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Zacks Small-Cap Research

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CareCloud, Inc. (CCLD-NASDAQ)

CCLD: CareCloud Forecasted Return to Earnings Growth in Q3 With Most Merger Integration and Preferred Behind Them

No change to our $6.00 price target.

Current Price (8/6/26)	$2.32
Valuation	**$6.00**

OUTLOOK

Following the acquisition of Medsphere in August 2025, and Empower Healthcare and Compliance Partners in May 2026, management remains focused on cross-selling CareCloud's legacy Electronic Health Record (EHR), Practice Management (PM), and Revenue Cycle Management services as well as new AI products. Redeem most of its preferred, and replaced it with bank debt on May 15th. This will improve balance sheet transparency, profitability and return to common shareholders.

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. It has more products, now in pilot, to be launched later this year.

SUMMARY DATA

52-Week High	**$3.84**
52-Week Low	**$2.08**
One-Year Return (%)	**-6.1**
Beta (5Y Monthly)	**1.5**
Average Daily Volume (3 mo)	**332,481**
Shares Outstanding (mil)	**42.5**
Market Capitalization ($mil)	**$99**
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	**7.4**
P/E using 2026 Estimate	**5.8**
P/E using 2027 Estimate	**4.0**

Risk Level	**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	31,880 A	34,700 E	32,650 E	130,500 E
2027					145,124 E

Non-GAAP 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	$0.06 A	$0.16 E	$0.13 E	$0.40 E
2027					$0.51 E

WHAT'S NEW

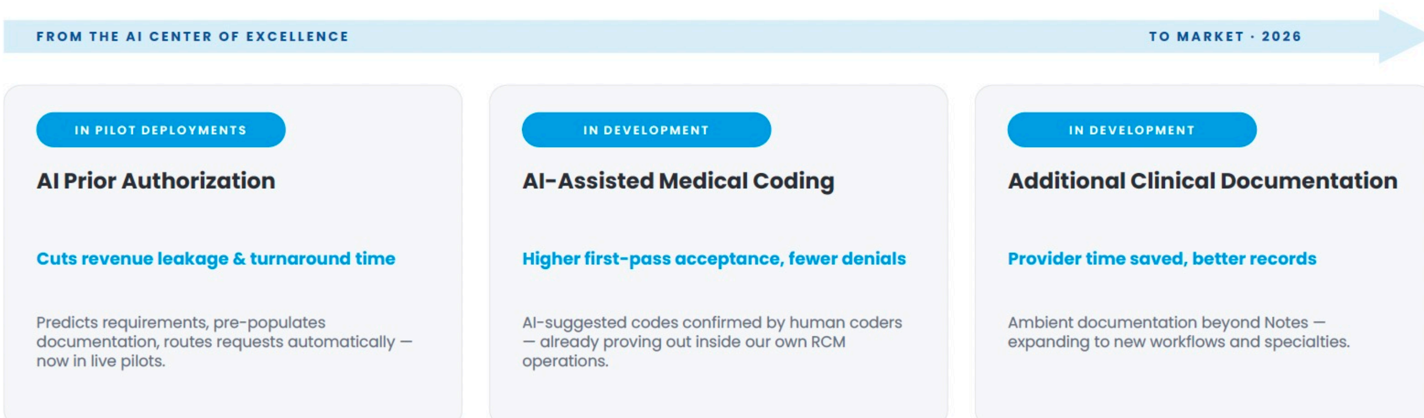
With its Series B Preferred Redeemed and Merger Integration Costs Mostly Over, CareCloud Looks to EPS Growth Going Forward

CareCloud had a productive quarter with the elimination of the Series B Preferred and replacing it with tax-deductible and lower-cost debt. This should be a big benefit to common shareholders in both cost and a simplified, understandable balance sheet. During the quarter, the company acquired Empower Healthcare and Compliance Partners, adding full-service healthcare compliance and advisory to its offerings and adding another cross-selling opportunity.

The company has had success with its new AI products.

CirrusAI is CareCloud's AI-powered solution for real-time clinical documentation that turns complex patient data into actionable insights.
StratusAI is CareCloud's completely customizable 24/7 front desk agent that instantly turns missed calls into captured revenue while the customer can focus on more complex issues and delivering exceptional in-office care.

Coming later this year are three new products as shown below. The company is alpha testing these in their own service operations, and all have shown meaningful savings and accuracy.



Source: CareCloud

While investors may have thought CareCloud's Q2 results were weak, Q3 should show the typical strong seasonality combined with a full quarter of the preferred redemption. With revenue growth, a forecasted return to earnings growth, and a low valuation, this could be a good entry point in the stock.

Q2 Earnings Results

CareCloud reported Q2 2026 revenues of $31.9 million versus $27.4 million a year ago, up 16.4%. The increase of $4.5 million was entirely due to acquisitions as Medsphere added $6.8 million. The medSR revenue, which is project-based, decreased approximately $1.3 million.

Total expenses were up $5.6 million over last year. Direct operating costs increased by $3.0 million: salary costs increased by $889,000, outsourcing and processing costs increased by $1.9 million, and billable expenses decreased by $46,000. R&D was up $1.2 million. G&A increased $1.0 million, or 23%. Salary costs increased by $530,000, and insurance costs increased by $64,000. The costs for the newly purchased aircraft used to support business development and maintain client relationships were $276,000.

Depreciation and amortization increased by $349,000, primarily due to last year's acquisition of Medsphere in August. Going forward the higher expenses due to integrating its acquisitions, including redundant systems and personnel, and transitional costs are mostly finished.

Operating income was $1.9 million versus $2.0 million last year. Net income was $1.1 million compared to $2.9 million last year, representing the company's ninth consecutive positive net income quarter. Net income attributable to common shareholders was $181,000 versus $1.5 million last year. With the preferred redemption, the preferred stock dividend will be much reduced in future quarters, with the payment being approximately $400,000 lower in Q3 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 versus $0.08 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**

Next quarter will be the first full quarter after the redemption of the Series B Preferred, and common shareholders will see the benefit. The redemption eliminated approximately $3.2 million in annual preferred dividend obligations and replaced it 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 $4.4 million in net cash, working capital of $695,000, and a current ratio of 1.0xs. It now has $49 million in debt due to the redemption of the Series B preferred stock. For the quarter, CareCloud generated $5.5 million in cash flow, not including changes in working capital, and had free cash flow of $4.2 million.

CareCloud closed a $50 million credit facility with Citizens Bank, N.A., and Provident Bank on April 13, 2026. This was 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 allowed 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 eliminated approximately $3.2 million in annual preferred dividend obligations and replaces higher-cost preferred equity with lower-cost institutional debt.

After the Quarter Ended

In connection with the credit facility, on July 22nd, CareCloud issued 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. On July 22, 2026, Mr. Haq and two trusts, one controlled by Mr. Haq and the other one controlled by his wife, entered into a Securities Account Pledge Agreement and a Securities Account Control Agreement with Citizens, as administrative agent, in connection with the pledge of securities accounts consisting of 4.3 million shares of common stock owned by Mr. Haq and the trusts.

During the Quarter

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, selected CareCloud's AI-powered practice management and revenue cycle management solutions.

On May 22, 2026, CareCloud acquired substantially all of the assets of Empower Healthcare & Compliance Partners, LLC, a full-service healthcare compliance and advisory firm, for approximately $832,000 ($681,000 paid in cash at closing, with the balance as contingent consideration payable in installments). The acquisition adds Empower's expertise in revenue integrity, audit defense, privacy/security (HIPAA/HITECH), and compliance programs to CareCloud's offerings.

VALUATION

CareCloud has a lower valuation than its peers due to its erratic growth and profitability. 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. It has now shown nine consecutive quarters of positive GAAP net income. Valuation could improve with this track record. The company's complicated financial structure has also been solved by the redemption of preferred.

The current enterprise value of the company is $134 million, or 1.0 times EV/2026 Sales, below the peer average of 1.3 times.

Turning to EV/EBITDA, CareCloud trades at 4.4xs 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.

Valuation Comps
($ millions)

				Earnings Per Share			Price/Earnings			EV/
Company	**Ticker**	**Price**	**Mrkt Cap**	**2026E**	**2027E**	**Growth**	**2026E**	**2027E**	**EV**	**2026 Sales**
Concensus Cloud Solutions	CCSI	$38.29	$670	$5.86	$6.03	3%	6.5x	6.3x	$1,150	3.2x
Definitive Healthcare Corp.	DH	$0.67	$72	$0.18	$0.19	6%	3.7x	3.5x	$64	0.3x
Health Catalyst, Inc.	HCAT	$2.32	$153	$0.04	$0.09	125%	58.0x	25.8x	$215	0.7x
OptimizeRx Corporation	OPRX	$6.93	$113	$0.94	$1.09	16%	7.4x	6.4x	$117	1.1x
Phreesia	PHR	$11.45	$663	$1.33	$1.61	21%	8.6x	7.1x	$681	1.4x
Averages						**34%**	**16.9x**	**9.8x**		**1.3x**
CareCloud, Inc.	**CCLD**	**$2.54**	**$104**	**$0.20**	**$0.33**	**62%**	**12.6x**	**7.8x**	**$106**	**0.8x**

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 $134 million, or 1.0 times EV to projected 2026 revenues below its peers. On an EV/EBITDA basis, the valuation has room to improve from its current 4.9xs, closer to 7.0 times. Using a DCF model, we believe the price should be $6.00 per share.

INVESTMENT RISKS

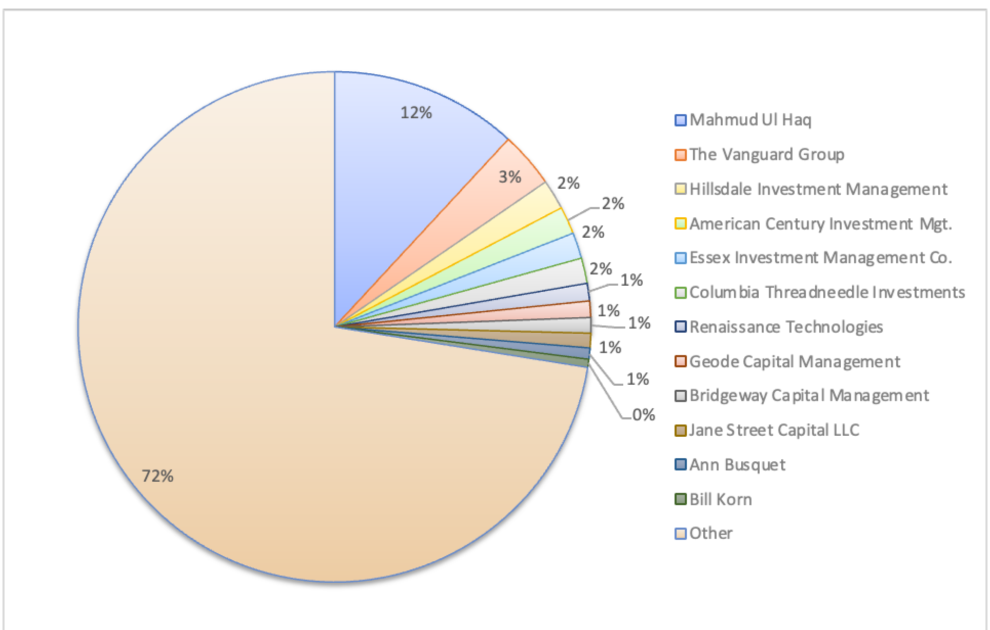
- **Regulatory landscape:** The healthcare industry remains highly regulated, with CCLD's various business lines subject to numerous Federal agencies, acts, regulations, and state laws. Failure to comply with applicable regulations may adversely impact the company's operations, increase costs, and/or 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

	Q1 25	Q2 25	Q3 25	Q4 25	Q1 26	Q2 26	Q3 26E	Q4 26E	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	24,010	26,000	24,550	73,672	83,374	97,592	105,595
Professional services	5,891	4,076	4,143	4,657	3,144	3,199	3,300	3,300	18,202	18,767	12,943	19,000
Printing and mailing services	879	802	875	919	1,101	771	900	1,000	3,579	3,475	3,772	3,700
Group purchasing services	168	208	213	224	227	214	200	200	952	813	841	710
Medical Practice Management												
Medical practice management services	2,989	3,300	4,228	3,554	3,766	3,686	4,300	3,600	14,432	14,071	15,352	16,120
Total Revenues	**27,632**	**27,377**	**31,067**	**34,423**	**31,270**	**31,880**	**34,700**	**32,650**	**110,837**	**120,499**	**130,500**	**145,124**
Yr-to-Yr Growth	6.4%	-2.5%	8.8%	21.9%	13.2%	16.4%	11.7%	-5.2%	-5.3%	8.7%	8.3%	11.2%
Operating Expenses:												
Direct operating costs	15,464	14,480	16,224	18,288	16,850	17,457	16,700	16,400	60,842	64,456	67,407	75,000
Selling and marketing	1,131	1,118	1,123	1,446	1,414	1,300	1,300	1,300	6,232	4,818	5,314	7,000
General and administrative	4,332	4,358	4,887	4,809	5,496	5,370	4,700	4,100	16,123	18,386	19,666	22,000
Research and development	1,235	1,020	1,584	2,543	2,416	2,194	2,000	2,000	3,781	6,382	8,610	9,300
Change in contingent consideration	0	0	0	0	57	(34)	(34)	(34)	0	0	(45)	0
Depreciation and amortization	3,337	3,382	4,022	4,219	4,037	3,731	3,500	3,500	14,142	14,960	14,768	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**	**30,018**	**28,166**	**27,266**	**101,716**	**109,156**	**115,720**	**124,300**
Operating Income/(Loss)	**2,019**	**2,996**	**3,210**	**3,118**	**1,000**	**1,862**	**6,534**	**5,384**	**9,121**	**11,343**	**14,780**	**20,824**
Yr-to-Yr Growth	1465.1%	31.9%	-1.7%	-9.8%	-50.5%	-37.9%	103.6%	72.7%	-119.4%	24.4%	30.3%	40.9%
Interest income	42	51	95	18	10	73	16	16	88	206	116	67
Interest expense	(58)	(68)	(147)	(14)	(58)	(815)	(653)	(653)	(900)	(287)	(2,180)	(2,614)
Other income/(expense), net	(14)	(35)	(55)	(161)	22	104	104	104	(298)	(265)	334	416
Pre-Tax Income/(Loss)	**2,004**	**2,944**	**3,103**	**2,961**	**974**	**1,224**	**6,002**	**4,852**	**8,010**	**10,997**	**13,050**	**18,694**
Income tax provision	41	42	43	73	52	102	240	194	160	199	588	843
Net Income/(Loss)	**1,963**	**2,902**	**3,060**	**2,888**	**922**	**1,122**	**5,762**	**4,658**	**7,850**	**10,798**	**12,462**	**17,852**
Preferred stock dividend	2,811	1,365	1,365	1,365	1,365	941	540	540	12,310	6,906	3,386	2,160
Net Income/(Loss) Attributable to Comn	**(848)**	**1,537**	**1,695**	**1,523**	**(443)**	**181**	**5,222**	**4,118**	**(4,460)**	**3,892**	**9,076**	**15,692**
Yr-to-Yr Growth	-45.4%	-168.4%	-354.1%	15129.0%	-47.8%	-88.3%	208.1%	170.4%	-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**	**$0.21**	**$0.36**
Yr-to-Yr Growth	-63.3%	-126.1%	-197.1%	5710.9%	-70.8%	-88.3%	207.2%	164.2%	-5.3%	8.7%	7.7%	13.0%
Weighted average shares outstanding	23,814	42,322	42,369	42,572	42,472	42,493	42,494	43,560	16,147	37,954	42,755	44,105
Yr-to-Yr Growth	48.7%	162.3%	161.6%	162.1%	78.3%	0.4%	0.3%	2.3%	3.0%	135.1%	12.6%	3.2%
Non-GAAP Adjusted Net Income												
GAAP net income (loss)	1,963	2,902	3,060	2,888	922	1,122	5,762	4,658	7,851	10,798	12,462	17,852
Foreign exchange (gain) loss / other expen	19	41	60	164	32	54	54	54	335	284	194	216
Stock-based compensation expense (benef	108	111	88	147	64	64	64	64	115	454	256	282
Amortization of purchased intangible assets	89	193	794	1,053	928	945	945	945	1,577	2,129	3,763	3,780
Transaction and integration costs	12	11	391	205	158	166	100	100	46	619	524	400
Goodwill impairment/restructuring charges	0	23	17	0	0	0	0	0	0	40	0	0
Loss on lease terminations, unoccupied lea	114	0	0	0	0	0	0	0	596	114	0	0
Change in contingent consideration	0	0	0	0	57	(34)	0	0	0	0	23	0
Income tax provision related to goodwill	0	0	0	0	0	50	50	50	0	0	150	200
Non-GAAP adjusted net income	**2,305**	**3,281**	**4,410**	**4,457**	**2,161**	**2,367**	**6,975**	**5,871**	**10,520**	**14,438**	**17,372**	**22,729**
Non-GAAP adjusted diluted earnings pe	**$0.05**	**$0.08**	**$0.10**	**$0.10**	**$0.05**	**$0.05**	**$0.16**	**$0.13**	**$0.64**	**$0.34**	**$0.40**	**$0.51**
											$5.95	*$4.64*
End-of-period shares	42,321	42,322	42,397	42,609	42,493	43,235	43,451	43,668	16,256	42,609	43,668	44,542
Outstanding unvested RSUs	154	153	203	207	106	105	107	109	243	207	109	111
Total fully diluted shares	42,475	42,475	42,600	42,816	42,599	43,340	43,558	43,778	16,499	42,816	43,778	44,653
Free Cash Flow												
Net cash provided by operating activities	5,113	7,408	7,365	8,675	3,611	7,073	11,562	10,273	20,642	28,561	32,519	37,115
Purchases of property and equipment	(624)	(1,162)	(869)	(2,123)	(412)	(525)	(1,195)	(1,195)	(1,697)	(4,778)	(3,326)	(5,160)
Capitalized software and other intangible as	(846)	(831)	(828)	(744)	(820)	(800)	(812)	(812)	(5,709)	(3,249)	(3,245)	(3,509)
Free cash flow	**3,643**	**5,415**	**5,668**	**5,808**	**2,379**	**5,748**	**9,555**	**8,267**	**13,236**	**20,534**	**25,949**	**28,446**
Adjusted EBITDA												
GAAP net income (loss)	1,963	2,902	3,060	2,888	922	1,122	5,762	4,658	7,851	10,798	12,462	17,852
Provision for income taxes	41	42	43	73	52	102	240	194	160	199	588	843
Net interest expense	16	17	52	(4)	48	742	637	637	812	81	2,064	2,546
Foreign exchange (gain) loss / other expen	19	41	60	164	32	54	54	54	335	284	194	216
Stock-based compensation expense (benef	108	111	88	147	64	64	64	64	115	454	256	282
Depreciation and amortization	3,337	3,382	4,022	4,219	4,037	3,731	3,500	3,500	14,142	14,960	14,768	11,000
Transaction and integration costs	12	11	391	205	158	166	100	100	46	619	524	400
Goodwill impairment/restructuring charges	0	23	17	0	0	0	0	0	0	40	0	0
Loss on lease terminations, unoccupied lea	114	0	0	0	0	0	0	0	596	114	0	0
Change in contingent consideration	0	0	0	0	57	(34)	(34)	(34)	0	0	(45)	0
Adjusted EBITDA	**5,610**	**6,529**	**7,733**	**7,692**	**5,370**	**5,947**	**10,323**	**9,173**	**24,057**	**27,549**	**30,811**	**33,138**
Adjusted Operating Income												
GAAP operating income (loss)	2,019	2,996	3,210	3,118	1,000	1,862	6,534	5,384	9,121	11,343	14,780	20,824
Stock-based compensation expense (benef	108	111	88	147	64	64	64	64	115	454	256	282
Amortization of purchased intangible assets	89	193	794	1,053	928	945	945	945	1,577	2,129	3,763	3,780
Transaction and integration costs	12	11	391	205	158	166	100	100	46	619	524	400
Goodwill impairment charges	0	23	17	0	0	0	0	0	0	40	0	0
Loss on lease terminations, unoccupied lea	114	0	0	0	0	0	0	0	596	114	0	0
Change in contingent consideration	0	0	0	0	57	(34)	0	0	0	0	23	0
Adjusted Operating Income	**2,342**	**3,334**	**4,500**	**4,523**	**2,207**	**3,003**	**7,643**	**6,493**	**11,455**	**14,699**	**19,346**	**25,286**
Tax Rate	2.0%	1.4%	1.4%	2.5%	5.3%	8.3%	4.0%	4.0%	2.0%	1.8%	4.5%	4.5%
Operating Margin	7.3%	10.9%	10.3%	9.1%	3.2%	5.8%	18.8%	16.5%	8.2%	9.4%	11.3%	14.3%
Adjusted Operating Margin	8.5%	12.2%	14.5%	13.1%	7.1%	9.4%	22.0%	19.9%	10.3%	12.2%	14.8%	17.4%
Adjusted EBITDA Margin	20.3%	23.8%	24.9%	22.3%	17.2%	18.7%	29.7%	28.1%	21.7%	22.9%	23.6%	22.8%

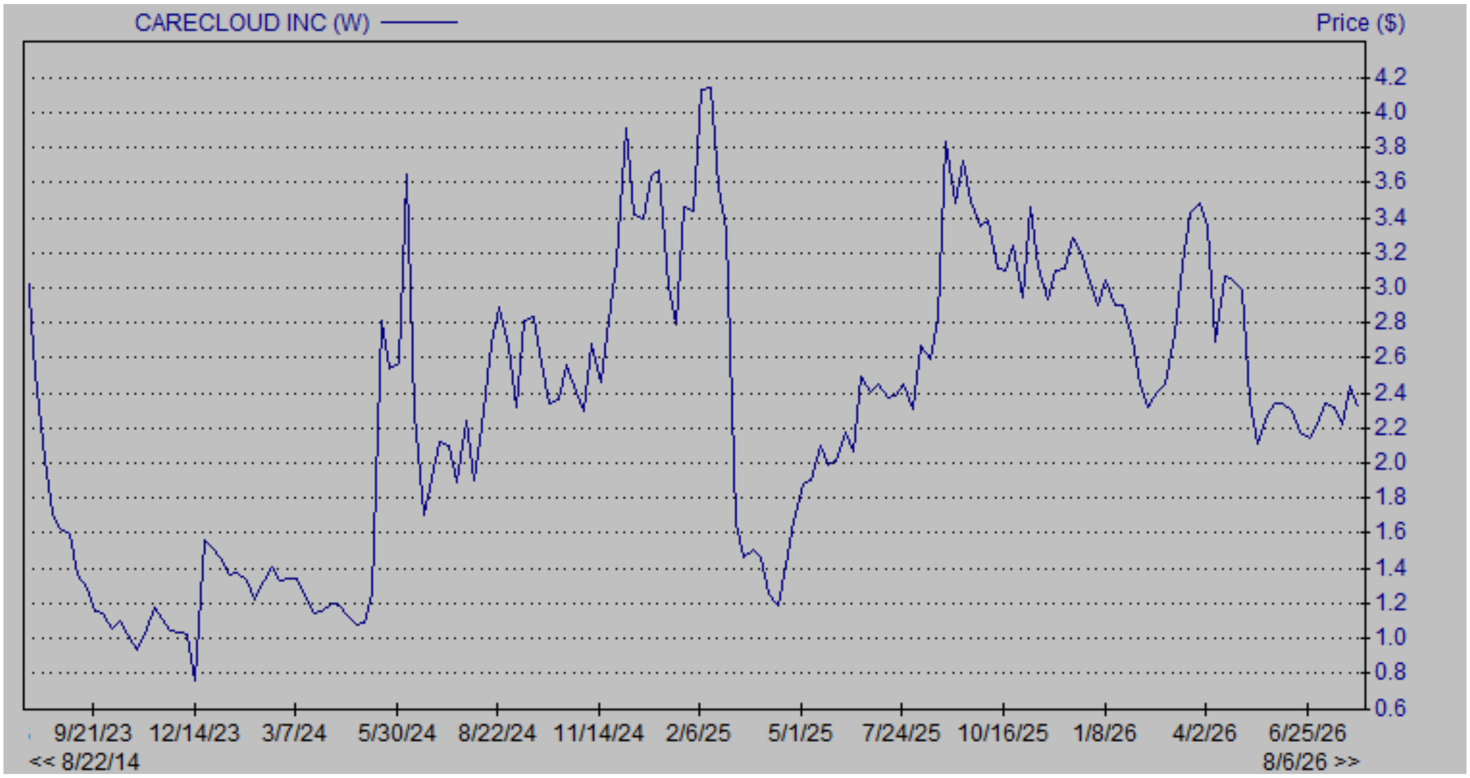
BALANCE SHEET

	Q2 26 Jun-26	**Q1 26** Mar-26	**Qtr-Qtr Growth**	**Q2 25** Mar-25	**Yr-Yr Growth**
Assets:					
Cash	**13,395**	**3,354**	299%	**10,440**	28%
Restricted cash	**0**	**500**	-100%	**0**	0%
Accounts receivable - net	14,117	15,236	-7%	13,563	4%
Contract asset	3,426	3,502	-2%	3,955	-13%
Inventory	471	432	9%	523	-10%
Current assets - related party	16	16	0%	16	0%
Prepaid expenses and other current assets	2,758	3,048	-10%	2,593	6%
Total current assets	34,183	26,088	31%	31,090	10%
Property and equipment - net	7,259	7,461	-3%	5,828	25%
Operating lease right-of-use assets	4,864	4,662	4%	3,058	59%
Intangible assets - net	14,929	16,500	-10%	15,512	-4%
Goodwill	31,835	31,435	1%	19,192	66%
Other assets	779	573	36%	564	38%
Total Assets	93,849	86,719	8%	75,244	25%
Liabilities:					
Accounts payable	6,071	5,508	10%	4,215	44%
Accrued compensation	3,846	3,476	11%	3,324	16%
Accrued expenses	5,943	5,951	0%	4,909	21%
Operating lease liability (current portion)	1,573	1,358	16%	1,294	22%
Deferred revenue (current portion)	4,507	4,748	-5%	1,232	266%
Term loans and other	**10,756**	**742**	1350%	**222**	4745%
Contingent consideration (current portion)	400	734	-46%	330	21%
Dividend payable	392	944	-58%	714	-45%
Total current liabilities	33,488	23,461	43%	16,240	106%
Term loans and other	**29,223**	**250**	11589%	**86**	33880%
Contingent consideration	290	400	-28%	426	-32%
Borrowings under line of credit	**9,000**	0	NA	0	NA
Operating lease liability	3,462	3,390	2%	1,785	94%
Deferred revenue	934	891	5%	631	48%
Deferred tax liability	50	0	NA	0	NA
Total Liabilities	76,447	28,392	169%	19,168	299%
Total Shareholders' Equity	17,402	58,327	-70%	56,076	-69%
Total Liabilities & Shareholders' Equity	93,849	86,719	8%	75,244	25%
Cash	13,395	3,854	248%	10,440	28%
Net Cash	4,395	3,854		10,440	
Current ratio	1.0	1.1	-8%	1.9	-47%
Working Capital	695	2,627	-74%	14,850	-95%
Debt	48,979	992	4837%	308	15802%
Debt as a % of Assets	52%	1%	4462%	0%	12650%

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	3 Mo Ended Jun 30, 2026
Cash flows from operating activities:								
Net income	7,851	1,948	2,902	3,060	2,888	10,798	922	1,122
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	3,773
Lease amortization	1,994	480	421	418	448	1,767	463	433
Expected credit losses	334	70	99	174	(57)	286	106	12
Provision for deferred income taxes	0	0	0	0	0	0	0	50
Foreign exchange loss (gain)	(130)	(1)	2	59	49	109	11	4
Interest accretion	592	107	112	107	(16)	310	87	121
Change in contigent consideration	0	0	0	0	0	0	57	(34)
Stock-based compensation	115	108	111	88	147	454	64	64
Change in operating assets and liabilities:								
Accounts receivable	(1,220)	(1,183)	225	162	388	(408)	(280)	1,107
Current contract assets	760	(105)	516	50	293	754	162	76
Inventories	(109)	(35)	86	(82)	98	67	75	(39)
Other assets	673	(908)	70	(1,743)	1,351	(1,230)	(228)	301
Accounts payable and other liabilities	(4,650)	956	(579)	1,747	(853)	1,271	(2,595)	449
Deferred revenue	(37)	269	(5)	(756)	(333)	(825)	682	(366)
Cash used by operating activities	20,642	5,113	7,408	7,365	8,675	28,561	3,611	7,073
Cash flows from Investing activities:								
Purchases of property and equipment	(1,697)	(624)	(1,162)	(869)	(2,123)	(4,778)	(412)	(525)
Capitalized software and other intangibles	(5,709)	(846)	(831)	(828)	(744)	(3,249)	(820)	(800)
Payments for acquisitions	0	(40)	0	(16,000)	(468)	(16,508)	0	(681)
Net cash used in investing activities	(7,406)	(1,510)	(1,993)	(17,697)	(3,335)	(24,535)	(1,232)	(2,006)
Cash flows from Financing activities:								
Preferred stock dividends paid	0	(1,730)	(1,587)	(1,504)	(1,474)	(6,295)	(1,916)	(4,520)
Payment of contingent obligation	0	0	0	(53)	(71)	(124)	(57)	(561)
Payment of tax withholding obiligations	(579)	(21)	(1)	0	(2)	(24)	0	(1)
Proceeds from term-loan borrowings	0	0	0	0	1,452	1,452	0	39,739
Repayments of notes payable	(677)	(181)	(174)	(23)	(242)	(620)	(177)	(1,014)
Redemption of Series B Preferred Stock	0	0	0	0	0	0	0	(38,169)
Proceeds from line-of-credit	0	0	0	8,343	1,000	9,343	0	9,000
Repayments of line-of-credit	(10,000)	0	0	(1,843)	(7,500)	(9,343)	0	0
Net cash provided by financing activities	(11,256)	(1,932)	(1,762)	4,920	(6,837)	(5,611)	(2,150)	4,474
Effect of exchange rate changes of cash	(166)	(11)	(18)	45	41	57	8	0
Net change - cash	1,814	1,660	3,635	(5,367)	(1,456)	(1,528)	237	9,541
Cash, beginning of period	3,331	5,145	6,805	10,440	5,073	5,145	3,617	3,854
Cash, end of period	5,145	6,805	10,440	5,073	3,617	3,617	3,854	13,395
Cash Flow	25,225	6,119	7,095	7,987	7,731	28,932	5,795	5,545
Free cash flow	17,819	4,649	5,102	6,290	4,864	20,905	4,563	4,220

HISTORICAL STOCK PRICE



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