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4Q24 EARNINGS: HIGH-QUALITY EPS BEAT

Pre-market open on 3/13/25, CareCloud reported 4Q24 earnings results. For the quarter, CCLD reported GAAP net income of $3.3 million – the company's third consecutive positive net income quarter, and a reversal from a net loss of $43.7 million for the year-ago quarter (skewed by a $42 million goodwill impairment charge). After taking into consideration preferred stock dividends, the company reported net income attributable to common shareholders of essentially breakeven, or $0.00 per share, for 4Q24 compared to a net loss of $47.6 million, or ($3.00) per share, for 4Q23. Looking through the impairment charge, much of the year-over-year improvement can be attributed to lower operating expenses across-the-board.

Excluding stock-based compensation expense, amortization of purchased intangible assets, other (income)/expense, transaction and integration costs, as well as preferred stock dividends, Adjusted EPS totaled $0.23, a couple of pennies ahead of our $0.21 EPS estimate. Relative to our model, the EPS beat was mostly a function of more favorable revenues and lower shares outstanding (Exhibits 1 and 2).

Focusing on the top line, CCLD generated $28.2 million of revenue during 4Q24, modestly ahead of our $27.8 million forecast, and essentially flat compared to $28.4 million for the year-ago quarter. Total expenses of $24.8 million in 4Q24 were down 17.5% from the year-ago period (ex the goodwill impairment charge), and came in essentially in line with our $24.6 million forecast, as management remains focused on extracting further efficiencies, particularly as it relates to increasingly leveraging Artificial Intelligence (AI) and technology more broadly, as well as the company's offshore infrastructure. Finally, Adjusted EBITDA totaled $7.1 million for 4Q24 representing a meaningful step up from $4.1 million in 4Q23.

Exhibit 1: 4Q24 GAAP Actual vs. Estimates
($ thousands)

	4Q24		Change	
	Actual	Estimate	$	%
Net Revenue	**28,239**	**27,836**	**403**	**1.4%**
Operating Expenses:				
Direct operating costs	15,003	15,036	(33)	-0.2%
Selling and marketing	1,423	1,341	82	6.1%
General and administrative	3,996	4,269	(273)	-6.4%
Research and development	1,013	780	233	29.9%
Change in contingent consideration	0	0	0	NM
Depreciation and amortization	3,257	3,176	81	2.5%
Goodwill impairment charges	0	0	0	NM
Lease charges/restructuring costs	91	0	91	NM
Total Operating Expenses	**24,783**	**24,603**	**180**	**0.7%**
Operating Income/(Loss)	**3,456**	**3,233**	**223**	**6.9%**
Interest income	20	18	2	13.6%
Interest expense	(68)	0	(68)	NM
Other income/(expense), net	(71)	0	(71)	NM
Pre-Tax Income/(Loss)	**3,337**	**3,251**	**86**	**2.6%**
Income tax provision	41	42	(1)	-2.7%
Net Income/(Loss)	**3,296**	**3,209**	**87**	**2.7%**
Preferred stock dividend	3,286	3,789	(503)	-13.3%
Net Loss Attributable to Common S/Hs	**10**	**(580)**	**590**	**-101.7%**
Earnings/(loss) per common share	**$0.00**	**($0.04)**	**$0.04**	**-101.7%**
Weighted average shares outstanding	16,244	16,303	(59)	-0.4%

Source: Company Reports and Zacks Small Cap Research estimates and calculations.

Exhibit 2: 4Q24 Non-GAAP Adjusted Actual vs. Estimates
($ thousands)

	4Q24		Change	
	Actual	Estimate	$	%
Non-GAAP Adjusted Net Income				
GAAP net income (loss)	3,296	3,209	87	2.7%
Foreign exchange (gain) loss / other expense	91	0	91	NM
Stock-based compensation expense (benefit)	306	252	54	21.4%
Amortization of purchased intangible assets	76	75	1	1.3%
Transaction and integration costs	11	12	(1)	-8.3%
Goodwill impairment charges	0	0	0	NM
Lease charges/restructuring costs	91	0	91	NM
Change in contingent consideration	0	0	0	NM
Income tax provision related to goodwill	0	0	0	NM
Non-GAAP adjusted net income	**3,871**	**3,548**	**323**	**9.1%**
Non-GAAP adjusted diluted earnings per share	**$0.23**	**$0.21**	**$0.02**	**10.2%**
Total fully diluted shares	16,499	16,663	(164)	-1.0%

Source: Company Reports and Zacks Small Cap Research estimates and calculations.

KEY TAKEAWAYS

Following our review of 4Q24 results, we highlight the following key takeaways:

1. **Pivoting to growth:** The midpoint of management's updated revenue guidance range for 2025 translates into a modest 1.5% growth rate for the year, with much of the step up likely coming in the back half of the year, we believe. That said, we look for a steeper/more sustainable growth curve looking out to 2026 and beyond reflecting several powerful drivers. First, CCLD's comprehensive suite of fully integrated RCM, EHR, and practice management services remains a key differentiating factor versus more limited service providers lacking proprietary technology. Second, management continues to launch targeted marketing initiatives centered on raising brand awareness, expanding the company's client footprint, and increasingly cross-selling to existing clients. Third, senior executives remain focused on broadening the company's services capabilities, innovative technologies, and market footprints to more fully address customer needs. Finally, recent efforts to more fully leverage existing relationships with third parties for sales/promotional support, as well as to provide access to complementary products and services via the company's building ecosystem of partners likely further strengthens engagements with existing clients.

   From an industry perspective, we look for sustainable growth reflecting: a) stepped-up outsourcing of RCM services to improve collection rates, streamline operations, and reduce escalating expenses related to progressively more complex billing/payments/reimbursement models; b) shifting demographics, as Federal health insurance programs including Medicaid and Medicare – that typically pay out lower reimbursement rates relative to private insurance plans – are becoming more prevalent; and c) regulatory reform, with healthcare services providers often facilitating compliance with ongoing changes.

2. **Accelerating capital management:** Cash on the balance sheet totaled $5.1 million as of December 31, 2024, up from $3.3 million at the end of 2023, even as senior officials leveraged building free cash flow to fully pay down the outstanding balance on the company's line of credit last year. Indeed, free cash flow (net cash provided by operating activities less cash used for purchases of property and equipment and cash used to develop capitalized software and other intangible assets) totaled $3.0 million in 4Q24, up more than 2x from $1.4 million in 4Q23. For the full year, CCLD generated $13.2 million of free cash flow compared to $3.8 million for 2023 driven by rising operating cash flow ($20.6 million, up from $15.5 million for the prior year) combined with lower purchases of equipment and capitalized software outlays.

   Looking ahead, the Board recently approved the early resumption of preferred stock dividend payments and declared dividends for January and February. Prior plans targeted March for the reinstatement following the suspension of dividend payments in December 2023 across Series A and Series B Preferred Stock. Stepping back, capital allocation priorities likely remain reinvesting in the business to accelerate growth and increasingly capitalizing on M&A opportunities.

3. **Reigniting the M&A engine:** Earlier this month, CCLD announced the acquisition of MesaBilling, the first M&A transaction since 2021. While related accretion is likely to be modest, the acquisition seemingly heralds the start of a renewed wave of deal flow for the company that should meaningfully enhance growth prospects over time. Indeed, CCLD posted a revenue CAGR of 30%+ from 2012 to 2022 – a period of robust/sustained M&A activity. From a financing perspective, the MesaBilling transaction likely followed CCLD's well established playbook involving a small upfront payment (10% to 20% of TTM revenue), with the balance paid over multiple years based on a percentage of run-rate revenue. Beyond acquiring incremental customers via acquisition, management typically extracts sizeable efficiencies by leveraging CareCloud's proprietary technology and offshore infrastructure, with ~50% of related cost savings usually realized in the first 90 days following closing.

   Looking ahead, CCLD shareholders overwhelmingly approved upsizing the company's share authorization by 50 million shares earlier this year. Furthermore, the Board recently announced the conversion of Series A Preferred Stock to common stock effective March 6, 2025. As result, CCLD's common stock share count increases by approximately 26 million shares, while annual dividend payments decline by ~$7.7 million, with the savings earmarked for reinvestments for growth, namely M&A, we believe.

LOWERING EPS ESTIMATES/PRICE TARGET

On a GAAP basis, our model calls net income attributable to common shareholders of $0.13 per share for 2025 (at the high end of management's $0.10 to $0.13 guidance range) followed by $0.25 per share in 2026. Excluding stock-based compensation expense, amortization of purchased intangible assets, other (income)/expense, integration costs, transaction costs, goodwill impairment charges, changes in contingent considerations, and related tax impacts, as well as preferred stock dividends, we forecast Adjusted EPS of $0.33 for 2025 compared to our prior estimate of $0.94. Our lower EPS estimate primarily reflects a step up in the share count given the recent conversion of Series A Preferred Stock into common stock resulting in an incremental ~26 million shares. **Importantly, our Adjusted Net Income, and Adjusted EBITDA estimates remain unimpacted by the conversion of Series A Preferred Stock.** On a GAAP basis, the conversion is modestly accretive to Net Income/(Loss) Attributable to Common Shareholders reflecting lower dividend payments (~$7.7 million on an annual basis). Looking ahead, we are introducing a 2026 adjusted EPS estimate of $0.41 representing 23% year-over-year growth.

Stepping back, key earnings drivers include reaccelerating revenue growth and ongoing margin expansion. In aggregate, we forecast total revenues of $113.1 million in 2025 rising to $124.4 million in 2026, as business development initiatives increasingly take hold and management captures incremental economics from existing customers via complementary services. Furthermore, senior officials remain focused on monetizing the company's sizeable data reserve by partnering with life sciences, pharmaceutical, life insurance, and legal firms.

As is customary, management provided guidance ranges the current year for in conjunction with the release of 4Q24 earnings. More specifically, senior executives expect 2025 revenues to be in the range of approximately $111 million to $114 million, with Adjusted EBITDA of $26 million to $28 million for the year, and EPS of $0.10 to $0.13. Our model assumes CCLD's Adjusted EBITDA margin continues to trend higher from 21.7% in 2024 to 24.3% in 2025 and 25.1% in 2026. Much of our optimism can be attributed to residual savings (~$5 million) related to management's cost reduction plan initially implemented in 2023, as well as initiatives to increasingly leverage Artificial Intelligence and technology more broadly to drive higher margins.

Turning to valuation, we are lowering our price target from $7.00 to $5.00 to account for the conversion of Series A Preferred Stock into common stock. That said, we still see outsized upside potential for CCLD, as awareness and appreciation of the company's unique business model, durable competitive advantages, and reaccelerating growth prospects increasingly take hold. Furthermore, despite what we believe to be conservative inputs/assumptions, our DCF model suggests a wide disconnect between CCLD's fundamentals and the stock's current price. Finally, comparable Healthcare Information Services small cap stocks continue to trade at meaningfully higher Price-to-Earnings multiples across the board. While we recognize most peer companies are meaningfully larger, with considerable infrastructure, resource, and financial advantages, CCLD maintains a sizeable advantage in terms of projected growth, thereby justifying a comparable P/E multiple, in our minds.

INVESTMENT THESIS

CareCloud provides technology-enabled Revenue Cycle Management (RCM), Electronic Health Records (EHR), Practice Management (PM), digital heath, and other business solutions to healthcare practices across a fully integrated platform, or via discrete Software-as-a-Service (SaaS) agreements.

Our investment thesis revolves around:

1. **Unique/integrated healthcare technology/business services platform:** Healthcare organizations continue to face various operational headwinds including ongoing transitions to technology-focused/value-based care models, reimbursement challenges, as insurance plans continue to evolve, mounting data entry/management administrative burdens, and staffing turnover/shortages, amongst others. As such, we believe CareCloud remains well positioned to leverage the company's integrated suite of business/technology solutions designed to help medical practices optimize collections, drive operational efficiencies, increasingly leverage data/analytics, improve customer experiences, and ultimately accelerate growth.

   Importantly, CareCloud maintains three key differentiating factors that we believe position the company for ongoing market share gains. First, CareCloud provides healthcare practices with revenue cycle management services integrated within the company's proprietary technology platform. Second, management remains focused on increasingly leveraging the company's proprietary technology to streamline operations and improve customer experiences for healthcare providers, and ultimately accelerate growth for CareCloud. Finally, CCLD typically offers more competitive pricing versus peers primarily reflecting the company's offshore infrastructure.

2. **Setting the stage for reaccelerating growth:** Following a period of declining revenue (mostly a function of acquisition dis-synergies), we believe the stars are aligning for reaccelerating growth. At a high level, CCLD remains well positioned to increasingly tap into an estimated $155 billion Total Addressable Market (TAM) revenue opportunity, we believe. Focusing on organic growth, we believe CCLD's comprehensive/integrated suite of RCM, EHR, and practice management services combined with the company's proprietary technology and lower-cost offshore workforce remain key differentiated factors.

3. **Increasingly leveraging M&A:** In addition to organic initiatives, we look for stepped up acquisition activity to increasingly turbocharge growth. Indeed, CCLD maintains a long and successful track record of acquiring RCM companies. The CCLD M&A playbook typically includes buying distressed and/or sub-scale RCM companies that lack proprietary technology at less than 1x sales to acquire existing customer relationships. Post-acquisition, management leverages CareCloud's technology capabilities and offshore talent to reduce labor costs, improve efficiencies, and drive outsized Returns on Investment (ROIs) and strong revenue growth.

4. **Rising earnings power:** We expect a step up in revenue growth in the back half of this year followed by reaccelerating growth in 2026, as business development initiatives increasingly take hold and management captures more economics from existing customers via complementary services. Furthermore, we look for ongoing margin expansion primarily reflecting management's cost reduction plan centered on headcount reductions and lower selling and marketing costs that was implemented in 2023 and 2024. Looking forward, management remains focused on extracting further efficiencies, particularly as it relates to increasingly leveraging Artificial Intelligence (AI) and technology more broadly to drive higher margins. Moreover, we expect CCLD to continue to leverage the company's lower-cost offshore infrastructure – reinforcing a key financial/margin advantage for CareCloud.

5. **Strengthening balance sheet:** Following more recent moves to bolster the balance sheet, management is seemingly "switching to offense" from a capital allocation perspective. Looking ahead, priorities likely remain reinvesting in the business to accelerate growth and capitalizing on M&A opportunities.

INVESTMENT RISKS

1. **Regulatory landscape:** The healthcare industry remains highly regulated, with CCLD's various business lines subject to numerous Federal agencies, acts, regulations, and state laws. Failure to comply with applicable regulations may adversely impact the company's operations, increase costs, and/or expose CCLD to material legal liabilities/penalties. Moreover, the new administration in the U.S. adds incremental uncertainty around potential healthcare reform.

2. **Offshore operations:** Much of CCLD's pricing and margin competitive advantages can be linked to the company's offshore operations, with approximately 90% of the company's employees based in Pakistan and Sri Lanka. Political/social unrest, deteriorating employee relations, waning infrastructure, FX volatility, legal/regulatory changes, or trade/tariff policy shifts may adversely impact operations, thereby compromising CCLD's operations, expense structure, and/or profitability.

3. **Variable revenue structure:** A majority of CCLD's revenues are based on variable metrics, i.e., a percentage of payments collected for RCM contracts or a percentage of operating profits for turnkey medical practice management clients, thereby heightening top line volatility. External factors that may pressure CCLD's revenue include unanticipated changes in government/regulatory programs, insurance reimbursement policies, the level/pace of contract renewals, and/or medical practice client profits, as well as broader healthcare industry trends.

4. **M&A execution:** We expect acquisitions to play an increasingly important role in CCLD's growth trajectory. That said, all transactions carry meaningful execution and operational risks. Furthermore, shareholders likely risk dilution, assuming prospective deals are at least partially financed with equity, with CCLD carrying higher interest expense should management opt to fund incremental acquisitions by tapping the company's existing line of credit and/or issuing debt. Finally, while management has historically remained disciplined on upfront pricing, stepped-up customer attrition following a change-of-control (not uncommon for RCM M&A) can materially compromise longer-term returns on investments.

PROJECTED GAAP INCOME STATEMENT

CareCloud, Inc.
($ thousands)

	Quarterly								Annual				Y/Y Growth		
	1Q24	2Q24	3Q24	4Q24	1Q25E	2Q25E	3Q25E	4Q25E	2023	2024	2025E	2026E	2024	2025E	2026E
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Dec-23	Dec-24	Dec-25	Dec-26	Dec-24	Dec-25	Dec-26
Revenues:															
Healthcare IT															
Technology-enabled business solutions	17,283	19,034	17,871	18,586	17,629	19,415	18,228	18,958	76,640	72,774	74,229	81,652	-5%	2%	10%
Professional services	4,422	4,491	4,854	4,611	4,510	4,581	4,951	4,704	23,022	18,378	18,746	20,620	-20%	2%	10%
Printing and mailing services	861	809	969	1,066	878	825	988	1,087	2,968	3,705	3,779	4,157	25%	2%	10%
Group purchasing services	155	246	608	547	158	251	620	558	1,053	1,556	1,587	1,746	48%	2%	10%
Medical Practice Management															
Medical practice management services	3,241	3,510	4,244	3,427	3,306	3,580	4,329	3,496	13,376	14,422	14,710	16,182	8%	2%	10%
Total Revenues	**25,962**	**28,090**	**28,546**	**28,239**	**26,481**	**28,652**	**29,117**	**28,802**	**117,059**	**110,837**	**113,052**	**124,357**	**-5%**	**2%**	**10%**
Operating Expenses:															
Direct operating costs	15,177	15,242	15,420	15,003	14,305	15,477	15,728	15,558	70,817	60,842	61,069	66,554	-14%	0%	9%
Selling and marketing	1,770	1,664	1,375	1,423	1,334	1,444	1,467	1,451	9,650	6,232	5,697	6,142	-35%	-9%	8%
General and administrative	3,721	4,028	4,378	3,996	3,747	4,054	4,120	4,076	21,464	16,123	15,998	17,349	-25%	-1%	8%
Research and development	913	1,055	800	1,013	903	977	993	983	4,736	3,781	3,857	4,118	-20%	2%	7%
Change in contingent consideration	0	0	0	0	0	0	0	0	0	0	0	0	NM	NM	NM
Depreciation and amortization	3,930	3,714	3,241	3,257	3,257	3,257	3,257	3,257	14,402	14,142	13,028	13,028	-2%	-8%	0%
Goodwill impairment charges	0	0	0	0	0	0	0	0	42,000	0	0	0	-100%	NM	NM
Loss on lease terminations, unoccupied lea	322	116	67	91	91	91	91	91	1,105	596	364	364	-46%	-39%	0%
Total Expenses	**25,833**	**25,819**	**25,281**	**24,783**	**23,638**	**25,301**	**25,657**	**25,416**	**164,174**	**101,716**	**100,011**	**107,554**	**-38%**	**-2%**	**8%**
Operating Income/(Loss)	**129**	**2,271**	**3,265**	**3,456**	**2,844**	**3,351**	**3,460**	**3,386**	**(47,115)**	**9,121**	**13,040**	**16,803**	**NM**	**43%**	**29%**
Interest income	27	24	17	20	26	26	27	27	154	88	106	110	-43%	20%	4%
Interest expense	(365)	(288)	(179)	(68)	(52)	(52)	(52)	(52)	(1,194)	(900)	(210)	(210)	NM	NM	NM
Other income/(expense), net	7	(294)	60	(71)	(71)	(71)	(71)	(71)	(883)	(298)	(284)	(284)	NM	NM	NM
Pre-Tax Income/(Loss)	**(202)**	**1,713**	**3,163**	**3,337**	**2,746**	**3,254**	**3,363**	**3,290**	**(49,038)**	**8,011**	**12,653**	**16,419**	**NM**	**58%**	**30%**
Income tax provision	39	39	41	41	55	65	67	66	(364)	160	253	328	NM	58%	30%
Net Income/(Loss)	**(241)**	**1,674**	**3,122**	**3,296**	**2,691**	**3,189**	**3,296**	**3,224**	**(48,674)**	**7,851**	**12,400**	**16,091**	**NM**	**58%**	**30%**
Preferred stock dividend	5	3,923	3,789	3,286	3,286	1,361	1,361	1,361	15,674	12,310	7,369	5,444	-21%	-40%	-26%
Net Income/(Loss) Attributable to Common	**(246)**	**(2,249)**	**(667)**	**10**	**(595)**	**1,828**	**1,935**	**1,863**	**(64,348)**	**(4,459)**	**5,031**	**10,647**	**NM**	**NM**	**112%**
Earnings/(loss) per common share	**($0.02)**	**($0.14)**	**($0.04)**	**$0.00**	**($0.02)**	**$0.04**	**$0.05**	**$0.04**	**($4.11)**	**($0.28)**	**$0.13**	**$0.25**	**NM**	**NM**	**86%**
Weighted average shares outstanding	16,014	16,132	16,195	16,244	24,944	42,425	42,637	42,850	15,669	16,147	38,214	43,386	3%	137%	14%

Source: Company reports and Zacks SCR estimates and calculations.

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PROJECTED ADJUSTED INCOME STATEMENT

CareCloud, Inc.
($ thousands)

	1Q24 Mar-24	2Q24 Jun-24	3Q24 Sep-24	4Q24 Dec-24	1Q25E Mar-25	2Q25E Jun-25	3Q25E Sep-25	4Q25E Dec-25	2023 Dec-23	2024 Dec-24	2025E Dec-25	2026E Dec-26	2024 Dec-24	2025E Dec-25	2026E Dec-26
Non-GAAP Adjusted Net Income															
GAAP net income (loss)	(241)	1,674	3,122	3,296	2,691	3,189	3,296	3,224	(48,674)	7,851	12,400	16,091	NM	58%	30%
Foreign exchange (gain) loss / other expense	(5)	306	(57)	91	0	0	0	0	918	335	0	0	-64%	-100%	NM
Stock-based compensation expense (benefit	(708)	265	252	306	306	306	306	306	4,716	115	1,224	1,224	-98%	964%	0%
Amortization of purchased intangible assets	840	586	75	76	76	76	76	76	4,975	1,577	304	304	-68%	-81%	0%
Transaction and integration costs	12	11	12	11	11	11	11	11	286	46	44	44	-84%	-4%	0%
Goodwill impairment charges	0	0	0	0	0	0	0	0	42,000	0	0	0	-100%	NM	NM
Loss on lease terminations, unoccupied lease	322	116	67	91	91	91	91	91	1,105	596	364	364	-46%	-39%	0%
Change in contingent consideration	0	0	0	0	0	0	0	0	0	0	0	0	NM	NM	NM
Income tax provision related to goodwill	0	0	0	0	0	0	0	0	(525)	0	0	0	NM	NM	NM
Non-GAAP adjusted net income	**220**	**2,958**	**3,471**	**3,871**	**3,175**	**3,673**	**3,780**	**3,708**	**4,801**	**10,520**	**14,336**	**18,027**	**119%**	**36%**	**26%**
Non-GAAP adjusted diluted earnings per sh	**$0.01**	**$0.18**	**$0.21**	**$0.23**	**$0.07**	**$0.09**	**$0.09**	**$0.09**	**$0.29**	**$0.64**	**$0.33**	**$0.41**	**121%**	**-48%**	**23%**
End-of-period shares	16,118	16,145	16,222	16,256	42,319	42,530	42,743	42,957	15,880	16,256	42,957	43,816	2%	164%	2%
Outstanding unvested RSUs	192	198	266	243	247	252	257	262	734	243	262	283	-67%	8%	8%
Total fully diluted shares	16,311	16,343	16,488	16,499	42,566	42,783	43,000	43,219	16,614	16,499	43,219	44,099	-1%	162%	2%
Free Cash Flow															
Net cash provided by operating activities	4,066	4,279	7,068	5,229	6,438	6,945	7,054	6,980	15,461	20,642	27,416	31,179	34%	33%	14%
Purchases of property and equipment	(298)	(127)	(334)	(938)	(304)	(130)	(341)	(957)	(3,063)	(1,697)	(1,731)	(1,766)	NM	NM	NM
Capitalized software and other intangible ass	(1,570)	(1,476)	(1,339)	(1,324)	(1,324)	(1,324)	(1,324)	(1,324)	(8,550)	(5,709)	(5,296)	(5,508)	NM	NM	NM
Free cash flow	**2,198**	**2,676**	**5,395**	**2,967**	**4,810**	**5,491**	**5,389**	**4,699**	**3,848**	**13,236**	**20,390**	**23,906**	**244%**	**54%**	**17%**
Adjusted EBITDA															
GAAP net income (loss)	(241)	1,674	3,122	3,296	2,691	3,189	3,296	3,224	(48,674)	7,851	12,400	16,091	NM	58%	30%
Provision for income taxes	39	39	41	41	55	65	67	66	(364)	160	253	328	NM	58%	30%
Net interest expense	338	264	162	48	26	26	26	26	1,040	812	104	100	-22%	-87%	-4%
Foreign exchange (gain) loss / other expense	(5)	306	(57)	91	0	0	0	0	918	335	0	0	-64%	-100%	NM
Stock-based compensation expense (benefit	(708)	265	252	306	306	306	306	306	4,716	115	1,224	1,224	-98%	964%	0%
Depreciation and amortization	3,930	3,714	3,241	3,257	3,257	3,257	3,257	3,257	14,402	14,142	13,028	13,028	-2%	-8%	0%
Transaction and integration costs	12	11	12	11	11	11	11	11	286	46	44	44	-84%	-4%	0%
Goodwill impairment charges	0	0	0	0	0	0	0	0	42,000	0	0	0	-100%	NM	NM
Loss on lease terminations, unoccupied lease	322	116	67	91	91	91	91	91	1,105	596	364	364	-46%	-39%	0%
Change in contingent consideration	0	0	0	0	0	0	0	0	0	0	0	0	NM	NM	NM
Adjusted EBITDA	**3,687**	**6,389**	**6,840**	**7,141**	**6,438**	**6,945**	**7,054**	**6,980**	**15,429**	**24,057**	**27,416**	**31,179**	**56%**	**14%**	**14%**
Adjusted Operating Income															
GAAP operating income (loss)	129	2,271	3,265	3,456	2,844	3,351	3,460	3,386	(47,115)	9,121	13,040	16,803	NM	43%	29%
Stock-based compensation expense (benefit	(708)	265	252	306	306	306	306	306	4,716	115	1,224	1,224	-98%	964%	0%
Amortization of purchased intangible assets	840	586	75	76	76	76	76	76	4,975	1,577	304	304	-68%	-81%	0%
Transaction and integration costs	12	11	12	11	11	11	11	11	286	46	44	44	-84%	-4%	0%
Goodwill impairment charges	0	0	0	0	0	0	0	0	42,000	0	0	0	-100%	NM	NM
Loss on lease terminations, unoccupied lease	322	116	67	91	91	91	91	91	1,105	596	364	364	-46%	-39%	0%
Change in contingent consideration	0	0	0	0	0	0	0	0	0	0	0	0	NM	NM	NM
Adjusted Operating Income	**595**	**3,249**	**3,671**	**3,940**	**3,328**	**3,835**	**3,944**	**3,870**	**5,967**	**11,455**	**14,976**	**18,739**	**92%**	**31%**	**25%**

Source: Company reports and Zacks SCR estimates and calculations.

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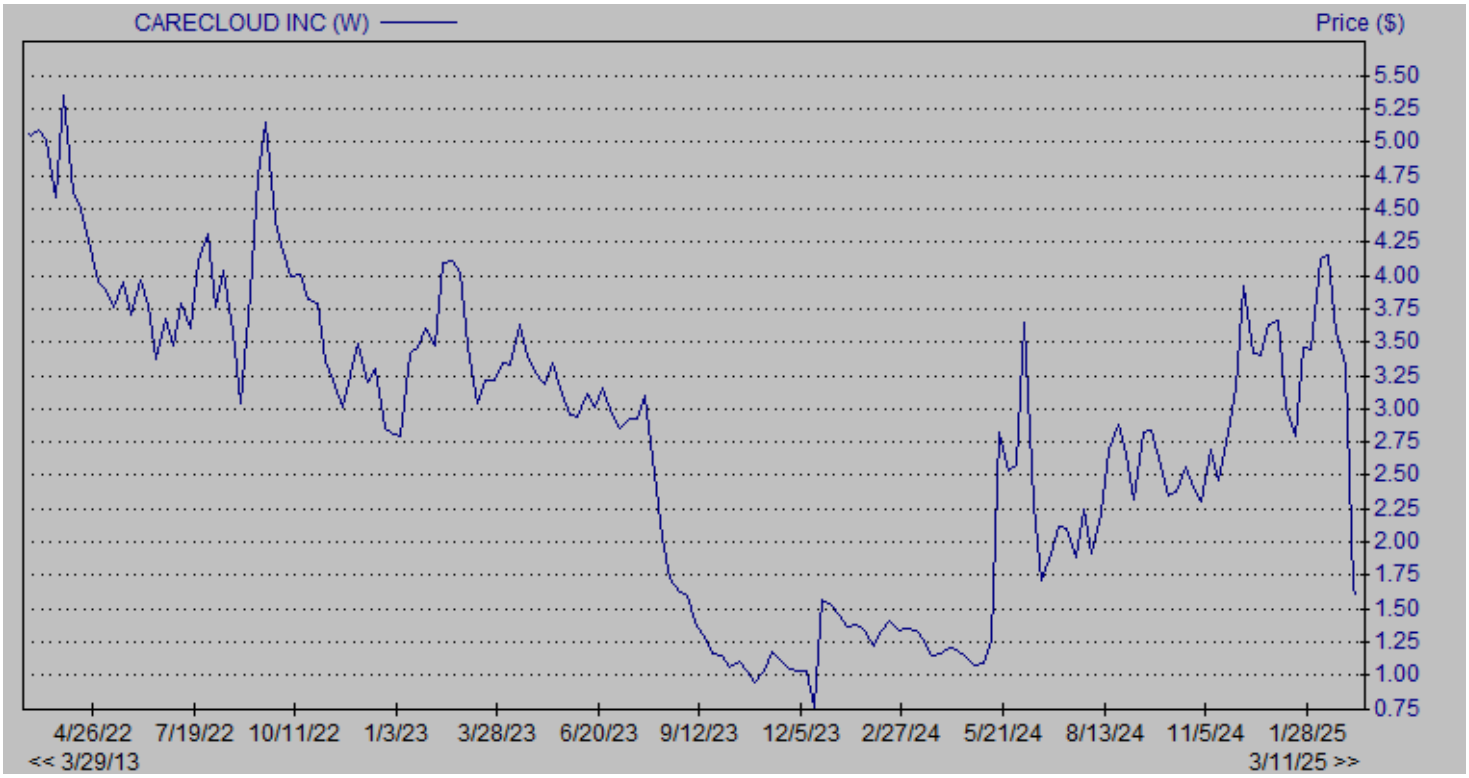
PROJECTED BALANCE SHEET

CareCloud, Inc.
($ thousands)

	Quarterly								Annual				Y/Y Growth		
	1Q24	2Q24	3Q24	4Q24	1Q25E	2Q25E	3Q25E	4Q25E	2023	2024	2025E	2026E	2024	2025E	2026E
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Dec-23	Dec-24	Dec-25	Dec-26	Dec-24	Dec-25	Dec-26
Assets:															
Cash	4,138	2,617	2,782	5,145	5,196	5,248	5,301	5,354	3,331	5,145	5,354	5,568	54%	4%	4%
Accounts receivable - net	11,962	13,079	11,992	12,774	13,029	13,290	13,556	13,827	11,888	12,774	13,827	14,933	7%	8%	8%
Contract asset	5,455	4,800	4,617	4,334	4,421	4,509	4,599	4,691	5,094	4,334	4,691	5,067	-15%	8%	8%
Inventory	480	497	514	574	585	597	609	621	465	574	621	671	23%	8%	8%
Current assets - related party	16	16	16	16	16	16	16	16	16	16	16	16	0%	0%	0%
Prepaid expenses and other current assets	2,225	2,907	2,741	1,957	1,996	2,036	2,077	2,118	2,449	1,957	2,118	2,288	-20%	8%	8%
Total current assets	24,276	23,916	22,662	24,800	25,244	25,697	26,158	26,628	23,243	24,800	26,628	28,543	7%	7%	7%
Property and equipment - net	5,438	5,055	4,894	5,290	5,396	5,504	5,614	5,726	5,317	5,290	5,726	6,184	-1%	8%	8%
Operating lease right-of-use assets	4,107	3,732	3,310	3,133	3,070	3,009	2,949	2,890	4,365	3,133	2,890	2,659	-28%	-8%	-8%
Intangible assets - net	23,237	21,497	20,106	18,698	18,324	17,958	17,598	17,246	25,074	18,698	17,246	15,867	-25%	-8%	-8%
Goodwill	19,186	19,186	19,186	19,186	19,186	19,186	19,186	19,186	19,186	19,186	19,186	19,186	0%	0%	0%
Other assets	641	624	536	507	517	527	538	549	641	507	549	593	-21%	8%	8%
Total Assets	**76,885**	**74,010**	**70,694**	**71,614**	**71,738**	**71,881**	**72,043**	**72,225**	**77,826**	**71,614**	**72,225**	**73,031**	**-8%**	**1%**	**1%**
Liabilities:															
Accounts payable	5,921	5,448	5,567	4,565	4,565	4,565	4,565	4,565	5,798	4,565	4,565	4,565	-21%	0%	0%
Accrued compensation	2,765	2,824	2,545	1,817	1,853	1,890	1,928	1,967	3,444	1,817	1,967	2,124	-47%	8%	8%
Accrued expenses	6,350	6,619	5,138	4,951	5,050	5,151	5,254	5,359	5,065	4,951	5,359	5,788	-2%	8%	8%
Operating lease liability (current portion)	1,775	1,623	1,424	1,287	1,261	1,236	1,211	1,187	1,888	1,287	1,187	1,092	-32%	-8%	-8%
Deferred revenue (current portion)	1,386	1,224	1,312	1,212	1,212	1,212	1,212	1,212	1,380	1,212	1,212	1,212	-12%	0%	0%
Notes payable (current portion)	167	66	506	310	310	310	310	310	292	310	310	310	6%	0%	0%
Dividend payable	5,438	5,438	5,438	5,438	5,438	3,513	3,513	3,513	5,433	5,438	3,513	3,513	0%	-35%	0%
Total current liabilities	23,802	23,242	21,930	19,580	19,690	17,877	17,994	18,113	23,300	19,580	18,113	18,604	-16%	-7%	3%
Notes payable	35	33	29	26	26	26	26	26	37	26	26	26	-30%	0%	0%
Borrowings under line of credit	9,000	5,000	0	0	0	0	0	0	10,000	0	0	0	-100%	NM	NM
Operating lease liability	2,320	2,101	1,900	1,847	1,810	1,774	1,738	1,704	2,516	1,847	1,704	1,567	-27%	-8%	-8%
Deferred revenue	308	390	327	387	387	387	387	387	256	387	387	387	51%	0%	0%
Deferred tax liability	0	0	0	0	0	0	0	0	0	0	0	0			
Total Liabilities	**35,465**	**30,766**	**24,186**	**21,840**	**21,913**	**20,064**	**20,145**	**20,230**	**36,109**	**21,840**	**20,230**	**20,584**	**-40%**	**-7%**	**2%**
Total Shareholders' Equity	**41,420**	**43,244**	**46,508**	**49,774**	**49,825**	**51,816**	**51,898**	**51,995**	**41,717**	**49,774**	**51,995**	**52,446**	**19%**	**4%**	**1%**
Total Liabilities & Shareholders' Equity	**76,885**	**74,010**	**70,694**	**71,614**	**71,738**	**71,881**	**72,043**	**72,225**	**77,826**	**71,614**	**72,225**	**73,031**	**-8%**	**1%**	**1%**

Source: Company reports and Zacks SCR estimates and calculations.

HISTORICAL STOCK PRICE



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