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Zacks Small-Cap Research

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CareCloud, Inc. (CCLD-NASDAQ)

CCLD: 1Q25 Earnings – Slight EPS Miss on Higher Expenses; Multi-Layered Growth Story

On a non-GAAP adjusted basis, CCLD reported 1Q25 net income of $0.05 per fully diluted share vs. our estimate of $0.07. The miss primarily reflected higher operating expenses. Refining our 2025 and 2026 adjusted EPS estimates from $0.33/$0.41 to $0.31/$0.40 reflecting the 1Q25 miss and a modestly higher expense outlook. No change to our $5.00 price target.

Current Price (05/05/25)	$1.75
Valuation	**$5.00**

OUTLOOK

Key 1Q25 takeaways include: 1) Artificial Intelligence (AI) remains at the forefront of management's strategic vision to transform the broader healthcare journey through RCM automation, enhanced patient engagement, and real-time analytics, with the launch of CCLD's "AI Center of Excellence"; 2) by leveraging CCLD's data, domain expertise, and offshore resources competitive advantages, senior executives plan to incorporate proprietary AI solutions across operations, products, and services to manage workflows more efficiently; 3) management maintains ample liquidity to fund M&A transactions, with incremental deals typically accretive starting 90 days following closings reflecting lower CACs and meaningful cost savings; and 4) we look for CCLD's earnings power to ramp up, as the company's differentiated value proposition increasingly resonates with healthcare providers and patients, and ongoing expense management and AI-derived operating efficiencies increasingly drive margin expansion.

SUMMARY DATA

52-Week High	**$4.84**
52-Week Low	**$1.04**
One-Year Return (%)	**60.55**
Beta (5Y Monthly)	**2.05**
Average Daily Volume (3 mo)	**985,618**
Shares Outstanding (mil)	**42**
Market Capitalization ($mil)	**$74**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**5**
Insider Ownership (%)	**38**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**5.8**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**2.6**
P/E using 2025 Estimate	**5.6**
P/E using 2026 Estimate	**4.4**

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	27,632 A	28,169 E	28,192 E	28,671 E	112,664 E
2026					128,547 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	$0.05 A	$0.08 E	$0.08 E	$0.09 E	$0.31 E
2026					$0.40 E

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

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1Q25 EARNINGS: SLIGHT EPS MISS ON HIGHER EXPENSES

Pre-market open on 5/6/25, CareCloud reported 1Q25 earnings results. For the quarter, CCLD reported GAAP net income of $1.9 million – the company's fourth consecutive positive net income quarter, and a reversal from a net loss of $0.2 million for the year-ago quarter. After taking into consideration preferred stock dividends, the company reported a net loss attributable to common shareholders of $0.9 million, or ($0.04) per share, for 1Q25 compared to a net loss of $1.6 million, or ($0.10) per share, for 1Q24. Much of the year-over-year variance can be attributed to more favorable revenues and operating income, partially offset by higher preferred stock dividends.

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 $0.05, or a couple of pennies short of our $0.07 EPS estimate. Relative to our model, the EPS miss was mostly a function of higher operating expenses (Exhibits 1 and 2).

Focusing on the top line, CCLD generated $27.6 million of revenue during 1Q25, or 4.3% ahead of our $26.5 million forecast, and up 6.4% compared to $26.0 million for the year-ago quarter. Total expenses of $25.6 million in 1Q25 were down 0.9% from the year-ago period, but came in 8.4% above our $23.6 million forecast, with unfavorable variances across most line items. Finally, Adjusted EBITDA totaled $5.6 million for 1Q25 representing a meaningful step up from $3.7 million in 1Q24.

Exhibit 1: 1Q25 GAAP Actual vs. Estimates
($ thousands)

	1Q25		Change	
	Actual	Estimate	$	%
Net Revenue	**27,632**	**26,481**	**1,151**	**4.3%**
Operating Expenses:				
Direct operating costs	15,464	14,305	1,159	8.1%
Selling and marketing	1,131	1,334	(203)	-15.2%
General and administrative	4,332	3,747	585	15.6%
Research and development	1,235	903	332	36.7%
Change in contingent consideration	0	0	0	NM
Depreciation and amortization	3,337	3,257	80	2.5%
Goodwill impairment charges	0	0	0	NM
Lease charges/restructuring costs	114	91	23	25.3%
Total Operating Expenses	**25,613**	**23,638**	**1,975**	**8.4%**
Operating Income/(Loss)	**2,019**	**2,844**	**(825)**	**-29.0%**
Interest income	42	26	16	61.0%
Interest expense	(58)	(52)	(6)	10.6%
Other income/(expense), net	(14)	(71)	57	-80.3%
Pre-Tax Income/(Loss)	**1,989**	**2,746**	**(757)**	**-27.6%**
Income tax provision	41	55	(14)	-25.4%
Net Income/(Loss)	**1,948**	**2,691**	**(743)**	**-27.6%**
Preferred stock dividend	2,811	3,286	(475)	-14.5%
Net Loss Attributable to Common S/Hs	**(863)**	**(595)**	**(268)**	**45.1%**
Earnings/(loss) per common share	**($0.04)**	**($0.02)**	**($0.01)**	**52.0%**
Weighted average shares outstanding	23,814	24,944	(1,130)	-4.5%

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

Exhibit 2: 1Q25 Non-GAAP Adjusted Actual vs. Estimates
($ thousands)

	1Q25		Change	
	Actual	Estimate	$	%
Non-GAAP Adjusted Net Income				
GAAP net income (loss)	1,948	2,691	(743)	-27.6%
Foreign exchange (gain) loss / other expense	19	0	19	NM
Stock-based compensation expense (benefit)	108	306	(198)	-64.7%
Amortization of purchased intangible assets	89	76	13	17.1%
Transaction and integration costs	12	11	1	9.1%
Goodwill impairment charges	0	0	0	NM
Lease charges/restructuring costs	114	91	23	25.3%
Change in contingent consideration	0	0	0	NM
Income tax provision related to goodwill	0	0	0	NM
Non-GAAP adjusted net income	**2,290**	**3,175**	**(885)**	**-27.9%**
Non-GAAP adjusted diluted earnings per share	**$0.05**	**$0.07**	**($0.02)**	**-27.9%**
Total fully diluted shares	42,568	42,566	2	0.0%

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

KEY TAKEAWAYS

Following our review of 1Q25 results, we highlight the following key takeaways:

1. **Increasingly incorporating differentiated AI capabilities across the platform:** At a high level, senior officials remain focused on transforming the broader healthcare journey through RCM automation, enhanced patient engagement, and real-time analytics by increasingly deploying innovative and proven AI solutions in a cost-efficient manner. To the point, the company recently announced the launch of a key strategic initiative dubbed CCLD's "AI Center of Excellence." By leveraging CCLD's data (processing 10 million claims/transactions per month), domain expertise, and offshore resources competitive advantages, senior executives plan to incorporate proprietary AI solutions across operations, products, and services to manage workflows more efficiently. Initial programs include: a) iterating AI models designed to streamline revenue cycle management processes, clinical documentation, and compliance efforts; b) improving patient engagement through personalized communications and scheduling; and c) generating predictive analytics. Moreover, management remains committed to increasingly embedding AI functionality to further develop cirrusAI Notes, cirrusAI Voice, and specialty-focused EHRs, while the company's proprietary technology capabilities enhance CCLD's value proposition with potential acquisition candidates. From a staffing perspective, 50 new professionals recently joined the company, with plans to build the team to ~500 FTEs by the end of this year. Importantly, related investments will be funded through operating cash flows, with employee costs mostly capitalized on the balance sheet, thereby limiting upfront P&L impacts.

2. **All systems go on the M&A front:** Last month, CCLD announced the acquisition of RevNu Medical Management, a leading RCM provider focused on the audiology market – following on the heels of the MesaBilling transaction in early March. Management's well-established playbook involves acquiring clients (often in underserved markets) at lower CACs, and subsequently integrating CCLD's proprietary technology, AI tools, and economies of scale to unlock growth and drive meaningful synergies and operating leverage. Indeed, ~50% of related cost savings are generally realized in the first 90 days following closings resulting in bottom line accretion thereafter. From a financing perspective, acquisitions typically involve a small upfront payment, with the balance paid over multiple years based on a percentage of run-rate revenue.

   Looking ahead, management maintains ample liquidity to fund incremental transactions. First, cash on the balance sheet continues to build, with $6.8 million as of March 31, 2025, up from $4.1 million a year ago. Second, 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) remains on an upward trajectory – $3.6 million in 1Q25, up 66% from $2.2 million in 1Q24 driven by rising operating cash flow combined with lower capitalized software outlays. Third, the recent conversion of Series A Preferred Stock to common stock reduces annual dividend payments by ~$7.7 million. Fourth, the recently approved upsizing of the company's share authorization by 50 million shares provides for the potential issuance of equity to finance larger acquisitions should they arise (though senior officials seem reluctant to sell stock at current price levels). Finally, management cap tap the company's $10 million credit facility as needed.

3. **Earnings power set to ramp up:** While we expect revenue growth to remain modest this year, our model calls for a step up in 2026 (and beyond), as the company's differentiated value proposition increasingly resonates with healthcare providers and patients. To the point, CCLD offers a comprehensive suite of fully integrated RCM, EHR, and practice management services, with ongoing initiatives to further develop innovative technologies/services and broaden market footprints. Additionally, 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. Turning to profitability, we look for ongoing margin expansion primarily reflecting management's cost reduction plan implemented in 2023 and 2024. Moreover, we expect CCLD to continue to leverage the company's lower-cost offshore infrastructure, as well as AI-derived operating efficiencies.

TWEAKING EPS ESTIMATES; NO CHANGE TO $5.00 PRICE TARGET

On a GAAP basis, our updated model calls net income attributable to common shareholders of $0.12 per share for 2025 (within management's reiterated $0.10 to $0.13 guidance range) followed by $0.24 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 $0.31 for 2025 (compared to $0.33 previously) and $0.40 for 2026 (versus our prior $0.41 estimate). Our slightly lower estimates primarily reflect the 1Q25 EPS miss and modestly higher operating expense assumptions. Focusing on the top line, we forecast total revenues of $112.7 million in 2025 (consistent with management's unchanged guidance range of $111 million to $114 million) followed by $128.5 million in 2026, as business development initiatives increasingly take hold and management captures incremental economics from existing customers via complementary services. Furthermore, senior executives reiterated 2025 Adjusted EBITDA guidance of $26 million to $28 million.

Turning to valuation, no change to $5.00 DCF-derived price target representing meaningful upside potential from current levels. We continue to look for an upward revaluation for shares of CCLD, as awareness and appreciation of the company's unique business model, durable competitive advantages, and reaccelerating growth prospects compounds. Moreover, comparable Healthcare Information Services small cap stocks continue to trade at meaningfully higher Price-to-Earnings multiples across the board, thereby reinforcing our valuation work.

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. **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	1Q25	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	19,484	17,700	19,415	18,228	19,874	76,640	73,672	75,217	86,499	-4%	2%	15%
Professional services	4,422	4,491	4,854	4,435	4,233	4,603	4,975	4,546	23,022	18,202	18,358	21,111	-21%	1%	15%
Printing and mailing services	861	809	969	940	800	829	993	964	2,968	3,579	3,586	4,124	21%	0%	15%
Group purchasing services	155	246	608	(57)	158	251	281	281	1,053	952	971	1,117	-10%	2%	15%
Medical Practice Management															
Medical practice management services	3,241	3,510	4,244	3,437	4,741	3,071	3,714	3,007	13,376	14,432	14,533	15,696	8%	1%	8%
Total Revenues	**25,962**	**28,090**	**28,546**	**28,239**	**27,632**	**28,169**	**28,192**	**28,671**	**117,059**	**110,837**	**112,664**	**128,547**	**-5%**	**2%**	**14%**
Operating Expenses:															
Direct operating costs	15,177	15,242	15,420	15,003	15,464	15,211	15,223	15,483	70,817	60,842	61,381	69,713	-14%	1%	14%
Selling and marketing	1,770	1,664	1,375	1,423	1,131	1,153	1,154	1,174	9,650	6,232	4,611	5,262	-35%	-26%	14%
General and administrative	3,721	4,028	4,378	3,996	4,332	3,986	3,989	4,057	21,464	16,123	16,365	18,414	-25%	1%	13%
Research and development	913	1,055	800	1,013	1,235	1,011	1,011	1,029	4,736	3,781	4,285	4,761	-20%	13%	11%
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	3,337	3,337	3,337	3,337	14,402	14,142	13,348	13,348	-2%	-6%	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	114	114	114	114	1,105	596	456	456	-46%	-23%	0%
Total Expenses	**25,833**	**25,819**	**25,281**	**24,783**	**25,613**	**24,812**	**24,829**	**25,193**	**164,174**	**101,716**	**100,447**	**111,954**	**-38%**	**-1%**	**11%**
Operating Income/(Loss)	**129**	**2,271**	**3,265**	**3,456**	**2,019**	**3,357**	**3,363**	**3,479**	**(47,115)**	**9,121**	**12,218**	**16,593**	**NM**	**34%**	**36%**
Interest income	27	24	17	20	42	48	49	49	154	88	188	201	-43%	113%	7%
Interest expense	(365)	(288)	(179)	(68)	(58)	(37)	(37)	(37)	(1,194)	(900)	(168)	(147)	NM	NM	NM
Other income/(expense), net	7	(294)	60	(71)	(14)	0	0	0	(883)	(298)	(14)	0	NM	NM	NM
Pre-Tax Income/(Loss)	**(202)**	**1,713**	**3,163**	**3,337**	**1,989**	**3,369**	**3,374**	**3,491**	**(49,038)**	**8,011**	**12,223**	**16,647**	**NM**	**53%**	**36%**
Income tax provision	39	39	41	41	41	69	70	72	(364)	160	252	343	NM	57%	36%
Net Income/(Loss)	**(241)**	**1,674**	**3,122**	**3,296**	**1,948**	**3,299**	**3,305**	**3,419**	**(48,674)**	**7,851**	**11,971**	**16,304**	**NM**	**52%**	**36%**
Preferred stock dividend	1,312	3,923	3,789	3,286	2,811	1,500	1,500	1,500	15,674	12,310	7,311	6,000	-21%	-41%	-18%
Net Income/(Loss) Attributable to Common	**(1,553)**	**(2,249)**	**(667)**	**10**	**(863)**	**1,799**	**1,805**	**1,919**	**(64,348)**	**(4,459)**	**4,660**	**10,304**	**NM**	**NM**	**121%**
Earnings/(loss) per common share	**($0.10)**	**($0.14)**	**($0.04)**	**$0.00**	**($0.04)**	**$0.04**	**$0.04**	**$0.04**	**($4.11)**	**($0.28)**	**$0.12**	**$0.24**	**NM**	**NM**	**93%**
Weighted average shares outstanding	16,014	16,132	16,195	16,244	23,814	42,427	42,639	42,852	15,669	16,147	37,933	43,389	3%	135%	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	1Q25 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	1,948	3,299	3,305	3,419	(48,674)	7,851	11,971	16,304	NM	52%	36%
Foreign exchange (gain) loss / other expense	(5)	306	(57)	91	19	0	0	0	918	335	19	0	-64%	-94%	-100%
Stock-based compensation expense (benefit	(708)	265	252	306	108	108	108	108	4,716	115	432	432	-98%	276%	0%
Amortization of purchased intangible assets	840	586	75	76	89	89	89	89	4,975	1,577	356	356	-68%	-77%	0%
Transaction and integration costs	12	11	12	11	12	12	12	12	286	46	48	48	-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	114	114	114	114	1,105	596	456	456	-46%	-23%	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**	**2,290**	**3,622**	**3,628**	**3,742**	**4,801**	**10,520**	**13,282**	**17,596**	**119%**	**26%**	**32%**
Non-GAAP adjusted diluted earnings per sh	**$0.01**	**$0.18**	**$0.21**	**$0.23**	**$0.05**	**$0.08**	**$0.08**	**$0.09**	**$0.29**	**$0.64**	**$0.31**	**$0.40**	**121%**	**-52%**	**30%**
End-of-period shares	16,118	16,145	16,222	16,256	42,321	42,533	42,745	42,959	15,880	16,256	42,959	43,818	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	42,568	42,785	43,003	43,222	16,614	16,499	43,222	44,102	-1%	162%	2%
Free Cash Flow															
Net cash provided by operating activities	4,066	4,279	7,068	5,229	5,113	6,928	6,934	7,050	15,461	20,642	26,024	30,877	34%	26%	19%
Purchases of property and equipment	(298)	(127)	(334)	(938)	(624)	(133)	(351)	(985)	(3,063)	(1,697)	(2,093)	(2,198)	NM	NM	NM
Capitalized software and other intangible ass	(1,570)	(1,476)	(1,339)	(1,324)	(846)	(1,594)	(1,446)	(1,430)	(8,550)	(5,709)	(5,316)	(5,741)	NM	NM	NM
Free cash flow	**2,198**	**2,676**	**5,395**	**2,967**	**3,643**	**5,201**	**5,137**	**4,635**	**3,848**	**13,236**	**18,615**	**22,938**	**244%**	**41%**	**23%**
Adjusted EBITDA															
GAAP net income (loss)	(241)	1,674	3,122	3,296	1,948	3,299	3,305	3,419	(48,674)	7,851	11,971	16,304	NM	52%	36%
Provision for income taxes	39	39	41	41	41	69	70	72	(364)	160	252	343	NM	57%	36%
Net interest expense	338	264	162	48	16	(11)	(12)	(12)	1,040	812	(19)	(54)	-22%	-102%	NM
Foreign exchange (gain) loss / other expense	(5)	306	(57)	91	19	0	0	0	918	335	19	0	-64%	-94%	-100%
Stock-based compensation expense (benefit	(708)	265	252	306	108	108	108	108	4,716	115	432	432	-98%	276%	0%
Depreciation and amortization	3,930	3,714	3,241	3,257	3,337	3,337	3,337	3,337	14,402	14,142	13,348	13,348	-2%	-6%	0%
Transaction and integration costs	12	11	12	11	12	12	12	12	286	46	48	48	-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	114	114	114	114	1,105	596	456	456	-46%	-23%	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**	**5,595**	**6,928**	**6,934**	**7,050**	**15,429**	**24,057**	**26,507**	**30,877**	**56%**	**10%**	**16%**
Adjusted Operating Income															
GAAP operating income (loss)	129	2,271	3,265	3,456	2,019	3,357	3,363	3,479	(47,115)	9,121	12,218	16,593	NM	34%	36%
Stock-based compensation expense (benefit	(708)	265	252	306	108	108	108	108	4,716	115	432	432	-98%	276%	0%
Amortization of purchased intangible assets	840	586	75	76	89	89	89	89	4,975	1,577	356	356	-68%	-77%	0%
Transaction and integration costs	12	11	12	11	12	12	12	12	286	46	48	48	-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	114	114	114	114	1,105	596	456	456	-46%	-23%	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**	**2,342**	**3,680**	**3,686**	**3,802**	**5,967**	**11,455**	**13,510**	**17,885**	**92%**	**18%**	**32%**

Source: Company reports and Zacks SCR estimates and calculations.

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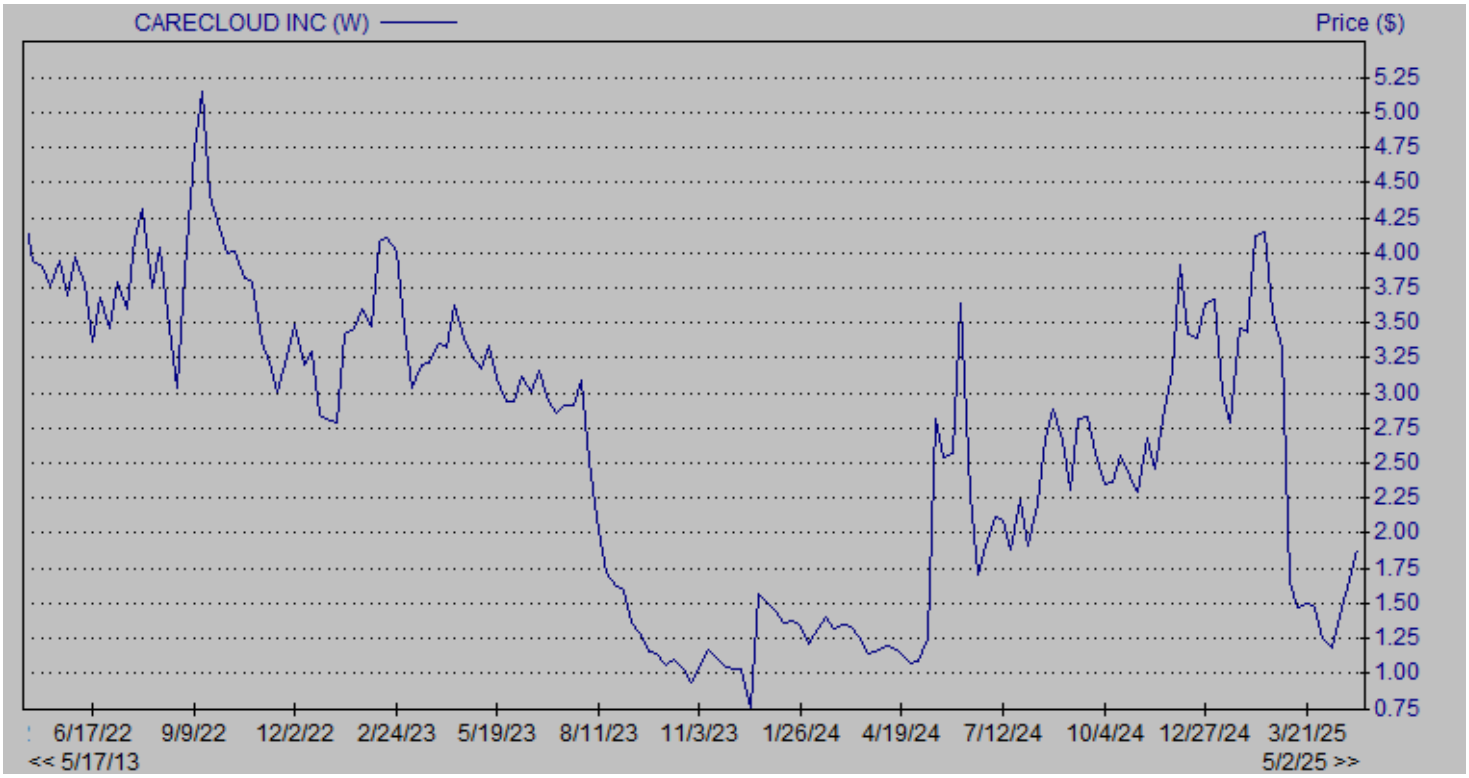
PROJECTED BALANCE SHEET

CareCloud, Inc.
($ thousands)

	Quarterly								Annual				Y/Y Growth		
	1Q24	2Q24	3Q24	4Q24	1Q25	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	6,805	6,873	6,942	7,011	3,331	5,145	7,011	7,292	54%	36%	4%
Accounts receivable - net	11,962	13,079	11,992	12,774	13,887	14,165	14,448	14,737	11,888	12,774	14,737	15,916	7%	15%	8%
Contract asset	5,455	4,800	4,617	4,334	4,457	4,546	4,637	4,730	5,094	4,334	4,730	5,108	-15%	9%	8%
Inventory	480	497	514	574	609	621	634	646	465	574	646	698	23%	13%	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	2,843	2,900	2,958	3,017	2,449	1,957	3,017	3,258	-20%	54%	8%
Total current assets	24,276	23,916	22,662	24,800	28,617	29,121	29,634	30,157	23,243	24,800	30,157	32,288	7%	22%	7%
Property and equipment - net	5,438	5,055	4,894	5,290	5,323	5,429	5,538	5,649	5,317	5,290	5,649	6,101	-1%	7%	8%
Operating lease right-of-use assets	4,107	3,732	3,310	3,133	3,097	3,035	2,974	2,915	4,365	3,133	2,915	2,682	-28%	-7%	-8%
Intangible assets - net	23,237	21,497	20,106	18,698	16,877	16,539	16,209	15,884	25,074	18,698	15,884	14,614	-25%	-15%	-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	456	447	438	429	641	507	429	395	-21%	-15%	-8%
Total Assets	**76,885**	**74,010**	**70,694**	**71,614**	**73,556**	**73,758**	**73,979**	**74,221**	**77,826**	**71,614**	**74,221**	**75,265**	**-8%**	**4%**	**1%**
Liabilities:															
Accounts payable	5,921	5,448	5,567	4,565	4,998	4,898	4,800	4,704	5,798	4,565	4,704	4,328	-21%	3%	-8%
Accrued compensation	2,765	2,824	2,545	1,817	2,865	2,922	2,981	3,040	3,444	1,817	3,040	3,284	-47%	67%	8%
Accrued expenses	6,350	6,619	5,138	4,951	5,002	5,102	5,204	5,308	5,065	4,951	5,308	5,733	-2%	7%	8%
Operating lease liability (current portion)	1,775	1,623	1,424	1,287	1,355	1,328	1,301	1,275	1,888	1,287	1,275	1,173	-32%	-1%	-8%
Deferred revenue (current portion)	1,386	1,224	1,312	1,212	1,297	1,297	1,297	1,297	1,380	1,212	1,297	1,297	-12%	7%	0%
Notes payable (current portion)	167	66	506	310	133	133	133	133	292	310	133	133	6%	-57%	0%
Dividend payable	5,438	5,438	5,438	5,438	1,299	1,299	1,299	1,299	5,433	5,438	1,299	1,299	0%	-76%	0%
Total current liabilities	23,802	23,242	21,930	19,580	16,949	16,979	17,015	17,057	23,300	19,580	17,057	17,246	-16%	-13%	1%
Notes payable	35	33	29	26	23	23	23	23	37	26	23	23	-30%	-12%	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	1,776	1,740	1,706	1,672	2,516	1,847	1,672	1,538	-27%	-9%	-8%
Deferred revenue	308	390	327	387	571	582	594	606	256	387	606	654	51%	57%	8%
Deferred tax liability	0	0	0	0	60	60	60	60	0	0	60	60			
Total Liabilities	**35,465**	**30,766**	**24,186**	**21,840**	**19,379**	**19,385**	**19,398**	**19,417**	**36,109**	**21,840**	**19,417**	**19,522**	**-40%**	**-11%**	**1%**
Total Shareholders' Equity	**41,420**	**43,244**	**46,508**	**49,774**	**54,177**	**54,373**	**54,581**	**54,803**	**41,717**	**49,774**	**54,803**	**55,743**	**19%**	**10%**	**2%**
Total Liabilities & Shareholders' Equity	**76,885**	**74,010**	**70,694**	**71,614**	**73,556**	**73,758**	**73,979**	**74,221**	**77,826**	**71,614**	**74,221**	**75,265**	**-8%**	**4%**	**1%**

Source: Company reports and Zacks SCR estimates and calculations.

HISTORICAL STOCK PRICE



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