November 9, 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 Shows Stunning Margins in Q3 as Restructuring and AI Implementation Efforts Return Results

No change to our $6.00 price target.

Current Price (11/6/26)	$2.30
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. It redeemed most of its preferred, and replaced it with bank debt on May 15th. This improved balance sheet transparency, profitability and return to common shareholders.

The company is showing success selling its new AI products cirrusAI (documentation) and stratusAI (front-desk, telephone-based patient interactions 24/7). This could not only improve margins, but the company's valuation. It has more products, now in pilot, to be launched later this year, including a SaaS product for compliance.

SUMMARY DATA

52-Week High	**$3.81**
52-Week Low	**$1.71**
One-Year Return (%)	**-33.6**
Beta (5Y Monthly)	**1.6**
Average Daily Volume (3 mo)	**404,223**
Shares Outstanding (mil)	**42.5**
Market Capitalization ($mil)	**$98**
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 (%)	**-3.9**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**6.6**
P/E using 2026 Estimate	**6.8**
P/E using 2027 Estimate	**4.8**

Risk Level	**Above Average**
Type of Stock	**Small Growth**
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	33,725 A	31,550 E	128,425 E
2027					138,000 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	$0.05 A	$0.14 A	$0.10 E	$0.34 E
2027					$0.48 E

© Copyright 2026, Zacks Investment Research. All Rights Reserved.

WHAT'S NEW

Margins Improve Dramatically; Operational and Financial Restructuring Kicks In

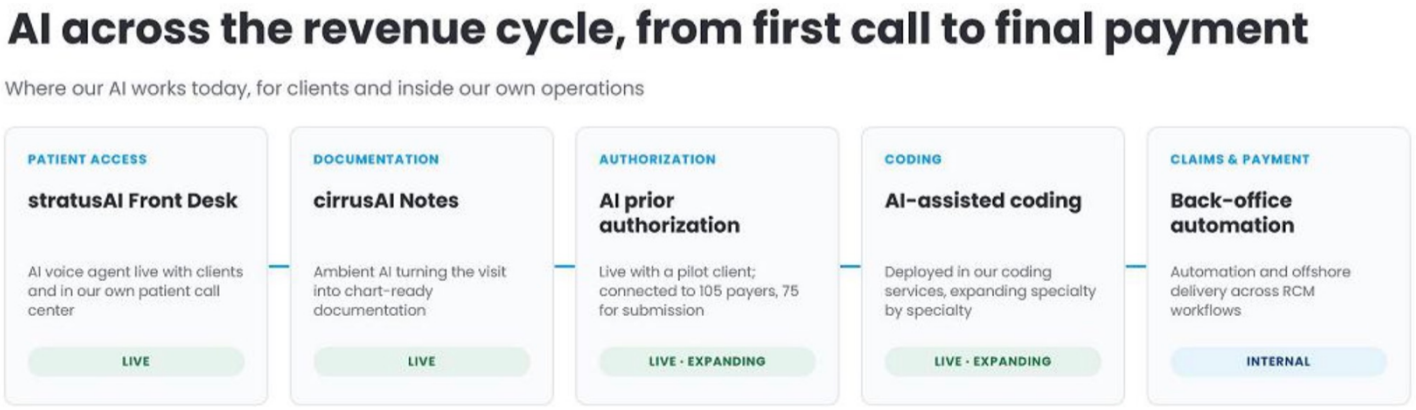
While CareCloud's Q3 came in largely as expected, it is stunning how margins have improved as merger integration costs ended, AI reduced internal costs, and the company revamped its finances by eliminating the Series B Preferred and replacing it with tax-deductible, lower-cost debt. The company grew revenues 9%, operating income 105%, net income to common shareholders 147%, and GAAP EPS 146%, and non-GAAP EPS 32%. We expect Q4 to be seasonally weaker and without one-time benefits that occurred in Q3.

The company has shown improvements using AI internally, where it can handle a great portion of processes that had been done manually and with fewer mistakes. This enables more work to be done with fewer people, and the savings show up in gross margin. It has also had success selling its new AI products.

StratusAI Front Desk 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.

CirrusAI Notes is CareCloud's AI-powered solution for real-time clinical documentation that turns complex patient data into actionable insights.

Coming later this year are three new products, as shown below. AI prior authorization is in beta testing, and the other two are being used internally. Also planned is a SaaS product coming from Empower for compliance.



Source: CareCloud

Q3 Earnings Results

CareCloud reported Q3 2026 revenues of $33.7 million versus $31.1 million a year ago, up 8.6%. The increase of $2.7 million was entirely due to the acquisitions of Medsphere (August 22, 2025), which contributed $6.3 million this quarter versus $3.4 million in last year's quarter, and Empower, which was bought on May 15th and contributed $787,000 in the September quarter. The medSR revenue, which is project-based, decreased by approximately $1.5 million.

Total expenses were down $707,000 over last year. Direct operating costs increased by $485,000: outsourcing and processing costs increased by $895,000, salary costs decreased by $296,000, and billable expenses decreased by $132,000.

R&D was down $582,000 to $1.1 million as the company capitalized a greater portion of software development costs, partially offset by higher legal, consulting, and computer costs.

G&A was basically flat, with an increase of only $64,000. Salary costs decreased by $210,000. The cost for the newly purchased aircraft was $115,000. Depreciation and amortization increased by $857,000.

Operating income was $6.8 million versus $3.2 million last year.

Interest expense was $1.8 million, an increase of $1.7 million. The increase was due to the amortization of the warrant of $934,000 awarded to the Executive Chairman as compensation for the pledge of collateral, and the borrowings under the term loan and the line of credit during 2026. Interest expense and fees on the term loan were $693,000. Interest expense and fees on the line of credit were $125,000.

In Q3, taxes were $127,000 versus $43,000 last year. Net income was $4.7 million compared to $3.1 million last year, representing the company's tenth consecutive positive net income quarter.

Net income attributable to common shareholders was $4.2 million versus $1.7 million last year. With the preferred redemption, the preferred stock dividend was reduced to $538,000 compared to $1.4 million in Q3 2025. EPS was $0.10 versus $0.04. Non-GAAP adjusted EPS totaled $0.14, flat versus $0.10 last year.

Balance Sheet

The company ended the September quarter with $4.6 million in net cash, negative working capital of $4.2 million, and a current ratio of 0.9x. It now has $37.3 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. It is working to pay down its debt rapidly and, as of November 4th, had reduced it to $34.2 million.

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 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 Aug. 18, 2026, CareCloud and KabaFusion, one of the nation's largest providers of home infusion therapy, announced a partnership to build *LailaCare*, a platform powered by artificial intelligence and designed to support and modernize KabaFusion's operations. CareCloud is designing and developing the platform, which will be owned by KabaFusion. *LailaCare* will unify workflows, including referral intake, eligibility and authorization, patient engagement, and revenue cycle management, into a single, integrated platform. The project is designed to reduce administrative burden and accelerate patient onboarding, while giving patients modern access to their own care.

On October 1, 2026, CareCloud promoted Bonnie Boyer, MBA, CPA, from Assistant Chief Financial Officer to Chief Financial Officer. Ms. Boyer joined the company in July and succeeds Norman Roth, who served as Interim Chief Financial Officer for more than two years.

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 ten consecutive quarters of positive GAAP net income. Valuation could improve with this track record and improving margins. The company's complicated financial structure has also been simplified by the redemption of preferred shares.

The current enterprise value of the company is $130 million, or 1.1 times EV/2026 Sales, below the peer average of 1.6 times.

Turning to EV/EBITDA, CareCloud trades at 4.7x EV to 2027 EBITDA. This is below a target price of 7.0. At 7.0 times, the stock would be worth approximately $7.50 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	$35.31	$647	$5.85	$6.14	5%	6.0x	5.8x	$1,150	3.2x
Definitive Healthcare Corp.	DH	$1.12	$119	$0.19	$0.19	0%	5.9x	5.9x	$157	0.7x
Health Catalyst, Inc.	HCAT	$1.50	$113	($0.04)	$0.01	-125%	(37.5)	150.0x	$186	0.8x
OptimizeRx Corporation	OPRX	$8.68	$165	$0.88	$1.04	18%	9.9x	8.3x	$180	2.0x
Phreesia	PHR	$12.71	$792	$1.27	$1.60	26%	10.0x	7.9x	$813	1.6x
Averages						**-15%**	**(1.1)**	**35.6x**		**1.6x**
CareCloud, Inc.	**CCLD**	**$2.16**	**$92**	**$0.20**	**$0.39**	**97%**	**11.0x**	**5.6x**	**$124**	**1.0x**

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 gaining 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. It is buying portfolios of customers rather than operating businesses that come with technology. Post-acquisition, management ports them to CareCloud's offerings, using offshore talent to reduce labor costs, improve efficiencies, and drive outsized Returns on Investment (ROIs) and revenue growth.

- With the redemption of preferred stock, the company lowered its cost of capital and simplified its finances. With its mezzanine preferred, it kept the preferred stock off the balance sheet, making evaluating the company much more complicated. By replacing preferred stock 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, the reason for that discount was eliminated.

- CareCloud now trades at an enterprise value of $130 million, or 1.1 times EV to projected 2026 revenues, below its peers, who trade at an average of 1.6x. On an EV/EBITDA basis, the valuation has room to improve from its current 5.4x, closer to 7.0x. Using a DCF model, we believe the price should be $6.00 per share.

INVESTMENT RISKS

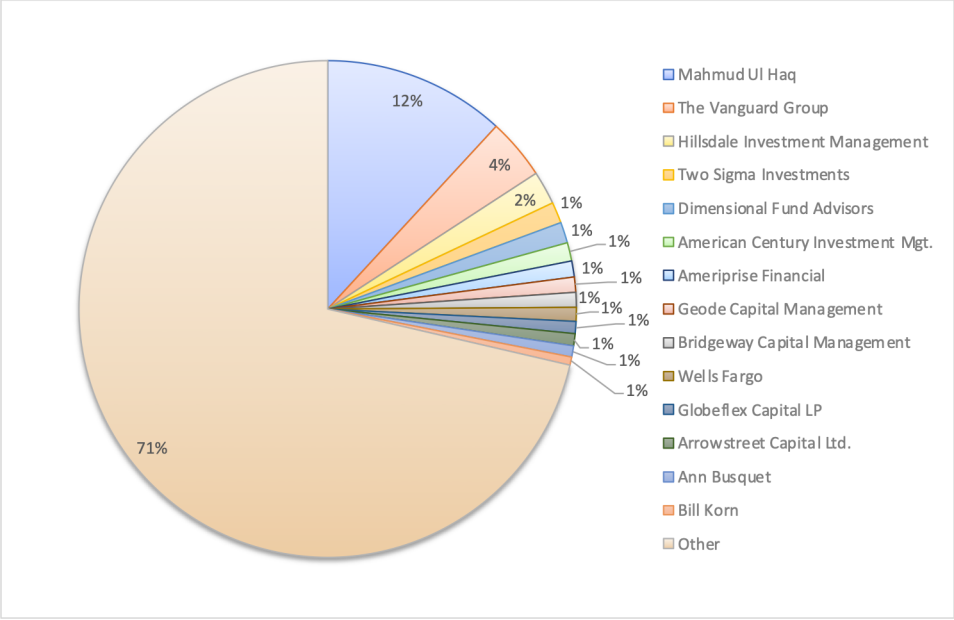
- **Regulatory landscape:** The healthcare industry remains highly regulated, with CCLD's various business lines subject to numerous Federal agencies, acts, regulations, and state laws. Failure to comply with applicable regulations may adversely impact the company's operations, increase costs, and/or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

($ thousands)

	Q1 25	Q2 25	Q3 25	Q4 25	Q1 26	Q2 26	Q3 26	Q4 26E	Annual 2024	Annual 2025	Annual 2026E	Annual 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	24,319	23,000	73,672	83,374	94,361	104,000
Professional services	5,891	4,076	4,143	4,657	3,144	3,199	3,642	3,200	18,202	18,767	13,185	12,400
Printing and mailing services	879	802	875	919	1,101	771	903	900	3,579	3,475	3,675	3,700
Group purchasing services	168	208	213	224	227	214	320	250	952	813	1,011	900
Medical Practice Management												
Medical practice management services	2,989	3,300	4,228	3,554	3,766	3,686	4,541	4,200	14,432	14,071	16,193	17,000
Total Revenues	**27,632**	**27,377**	**31,067**	**34,423**	**31,270**	**31,880**	**33,725**	**31,550**	**110,837**	**120,499**	**128,425**	**138,000**
Yr-to-Yr Growth	6.4%	-2.5%	8.8%	21.9%	13.2%	16.4%	8.6%	-8.3%	-5.3%	8.7%	6.6%	7.5%
Operating Expenses:												
Direct operating costs	15,464	14,480	16,224	18,288	16,850	17,457	16,709	16,500	60,842	64,456	67,516	70,380
Selling and marketing	1,131	1,118	1,123	1,446	1,414	1,300	1,305	1,100	6,232	4,818	5,119	7,000
General and administrative	4,332	4,358	4,887	4,809	5,496	5,370	4,951	5,400	16,123	18,386	21,217	21,000
Research and development	1,235	1,020	1,584	2,543	2,416	2,194	1,052	1,200	3,781	6,382	6,862	5,000
Change in contingent consideration	0	0	0	0	57	(34)	(32)	(32)	0	0	(41)	0
Depreciation and amortization	3,337	3,382	4,022	4,219	4,037	3,731	3,165	2,900	14,142	14,960	13,833	12,000
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**	**27,150**	**27,068**	**101,716**	**109,156**	**114,506**	**115,380**
Operating Income/(Loss)	**2,019**	**2,996**	**3,210**	**3,118**	**1,000**	**1,862**	**6,575**	**4,482**	**9,121**	**11,343**	**13,919**	**22,620**
Yr-to-Yr Growth	1465.1%	31.9%	-1.7%	-9.8%	-50.5%	-37.9%	104.8%	43.7%	-119.4%	24.4%	22.7%	62.5%
Interest income	42	51	95	18	10	73	81	16	88	206	180	67
Interest expense	(58)	(68)	(147)	(14)	(58)	(815)	(1,801)	(1,750)	(900)	(287)	(4,424)	(7,000)
Other income/(expense), net	(14)	(35)	(55)	(161)	22	104	(1)	0	(298)	(265)	125	0
Pre-Tax Income/(Loss)	**2,004**	**2,944**	**3,103**	**2,961**	**974**	**1,224**	**4,855**	**2,749**	**8,010**	**10,997**	**9,800**	**15,688**
Income tax provision	41	42	43	73	52	102	127	55	160	199	336	424
Net Income/(Loss)	**1,963**	**2,902**	**3,060**	**2,888**	**922**	**1,122**	**4,727**	**2,694**	**7,850**	**10,798**	**9,464**	**15,264**
Preferred stock dividend	2,811	1,365	1,365	1,365	1,365	941	538	538	12,310	6,906	3,382	2,152
Net Income/(Loss) Attributable to Comn	(848)	**1,537**	**1,695**	**1,523**	(443)	**181**	**4,189**	**2,156**	(4,460)	**3,892**	**6,082**	**13,112**
Yr-to-Yr Growth	-45.4%	-168.4%	-354.1%	15129.0%	-47.8%	-88.3%	147.1%	41.6%	-5.3%	-187.3%	56.3%	115.6%
Earnings/(loss) per common share	**($0.04)**	**$0.04**	**$0.04**	**$0.04**	**($0.01)**	**$0.00**	**$0.10**	**$0.05**	**($0.28)**	**$0.10**	**$0.14**	**$0.30**
Yr-to-Yr Growth	-63.3%	-126.1%	-197.1%	5710.9%	-70.8%	-88.3%	146.2%	41.6%	-5.3%	-137.1%	39.5%	112.2%
Weighted average shares outstanding	23,814	42,322	42,369	42,572	42,472	42,493	42,528	42,549	16,147	37,954	42,511	43,189
Yr-to-Yr Growth	48.7%	162.3%	161.6%	162.1%	78.3%	0.4%	0.4%	-0.1%	3.0%	135.1%	12.0%	1.6%
Non-GAAP Adjusted Net Income												
GAAP net income (loss)	1,963	2,902	3,060	2,888	922	1,122	4,726	2,694	7,851	10,798	9,464	15,264
Foreign exchange (gain) loss / other expens	19	41	60	164	32	54	7	7	335	284	100	28
Stock-based compensation expense (benef	108	111	88	147	64	64	65	500	115	454	693	2,200
Amortization of purchased intangible assets	89	193	794	1,053	928	945	939	900	1,577	2,129	3,712	3,600
Transaction and integration costs	12	11	391	205	158	166	77	0	46	619	401	0
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	(34)	(32)	(32)	0	0	(41)	(128)
Income tax provision related to goodwill	0	0	0	0	0	50	45	45	0	0	140	180
Non-GAAP adjusted net income	**2,305**	**3,281**	**4,410**	**4,457**	**2,161**	**2,367**	**5,828**	**4,114**	**10,520**	**14,438**	**14,469**	**21,144**
Non-GAAP adjusted diluted earnings pe	**$0.05**	**$0.08**	**$0.10**	**$0.10**	**$0.05**	**$0.05**	**$0.14**	**$0.10**	**$0.64**	**$0.34**	**$0.34**	**$0.48**
End-of-period shares	42,321	42,322	42,397	42,609	42,493	43,235	42,549	42,762	16,256	42,609	42,762	43,617
Outstanding unvested RSUs	154	153	203	207	106	105	150	153	243	207	153	156
Total fully diluted shares	42,475	42,475	42,600	42,816	42,599	43,340	42,699	42,915	16,499	42,816	42,915	43,773
Free Cash Flow												
Net cash provided by operating activities	5,113	7,408	7,365	8,675	3,611	7,073	11,066	8,800	20,642	28,561	30,550	41,270
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**	**9,059**	**6,794**	**13,236**	**20,534**	**23,980**	**32,601**
Adjusted EBITDA												
GAAP net income (loss)	1,963	2,902	3,060	2,888	922	1,122	4,727	2,694	7,851	10,798	9,464	15,264
Provision for income taxes	41	42	43	73	52	102	127	55	160	199	336	424
Net interest expense	16	17	52	(4)	48	742	1,720	1,734	812	81	4,244	6,933
Foreign exchange (gain) loss / other expens	19	41	60	164	32	54	7	7	335	284	100	28
Stock-based compensation expense (benef	108	111	88	147	64	64	65	500	115	454	693	2,200
Depreciation and amortization	3,337	3,382	4,022	4,219	4,037	3,731	3,189	2,900	14,142	14,960	13,833	12,000
Transaction and integration costs	12	11	391	205	158	166	77	0	46	619	401	0
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	(34)	(32)	(32)	0	0	(41)	0
Adjusted EBITDA	**5,610**	**6,529**	**7,733**	**7,692**	**5,370**	**5,947**	**9,880**	**7,857**	**24,057**	**27,549**	**29,030**	**36,849**
Adjusted Operating Income												
GAAP operating income (loss)	2,019	2,996	3,210	3,118	1,000	1,862	6,575	4,482	9,121	11,343	13,919	22,620
Stock-based compensation expense (benef	108	111	88	147	64	64	65	500	115	454	693	2,200
Amortization of purchased intangible assets	89	193	794	1,053	928	945	939	900	1,577	2,129	3,712	3,600
Transaction and integration costs	12	11	391	205	158	166	77	0	46	619	401	0
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	(34)	(32)	(32)	0	0	(41)	(128)
Adjusted Operating Income	**2,342**	**3,334**	**4,500**	**4,523**	**2,207**	**3,003**	**7,624**	**5,850**	**11,455**	**14,699**	**18,684**	**28,292**
Tax Rate	2.0%	1.4%	1.4%	2.5%	5.3%	8.3%	2.6%	2.0%	2.0%	1.8%	3.4%	2.7%
Operating Margin	7.3%	10.9%	10.3%	9.1%	3.2%	5.8%	19.5%	14.2%	8.2%	9.4%	10.8%	16.4%
Adjusted Operating Margin	8.5%	12.2%	14.5%	13.1%	7.1%	9.4%	22.6%	18.5%	10.3%	12.2%	14.5%	20.5%
Adjusted EBITDA Margin	20.3%	23.8%	24.9%	22.3%	17.2%	18.7%	29.3%	24.9%	21.7%	22.9%	22.6%	26.7%

BALANCE SHEET

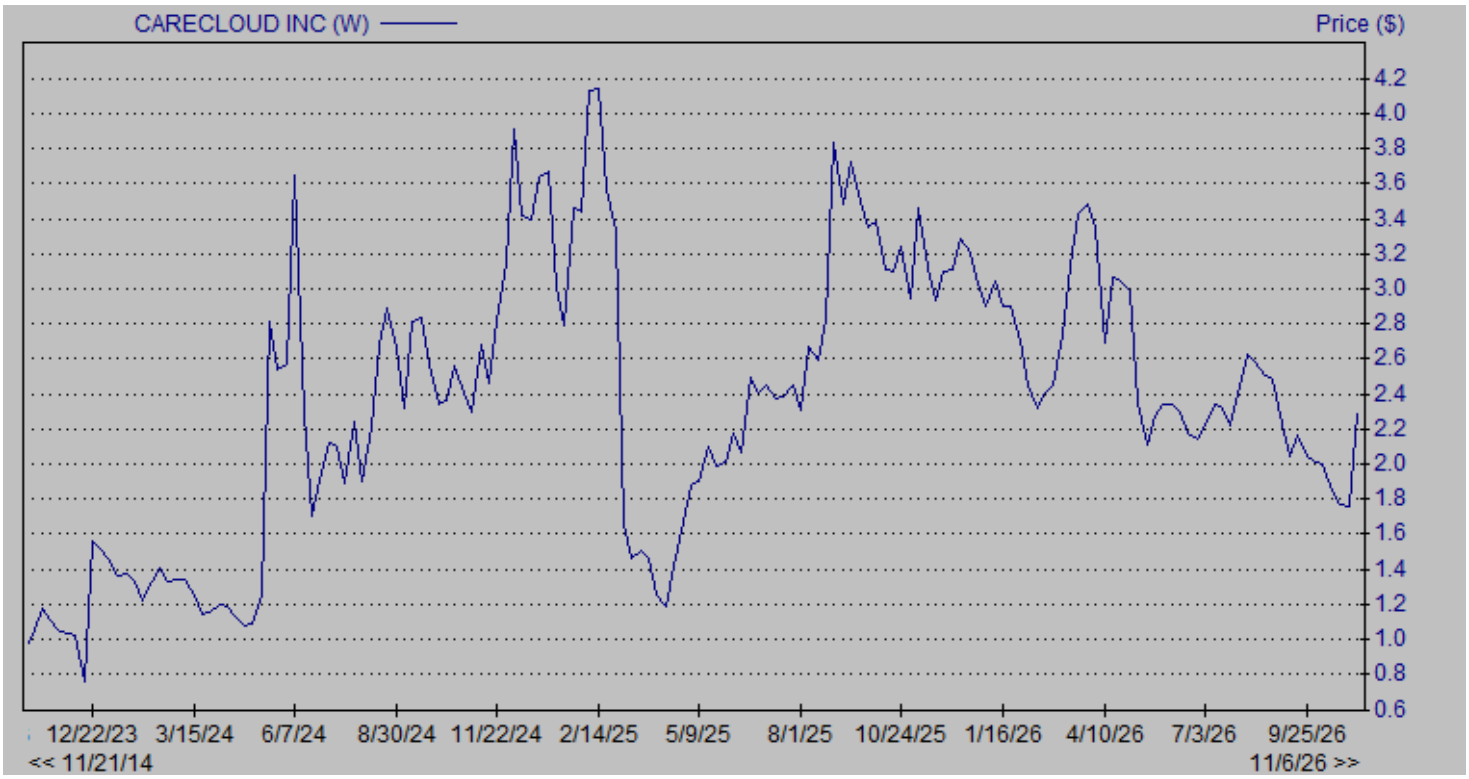
	Q3 26 Sep-26	Q2 26 Jun-26	Qtr-Qtr Growth	Q3 26 Sep-25	Yr-Yr Growth
Assets:					
Cash	**4,636**	**13,395**	-65%	**4,258**	9%
Restricted cash	**0**	**0**	0%	**815**	-100%
Accounts receivable - net	16,529	14,117	17%	15,319	8%
Contract asset	3,063	3,426	-11%	3,957	-23%
Inventory	512	471	9%	605	-15%
Current assets - related party	16	16	0%	16	0%
Prepaid expenses and other current assets	3,636	2,758	32%	4,294	-15%
Total current assets	28,392	34,183	-17%	29,264	-3%
Property and equipment - net	6,836	7,259	-6%	6,314	8%
Operating lease right-of-use assets	5,245	4,864	8%	2,781	89%
Intangible assets - net	14,261	14,929	-4%	21,257	-33%
Goodwill	31,631	31,835	-1%	30,411	4%
Other assets	734	779	-6%	549	34%
Total Assets	87,099	93,849	-7%	90,576	-4%
Liabilities:					
Accounts payable	6,204	6,071	2%	6,693	-7%
Accrued compensation	3,859	3,846	0%	3,830	1%
Accrued expenses	5,703	5,943	-4%	5,671	1%
Operating lease liability (current portion)	1,677	1,573	7%	1,105	52%
Deferred revenue (current portion)	3,944	4,507	-12%	4,266	-8%
Term loans and other	**10,597**	**10,756**	-1%	**149**	7012%
Contingent consideration (current portion)	256	400	-36%	777	-67%
Dividend payable	392	392	0%	714	-45%
Total current liabilities	32,632	33,488	-3%	23,205	41%
Term loans and other	**26,698**	**29,223**	-9%	**230**	11508%
Contingent consideration	192	290	-34%	426	-55%
Borrowings under line of credit	**0**	**9,000**	-100%	**6,500**	-100%
Operating lease liability	3,835	3,462	11%	1,682	128%
Deferred revenue	1,023	934	10%	729	40%
Deferred tax liability	95	50	90%	0	NM
Total Liabilities	64,475	76,447	-16%	32,772	97%
Total Shareholders' Equity	22,624	17,402	30%	57,804	-61%
Total Liabilities & Shareholders' Equity	87,099	93,849	-7%	90,576	-4%
Cash	4,636	13,395	-65%	5,073	-9%
Net Cash	4,636	4,395	5%	(1,427)	-425%
Current ratio	0.9	1.0	-15%	1.3	-31%
Working Capital	(4,240)	695	-710%	6,059	-170%
Debt	37,295	48,979	-24%	6,879	442%
Debt as a % of Assets	43%	52%	-18%	8%	464%

© Copyright 2026, Zacks Investment Research. All Rights Reserved.

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	3 Mo Ended Sep 30, 2026
Cash flows from operating activities:									
Net income	7,851	1,948	2,902	3,060	2,888	10,798	922	1,122	4,727
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	3,225
Lease amortization	1,994	480	421	418	448	1,767	463	433	421
Expected credit losses	334	70	99	174	(57)	286	106	12	291
Provision for deferred income taxes	0	0	0	0	0	0	0	50	45
Foreign exchange loss (gain)	(130)	(1)	2	59	49	109	11	4	(2)
Interest accretion	592	107	112	107	(16)	310	87	121	1,046
Change in contigent consideration	0	0	0	0	0	0	57	(34)	(32)
Stock-based compensation	115	108	111	88	147	454	64	64	65
Change in operating assets and liabilities:									
Accounts receivable	(1,220)	(1,183)	225	162	388	(408)	(280)	1,107	(2,703)
Current contract assets	760	(105)	516	50	293	754	162	76	363
Inventories	(109)	(35)	86	(82)	98	67	75	(39)	(41)
Other assets	673	(908)	70	(1,743)	1,351	(1,230)	(228)	301	(885)
Accounts payable and other liabilities	(4,650)	956	(579)	1,747	(853)	1,271	(2,595)	449	(538)
Deferred revenue	(37)	269	(5)	(756)	(333)	(825)	682	(366)	(339)
Cash used by operating activities	20,642	5,113	7,408	7,365	8,675	28,561	3,611	7,073	5,643
Cash flows from Investing activities:									
Purchases of property and equipment	(1,697)	(624)	(1,162)	(869)	(2,123)	(4,778)	(412)	(525)	(328)
Capitalized software and other intangibles	(5,709)	(846)	(831)	(828)	(744)	(3,249)	(820)	(800)	(1,526)
Payments for acquisitions	0	(40)	0	(16,000)	(468)	(16,508)	0	(681)	(286)
Net cash used in investing activities	(7,406)	(1,510)	(1,993)	(17,697)	(3,335)	(24,535)	(1,232)	(2,006)	(2,140)
Cash flows from Financing activities:									
Preferred stock dividends paid	0	(1,730)	(1,587)	(1,504)	(1,474)	(6,295)	(1,916)	(4,520)	(538)
Payment of contingent obligation	0	0	0	(53)	(71)	(124)	(57)	(561)	(59)
Payment of tax withholding obiligations	(579)	(21)	(1)	0	(2)	(24)	0	(1)	(1)
Proceeds from term-loan borrowings	0	0	0	0	1,452	1,452	0	39,739	17
Repayments of notes payable	(677)	(181)	(174)	(23)	(242)	(620)	(177)	(1,014)	(2,683)
Redemption of Series B Preferred Stock	0	0	0	0	0	0	0	(38,169)	0
Proceeds from line-of-credit	0	0	0	8,343	1,000	9,343	0	9,000	0
Repayments of line-of-credit	(10,000)	0	0	(1,843)	(7,500)	(9,343)	0	0	(9,000)
Net cash provided by financing activities	(11,256)	(1,932)	(1,762)	4,920	(6,837)	(5,611)	(2,150)	4,474	(12,264)
Effect of exchange rate changes of cash	(166)	(11)	(18)	45	41	57	8	0	2
Net change - cash	1,814	1,660	3,635	(5,367)	(1,456)	(1,528)	237	9,541	(8,759)
Cash, beginning of period	3,331	5,145	6,805	10,440	5,073	5,145	3,617	3,854	13,395
Cash, end of period	5,145	6,805	10,440	5,073	3,617	3,617	3,854	13,395	4,636
Cash Flow (ex changes in working capital)	25,225	6,119	7,095	7,987	7,731	28,932	5,795	5,545	9,786
Free cash flow	17,819	4,649	5,102	6,290	4,864	20,905	4,563	4,220	7,932

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 include 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.