May 11, 2026

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

Lisa Thompson
312-265-9154
lthompson@zacks.com

scr.zacks.com
101 N. Wacker Drive, Chicago, IL 60606

CareCloud, Inc. (CCLD-NASDAQ)

CCLD: CareCloud's Q1 Shows 13% Revenue Growth as Acquisitions Contribute; Most of the Preferred Will Be Eliminated on May 15th.

No change to our $6.00 price target.

Current Price (5/8/26)	$2.36
Valuation	**$6.00**

OUTLOOK

Following the acquisition of Medsphere in August 2025, management remains focused on cross-selling CareCloud's legacy Electronic Health Record (EHR), Practice Management (PM), and Revenue Cycle Management services across Medsphere's existing inpatient EHR and RCM relationships. The company will redeem most of its preferred, replacing it with bank debt on May 15th improving balance sheet transparency and profitability.

In addition to cross-selling the company is showing success selling its new AI products cirrusAI and stratusAI (front-desk, telephone-based patient interactions 24/7). Which could not only improve margins, but the company's valuation.

SUMMARY DATA

52-Week High	**$3.84**
52-Week Low	**$1.84**
One-Year Return (%)	**23.9**
Beta (5Y Monthly)	**1.6**
Average Daily Volume (3 mo)	**685,804**
Shares Outstanding (mil)	**42.5**
Market Capitalization ($mil)	**$100**
Short Interest Ratio (days)	**1.1**
Institutional Ownership (%)	**10**
Insider Ownership (%)	**15**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**-5.0**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**7.0**
P/E using 2026 Estimate	**6.1**
P/E using 2027 Estimate	**5.0**

Risk Level	**Above Average**
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)
2024	25,962 A	28,090 A	28,546 A	28,239 A	110,837 A
2025	27,632 A	27,377 A	31,067 A	34,423 A	120,499 A
2026	31,270 A	31,200 E	34,700 E	32,650 E	129,820 E
2027					144,059 E

Adjusted Earnings Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024	$0.01 A	$0.18 A	$0.21 A	$0.23 A	$0.64 A
2025	$0.05 A	$0.08 A	$0.10 A	$0.10 A	$0.34 A
2026	$0.05 A	$0.05 E	$0.16 E	$0.12 E	$0.38 E
2027					$0.47 E

WHAT'S NEW

CareCloud Reports Q1 2026 Revenues Grew 13%

CareCloud reported Q1 2026 revenues of $31.3 million versus $27.6 million a year ago, up 13.2%. The increase of $3.6 million was entirely from acquisitions: $6.8 million in revenues from Medsphere, $300,000 from RevNu, and $191,000 from the MAP app (all versus none last year). These gains were offset by a decline in professional services of $2.7 million and a decline of $1.4 million in CareCloud business solutions. Total expenses were up $4.7 million over last year, with direct operating costs up $1.4 million, R&D up $1.2 million, G&A up $1.2 million, and depreciation and amortization up $700,000, primarily due to last year's acquisition of Medsphere in August. The company still has higher expenses due to integrating its acquisitions, including redundant systems and personnel, and transitional costs. We expect these to decline going forward.

Operating income was $1.0 million versus $2.0 million last year. Net income was $922,000 compared to $2.0 million last year, representing the company's eighth consecutive positive net income quarter. Net income attributable to common shareholders was a loss of $433,000 versus a loss of $848,000 last year. With the preferred redemption, the preferred stock dividend will be much reduced in future quarters, with the payment being approximately $411,000 lower in Q2 2026.

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, flat with last year.

The company reaffirmed its guidance for the year as follows:

For the Fiscal Year Ending December 31, 2026	Full Year 2026 Guidance
Revenue	**$128 – $132 million**
Adjusted EBITDA	**$29 – $31 million**
GAAP Net Income Per Share (EPS)	**$0.20 – $0.23**

We expect Q2 to come in lower than we originally forecast and are lowering revenues and EPS for the quarter while keeping the year within guidance. We look forward to May 15th, when the company will redeem its Series B preferred stock. The redemption will eliminate approximately $3.2 million in annual preferred dividend obligations and replace higher-cost preferred equity with lower-cost institutional debt. Given this restructuring, the stock price could appreciate as investors see expenses reduced and cash flow improved. We remain at our current price target of $6.00 per share.

Balance Sheet

The company ended the quarter with $3.9 million in cash, working capital of $2.6 million, and a current and quick ratio of 1.1xs. It had $992,000 in debt plus the $66.2 million in preferred stock. For the quarter, CareCloud generated $5.8 million in cash flow, not including changes in working capital, and had free cash flow of $4.6 million.

After the Quarter Ended

CareCloud announced it closed a $50 million credit facility with Citizens Bank, N.A., and Provident Bank on April 13, 2026. This is comprised of a $40 million term loan and a $10 million revolving line of credit with Citizens Bank, N.A., and Provident Bank. The credit facility is secured by substantially all of the company's assets and is secured by a pledge of certain securities accounts held by the company's Executive Chairman. This will allow CareCloud to redeem 100% of its outstanding 8.75% Series B Cumulative Redeemable Perpetual Preferred Stock on May 15th. Approximately $41.6 million of the funds borrowed under the credit facility was used to prefund the redemption. The redemption will eliminate approximately $3.2 million in annual preferred dividend obligations and replace higher-cost preferred equity with lower-cost institutional debt.

In connection with the credit facility, CareCloud will be issuing warrants to the Executive Chairman to purchase up to 4.3 million shares of stock at $5.00 per share, with a term of five years. The warrants will vest over time through March 2027 and may be exercised on a cash or net share settlement basis. The warrants are in consideration for pledging certain personal securities accounts to secure the company's obligations under the credit facility.

During the Quarter

On January 8, 2026, CareCloud announced that Affinity Urgent Care, a multi-site provider of urgent care services across the Houston–Galveston region in Texas, selected Wellsoft, its award-winning emergency department information system, bringing CareCloud's emergency-grade documentation platform into the urgent care market.

On January 20, 2026, CareCloud declared monthly cash dividends for its 8.75% Series A Cumulative Redeemable Perpetual Preferred Stock and its 8.75% Series B Cumulative Redeemable Perpetual Preferred Stock for January, February, and March 2026. With respect to the Series B Preferred Stock only, the board declared additional dividend payments for January, February, and March 2026 due to arrearage.

On January 29, 2026, CareCloud announced the signing of Memorial Hospital in Marysville, Ohio, for its HealthLine supply chain management platform. The HealthLine platform entered the CareCloud product portfolio through its acquisition of Medsphere in August 2025.

Cyberbreach Shuts Down CareCloud Health for a Few Hours, But Insurance Will Cover Costs

On March 16, 2026, CareCloud experienced a temporary network disruption in its CareCloud Health division that partially affected functionality and data access in one of its six electronic health record environments for approximately eight hours. It was fully restored that evening. Upon discovery, the company promptly reported the matter to its cybersecurity carrier. It engaged a cyber response team from KPMG to perform external cybersecurity work and to assist with securing the environment, as well as to conduct a comprehensive IT forensic investigation to determine the nature and scope of this incident. CareCloud believes that the incident was contained to the CareCloud Health environment. At this time, the company believes that its cybersecurity insurance will cover any potential losses, including any potential regulatory fines for privacy violations. It believes that the incident was caused by an unauthorized third party, who has been reported to the appropriate law enforcement authorities.

After the Quarter Ended

On April 6, 2026, CareCloud announced that Arkansas Otolaryngology Center, P.A., a multi-location Ear, Nose, Throat, Allergy, and Sleep practice based in Little Rock, has selected CareCloud's AI-powered practice management and revenue cycle management solutions.

VALUATION

CareCloud is trading at a lower valuation than its peer group. We believe this is for several reasons. One is the complicated balance sheet and the significant preferred equity overhang due to the liquidation preference and accumulated dividends in arrears, which makes financial calculations hard. A second reason is low profitability to common shareholders due to the preferred stock. These two problems will be solved through the redemption of most preferred shares. The new debt will be on the balance sheet, making finances transparent and easier to understand.

Another reason is that the company's growth and profitability have been erratic. The company only showed its first year of revenue growth since 2021 in 2025. 2025 was also the first year of positive GAAP net income. Valuation could improve with a longer track record.

The current enterprise value of the company is calculated as follows: market cap, minus cash, plus debt, plus $41.6 million of the Series B, plus $24.6 million for the Series A. This sums to $164 million. After May 15th, this would be $172 million or 1.3xs EV/2026 Sales, in line with the average, but well below the 3.1xs of higher margin Concensus Cloud Solutions.

Turning to EV/EBITDA, CareCloud trades at 5.4xs EV to 2027 EBITDA. This is below a target price of 7.0. At 7.0 times, the stock would be worth approximately $6.50 per share. With growth and improved margins, we expect the company to achieve a higher multiple.

The $6.00 DCF-derived price target represents meaningful upside potential from current levels.

				Earnings Per Share			Price/Earnings			EV/
Company	Ticker	Price	Mrkt Cap	2026E	2027E	Growth	2026E	2027E	EV	2026 Sales
Concensus Cloud Solutions	CCSI	$34.00	$624	$5.72	$5.91	3%	5.9x	5.8x	$1,100	3.1x
Definitive Healthcare Corp.	DH	$0.95	$101	$0.18	$0.19	6%	5.3x	5.0x	$93	0.4x
Forian Inc.	FORA	$2.15	$67	$0.09	NA	NA	23.9x	NA	$36	1.1x
Health Catalyst, Inc.	HCAT	$1.52	$112	$0.09	$0.12	33%	16.9x	12.7x	$188	0.7x
OptimizeRx Corporation	OPRX	$6.44	$121	$0.94	$1.11	18%	6.9x	5.8x	$123	1.1x
Phreesia	PHR	$10.17	$618	$1.45	$1.73	19%	7.0x	5.9x	$647	1.3x
TruBridge, Inc.	TBRG	$25.83	$388	$2.54	$2.91	15%	10.2x	8.9x	$530	1.5x
Averages						**16%**	**10.9x**	**7.3x**		**1.3x**
CareCloud, Inc.	**CCLD**	**$2.36**	**$100**	**$0.20**	**$0.35**	**73%**	**11.8x**	**6.8x**	**$165**	**1.3x**

KEY POINTS

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. CareCloud is 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. The company is most excited about its AI-based products and initiatives. It is using AI both to improve operations internally as well as in its products. Its new products, cirrusAI and stratusAI, are getting traction, and we expect that the company is now onboarding its first users from its current client base.

- 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.

- Following a period of declining revenue (mostly a function of acquisition dis-synergies), the company is again showing revenue growth. It is well-positioned to increasingly tap into an estimated $155 billion total addressable market (TAM). Its focus on incorporating AI throughout its platform should provide significant ROI for customers. This, combined with the company's proprietary technology and lower-cost offshore workforce, is a differentiating factor.

- The company continues to add to revenues through synergistic acquisitions. 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.

- With the redemption of preferred stock, the company is lowering its cost of capital and simplifying its finances. With its mezzanine preferred is has kept its preferred stock off the balance sheet, making evaluating the company much more complicated. By replacing preferred with lower-cost debt, finances become more transparent and easier to analyze for institutional investors. As a result, we believe that the company's valuation has been suppressed. After May 15th, and the report of the June quarter, that discount should be eliminated.

- CareCloud now trades at an enterprise value of $164 million, or 1.3 times EV to projected 2026 revenues in line with its peers. On an EV/EBITDA basis, the valuation has room to improve from its current 5.4xs, closer to 7.0 times. Using a DCF model, we believe the price should be $6.00 per share.

INVESTMENT RISKS

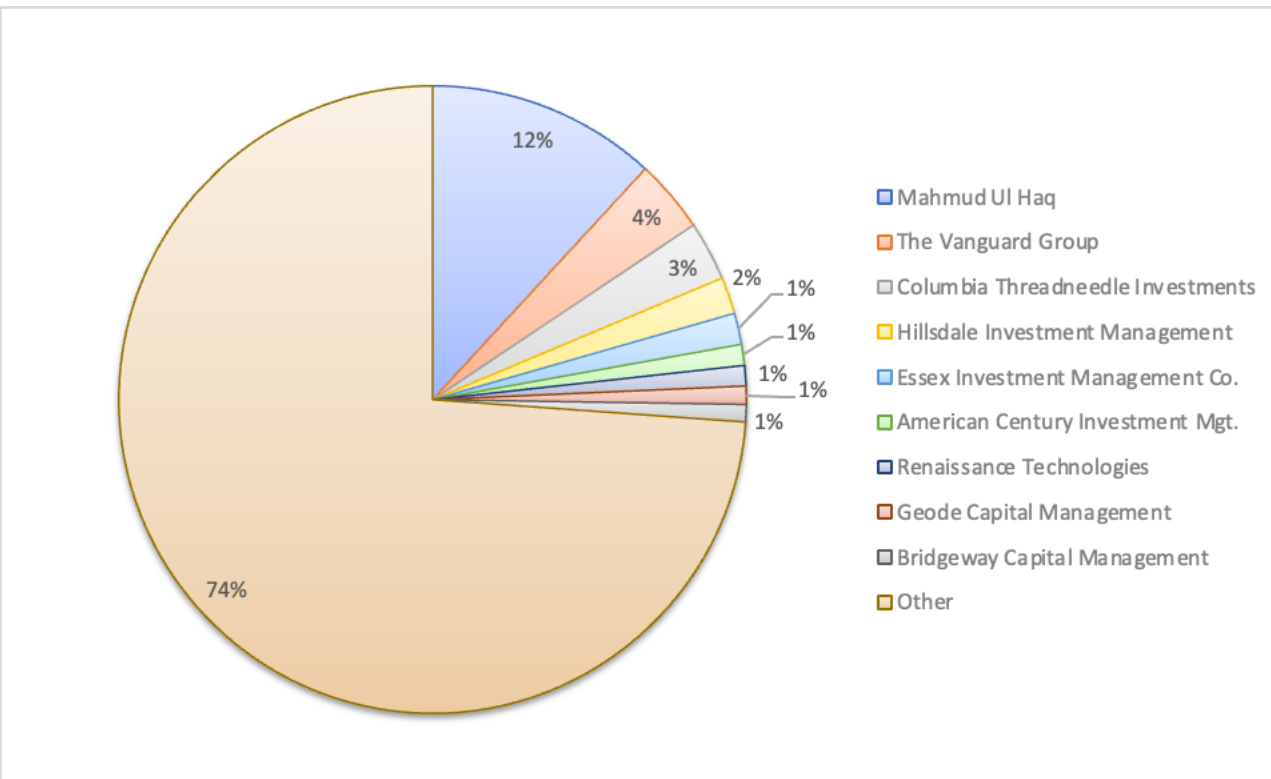
- **Regulatory landscape:** The healthcare industry remains highly regulated, with CCLD's various business lines subject to numerous Federal agencies, acts, regulations, and state laws. Failure to comply with applicable regulations may adversely impact the company's operations, increase costs, and/or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

- **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.

- **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.

- **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 in RCM M&A) can materially compromise longer-term investment returns.

OWNERSHIP



INCOME STATEMENT

									Annual			
	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Dec-24	Dec-25	Dec-26	Dec-27
Revenues:												
Healthcare IT												
Technology-enabled business solutions	17,705	18,991	21,608	25,070	23,032	23,400	26,000	24,550	73,672	83,374	96,982	104,935
Professional services	5,891	4,076	4,143	4,657	3,144	3,300	3,300	3,300	18,202	18,767	13,044	19,000
Printing and mailing services	879	802	875	919	1,101	1,000	900	1,000	3,579	3,475	4,001	3,700
Group purchasing services	168	208	213	224	227	200	200	200	952	813	827	710
Medical Practice Management												
Medical practice management services	2,989	3,300	4,228	3,554	3,766	3,300	4,300	3,600	14,432	14,071	14,966	15,714
Total Revenues	**27,632**	**27,377**	**31,067**	**34,423**	**31,270**	**31,200**	**34,700**	**32,650**	**110,837**	**120,499**	**129,820**	**144,059**
Yr-to-Yr Growth	6.4%	-2.5%	8.8%	21.9%	13.2%	14.0%	11.7%	-5.2%	-5.3%	8.7%	7.7%	11.0%
Operating Expenses:												
Direct operating costs	15,464	14,480	16,224	18,288	16,850	16,800	17,100	16,800	60,842	64,456	67,550	75,000
Selling and marketing	1,131	1,118	1,123	1,446	1,414	1,450	1,400	1,300	6,232	4,818	5,564	7,000
General and administrative	4,332	4,358	4,887	4,809	5,496	5,200	4,200	4,100	16,123	18,386	18,996	22,000
Research and development	1,235	1,020	1,584	2,543	2,416	2,300	1,800	1,800	3,781	6,382	8,316	9,300
Change in contingent consideration	0	0	0	0	57	57	57	57	0	0	228	0
Depreciation and amortization	3,337	3,382	4,022	4,219	4,037	3,900	3,500	3,500	14,142	14,960	14,937	11,000
Goodwill impairment/restructuring charges	0	23	17	0	0	0	0	0	0	40	0	0
Loss on lease terminations, unoccupied le	114	0	0	0	0	0	0	0	596	114	0	0
Total Expenses	**25,613**	**24,381**	**27,857**	**31,305**	**30,270**	**29,707**	**28,057**	**27,557**	**101,716**	**109,156**	**115,591**	**124,300**
Operating Income/(Loss)	**2,019**	**2,996**	**3,210**	**3,118**	**1,000**	**1,493**	**6,643**	**5,093**	**9,121**	**11,343**	**14,229**	**19,759**
Yr-to-Yr Growth	1465.1%	31.9%	-1.7%	-9.8%	-50.5%	-50.2%	106.9%	63.3%	-119.4%	24.4%	25.4%	38.9%
Interest income	42	51	95	18	10	10	16	16	88	206	53	67
Interest expense	(58)	(68)	(147)	(14)	(58)	(335)	(653)	(653)	(900)	(287)	(1,700)	(2,614)
Other income/(expense), net	(14)	(35)	(55)	(161)	22	22	22	22	(298)	(265)	88	88
Pre-Tax Income/(Loss)	**2,004**	**2,944**	**3,103**	**2,961**	**974**	**1,189**	**6,029**	**4,479**	**8,010**	**10,997**	**12,670**	**17,301**
Income tax provision	41	42	43	73	52	63	322	239	160	199	676	923
Net Income/(Loss)	**1,963**	**2,902**	**3,060**	**2,888**	**922**	**1,126**	**5,707**	**4,240**	**7,850**	**10,798**	**11,993**	**16,378**
Preferred stock dividend	2,811	1,365	1,365	1,365	1,365	954	540	540	12,310	6,906	3,399	2,160
Net Income/(Loss) Attributable to Comn	**(848)**	**1,537**	**1,695**	**1,523**	**(443)**	**172**	**5,167**	**3,700**	**(4,460)**	**3,892**	**8,594**	**14,218**
Yr-to-Yr Growth	-45.4%	-168.4%	-354.1%	15129.0%	-47.8%	-88.8%	204.9%	142.9%	-5.3%	8.7%	7.7%	13.0%
Earnings/(loss) per common share	**($0.04)**	**$0.04**	**$0.04**	**$0.04**	**($0.01)**	**$0.00**	**$0.12**	**$0.09**	**($0.28)**	**$0.10**	**$0.20**	**$0.33**
Yr-to-Yr Growth	-63.3%	-126.1%	-197.1%	5710.9%	-70.8%	-88.9%	201.7%	140.4%	-5.3%	8.7%	7.7%	13.0%
Weighted average shares outstanding	23,814	42,322	42,369	42,572	42,472	42,493	42,812	43,026	16,147	37,954	42,701	43,565
Yr-to-Yr Growth	48.7%	162.3%	161.6%	162.1%	78.3%	0.4%	1.0%	1.1%	3.0%	135.1%	12.5%	2.0%
Non-GAAP Adjusted Net Income												
GAAP net income (loss)	1,963	2,902	3,060	2,888	922	1,126	5,707	4,240	7,851	10,798	11,993	16,378
Foreign exchange (gain) loss / other expens	19	41	60	164	32	0	0	0	335	284	32	0
Stock-based compensation expense (benef	108	111	88	147	64	90	90	90	115	454	334	396
Amortization of purchased intangible assets	89	193	794	1,053	928	928	928	928	1,577	2,129	3,712	3,712
Transaction and integration costs	12	11	391	205	158	158	100	100	46	619	516	400
Goodwill impairment/restructuring charges	0	23	17	0	0	0	0	0	0	40	0	0
Loss on lease terminations, unoccupied leas	114	0	0	0	0	0	0	0	596	114	0	0
Change in contingent consideration	0	0	0	0	57	0	0	0	0	0	57	0
Income tax provision related to goodwill	0	0	0	0	0	0	0	0	0	0	0	0
Non-GAAP adjusted net income	**2,305**	**3,281**	**4,410**	**4,457**	**2,161**	**2,302**	**6,825**	**5,358**	**10,520**	**14,438**	**16,644**	**20,886**
Non-GAAP adjusted diluted earnings pe	**$0.05**	**$0.08**	**$0.10**	**$0.10**	**$0.05**	**$0.05**	**$0.16**	**$0.12**	**$0.64**	**$0.34**	**$0.38**	**$0.47**
End-of-period shares	42,321	42,322	42,397	42,609	42,493	42,705	42,919	43,134	16,256	42,609	43,134	43,996
Outstanding unvested RSUs	154	153	203	207	106	109	111	113	243	207	113	115
Total fully diluted shares	42,475	42,475	42,600	42,816	42,599	42,814	43,030	43,246	16,499	42,816	43,246	44,111
Free Cash Flow												
Net cash provided by operating activities	5,113	7,408	7,365	8,675	3,611	6,406	11,663	9,926	20,642	28,561	31,606	35,440
Purchases of property and equipment	(624)	(1,162)	(869)	(2,123)	(412)	(1,195)	(1,195)	(1,195)	(1,697)	(4,778)	(3,996)	(5,160)
Capitalized software and other intangible as	(846)	(831)	(828)	(744)	(820)	(812)	(812)	(812)	(5,709)	(3,249)	(3,257)	(3,509)
Free cash flow	**3,643**	**5,415**	**5,668**	**5,808**	**2,379**	**4,399**	**9,656**	**7,919**	**13,236**	**20,534**	**24,354**	**26,771**
Adjusted EBITDA												
GAAP net income (loss)	1,963	2,902	3,060	2,888	922	1,126	5,707	4,240	7,851	10,798	11,993	16,378
Provision for income taxes	41	42	43	73	52	63	322	239	160	199	676	923
Net interest expense	16	17	52	(4)	48	325	637	637	812	81	1,648	2,546
Foreign exchange (gain) loss / other expens	19	41	60	164	32	0	0	0	335	284	32	0
Stock-based compensation expense (benef	108	111	88	147	64	90	90	90	115	454	334	396
Depreciation and amortization	3,337	3,382	4,022	4,219	4,037	3,900	3,500	3,500	14,142	14,960	14,937	11,000
Transaction and integration costs	12	11	391	205	158	158	100	100	46	619	516	400
Goodwill impairment/restructuring charges	0	23	17	0	0	0	0	0	0	40	0	0
Loss on lease terminations, unoccupied leas	114	0	0	0	0	0	0	0	596	114	0	0
Change in contingent consideration	0	0	0	0	57	57	57	57	0	0	228	0
Adjusted EBITDA	**5,610**	**6,529**	**7,733**	**7,692**	**5,370**	**5,719**	**10,413**	**8,863**	**24,057**	**27,549**	**30,364**	**31,643**
Adjusted Operating Income												
GAAP operating income (loss)	2,019	2,996	3,210	3,118	1,000	1,493	6,643	5,093	9,121	11,343	14,229	19,759
Stock-based compensation expense (benef	108	111	88	147	64	90	90	90	115	454	334	396
Amortization of purchased intangible assets	89	193	794	1,053	928	928	928	928	1,577	2,129	3,712	3,712
Transaction and integration costs	12	11	391	205	158	158	100	100	46	619	516	400
Goodwill impairment charges	0	23	17	0	0	0	0	0	0	40	0	0
Loss on lease terminations, unoccupied leas	114	0	0	0	0	0	0	0	596	114	0	0
Change in contingent consideration	0	0	0	0	57	0	0	0	0	0	57	0
Adjusted Operating Income	**2,342**	**3,334**	**4,500**	**4,523**	**2,207**	**2,669**	**7,761**	**6,211**	**11,455**	**14,699**	**18,848**	**24,267**
Tax Rate	2.0%	1.4%	1.4%	2.5%	5.3%	5.3%	5.3%	5.3%	2.0%	1.8%	5.3%	5.3%
Operating Margin	7.3%	10.9%	10.3%	9.1%	3.2%	4.8%	19.1%	15.6%	8.2%	9.4%	11.0%	13.7%
Adjusted Operating Margin	8.5%	12.2%	14.5%	13.1%	7.1%	8.6%	22.4%	19.0%	10.3%	12.2%	14.5%	16.8%
Adjusted EBITDA Margin	20.3%	23.8%	24.9%	22.3%	17.2%	18.3%	30.0%	27.1%	21.7%	22.9%	23.4%	22.0%

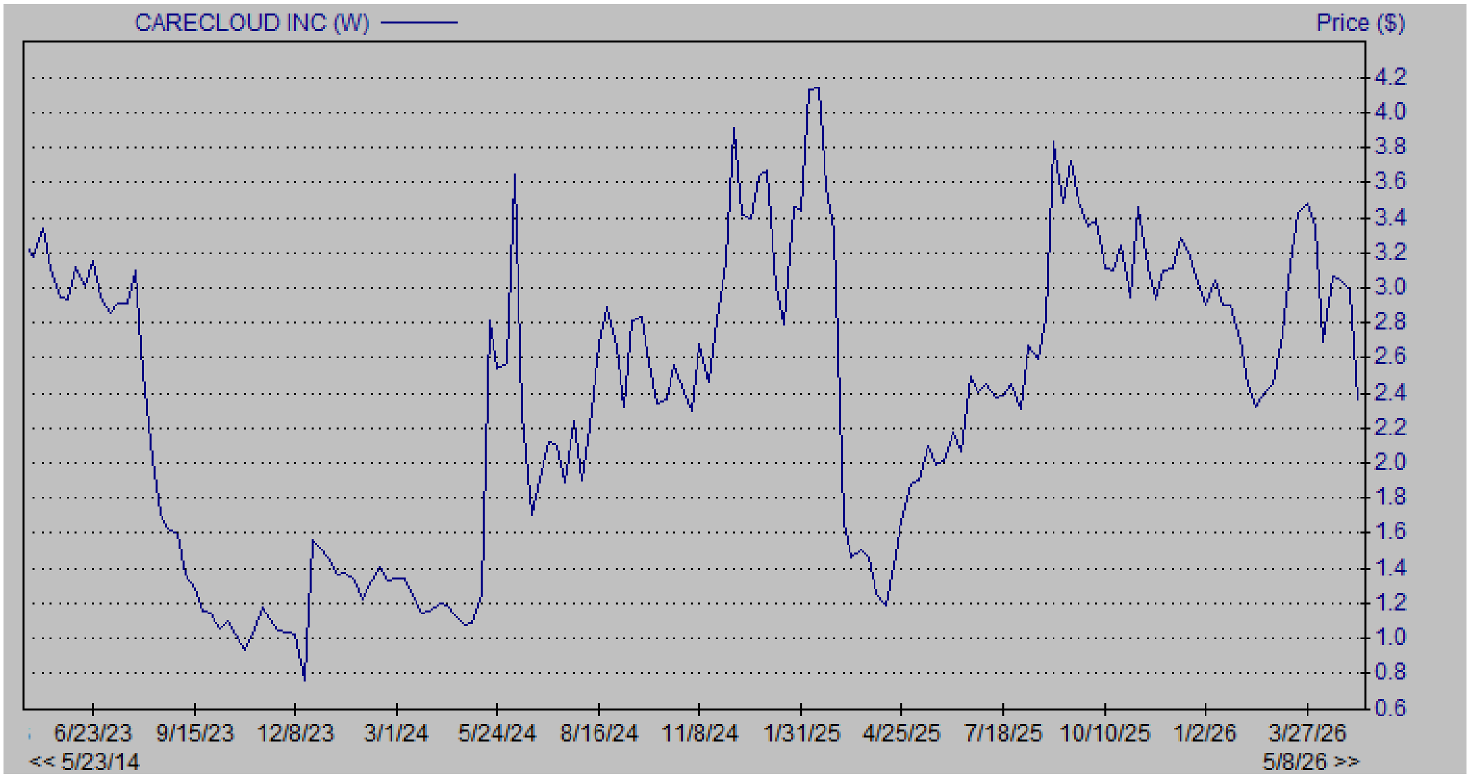
BALANCE SHEET

	1Q26 Mar-26	4Q25 Dec-25	Qtr-Qtr Growth	1Q25 Mar-26	Yr-Yr Growth
Assets:					
Cash	**3,354**	**3,117**	8%	**6,805**	-51%
Restricted cash	**500**	**500**	0%	**0**	NA
Accounts receivable - net	15,236	15,062	1%	13,887	10%
Contract asset	3,502	3,664	-4%	4,457	-21%
Inventory	432	507	-15%	609	-29%
Current assets - related party	16	16	0%	16	0%
Prepaid expenses and other current assets	3,048	2,872	6%	2,843	7%
Total current assets	26,088	25,738	1%	28,617	-9%
Property and equipment - net	7,461	7,775	-4%	5,323	40%
Operating lease right-of-use assets	4,662	3,106	50%	3,097	51%
Intangible assets - net	16,500	18,968	-13%	16,877	-2%
Goodwill	31,435	31,442	0%	19,186	64%
Other assets	573	569	1%	456	26%
Total Assets	86,719	87,598	-1%	73,556	18%
Liabilities:					
Accounts payable	5,508	6,937	-21%	4,998	10%
Accrued compensation	3,476	4,136	-16%	2,865	21%
Accrued expenses	5,951	5,970	0%	5,002	19%
Operating lease liability (current portion)	1,358	927	46%	1,355	0%
Deferred revenue (current portion)	4,748	4,148	14%	1,297	266%
Notes payable (current portion)	**742**	**728**	2%	**133**	458%
Contingent consideration (current portion)	734	909	-19%	0	NA
Dividend payable	944	668	41%	1,299	-27%
Total current liabilities	23,461	24,423	-4%	16,949	38%
Notes payable	**250**	**441**	-43%	**23**	987%
Contingent consideration	400	232	72%	0	NA
Operating lease liability	3,390	2,187	55%	1,776	91%
Deferred revenue	891	809	10%	571	56%
Deferred tax liability	0	0	0%	60	-100%
Total Liabilities	28,392	28,092	1%	19,379	47%
Total Shareholders' Equity	58,327	59,506	-2%	54,177	8%
Total Liabilities & Shareholders' Equity	86,719	87,598	-1%	73,556	18%
Cash	3,854	3,617	7%	6,805	-43%
Current ratio	1.1	1.1	6%	1.7	-34%
Working Capital	2,627	1,315	100%	11,668	-77%
Debt	992	1,169	-15%	156	536%

CASH FLOW

$ in Thousands	Year 2024	3 Mo Ended Mar 31, 2025	3 Mo Ended Jun 30, 2025	3 Mo Ended Sep 30, 2025	3 Mo Ended Dec 31, 2025	Year 2025	3 Mo Ended Mar 31, 2026
Cash flows from operating activities:							
Net income	7,851	1,948	2,902	3,060	2,888	10,798	922
Adjustments to reconcile net income to net cash provided by operating activities:							
Depreciation and amortization	14,469	3,407	3,448	4,081	4,272	15,208	4,085
Lease amortization	1,994	480	421	418	448	1,767	463
Expected credit losses	334	70	99	174	(57)	286	106
Foreign exchange loss (gain)	(130)	(1)	2	59	49	109	11
Interest accretion	592	107	112	107	(16)	310	87
Change in contigent consideration	0	0	0	0	0	0	57
Stock-based compensation	115	108	111	88	147	454	64
Change in operating assets and liabilities:							
Accounts receivable	(1,220)	(1,183)	225	162	388	(408)	(280)
Current contract assets	760	(105)	516	50	293	754	162
Inventories	(109)	(35)	86	(82)	98	67	75
Other assets	673	(908)	70	(1,743)	1,351	(1,230)	(228)
Accounts payable and other liabilities	(4,650)	956	(579)	1,747	(853)	1,271	(2,595)
Deferred revenue	(37)	269	(5)	(756)	(333)	(825)	682
Cash used by operating activities	20,642	5,113	7,408	7,365	8,675	28,561	3,611
Cash flows from Investing activities:							
Purchases of property and equipment	(1,697)	(624)	(1,162)	(869)	(2,123)	(4,778)	(412)
Capitalized software and other intangibles	(5,709)	(846)	(831)	(828)	(744)	(3,249)	(820)
Payments for acquisitions	0	(40)	0	(16,000)	(468)	(16,508)	0
Net cash used in investing activities	(7,406)	(1,510)	(1,993)	(17,697)	(3,335)	(24,535)	(1,232)
Cash flows from Financing activities:							
Preferred stock dividends paid	0	(1,730)	(1,587)	(1,504)	(1,474)	(6,295)	(1,916)
Payment of contingent obligation	0	0	0	(53)	(71)	(124)	(57)
Payment of tax withholding obiligations	(579)	(21)	(1)	0	(2)	(24)	0
Proceeds from term-loan borrowings	0	0	0	0	1,452	1,452	0
Repayments of notes payable	(677)	(181)	(174)	(23)	(242)	(620)	(177)
Proceeds from line-of-credit	0	0	0	8,343	1,000	9,343	0
Repayments of line-of-credit	(10,000)	0	0	(1,843)	(7,500)	(9,343)	0
Net cash provided by financing activities	(11,256)	(1,932)	(1,762)	4,920	(6,837)	(5,611)	(2,150)
Effect of exchange rate changes of cash	(166)	(11)	(18)	45	41	57	8
Net change - cash	1,814	1,660	3,635	(5,367)	(1,456)	(1,528)	237
Cash, beginning of period	3,331	5,145	6,805	10,440	5,073	5,145	3,617
Cash, end of period	5,145	6,805	10,440	5,073	3,617	3,617	3,854
Cash Flow	25,225	6,119	7,095	7,987	7,731	28,932	5,795
Free cash flow	17,819	4,649	5,102	6,290	4,864	20,905	4,563

HISTORICAL STOCK PRICE



DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, Lisa Thompson, hereby certify that the view expressed in this research report accurately reflects my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.
Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.
SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR, nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate, nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.