

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 6, 2021

CARECLOUD, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-36529
(Commission
File Number)

22-3832302
(IRS Employer
Identification No.)

7 Clyde Road, Somerset, New Jersey, 08873
(Address of principal executive offices, zip code)

(732) 873-5133
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of exchange on which registered</u>
Common Stock, par value \$0.001 per share	MTBC	Nasdaq Global Market
11% Series A Cumulative Redeemable Perpetual Preferred Stock, par value \$0.001 per share	MTBCP	Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On May 6, 2021, the Registrant issued a press release, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information furnished pursuant to Item 2.02 of this Form 8-K shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any other filing under the Securities Act of 1933, as amended or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 7.01 Regulation FD Disclosure.

On May 6, 2021, the Registrant provided slides to accompany its earnings presentation, a copy of which is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

The information furnished pursuant to Item 7.01 of this Form 8-K shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any other filing under the Securities Act of 1933, as amended or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

Exhibit 99.1 [Press Release dated May 6, 2021.](#)

Exhibit 99.2 [Slide presentation dated May 6, 2021.](#)

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SIGNATURE(S)

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

MTBC, Inc.

Date: May 6, 2021

By: /s/ A. Hadi Chaudhry

A. Hadi Chaudhry
Chief Executive Officer

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CareCloud (formerly MTBC) Reports Continued Growth with First Quarter Results

Company Reports 36% Revenue Growth

SOMERSET, N.J., May 6, 2021 (GLOBE NEWSWIRE) – *CareCloud, Inc.* (the “Company” or “CareCloud”) (Nasdaq: MTBC) (Nasdaq: MTBCP), a leader in healthcare technology solutions for medical practices and health systems nationwide, today announced financial and operational results for the first quarter ended March 31, 2021. The Company’s management will conduct a conference call with related slides today at 8:30 a.m. Eastern Time to discuss these results and management’s outlook.

Highlights

- Revenue of \$29.8 million, 36% growth over Q1 2020
- GAAP net loss declined to \$2.0 million, compared to a net loss of \$2.5 million in Q1 2020
- Adjusted net income of \$2.9 million, or \$0.20 per share
- Adjusted EBITDA of \$3.7 million, 381% increase from Q1 2020

“We are pleased to report a strong start to 2021, including a 36% year-over-year increase in first quarter revenue to \$29.8 million, driven in large part by integration of our 2020 acquisitions,” said A. Hadi Chaudhry, CareCloud’s Chief Executive Officer and President. “We are also proud to report a 381% increase in adjusted EBITDA year-over-year, representing our sixteenth consecutive quarter of positive adjusted EBITDA.”

“This is our first financial report since we officially changed our name from MTBC, Inc. to CareCloud, Inc.,” said Chaudhry. “The CareCloud name reflects both our legacy and our future as a technology-first leader in the industry. As we look ahead into the future, we are excited to continue to make bold moves in pursuit of our growing customer base and expansive addressable market.”

First Quarter 2021 Financial Results

Revenue for the first quarter 2021 was \$29.8 million, an increase of \$7.9 million or 36% from the first quarter of 2020. Bill Korn, CareCloud’s Chief Financial Officer noted: “First quarter results always include an element of seasonality due to the early-year impact annual patient deductibles have on the 65% of our revenues tied to the money collected by the doctors who are our clients. The increasing contribution from organic revenue growth in the first quarter included revenue from new clients as well as additional revenue from cross-selling existing clients, both of which will provide a boost to coming quarters as well.”

The first quarter 2021 GAAP net loss was \$2.0 million, as compared to a net loss of \$2.5 million in the same period last year. The GAAP net loss reflects \$2.8 million of non-cash depreciation and amortization expenses and \$1.3 million of stock-based compensation. The GAAP net loss was \$0.36 per share, based on the net loss attributable to common shareholders, which takes into account the preferred stock dividends declared during the quarter.

Non-GAAP adjusted net income for first quarter 2021 was \$2.9 million, or \$0.20 per share, and is calculated using the end-of-period common shares outstanding. Non-GAAP adjusted diluted net income per share is \$0.17, using end-of-period shares outstanding plus common shares issuable upon exercise of in-the-money warrants and vesting of outstanding restricted stock units.

Adjusted EBITDA for first quarter 2021 was \$3.7 million, or 12% of revenue, compared to \$767,000 in the same period last year. CareCloud’s adjusted EBITDA increased by approximately \$2.9 million from Q1 2020, in large part due to the cost savings after integrating the businesses the Company acquired during 2020.

Cash Balance and Capital

As of March 31, 2021, the Company had approximately \$21.0 million of cash.

2021 Full Year Guidance

CareCloud previously provided the following forward-looking guidance for the fiscal year ending December 31, 2021:

For the Fiscal Year Ending December 31, 2021
Forward-Looking Guidance

Revenue	\$133 – \$137 million
Adjusted EBITDA	\$22 – \$25 million

Bill Korn noted that “our first quarter revenue is in line with our projections to achieve full year 2021 revenue of approximately \$133 to \$137 million, which represents growth of 27% to 30% over 2020 revenue. This includes organic growth from new clients as well as cross-selling new services to existing clients. The year-over-year guidance also reflects the fact that revenue from the Meridian acquisition did not start until mid-June 2020.”

“We anticipate this will be our fifth consecutive year with annual revenue growth of 25% or more, a record few public companies have been able to achieve,” Bill Korn continued. “Revenue guidance is based on management’s expectations regarding revenues from existing clients and new clients acquired through organic growth and/or tuck-ins, but excludes the effects of any additional, material acquisitions.”

“Adjusted EBITDA is still expected to be \$22 to \$25 million for full year 2021, growth of 102% to 130% over 2020 adjusted EBITDA, as the Company realizes the benefits of cost-savings and a full-year of additional scale from the CareCloud and Meridian acquisitions in 2020,” said Bill Korn. “Between the revenue seasonality and the cost reductions which are in place, we are comfortable reaffirming our \$22 to \$25 million full year adjusted EBITDA guidance.”

Conference Call Information

CareCloud management will host a conference call today at 8:30 a.m. Eastern Time to discuss the first quarter 2021 results. The live webcast of the conference call **and related presentation slides** can be accessed under Events & Presentations at tir.carecloud.com/events/. An audio-only option is available by dialing 323-289-6581 and referencing

“CareCloud First Quarter 2021 Earnings Call.” Investors who opt for audio only will need to download the related slides at ir.carecloud.com/events/.

A replay of the conference call with slides will be available approximately one hour after conclusion of the call at the same [link](#). An audio replay can also be accessed by dialing 412-317-6671 and providing access code 6820470.

About CareCloud

CareCloud (Nasdaq: MTBC) (Nasdaq: MTBCP) brings disciplined innovation to the business of healthcare. Our suite of technology-enabled solutions helps clients increase financial and operational performance, streamline clinical workflows and improve the patient experience. More than 40,000 providers count on CareCloud to help them improve patient care while reducing administrative burdens and operating costs. Learn more about our products and services including revenue cycle management (RCM), practice management (PM), electronic health records (EHR), business intelligence, telehealth and patient experience management (PXM) at www.carecloud.com.

Follow CareCloud on [LinkedIn](#), [Twitter](#) and [Facebook](#).

For additional information, please visit our website at www.carecloud.com. To view CareCloud’s latest investor presentations, read recent press releases, and listen to interviews with management, please visit ir.carecloud.com.

Use of Non-GAAP Financial Measures

In our earnings releases, prepared remarks, conference calls, slide presentations, and webcasts, we use and discuss non-GAAP financial measures, as defined by SEC Regulation G. The GAAP financial measure most directly comparable to each non-GAAP financial measure used or discussed, and a reconciliation of the differences between each non-GAAP financial measure and the comparable GAAP financial measure, are included in this press release after the condensed consolidated financial statements. Our earnings press releases containing such non-GAAP reconciliations can be found in the Investor Relations section of our web site at ir.carecloud.com.

Forward-Looking Statements

This press release contains various forward-looking statements within the meaning of the federal securities laws. These statements relate to anticipated future events, future results of operations or future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may,” “might,” “will,” “should,” “intends,” “expects,” “plans,” “goals,” “projects,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” or “continue” or the negative of these terms or other comparable terminology.

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Our operations involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct. Forward-looking statements in this press release include, without limitation, statements reflecting management’s expectations for future financial performance and operating expenditures, expected growth, profitability and business outlook, the impact of the Covid-19 pandemic on our financial performance and business activities, and the expected results from the integration of our acquisitions.

These forward-looking statements are only predictions, are uncertain and involve substantial known and unknown risks, uncertainties and other factors which may cause our (or our industry’s) actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all of the risks and uncertainties that could have an impact on the forward-looking statements, including without limitation, risks and uncertainties relating to the Company’s ability to manage growth, migrate newly acquired customers and retain new and existing customers, maintain cost-effective global operations, increase operational efficiency and reduce operating costs, predict and properly adjust to changes in reimbursement and other industry regulations and trends, retain the services of key personnel, and other important risks and uncertainties referenced and discussed under the heading titled “Risk Factors” in the Company’s filings with the Securities and Exchange Commission. In addition, there is uncertainty about the spread of the Covid-19 virus and the impact it may have on the Company’s operations, the demand for the Company’s services, and economic activity in general.

The statements in this press release are made as of the date of this press release, even if subsequently made available by the Company on its website or otherwise. The Company does not assume any obligations to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

SOURCE CareCloud

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CARECLOUD, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(*\$ in thousands, except share and per share amounts*)

	<u>March 31,</u> <u>2021</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 20,995	\$ 20,925
Accounts receivable - net, of allowance for doubtful accounts of \$517 and \$522 at March 31, 2021 and December 31, 2020, respectively	12,419	12,089

Contract asset	4,375	4,105
Inventory	379	399
Current assets - related party	13	13
Prepaid expenses and other current assets	7,067	7,288
Total current assets	45,248	44,819
Property and equipment - net	5,323	4,921
Operating lease right-of-use assets	7,075	7,743
Intangible assets - net	29,166	29,978
Goodwill	49,291	49,291
Other assets	1,323	1,247
TOTAL ASSETS	\$ 137,426	\$ 137,999
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 4,734	\$ 6,461
Accrued compensation	2,040	2,590
Accrued expenses	10,215	8,501
Operating lease liability (current portion)	4,236	4,729
Deferred revenue (current portion)	1,225	1,173
Accrued liability to related party	1	1
Deferred payroll taxes	927	927
Notes payable (current portion)	167	401
Dividend payable	3,777	4,241
Total current liabilities	27,322	29,024
Notes payable	35	41
Deferred payroll taxes	927	927
Operating lease liability	5,220	6,297
Deferred revenue	285	305
Deferred tax liability	124	160
Total liabilities	33,913	36,754
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred stock, \$0.001 par value - authorized 7,000,000 shares at March 31, 2021 and December 31, 2020; issued and outstanding 5,502,961 and 5,475,279 shares at March 31, 2021 and December 31, 2020, respectively	6	5
Common stock, \$0.001 par value - authorized 29,000,000 shares at March 31, 2021 and December 31, 2020; issued 15,140,589 and 14,121,044 shares at March 31, 2021 and December 31, 2020, respectively; 14,399,790 and 13,380,245 shares outstanding at March 31, 2021 and December 31, 2020, respectively	15	14
Additional paid-in capital	140,666	136,781
Accumulated deficit	(35,853)	(33,889)
Accumulated other comprehensive loss	(659)	(1,004)
Less: 740,799 common shares held in treasury, at cost at March 31, 2021 and December 31, 2020	(662)	(662)
Total shareholders' equity	103,513	101,245
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 137,426	\$ 137,999

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CARECLOUD, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(\$ in thousands, except share and per share amounts)

	March 31,	
	2021	2020
NET REVENUE	\$ 29,768	\$ 21,867
OPERATING EXPENSES:		
Direct operating costs	18,060	13,567
Selling and marketing	1,890	1,581
General and administrative	5,624	5,593
Research and development	2,026	2,333
Depreciation and amortization	2,831	1,333
Impairment and unoccupied lease charges	1,018	297
Total operating expenses	31,449	24,704
OPERATING LOSS	(1,681)	(2,837)
OTHER:		
Interest income	15	38
Interest expense	(79)	(118)
Other (expense) income - net	(220)	445
LOSS BEFORE (BENEFIT) PROVISION FOR INCOME TAXES	(1,965)	(2,472)
Income tax (benefit) provision	(1)	30
NET LOSS	\$ (1,964)	\$ (2,502)
Preferred stock dividend	3,128	2,643
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (5,092)	\$ (5,145)
Net loss per common share: basic and diluted	\$ (0.36)	\$ (0.42)
Weighted-average common shares used to compute basic and diluted loss per share	14,084,749	12,310,818

CARECLOUD, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(\$ in thousands)

	2021	2020
OPERATING ACTIVITIES:		
Net loss	\$ (1,964)	\$ (2,502)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,945	1,504
Lease amortization	728	684
Deferred revenue	32	(89)
Provision for doubtful accounts	192	281
(Benefit) provision for deferred income taxes	(36)	15
Foreign exchange loss (gain)	143	(423)
Interest accretion	139	167
Gain on sale of assets	-	2
Stock-based compensation expense	1,267	1,307
Changes in operating assets and liabilities, net of businesses acquired:		
Accounts receivable	(522)	(302)
Contract asset	(270)	38
Inventory	20	5
Other assets	(10)	(110)
Accounts payable and other liabilities	(1,706)	(4,461)
Net cash provided by (used in) operating activities	<u>958</u>	<u>(3,884)</u>
INVESTING ACTIVITIES:		
Purchase of property and equipment	(695)	(539)
Capitalized software	(1,524)	(1,641)
Cash paid for acquisitions (net)	-	(11,853)
Net cash used in investing activities	<u>(2,219)</u>	<u>(14,033)</u>
FINANCING ACTIVITIES:		
Preferred stock dividends paid	(3,592)	(1,981)
Settlement of tax withholding obligations on stock issued to employees	(1,402)	(820)
Repayments of notes payable, net	(241)	(139)
Proceeds from exercise of warrants	6,392	-
Proceeds from line of credit	-	9,750
Net cash provided by financing activities	<u>1,157</u>	<u>6,810</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	<u>174</u>	<u>(492)</u>
NET INCREASE (DECREASE) IN CASH	<u>70</u>	<u>(11,599)</u>
CASH - beginning of the period	20,925	19,994
CASH - end of the period	<u>\$ 20,995</u>	<u>\$ 8,395</u>
SUPPLEMENTAL NONCASH INVESTING AND FINANCING ACTIVITIES:		
Preferred stock issued in connection with an acquisition	\$ -	\$ 19,000
Dividends declared, not paid	\$ 3,777	\$ 2,407
Warrants issued	\$ -	\$ 300
SUPPLEMENTAL INFORMATION - Cash paid during the period for:		
Income taxes	\$ 59	\$ 6
Interest	<u>\$ 16</u>	<u>\$ 41</u>

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RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
TO COMPARABLE GAAP MEASURES (UNAUDITED)

The following is a reconciliation of the non-GAAP financial measures used by us to describe our financial results determined in accordance with accounting principles generally accepted in the United States of America ("GAAP"). An explanation of these measures is also included below under the heading "Explanation of Non-GAAP Financial Measures."

While management believes that these non-GAAP financial measures provide useful supplemental information to investors regarding the underlying performance of our business operations, investors are reminded to consider these non-GAAP measures in addition to, and not as a substitute for, financial performance measures prepared in accordance with GAAP. In addition, it should be noted that these non-GAAP financial measures may be different from non-GAAP measures used by other companies, and management may utilize other measures to illustrate performance in the future. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP.

Adjusted EBITDA

Set forth below is a reconciliation of our "adjusted EBITDA" to our GAAP net loss.

	Three Months Ended March 31,	
	2021	2020
	(\$ in thousands)	
Net revenue	<u>\$ 29,768</u>	<u>\$ 21,867</u>

GAAP net loss	(1,964)	(2,502)
(Benefit) provision for income taxes	(1)	30
Net interest expense	64	80
Foreign exchange loss / other expense	244	(424)
Stock-based compensation expense	1,267	1,307
Depreciation and amortization	2,831	1,333
Transaction and integration costs	232	646
Impairment and unoccupied lease charges	1,018	297
Adjusted EBITDA	<u>\$ 3,691</u>	<u>\$ 767</u>

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Non-GAAP Adjusted Operating Income

Set forth below is a reconciliation of our non-GAAP “adjusted operating income” and non-GAAP “adjusted operating margin” to our GAAP operating loss and GAAP operating margin.

	Three Months Ended March 31,	
	2021	2020
	(\$ in thousands)	
Net revenue	\$ 29,768	\$ 21,867
GAAP net loss	(1,964)	(2,502)
(Benefit) provision for income taxes	(1)	30
Net interest expense	64	80
Other expense (income) - net	220	(445)
GAAP operating (loss) / income	(1,681)	(2,837)
GAAP operating margin	(5.6)%	(13.0)%
Stock-based compensation expense	1,267	1,307
Amortization of purchased intangible assets	2,135	1,015
Transaction and integration costs	232	646
Impairment and unoccupied lease charges	1,018	297
Non-GAAP adjusted operating income	<u>\$ 2,971</u>	<u>\$ 428</u>
Non-GAAP adjusted operating margin	10.0%	2.0%

Non-GAAP Adjusted Net Income

Set forth below is a reconciliation of our non-GAAP “adjusted net income” and non-GAAP “adjusted net income per share” to our GAAP net loss and GAAP net loss per share.

	Three Months Ended March 31,	
	2021	2020
	(\$ in thousands except for per share amounts)	
GAAP net loss	\$ (1,964)	\$ (2,502)
Foreign exchange loss / other expense	244	(424)
Stock-based compensation expense	1,267	1,307
Amortization of purchased intangible assets	2,135	1,015
Transaction and integration costs	232	646
Impairment and unoccupied lease charges	1,018	297
Income tax (benefit) expense related to goodwill	(36)	15
Non-GAAP adjusted net income	<u>\$ 2,896</u>	<u>\$ 354</u>
End-of-period shares	14,399,790	12,367,293
Non-GAAP adjusted net income per share	<u>\$ 0.20</u>	<u>\$ 0.03</u>

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For purposes of determining non-GAAP adjusted net income per share, we used the number of common shares outstanding as of March 31, 2021 and 2020.

	Three Months Ended March 31,	
	2021	2020
GAAP net loss attributable to common shareholders, per share	\$ (0.36)	\$ (0.42)
Impact of preferred stock dividend	0.22	0.22
Net loss per end-of-period share	(0.14)	(0.20)
Foreign exchange loss / other expense	0.02	(0.03)
Stock-based compensation expense	0.09	0.11
Amortization of purchased intangible assets	0.14	0.08
Transaction and integration costs	0.02	0.05
Impairment and unoccupied lease charges	0.07	0.02
Income tax (benefit) expense related to goodwill	(0.00)	0.00
Non-GAAP adjusted earnings per share	<u>\$ 0.20</u>	<u>\$ 0.03</u>

End-of-period common shares	14,399,790	12,367,293
In-the-money warrants and outstanding unvested RSUs	2,698,127	708,600
Total fully diluted shares	17,097,917	13,075,893
Non-GAAP adjusted diluted earnings per share	\$ 0.17	\$ 0.03

Explanation of Non-GAAP Financial Measures

We report our financial results in accordance with accounting principles generally accepted in the United States of America, or GAAP. However, management believes that, in order to properly understand our short-term and long-term financial and operational trends, investors may wish to consider the impact of certain non-cash or non-recurring items, when used as a supplement to financial performance measures in accordance with GAAP. These items result from facts and circumstances that vary in frequency and impact on continuing operations. Management also uses results of operations before such items to evaluate the operating performance of CareCloud and compare it against past periods, make operating decisions, and serve as a basis for strategic planning. These non-GAAP financial measures provide management with additional means to understand and evaluate the operating results and trends in our ongoing business by eliminating certain non-cash expenses and other items that management believes might otherwise make comparisons of our ongoing business with prior periods more difficult, obscure trends in ongoing operations, or reduce management's ability to make useful forecasts. Management believes that these non-GAAP financial measures provide additional means of evaluating period-over-period operating performance. In addition, management understands that some investors and financial analysts find this information helpful in analyzing our financial and operational performance and comparing this performance to our peers and competitors.

Management uses adjusted EBITDA, adjusted operating income, adjusted operating margin, and non-GAAP adjusted net income to provide an understanding of aspects of operating results before the impact of investing and financing charges and income taxes. Adjusted EBITDA may be useful to an investor in evaluating our operating performance and liquidity because this measure excludes non-cash expenses as well as expenses pertaining to investing or financing transactions. Management defines "adjusted EBITDA" as the sum of GAAP net income (loss) before provision for (benefit from) income taxes, net interest expense, other (income) expense, stock-based compensation expense, depreciation and amortization, integration costs, transaction costs, impairment charges and changes in contingent consideration.

Management defines "non-GAAP adjusted operating income" as the sum of GAAP operating income (loss) before stock-based compensation expense, amortization of purchased intangible assets, integration costs, transaction costs, impairment charges and changes in contingent consideration, and "non-GAAP adjusted operating margin" as non-GAAP adjusted operating income divided by net revenue.

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Management defines "non-GAAP adjusted net income" as the sum of GAAP net income (loss) before stock-based compensation expense, amortization of purchased intangible assets, other (income) expense, integration costs, transaction costs, impairment charges changes in contingent consideration, any tax impact related to these preceding items and income tax expense related to goodwill, and "non-GAAP adjusted net income per share" as non-GAAP adjusted net income divided by common shares outstanding at the end of the period, including the shares which were issued but are subject to forfeiture and considered contingent consideration.

Management considers all of these non-GAAP financial measures to be important indicators of our operational strength and performance of our business and a good measure of our historical operating trends, in particular the extent to which ongoing operations impact our overall financial performance.

In addition to items routinely excluded from non-GAAP EBITDA, management excludes or adjusts each of the items identified below from the applicable non-GAAP financial measure referenced above for the reasons set forth with respect to that excluded item:

Foreign exchange / other expense. Other expense is excluded because foreign currency gains and losses and other non-operating expenses are expenditures that management does not consider part of ongoing operating results when assessing the performance of our business, and also because the total amount of the expense is partially outside of our control. Foreign currency gains and losses are based on global market factors which are unrelated to our performance during the period in which the gains and losses are recorded.

Stock-based compensation expense. Stock-based compensation expense is excluded because this is primarily a non-cash expenditure that management does not consider part of ongoing operating results when assessing the performance of our business, and also because the total amount of the expenditure is partially outside of our control because it is based on factors such as stock price, volatility, and interest rates, which may be unrelated to our performance during the period in which the expenses are incurred. Stock-based compensation expense includes cash-settled awards based on changes in the stock price.

Amortization of purchased intangible assets. Purchased intangible assets are amortized over their estimated useful lives and generally cannot be changed or influenced by management after the acquisition. Accordingly, this item is not considered by management in making operating decisions. Management does not believe such charges accurately reflect the performance of our ongoing operations for the period in which such charges are recorded.

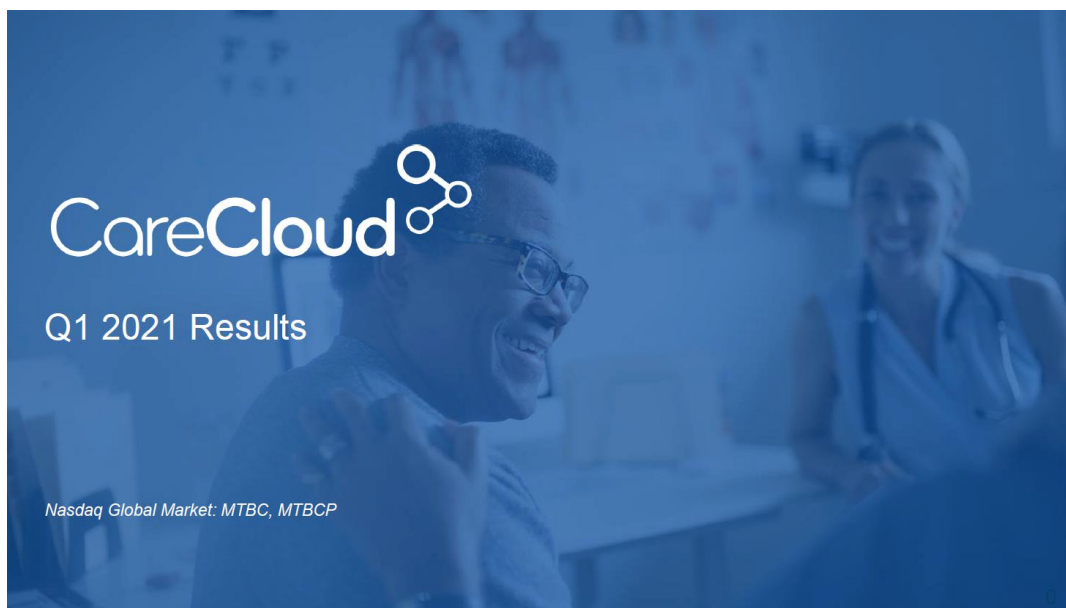
Transaction costs. Transaction costs are upfront costs related to acquisitions and related transactions, such as brokerage fees, pre-acquisition accounting costs and legal fees, and other upfront costs related to specific transactions. Management believes that such expenses do not have a direct correlation to future business operations, and therefore, these costs are not considered by management in making operating decisions. Management does not believe such charges accurately reflect the performance of our ongoing operations for the period in which such charges are incurred.

Integration costs. Integration costs are severance payments for certain employees relating to our acquisitions and exit costs related to terminating leases and other contractual agreements. Accordingly, management believes that such expenses do not have a direct correlation to future business operations, and therefore, these costs are not considered by management in making operating decisions. Management does not believe such charges accurately reflect the performance of our ongoing operations for the period in which such charges are incurred.

Impairment and unoccupied lease charges. Impairment charges primarily represent remaining lease and termination fees associated with discontinued facilities and a non-cancellable vendor contract where the services are no longer being used. Unoccupied lease charges represent the portion of lease and related costs for vacant space not being utilized by the Company. Accordingly, management believes that such expenses do not have a direct correlation to future business operations, and therefore, these costs are not considered by management in making operating decisions. Management does not believe such charges accurately reflect the performance of our ongoing operations for the period in which such charges are incurred.

Income tax expense (benefit) related to goodwill. Income tax expense (benefit) resulting from the amortization of goodwill related to our acquisitions represents a charge (benefit) to record the tax effect resulting from amortizing goodwill over 15 years for tax purposes. Goodwill is not amortized for GAAP reporting. This expense is not anticipated to result in a cash payment.

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Safe Harbor Statements



This presentation contains forward-looking statements within the meaning of the federal securities laws. These statements relate to anticipated future events, future results of operations or future financial performance. In some cases, you can identify forward-looking statements by terminology such as "anticipate," "believe," "continue," "could," "estimate," "expect," "goals," "intend," "likely," "may," "might," "plan," "potential," "predict," "project," "should," "will" or the negative of these terms or other similar terms and phrases.

Our operations involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct. Forward-looking statements in this presentation include, without limitation, statements reflecting management's expectations for future financial performance and operating expenditures, expected growth, including our ability to continue as a going concern, to raise additional capital and to succeed in our future operations, profitability and business outlook, increased sales and marketing expenses, and the expected results from the integration of our acquisitions.

Forward-looking statements are only current predictions and are subject to substantial known and unknown risks, uncertainties, and other factors that may cause our (or our industry's) actual results, levels of activity, performance, or achievements to be materially different from those anticipated by such statements. These factors include our ability to:

- Manage our growth, including acquiring, partnering with, and effectively integrating the recent acquisitions of Meridian Medical Management, CareCloud Corporation (a company we purchased in January 2020 and whose name we took) and other acquired businesses into our infrastructure and avoiding legal exposure and liabilities associated with acquired companies and assets;
- Retain our clients and revenue levels, including effectively migrating new clients and maintaining or growing the revenue levels of our new and existing clients;
- Maintain operations in Pakistan and Sri Lanka in a manner that continues to enable us to offer competitively priced products and services;
- Keep pace with a rapidly changing healthcare industry;
- Consistently achieve and maintain compliance with a myriad of federal, state, foreign, local, payor and industry requirements, regulations, rules, laws and contracts;
- Maintain and protect the privacy of confidential and protected Company, client and patient information;
- Develop new technologies, upgrade and adapt legacy and acquired technologies to work with evolving industry standards and third-party software platforms and technologies, and protect and enforce all of these and other intellectual property rights;
- Attract and retain key officers and employees, and the continued involvement of Mahmud Haq as Executive Chairman and A. Hadi Chaudhry as Chief Executive Officer, all of which are critical to our ongoing operations, growing our business and integrating of our newly acquired businesses;
- Comply with covenants contained in our credit agreement with our senior secured lender, Silicon Valley Bank and other future debt facilities;
- Pay our monthly preferred dividends to the holders of our Series A Preferred Stock;
- Compete with other companies developing products and selling services competitive with ours, and who may have greater resources and name recognition than we have;
- Respond to the uncertainty resulting from the recent spread of the Covid-19 pandemic and the impact it may have on our operations, the demand for our services, and economic activity in general, and
- Keep and increase market acceptance of our products and services.

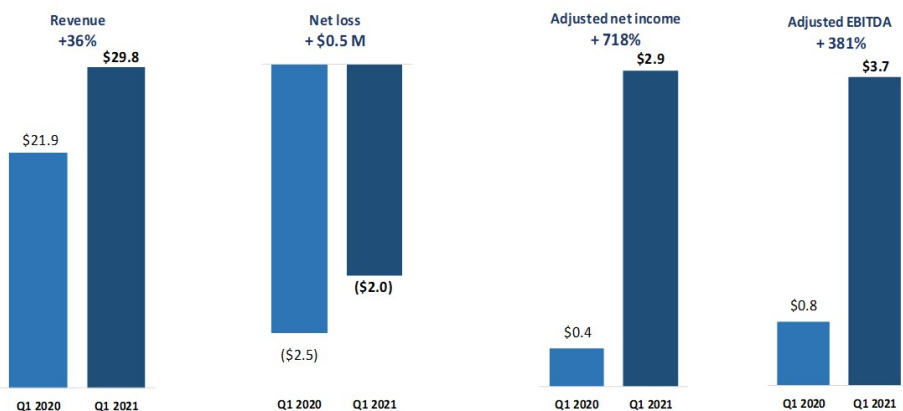
Although we believe that the expectations reflected in the forward-looking statements contained in this presentation are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements.

In our earnings releases, prepared remarks, conference calls, slide presentations, and webcasts, we may use or discuss non-GAAP financial measures, as defined by SEC Regulation G. The GAAP financial measure most directly comparable to each non-GAAP financial measure used or discussed, and a reconciliation of the differences between each non-GAAP financial measure and the comparable GAAP financial measure, are included in the Appendix to this presentation. Our earnings press releases containing such non-GAAP reconciliations can be found in the Investor Relations section of our web site at www.carecloud.com.

The statements in this presentation are made as of the date of this presentation, and the Company does not assume any obligations to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

Mahmud Haq	Executive Chairman
Stephen Snyder	Chief Strategy Officer
A. Hadi Chaudhry	CEO and President
Bill Korn	Chief Financial Officer
Kim Blanche	General Counsel

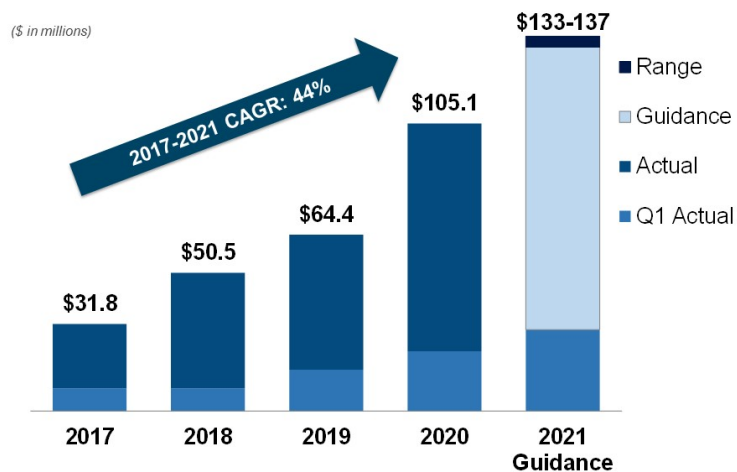
Q1 2021 Highlights



(\$ in millions. Percent change reflects 2020 to 2021)

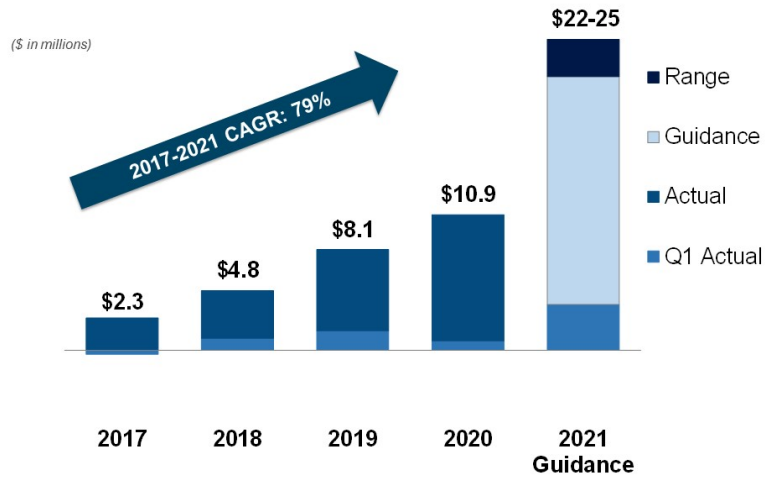
See reconciliations of non-GAAP results in the Appendix

Revenue Growth 2017 – 2020 plus 2021 Guidance



Investors are cautioned that such statements involve risks and uncertainties that could cause actual results to differ materially from anticipated results

Adjusted EBITDA Growth 2017 – 2020 plus 2021 Guidance



Investors are cautioned that such statements involve risks and uncertainties that could cause actual results to differ materially from anticipated results

See reconciliations of non-GAAP results in the Appendix

Thank you!



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Appendix

Non-GAAP Financial Measures Reconciliation



(\$000s)	Adjusted EBITDA		2017	2018	2019	2020	Q1 2020	Q1 2021				
Net loss	\$	(5,565)	\$	(2,138)	\$	(872)	\$	(8,813)	\$	(2,502)	\$	(1,964)
Provision (benefit) for income taxes		68	(157)	193	103		30	(1)				
Net interest expense		1,307	250	121	446		80	64				
Foreign exchange / other expense		(249)	(435)	827	71		(424)	244				
Stock-based compensation expense		1,487	2,464	3,215	6,502		1,307	1,267				
Depreciation and amortization		4,300	2,854	3,006	9,905		1,333	2,831				
Transaction and integration costs		515	1,891	1,736	2,694		646	232				
Restructuring, impairment & unoccupied lease charges		276	-	219	963		297	1,018				
Change in contingent consideration		152	73	(344)	(1,000)		-	-				
Adjusted EBITDA	\$	2,291	\$	4,802	\$	8,101	\$	10,871	\$	767	\$	3,691

(\$000s)	Adjusted net income		2017	2018	2019	2020	Q1 2020	Q1 2021				
Net loss	\$	(5,565)	\$	(2,138)	\$	(872)	\$	(8,813)	\$	(2,502)	\$	(1,964)
Foreign exchange / other expense		(249)	(435)	827	71		(424)	244				
Stock-based compensation expense		1,487	2,464	3,215	6,502		1,307	1,267				
Amortization of purchased intangible assets		3,393	1,828	1,877	8,127		1,015	2,135				
Transaction and integration costs		515	1,891	1,736	2,694		646	232				
Restructuring, impairment & unoccupied lease charges		276	-	219	963		297	1,018				
Change in contingent consideration		152	73	(344)	(1,000)		-	-				
Income tax expense (benefit) related to goodwill		27	(208)	80	(85)		15	(36)				
Non-GAAP Adjusted Net Income	\$	36	\$	3,475	\$	6,738	\$	8,459	\$	354	\$	2,896

See the Company's Annual Reports on Form 10-K for the years 2018, 2019 and 2020, filed under MTBC, Inc. and its 10-Q for first quarter 2021

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