

Zacks Small-Cap Research

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CareCloud, Inc.

(CCLD-NASDAQ)

CCLD: 2Q25 Earnings – EPS as Expected; Disciplined Execution of Strategic Priorities Increasingly Driving Improving Financial Performance

On a non-GAAP adjusted basis, CCLD reported 2Q25 EPS of \$0.08 (based on our calculations) matching our above-consensus estimate. Modestly lower expenses about offset a slight revenue shortfall. Finetuning our 2025 and 2026 adjusted EPS estimates from \$0.31/\$0.40 to \$0.30/\$0.41 reflecting refined revenue/margin assumptions. No change to our \$5.00 price target.

Current Price (08/04/25) **\$2.38**
Valuation **\$5.00**

OUTLOOK

Key 2Q25 takeaways include: 1) CCLD's "AI Center of Excellence" is now fully operational, with senior executives focused on incorporating proprietary AI solutions across operations, products, and services to enhance provider/patient experience, streamline claims coding, improve A/R workflows, and augment denial management efficacy; 2) we view the company's recent ONC certification as a key catalyst to increasingly penetrate a \$1.5+ billion market spanning ~1,300 Critical Access Hospitals (CAHs) across rural markets needing to upgrade legacy EHR systems; 3) in light of disciplined execution, rising operating leverage, and improving financial performance, CCLD maintains ample capacity to continue to reinvest for growth and capitalize on incremental M&A opportunities; and 4) while senior executives remain disciplined on pricing and strategic fit, management increasingly views M&A as an attractive path to enter new markets and drive incremental growth via cross-selling services and leveraging existing infrastructure/technology post-acquisition.

SUMMARY DATA

52-Week High **\$4.84**
52-Week Low **\$1.14**
One-Year Return (%) **24.61**
Beta (5Y Monthly) **1.99**
Average Daily Volume (3 mo) **428,511**

Shares Outstanding (mil) **42**
Market Capitalization (\$mil) **\$101**
Short Interest Ratio (days) **N/A**
Institutional Ownership (%) **17**
Insider Ownership (%) **38**

Annual Cash Dividend **\$0.00**
Dividend Yield (%) **0.00**

5-Yr. Historical Growth Rates
Sales (%) **2.4**
Earnings Per Share (%) **N/A**
Dividend (%) **N/A**

P/E using TTM EPS **4.2**
P/E using 2025 Estimate **7.9**
P/E using 2026 Estimate **5.8**

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	27,377 A	27,729 E	28,220 E	110,957 E
2026					126,703 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 A	\$0.08 E	\$0.09 E	\$0.30 E
2026					\$0.41 E

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

2Q25 EARNINGS: EPS AS EXPECTED

Pre-market open on 8/5/25, CareCloud reported 2Q25 earnings results. For the quarter, CCLD reported GAAP net income of \$2.9 million – the company’s fifth consecutive positive net income quarter, and up from \$1.7 million for the year-ago quarter. After taking into consideration preferred stock dividends, the company reported net income attributable to common shareholders of \$1.5 million, or \$0.04 per share, for 2Q25 – CCLD’s first profitable quarter inclusive of preferred stock dividend payments, and a reversal from a net loss of \$2.2 million, or (\$0.14) per share, for 2Q24. Much of the year-over-year variance can be attributed to more favorable operating and non-operating income trends combined with meaningfully lower 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 \$0.08 based on our calculations, or right in line with our estimate. Relative to our model, modestly lower expenses were about offset a slight revenue shortfall (Exhibits 1 and 2).

Focusing on the top line, CCLD generated \$27.4 million of revenue during 2Q25, or slightly below our \$28.2 million forecast, and down 2.5% from \$28.1 million for the year-ago quarter (skewed by a one-time item in 2Q24). Total operating expenses of \$24.4 million in 2Q25 were down 5.6% from the year-ago period, and came in 1.7% below our \$24.8 million forecast, with much of the favorable variance centered in direct operating costs. Finally, Adjusted EBITDA totaled \$6.5 million for 2Q25, up from \$6.4 million in the year-ago quarter.

Exhibit 1: 2Q25 GAAP Actual vs. Estimates (\$ thousands)

	2Q25		Change	
	Actual	Estimate	\$	%
Net Revenue	27,377	28,169	(792)	-2.8%
Operating Expenses:				
Direct operating costs	14,480	15,211	(731)	-4.8%
Selling and marketing	1,118	1,153	(35)	-3.0%
General and administrative	4,358	3,986	372	9.3%
Research and development	1,020	1,011	9	0.9%
Change in contingent consideration	0	0	0	NM
Depreciation and amortization	3,382	3,337	45	1.3%
Goodwill impairment charges	23	0	23	NM
Lease charges/restructuring costs	0	114	(114)	-100.0%
Total Operating Expenses	24,381	24,812	(431)	-1.7%
Operating Income/(Loss)	2,996	3,357	(361)	-10.8%
Interest income	51	48	3	6.1%
Interest expense	(68)	(37)	(31)	84.9%
Other income/(expense), net	(35)	0	(35)	NM
Pre-Tax Income/(Loss)	2,944	3,369	(425)	-12.6%
Income tax provision	42	69	(27)	-39.5%
Net Income/(Loss)	2,902	3,299	(397)	-12.0%
Preferred stock dividend	1,365	1,500	(135)	-9.0%
Net Loss Attributable to Common S/Hs	1,537	1,799	(262)	-14.6%
Earnings/(loss) per common share	\$0.04	\$0.04	(\$0.01)	-14.4%
Weighted average shares outstanding	42,322	42,427	(105)	-0.2%

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

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

	2Q25		Change	
	Actual	Estimate	\$	%
Non-GAAP Adjusted Net Income				
GAAP net income (loss)	2,902	3,299	(397)	-12.0%
Foreign exchange (gain) loss / other expense	41	0	41	NM
Stock-based compensation expense (benefit)	111	108	3	2.8%
Amortization of purchased intangible assets	193	89	104	116.9%
Transaction and integration costs	11	12	(1)	-8.3%
Goodwill impairment/restructuring charges	23	0	23	NM
Lease charges	0	114	(114)	-100.0%
Change in contingent consideration	0	0	0	NM
Income tax provision related to goodwill	0	0	0	NM
Non-GAAP adjusted net income	3,281	3,622	(341)	-9.4%
Non-GAAP adjusted diluted earnings per share	\$0.08	\$0.08	(\$0.01)	-8.8%
Total fully diluted shares	42,479	42,785	(306)	-0.7%

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

KEY TAKEAWAYS

Following our review of 2Q25 results, we highlight the following key takeaways:

- 1. Transitioning Artificial Intelligence strategy from planning to production:** As discussed at length in prior conference calls, as well as our recent CEO Fireside Chat (<http://scr.zacks.com/news/news-details/2025/Fireside-Chat-with-Stephen-Snyder-and-Hadi-Chaudhry-Co-Chief-Executive-Officers-of-CareCloud-Inc->), senior officials remain focused on transforming the broader healthcare journey by increasingly deploying innovative and proven AI solutions. More specifically, CCLD's "AI Center of Excellence" is now fully operational, with 100 full-time employees (FTEs) onboard along with 100 interns (with some likely transitioning to full-time roles). Looking ahead, the goal remains to employ 500 related FTEs by year-end, with incremental expenses likely manageable given a meaningful portion of related compensation costs can be capitalized on the balance sheet.

By leveraging 25 years of proprietary data (processing 10 million claims/transactions per month + volumes of clinical data) to train/iterate models, senior executives are incorporating proprietary AI solutions across operations, products, and services to enhance provider/patient experience, streamline claims coding, improve A/R workflows, and augment denial management efficacy. Initial AI applications include cirrusAI Notes (documentation assistant) and cirrusAI Voice (call center monitoring/evaluation platform), with plans to introduce AI-enabled Front Desk Agent and Personal Health Record (PHR) capabilities to handle inbound calls and automate appointment scheduling, prescription refills, and lab results updates, with voice assistants conducting pre-visit interviews and pre-populating notes. Stepping back, key AI benefits include incremental top-line contributions from new products/services, enhancing customer satisfaction and retention reflecting more competitive/differentiated capabilities, and rising margins/profitability via back-office optimization/operational efficiencies.

- 2. Expanding footprint to drive sustainable growth:** In addition to targeting more specialized practices (see CCLD's recently launched dermatology-focused Electronic Health Records business), the company's EHR platform recently attained ONC Health IT Certification for Critical Access Hospitals (CAHs). We view the certification as a key catalyst for CCLD to increasingly penetrate a \$1.5+ billion addressable market spanning more than 1,300 CAHs across rural markets needing to upgrade legacy EHR systems. More specifically, CCLD's cloud-based, AI-enabled capabilities can materially enhance A/R processes, while integrating RCM services.
- 3. Rising free cash flow story:** In the first half of this year, CCLD generated \$9.1 million of free cash flow, up from \$4.9 million in 1H24. Looking ahead, our model calls for continued growth reflecting rising revenues and ongoing margin expansion. To be sure, expenses continue to trend lower, with senior officials remaining committed to driving operational efficiencies and productivity gains.

In light of CCLD's disciplined execution, rising operating leverage, and improving financial performance (as reinforced by the positive GAAP net income inflection in 2Q25), the company maintains ample capacity to continue to reinvest for growth and capitalize on incremental M&A opportunities. Indeed, cash on the balance sheet continues to build, with \$10.4 million as of June 30, 2025, up from \$2.6 million a year ago. Moreover, the recent conversion of Series A Preferred Stock to common stock reduces annual dividend payments by ~\$7.7 million. Finally, management can tap the company's \$10 million credit facility as needed.

- 4. Building M&A pipeline:** Management remains focused on acquiring sub-scale RCM providers at financially attractive terms. The M&A pipeline remains strong, particularly as it relates to non-core/distressed assets that bring clients/relationships at low Customer Acquisition Costs (CACs), as well as synergistic opportunities. While senior executives remain disciplined on pricing and strategic fit, management increasingly views M&A as an attractive path to enter new markets and drive incremental growth via cross-selling services and leveraging existing infrastructure/technology post-acquisition.

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 \$0.26 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 \$0.30 for 2025 and \$0.41 for 2026 (up from our prior \$0.40 estimate). Our slightly higher 2026 outlook primarily reflects a steeper margin expansion trajectory, as management increasingly leverages AI to drive operating efficiencies. Focusing on the top line, we forecast total revenues of \$111.0 million in 2025 (consistent with management's unchanged guidance range of \$111 million to \$114 million) followed by \$126.7 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. Despite the stock's more recent outperformance, 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 health, 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	2Q25	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:															
<u>Healthcare IT</u>															
Technology-enabled business solutions	17,283	19,034	17,871	19,484	17,705	18,608	18,050	19,679	76,640	73,672	74,042	85,148	-4%	1%	15%
Professional services	4,422	4,491	4,854	4,435	5,891	4,491	4,951	4,524	23,022	18,202	19,857	22,835	-21%	9%	15%
Printing and mailing services	861	809	969	940	879	809	950	921	2,968	3,579	3,559	4,093	21%	-1%	15%
Group purchasing services	155	246	608	(57)	168	168	171	175	1,053	952	682	784	-10%	-28%	15%
<u>Medical Practice Management</u>															
Medical practice management services	3,241	3,510	4,244	3,437	2,989	3,300	3,607	2,921	13,376	14,432	12,818	13,843	8%	-11%	8%
Total Revenues	25,962	28,090	28,546	28,239	27,632	27,377	27,729	28,220	117,059	110,837	110,957	126,703	-5%	0%	14%
Operating Expenses:															
Direct operating costs	15,177	15,242	15,420	15,003	15,464	14,480	14,666	14,926	70,817	60,842	59,536	67,015	-14%	-2%	13%
Selling and marketing	1,770	1,664	1,375	1,423	1,131	1,118	1,132	1,152	9,650	6,232	4,534	5,174	-35%	-27%	14%
General and administrative	3,721	4,028	4,378	3,996	4,332	4,358	4,206	4,281	21,464	16,123	17,177	19,219	-25%	7%	12%
Research and development	913	1,055	800	1,013	1,235	1,020	1,033	1,051	4,736	3,781	4,340	4,721	-20%	15%	9%
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	3,382	3,382	3,382	14,402	14,142	13,483	13,528	-2%	-5%	0%
Goodwill impairment/restructuring charge	0	0	0	0	0	23	0	0	42,000	0	23	0	-100%	NM	-100%
Loss on lease terminations, unoccupied lea	322	116	67	91	114	0	0	0	1,105	596	114	0	-46%	-81%	-100%
Total Expenses	25,833	25,819	25,281	24,783	25,613	24,381	24,420	24,792	164,174	101,716	99,206	109,657	-38%	-2%	11%
Operating Income/(Loss)	129	2,271	3,265	3,456	2,019	2,996	3,309	3,428	(47,115)	9,121	11,751	17,047	NM	29%	45%
Interest income	27	24	17	20	42	51	62	63	154	88	218	257	-43%	147%	18%
Interest expense	(365)	(288)	(179)	(68)	(58)	(68)	(90)	(90)	(1,194)	(900)	(307)	(361)	NM	NM	NM
Other income/(expense), net	7	(294)	60	(71)	(14)	(35)	(35)	(35)	(883)	(298)	(119)	(140)	NM	NM	NM
Pre-Tax Income/(Loss)	(202)	1,713	3,163	3,337	1,989	2,944	3,246	3,365	(49,038)	8,011	11,543	16,803	NM	44%	46%
Income tax provision	39	39	41	41	41	42	46	48	(364)	160	177	258	NM	11%	46%
Net Income/(Loss)	(241)	1,674	3,122	3,296	1,948	2,902	3,200	3,317	(48,674)	7,851	11,366	16,545	NM	45%	46%
Preferred stock dividend	1,312	3,923	3,789	3,286	2,811	1,365	1,365	1,365	15,674	12,310	6,906	5,460	-21%	-44%	-21%
Net Income/(Loss) Attributable to Common	(1,553)	(2,249)	(667)	10	(863)	1,537	1,835	1,952	(64,348)	(4,459)	4,460	11,085	NM	NM	149%
Earnings/(loss) per common share	(\$0.10)	(\$0.14)	(\$0.04)	\$0.00	(\$0.04)	\$0.04	\$0.04	\$0.05	(\$4.11)	(\$0.28)	\$0.12	\$0.26	NM	NM	118%
Weighted average shares outstanding	16,014	16,132	16,195	16,244	23,814	42,322	42,428	42,640	15,669	16,147	37,801	43,174	3%	134%	14%

Source: Company reports and Zacks SCR estimates and calculations.

PROJECTED ADJUSTED INCOME STATEMENT

CareCloud, Inc.
(\$ thousands)

	Quarterly								Annual				Y/Y Growth		
	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	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
Non-GAAP Adjusted Net Income															
GAAP net income (loss)	(241)	1,674	3,122	3,296	1,948	2,902	3,200	3,317	(48,674)	7,851	11,366	16,545	NM	45%	46%
Foreign exchange (gain) loss / other expense	(5)	306	(57)	91	19	41	50	50	918	335	160	200	-64%	-52%	25%
Stock-based compensation expense (benefit)	(708)	265	252	306	108	111	111	111	4,716	115	441	444	-98%	283%	1%
Amortization of purchased intangible assets	840	586	75	76	89	193	193	193	4,975	1,577	668	772	-68%	-58%	16%
Transaction and integration costs	12	11	12	11	12	11	11	11	286	46	45	44	-84%	-2%	-2%
Goodwill impairment/restructuring charge	0	0	0	0	0	23	0	0	42,000	0	23	0	-100%	NM	-100%
Loss on lease terminations, unoccupied lease	322	116	67	91	114	0	0	0	1,105	596	114	0	-46%	-81%	-100%
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	3,281	3,565	3,682	4,801	10,520	12,817	18,005	119%	22%	40%
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	\$0.30	\$0.41	121%	-53%	38%
End-of-period shares	16,118	16,145	16,222	16,256	42,321	42,322	42,534	42,746	15,880	16,256	42,746	43,601	2%	163%	2%
Outstanding unvested RSUs	192	198	266	243	154	157	160	164	734	243	164	177	-67%	-33%	8%
Total fully diluted shares	16,311	16,343	16,488	16,499	42,475	42,479	42,694	42,910	16,614	16,499	42,910	43,778	-1%	160%	2%
Free Cash Flow															
Net cash provided by operating activities	4,066	4,279	7,068	5,229	5,113	7,408	6,828	6,947	15,461	20,642	26,296	31,123	34%	27%	18%
Purchases of property and equipment	(298)	(127)	(334)	(938)	(624)	(1,162)	(911)	(929)	(3,063)	(1,697)	(3,626)	(4,014)	NM	NM	NM
Capitalized software and other intangible as:	(1,570)	(1,476)	(1,339)	(1,324)	(846)	(831)	(823)	(814)	(8,550)	(5,709)	(3,314)	(2,997)	NM	NM	NM
Free cash flow	2,198	2,676	5,395	2,967	3,643	5,415	5,095	5,203	3,848	13,236	19,356	24,112	244%	46%	25%
		4,874				9,058	85.8%								
Adjusted EBITDA															
GAAP net income (loss)	(241)	1,674	3,122	3,296	1,948	2,902	3,200	3,317	(48,674)	7,851	11,366	16,545	NM	45%	46%
Provision for income taxes	39	39	41	41	41	42	46	48	(364)	160	177	258	NM	11%	46%
Net interest expense	338	264	162	48	16	17	28	28	1,040	812	89	104	-22%	-89%	17%
Foreign exchange (gain) loss / other expense	(5)	306	(57)	91	19	41	50	50	918	335	160	200	-64%	-52%	25%
Stock-based compensation expense (benefit)	(708)	265	252	306	108	111	111	111	4,716	115	441	444	-98%	283%	1%
Depreciation and amortization	3,930	3,714	3,241	3,257	3,337	3,382	3,382	3,382	14,402	14,142	13,483	13,528	-2%	-5%	0%
Transaction and integration costs	12	11	12	11	12	11	11	11	286	46	45	44	-84%	-2%	-2%
Goodwill impairment/restructuring charge	0	0	0	0	0	23	0	0	42,000	0	23	0	-100%	NM	-100%
Loss on lease terminations, unoccupied lease	322	116	67	91	114	0	0	0	1,105	596	114	0	-46%	-81%	-100%
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	6,529	6,828	6,947	15,429	24,057	25,898	31,123	56%	8%	20%
Adjusted Operating Income															
GAAP operating income (loss)	129	2,271	3,265	3,456	2,019	2,996	3,309	3,428	(47,115)	9,121	11,751	17,047	NM	29%	45%
Stock-based compensation expense (benefit)	(708)	265	252	306	108	111	111	111	4,716	115	441	444	-98%	283%	1%
Amortization of purchased intangible assets	840	586	75	76	89	193	193	193	4,975	1,577	668	772	-68%	-58%	16%
Transaction and integration costs	12	11	12	11	12	11	11	11	286	46	45	44	-84%	-2%	-2%
Goodwill impairment charges	0	0	0	0	0	23	0	0	42,000	0	23	0	-100%	NM	-100%
Loss on lease terminations, unoccupied lease	322	116	67	91	114	0	0	0	1,105	596	114	0	-46%	-81%	-100%
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	3,334	3,624	3,743	5,967	11,455	13,042	18,307	92%	14%	40%

Source: Company reports and Zacks SCR estimates and calculations.

PROJECTED BALANCE SHEET

CareCloud, Inc.
(\$ thousands)

	Quarterly								Annual				Y/Y Growth		
	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	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	10,440	10,544	10,650	3,331	5,145	10,650	11,076	54%	107%	4%
Accounts receivable - net	11,962	13,079	11,992	12,774	13,887	13,563	13,834	14,111	11,888	12,774	14,111	15,240	7%	10%	8%
Contract asset	5,455	4,800	4,617	4,334	4,457	3,955	4,034	4,115	5,094	4,334	4,115	4,444	-15%	-5%	8%
Inventory	480	497	514	574	609	523	533	544	465	574	544	588	23%	-5%	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	2,593	2,645	2,698	2,449	1,957	2,698	2,914	-20%	38%	8%
Total current assets	24,276	23,916	22,662	24,800	28,617	31,090	31,607	32,133	23,243	24,800	32,133	34,277	7%	30%	7%
Property and equipment - net	5,438	5,055	4,894	5,290	5,323	5,828	5,945	6,063	5,317	5,290	6,063	6,549	-1%	15%	8%
Operating lease right-of-use assets	4,107	3,732	3,310	3,133	3,097	3,058	2,997	2,937	4,365	3,133	2,937	2,702	-28%	-6%	-8%
Intangible assets - net	23,237	21,497	20,106	18,698	16,877	15,512	15,202	14,898	25,074	18,698	14,898	13,706	-25%	-20%	-8%
Goodwill	19,186	19,186	19,186	19,186	19,186	19,192	19,192	19,192	19,186	19,186	19,192	19,192	0%	0%	0%
Other assets	641	624	536	507	456	564	575	587	641	507	587	634	-21%	16%	8%
Total Assets	76,885	74,010	70,694	71,614	73,556	75,244	75,518	75,810	77,826	71,614	75,810	77,059	-8%	6%	2%
Liabilities:															
Accounts payable	5,921	5,448	5,567	4,565	4,998	4,215	4,131	4,048	5,798	4,565	4,048	3,724	-21%	-11%	-8%
Accrued compensation	2,765	2,824	2,545	1,817	2,865	3,324	3,390	3,458	3,444	1,817	3,458	3,735	-47%	90%	8%
Accrued expenses	6,350	6,619	5,138	4,951	5,002	4,909	4,958	5,008	5,065	4,951	5,008	5,208	-2%	1%	4%
Operating lease liability (current portion)	1,775	1,623	1,424	1,287	1,355	1,294	1,268	1,243	1,888	1,287	1,243	1,143	-32%	-3%	-8%
Deferred revenue (current portion)	1,386	1,224	1,312	1,212	1,297	1,232	1,232	1,232	1,380	1,212	1,232	1,232	-12%	2%	0%
Notes payable (current portion)	167	66	506	310	133	222	222	222	292	310	222	222	6%	-28%	0%
Contingent consideration (current portion)						330	330	330			330	330			
Dividend payable	5,438	5,438	5,438	5,438	1,299	714	714	714	5,433	5,438	714	714	0%	-87%	0%
Total current liabilities	23,802	23,242	21,930	19,580	16,949	16,240	16,245	16,255	23,300	19,580	16,255	16,309	-16%	-17%	0%
Notes payable	35	33	29	26	23	86	86	86	37	26	86	86	-30%	231%	0%
Contingent consideration						426	426	426			426	426			
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	1,785	1,749	1,714	2,516	1,847	1,714	1,577	-27%	-7%	-8%
Deferred revenue	308	390	327	387	571	631	644	656	256	387	656	709	51%	70%	8%
Deferred tax liability	0	0	0	0	60	0	0	0	0	0	0	0			
Total Liabilities	35,465	30,766	24,186	21,840	19,379	19,168	19,150	19,138	36,109	21,840	19,138	19,107	-40%	-12%	0%
Total Shareholders' Equity	41,420	43,244	46,508	49,774	54,177	56,076	56,367	56,673	41,717	49,774	56,673	57,952	19%	14%	2%
Total Liabilities & Shareholders' Equity	76,885	74,010	70,694	71,614	73,556	75,244	75,518	75,810	77,826	71,614	75,810	77,059	-8%	6%	2%

Source: Company reports and Zacks SCR estimates and calculations.

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