# 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): November 3, 2022

# CARECLOUD, INC.
(Exact name of registrant as specified in its charter)

| **Delaware** | **001-36529** | **22-3832302** |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (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:

| Title of each class | Trading Symbol(s) | Name of exchange on which registered |
|---|---|---|
| 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 |
| 8.75% Series B Cumulative Redeemable Perpetual Preferred Stock, par value $0.001 per share | MTBCO | 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 November 3, 2022, 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 November 3, 2022, 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 November 3, 2022.

Exhibit 99.2 Slide presentation dated November 3, 2022.

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

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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.

**CareCloud, Inc.**

Date: November 3, 2022

By: */s/ A. Hadi Chaudhry*
A. Hadi Chaudhry
Chief Executive Officer

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**Exhibit 99.1**

**CareCloud Reports Third Quarter 2022 Results**

**SOMERSET, N.J., November 3, 2022** (GLOBE NEWSWIRE) – CareCloud, Inc. (the "Company" or "CareCloud") (Nasdaq: MTBC, MTBCO, MTBCP), a leader in healthcare technology solutions for medical practices and health systems nationwide, today announced financial and operational results for the quarter ended September 30, 2022. 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.

**Year-to-date 2022 Highlights**

- Revenue of $106.3 million, a 4% increase from the same period in 2021
- GAAP net income of $4.9 million, compared to a net loss of $686,000 in the same period last year
- Adjusted net income of $12.4 million, or $0.81 per share
- Adjusted EBITDA of $16.6 million, an increase of $546,000 from $16.0 million in the same period last year

**Third Quarter 2022 Highlights**

- Revenue of $33.7 million, a 12% decline from Q3 2021
- GAAP net income of $1.1 million, compared to net income of $1.5 million in Q3 2021
- Adjusted net income of $3.3 million, or $0.21 per share
- Adjusted EBITDA of $4.8 million, compared to $6.7 million in Q3 2021

"We are pleased to have set a new record for organic, recurring bookings in Q3, surpassing the record we set during Q2," said A. Hadi Chaudhry, CareCloud's Chief Executive Officer and President. "During Q3 we signed significant contracts which we expect will generate $7.1 million of annual recurring revenues, for a total of $14.3 million so far this year, surpassing any full year in our history. We also launched CareCloud Wellness, providing chronic care management and remote patient monitoring services. This gives our physicians the opportunity to enhance their patients' healthcare and earn fees for services we provide, while giving us a great channel for cross-selling to boost our organic growth."

**Third Quarter 2022 Financial Results**

Revenue for the third quarter 2022 was $33.7 million, a decrease of $4.6 million or 12% from the third quarter of 2021. "During the third quarter, two large hospital clients from one of our 2020 acquisitions completed integrations with larger health systems. As a result, they ramped down their activities with us, which resulted in lower revenue for CareCloud," said Bill Korn, CareCloud's Chief Financial Officer.

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"Third quarter 2022 GAAP net income was $1.1 million, compared to net income of $1.5 million in the same period last year, and our fifth consecutive quarter with GAAP net income of $1 million or more," Bill Korn, CareCloud's Chief Financial Officer remarked.

GAAP net loss was $0.18 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 third quarter 2022 was $3.3 million or $0.21 per share, calculated using the end-of-period common shares outstanding.

Adjusted EBITDA for third quarter 2022 was $4.8 million, or 14% of revenue, compared to $6.7 million in the same period last year.

***Year-to-date 2022 Financial Results***

Revenue for the first nine months of 2022 was $106.3 million, an increase of 4% compared to $102.1 million in the first nine months of 2021.

Bill Korn remarked, "Approximately 84% of our revenue for the first nine months of 2022 involved the use of our technology, including clients using our core technology suite, one component of our technology, or clients where we are providing IT services utilizing our technology processes and know-how. Another 4% of revenue came from clients where we are providing solely revenue cycle management services, 10% of revenue is from clients where we are managing their entire medical practice, and approximately 2% of revenue comes from other services."

For the first nine months of 2022, the Company's GAAP net income was $4.9 million, compared to a GAAP net loss of $686,000 in the first nine months of 2021. This equates to a loss of $0.45 per share after subtracting the preferred share dividends.

Non-GAAP adjusted net income for the first nine months of 2022 was $12.4 million, or $0.81 per share.

During this period, our adjusted EBITDA was $16.6 million, an increase of $546,000 or 3% from $16.0 million in the same period last year.

***Cash Balances and Capital***

As of September 30, 2022, the Company had approximately $4.9 million of cash, of which $1.0 million was restricted cash related to last year's medSR acquisition. During the first nine months of 2022, cash flow from operations was approximately $15.1 million.

***2022 Full Year Guidance***

CareCloud is reiterating its forward-looking guidance for the fiscal year ending December 31, 2022:

| For the Fiscal Year Ending December 31, 2022<br>Forward-Looking Guidance | |
|---|---|
| Revenue | $140 – $143 million |
| Adjusted EBITDA | $22 – $24 million |

The Company expects 2022 revenue to be in the range of $140 - $143 million, and adjusted EBITDA to be in the range of $22 - $24 million.

**Conference Call Information**

CareCloud management will host a conference call today at 8:30 a.m. Eastern Time to discuss the third quarter 2022 results. The live webcast of the conference call ***and related presentation slides*** can be accessed under News & Events, then IR Calendar at ir.carecloud.com/events/. An audio-only option is available by dialing 848-280-6550 and referencing "CareCloud Third Quarter 2022 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 152423.

**About CareCloud**

CareCloud (Nasdaq: MTBC, MTBCO, 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 practice management (PM), electronic health records (EHR), business intelligence, telehealth, revenue cycle management (RCM), medical office practice management 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 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 safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. 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," "shall," "should," "could," "intends," "expects," "plans," "goals," "projects," "anticipates," "believes," "seeks," "estimates," "forecasts," "predicts," "possible," "potential," "target," or "continue" or the negative of these terms or other comparable terminology.

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 neither historical facts nor assurances of future performance. Instead, they 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, develop new technologies, upgrade and adapt legacy and acquired technologies to work with evolving industry standards, compete with other companies' products and services competitive with ours, 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.**
**CONSOLIDATED BALANCE SHEETS**
($ in thousands, except share and per share amounts)

| | September 30, 2022 (Unaudited) | December 31, 2021 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash | $ 3,867 | $ 9,340 |
| Restricted cash | 1,000 | 1,000 |
| Accounts receivable - net of allowance for doubtful accounts of $660 and $537 at September 30, 2022 and December 31, 2021, respectively | 16,281 | 17,006 |
| Contract asset | 4,407 | 4,725 |
| Inventory | 418 | 503 |
| Current assets - related party | 16 | 13 |
| Prepaid expenses and other current assets | 3,694 | 2,972 |
| Total current assets | 29,683 | 35,559 |
| Property and equipment - net | 5,102 | 5,404 |
| Operating lease right-of-use assets | 4,679 | 6,940 |
| Intangible assets - net | 29,759 | 30,778 |
| Goodwill | 61,186 | 61,186 |
| Other assets | 787 | 981 |
| TOTAL ASSETS | $ 131,196 | $ 140,848 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | $ 4,568 | $ 5,948 |
| Accrued compensation | 3,963 | 4,251 |
| Accrued expenses | 5,322 | 5,091 |
| Operating lease liability (current portion) | 2,554 | 3,963 |
| Deferred revenue (current portion) | 1,417 | 1,085 |
| Deferred payroll taxes | 934 | 934 |
| Notes payable (current portion) | 552 | 344 |
| Contingent consideration (current portion) | 200 | 3,090 |
| Dividend payable | 4,040 | 3,856 |
| Consideration payable | 1,000 | 1,000 |
| Total current liabilities | 24,550 | 29,562 |
| Notes payable | 14 | 20 |
| Borrowings under line of credit | - | 8,000 |
| Operating lease liability | 2,907 | 4,545 |
| Deferred revenue | 390 | 341 |
| Deferred tax liability | 511 | 449 |
| Total liabilities | 28,372 | 42,917 |
| COMMITMENTS AND CONTINGENCIES | | |
| SHAREHOLDERS' EQUITY: | | |
| Preferred stock, $0.001 par value - authorized 7,000,000 shares. Series A, issued and outstanding 4,526,231 and 5,299,227 shares at September 30, 2022 and December 31, 2021, respectively. Series B, issued and outstanding 1,309,216 shares at September 30, 2022 | 6 | 5 |
| Common stock, $0.001 par value - authorized 35,000,000 shares. Issued 15,951,935 and 15,657,641 shares at September 30, 2022 and December 31, 2021, respectively. Outstanding 15,211,136 and 14,916,842 shares at September 30, 2022 and December 31, 2021, respectively | 16 | 16 |
| Additional paid-in capital | 133,120 | 131,379 |
| Accumulated deficit | (26,120) | (31,053) |
| Accumulated other comprehensive loss | (3,536) | (1,754) |
| Less: 740,799 common shares held in treasury, at cost at September 30, 2022 and December 31, 2021 | (662) | (662) |
| Total shareholders' equity | 102,824 | 97,931 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | $ 131,196 | $ 140,848 |



**CARECLOUD, INC.**
**CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**
($ in thousands, except share and per share amounts)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| NET REVENUE | $ 33,723 | $ 38,304 | $ 106,292 | $ 102,137 |
| OPERATING EXPENSES: | | | | |
| Direct operating costs | 20,406 | 24,124 | 64,866 | 62,719 |
| Selling and marketing | 2,504 | 2,375 | 7,314 | 6,469 |
| General and administrative | 6,500 | 5,921 | 18,479 | 17,814 |
| Research and development | 1,168 | 488 | 3,251 | 4,328 |
| Change in contingent consideration | (1,660) | - | (2,890) | - |
| Depreciation and amortization | 2,810 | 3,547 | 8,686 | 9,505 |
| Net loss on lease termination, impairment and unoccupied lease charges | 307 | 424 | 928 | 1,664 |
| Total operating expenses | 32,035 | 36,879 | 100,634 | 102,499 |
| OPERATING INCOME (LOSS) | 1,688 | 1,425 | 5,658 | (362) |
| OTHER: | | | | |
| Interest income | 14 | 4 | 22 | 10 |
| Interest expense | (96) | (91) | (303) | (274) |
| Other expense - net | (495) | (65) | (300) | (80) |

| | | | | |
|---|---|---|---|---|
| INCOME (LOSS) BEFORE PROVISION (BENEFIT) FOR INCOME TAXES | 1,111 | 1,273 | 5,077 | (706) |
| Income tax provision (benefit) | 55 | (232) | 144 | (20) |
| NET INCOME (LOSS) | $ 1,056 | $ 1,505 | $ 4,933 | $ (686) |
| | | | | |
| Preferred stock dividend | 3,849 | 3,642 | 11,662 | 10,408 |
| NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS | $ (2,793) | $ (2,137) | $ (6,729) | $ (11,094) |
| | | | | |
| Net loss per common share: basic and diluted | $ (0.18) | $ (0.15) | $ (0.45) | $ (0.77) |
| Weighted-average common shares used to compute basic and diluted loss per share | 15,148,721 | 14,737,103 | 15,070,913 | 14,419,968 |



**CARECLOUD, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**
($ in thousands)

| | 2022 | 2021 |
|---|---|---|
| OPERATING ACTIVITIES: | | |
| Net income (loss) | $ 4,933 | $ (686) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation and amortization | 9,120 | 9,853 |
| Lease amortization | 2,474 | 2,191 |
| Deferred revenue | 381 | (193) |
| Provision for doubtful accounts | 715 | 465 |
| Provision for deferred income taxes | 62 | 140 |
| Foreign exchange loss (gain) | 238 | (87) |
| Interest accretion | 460 | 599 |
| Stock-based compensation expense | 3,399 | 4,006 |
| Change in contingent consideration | (2,890) | - |
| Adjustment of goodwill | - | 36 |
| Changes in operating assets and liabilities, net of businesses acquired: | | |
| Accounts receivable | 10 | (1,363) |
| Contract asset | 318 | (556) |
| Inventory | 85 | (101) |
| Other assets | 62 | (135) |
| Accounts payable and other liabilities | (4,264) | (6,959) |
| Net cash provided by operating activities | 15,103 | 7,210 |
| INVESTING ACTIVITIES: | | |
| Purchase of property and equipment | (2,156) | (1,992) |
| Capitalized software | (6,967) | (5,277) |
| Cash paid for acquisitions (net) | - | (12,582) |
| Net cash used in investing activities | (9,123) | (19,851) |
| FINANCING ACTIVITIES: | | |
| Preferred stock dividends paid | (11,478) | (10,806) |
| Settlement of tax withholding obligations on stock issued to employees | (1,140) | (2,096) |
| Repayments of notes payable, net | (769) | (745) |
| Stock issuance costs | (32) | (43) |
| Proceeds from exercise of warrants | - | 6,434 |
| Proceeds from issuance of Series B Preferred Stock, net of expenses | 30,280 | - |
| Proceeds from issuance of common stock, net of expenses | - | 2,528 |
| Redemption of Series A Preferred Stock | (20,005) | - |
| Proceeds from line of credit | 17,500 | 11,000 |
| Repayment of line of credit | (25,500) | (5,000) |
| Net cash (used in) provided by financing activities | (11,144) | 1,272 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH | (309) | (243) |
| NET DECREASE IN CASH AND RESTRICTED CASH | (5,473) | (11,612) |
| CASH AND RESTRICTED CASH - Beginning of the period | 10,340 | 20,925 |
| CASH AND RESTRICTED CASH - End of the period | $ 4,867 | $ 9,313 |
| SUPPLEMENTAL NONCASH INVESTING AND FINANCING ACTIVITIES: | | |
| Preferred stock cancelled in connection with an acquisition | $ - | $ (4,000) |
| Contingent consideration | $ - | $ 6,500 |
| Dividends declared, not paid | $ 4,040 | $ 3,843 |
| Purchase of prepaid insurance with assumption of note | $ 695 | $ 967 |
| SUPPLEMENTAL INFORMATION - Cash paid during the period for: | | |
| Income taxes | $ 128 | $ 237 |
| Interest | $ 125 | $ 55 |



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 to GAAP Net Income (Loss)**

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | ($ in thousands) | | | |
| Net revenue | $ 33,723 | $ 38,304 | $ 106,292 | $ 102,137 |
| GAAP net income (loss) | 1,056 | 1,505 | 4,933 | (686) |
| Provision (benefit) for income taxes | 55 | (232) | 144 | (20) |
| Net interest expense | 82 | 87 | 281 | 264 |
| Foreign exchange loss / other expense | 523 | 70 | 359 | 167 |
| Stock-based compensation expense | 1,328 | 1,004 | 3,399 | 4,006 |
| Depreciation and amortization | 2,810 | 3,547 | 8,686 | 9,505 |
| Transaction and integration costs | 316 | 269 | 724 | 1,118 |
| Net loss on lease termination, impairment and unoccupied lease charges | 307 | 424 | 928 | 1,664 |
| Change in contingent consideration | (1,660) | - | (2,890) | - |
| Adjusted EBITDA | **$ 4,817** | **$ 6,674** | **$ 16,564** | **$ 16,018** |



**Non-GAAP Adjusted Operating Income to GAAP Operating Income (Loss)**

Set forth below is a reconciliation of our non-GAAP "adjusted operating income" and non-GAAP "adjusted operating margin" to our GAAP operating income (loss) and GAAP operating margin.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | ($ in thousands) | | | |
| Net revenue | $ 33,723 | $ 38,304 | $ 106,292 | $ 102,137 |
| GAAP net income (loss) | 1,056 | 1,505 | 4,933 | (686) |
| Provision (benefit) for income taxes | 55 | (232) | 144 | (20) |
| Net interest expense | 82 | 87 | 281 | 264 |
| Other expense - net | 495 | 65 | 300 | 80 |
| GAAP operating income (loss) | 1,688 | 1,425 | 5,658 | (362) |
| GAAP operating margin | 5.0% | 3.7% | 5.3% | (0.4)% |
| Stock-based compensation expense | 1,328 | 1,004 | 3,399 | 4,006 |
| Amortization of purchased intangible assets | 1,428 | 2,768 | 4,884 | 7,079 |
| Transaction and integration costs | 316 | 269 | 724 | 1,118 |
| Net loss on lease termination, impairment and unoccupied lease charges | 307 | 424 | 928 | 1,664 |
| Change in contingent consideration | (1,660) | - | (2,890) | - |
| Non-GAAP adjusted operating income | **$ 3,407** | **$ 5,890** | **$ 12,703** | **$ 13,505** |
| Non-GAAP adjusted operating margin | 10.1% | 15.4% | 12.0% | 13.2% |

**Non-GAAP Adjusted Net Income to GAAP Net Income (Loss)**

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 income (loss) and GAAP net loss per share.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | ($ in thousands, except for per share amounts) | | | |
| GAAP net income (loss) | $ 1,056 | $ 1,505 | $ 4,933 | $ (686) |
| Foreign exchange loss / other expense | 523 | 70 | 359 | 167 |
| Stock-based compensation expense | 1,328 | 1,004 | 3,399 | 4,006 |
| Amortization of purchased intangible assets | 1,428 | 2,768 | 4,884 | 7,079 |
| Transaction and integration costs | 316 | 269 | 724 | 1,118 |
| Net loss on lease termination, impairment and unoccupied lease charges | 307 | 424 | 928 | 1,664 |
| Change in contingent consideration | (1,660) | - | (2,890) | - |
| Income tax expense related to goodwill | 35 | 13 | 61 | 140 |
| Non-GAAP adjusted net income | **$ 3,333** | **$ 6,053** | **$ 12,398** | **$ 13,488** |
| End-of-period shares | 15,211,136 | 14,873,411 | 15,211,136 | 14,873,411 |

| | | | | |
|---|---|---|---|---|
| Non-GAAP adjusted net income per share | **$ 0.21** | **$ 0.41** | **$ 0.81** | **$ 0.91** |

For purposes of determining non-GAAP adjusted net income per share, we used the number of common shares outstanding as of September 30, 2022 and 2021.



| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| GAAP net loss attributable to common shareholders, per share | $ (0.18) | $ (0.15) | $ (0.45) | $ (0.77) |
| Impact of preferred stock dividend | 0.25 | 0.25 | 0.78 | 0.72 |
| Net income (loss) per end-of-period share | 0.07 | 0.10 | 0.33 | (0.05) |
| | | | | |
| Foreign exchange loss / other expense | 0.03 | 0.00 | 0.02 | 0.01 |
| Stock-based compensation expense | 0.09 | 0.07 | 0.23 | 0.27 |
| Amortization of purchased intangible assets | 0.09 | 0.19 | 0.31 | 0.48 |
| Transaction and integration costs | 0.02 | 0.02 | 0.05 | 0.08 |
| Net loss on lease termination, impairment and unoccupied lease charges | 0.02 | 0.03 | 0.06 | 0.11 |
| Change in contingent consideration | (0.11) | 0.00 | (0.19) | 0.00 |
| Income tax expense related to goodwill | 0.00 | 0.00 | 0.00 | 0.01 |
| Non-GAAP adjusted earnings per share | **$ 0.21** | **$ 0.41** | **$ 0.81** | **$ 0.91** |
| | | | | |
| End-of-period common shares | 15,211,136 | 14,873,411 | 15,211,136 | 14,873,411 |
| In-the-money warrants and outstanding unvested RSUs | 605,526 | 2,432,636 | 605,526 | 2,432,636 |
| Total fully diluted shares | 15,816,662 | 17,306,047 | 15,816,662 | 17,306,047 |
| Non-GAAP adjusted diluted earnings per share | **$ 0.21** | **$ 0.35** | **$ 0.78** | **$ 0.78** |

**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.

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.

*Net loss on lease termination, impairment and unoccupied lease charges.* Net loss on lease termination represents the write-off of leasehold improvements and gains or losses as a result of early lease terminations. 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.

*Change in contingent consideration.* Contingent consideration represents the amount payable to the sellers of certain acquired businesses based on the achievement of defined performance measures contained in the purchase agreements. Contingent consideration is adjusted to fair value at the end of each reporting period, and changes arise from changes in the forecasted revenues and profitability of the acquired businesses.

*Income tax (benefit) expense related to goodwill.* Income tax (benefit) expense 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.

Exhibit 99.2

# Q3 2022 Results

*Nasdaq Global Market: MTBC, MTBCP, MTBCO*

# 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 "may," "might," "will," "shall," "should," "could," "intends," "expects," "plans," "goals," "projects," "anticipates," "believes," "seeks," "estimates," "forecasts," "predicts," "possible," "potential," "target," or "continue" 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 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 our offshore offices 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 and President, 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 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 ongoing Covid-19 pandemic and the impact it may have on our operations, the demand for our services, our projected results of operations, financial performance or other financial metrics or any of the foregoing risks and economic activity in general;
- Keep and increase market acceptance of our products and services;
- Respond to changes in domestic and foreign business, market, financial, political and legal conditions; and
- Respond to other factors disclosed in this Quarterly Report on Form 10-Q or our other filings with the SEC.

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 this presentation, we disclose certain non-GAAP historical and projected financial measures, including Adjusted EBITDA. We believe that these non-GAAP financial measures provide useful information to both management and investors by excluding certain items and expenses that are not indicative of our core operating results or do not reflect our normal business operations. Our use of non-GAAP financial measures has certain limitations in that such non-GAAP financial measures may not be directly comparable to those reported by other companies. We seek to compensate for the limitation of our non-GAAP presentation by providing a detailed reconciliation of the non-GAAP financial measures to the most directly comparable U.S. GAAP measures. Investors are encouraged to review the related U.S. GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable U.S. GAAP financial measures.

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.


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# Hosts for CareCloud Third Quarter 2022 Earnings Call

**Mahmud Haq**
Executive Chairman

**A. Hadi Chaudhry**
CEO and President

**Bill Korn**
Chief Financial Officer

**Nathalie Garcia**
Associate General Counsel


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# Hadi Chaudhry

CEO and President

CareCloud

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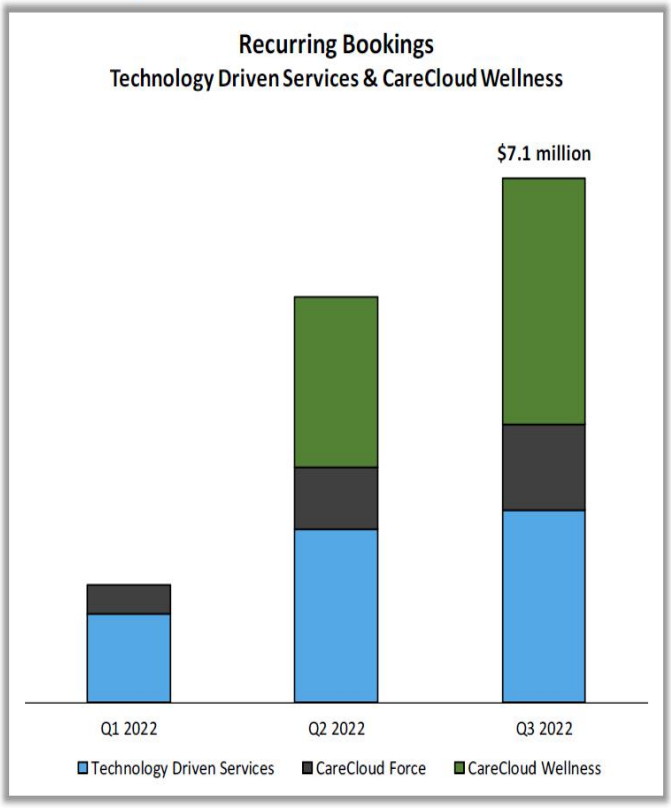
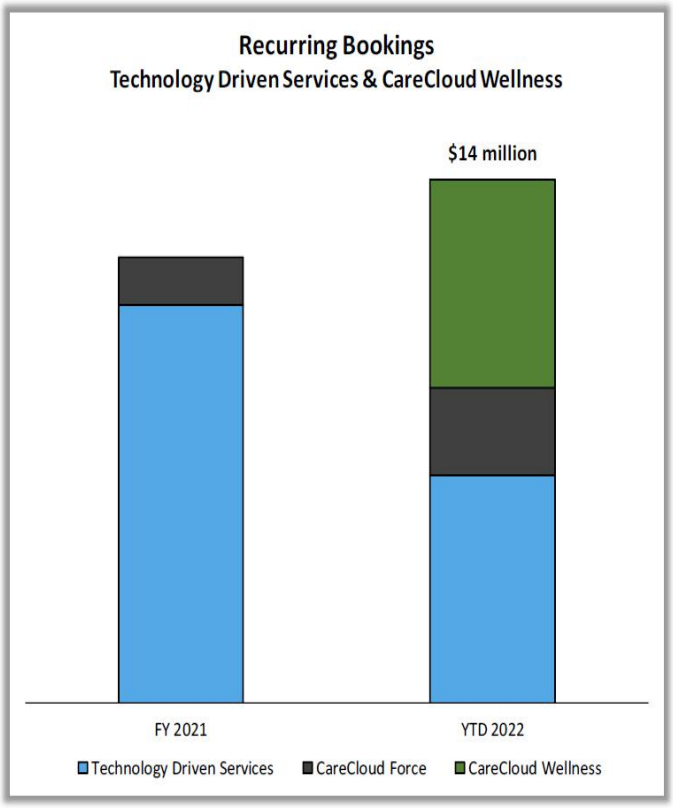
# Bookings & CareCloud Wellness





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# CareCloud Wellness



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## Brand Recognition and Awareness


Best in KLAS – featured small practice ambulatory EMR/PM in 2022 – Considered the "Consumer Reports" for healthcare IT


Business.com – Best medical billing software for large practices


FeaturedCustomers – highest rated practice management software


SelectHub – Ranked top 10 billing software leaders by analyst ratings


Forbes Advisor – Reviewed as user friendly end-to-end solution for medical offices


EHR Guide – Reviewed as integrated PM and RCM solution


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# Bill Korn

Chief Financial Officer

CareCloud

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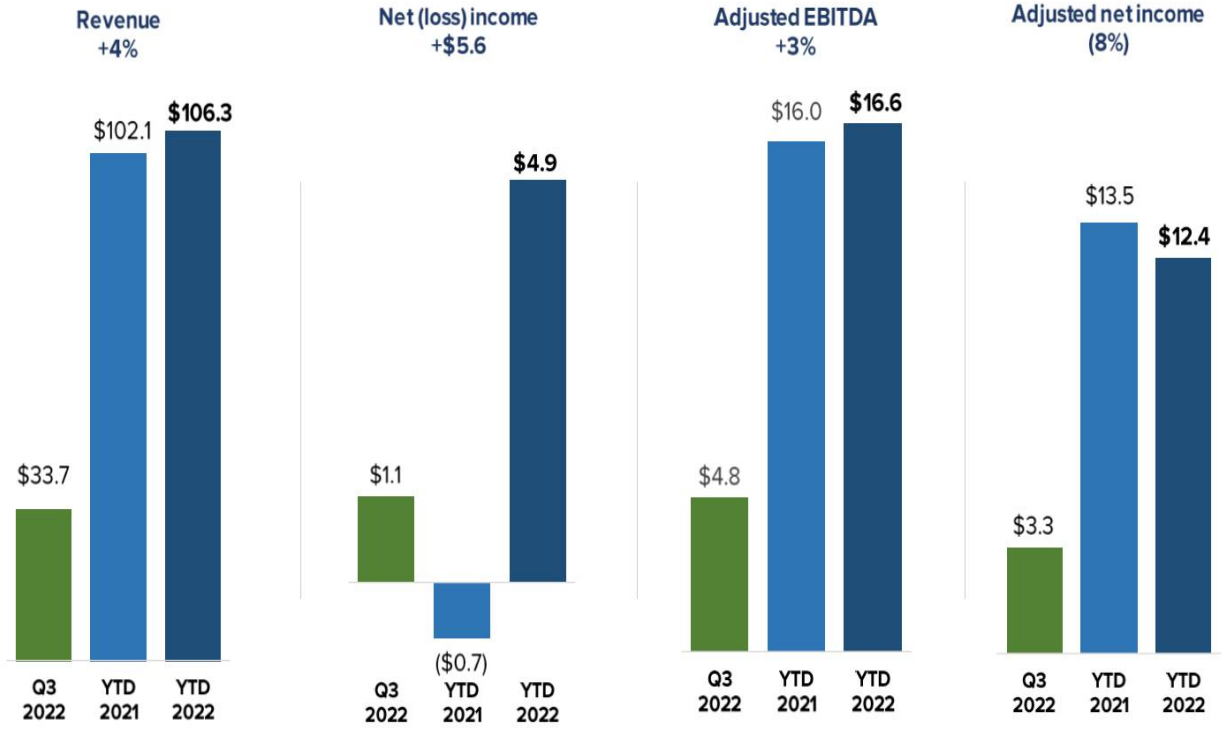
# Q3 2022 and YTD 2022 Highlights




*$ in millions. Percent change reflects YTD 2021 to YTD 2022*

*See reconciliations of non-GAAP results in the Appendix*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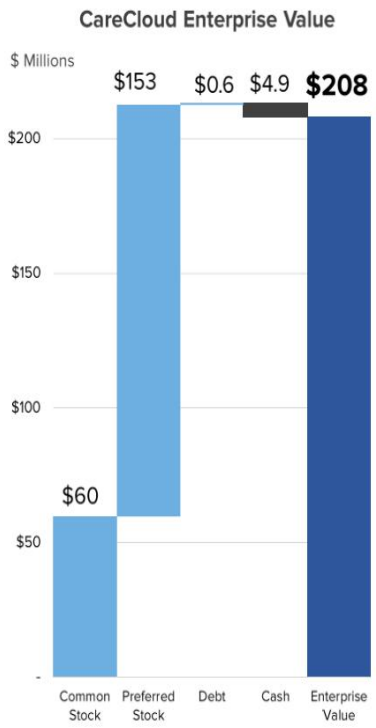
# Capitalization as of November 1, 2022

| | Common Stock | Series A Preferred Stock | Series B Preferred Stock |
|---|---|---|---|
| Exchange / Ticker | Nasdaq: MTBC | Nasdaq: MTBCP | Nasdaq: MTBCO |
| Stock Price [1] | $3.93 | $26.50 | $24.99 |
| Outstanding Shares [1] | 15.2 million | 4.5 million | 1.3 million |
| Equity Value | $60 million | $120 million | $33 million |
| Share Structure / Terms | • Public Float: 9.9 M shares<br>• Fully Diluted: 18.6 M shares<br>• Insiders: ~35% | • Dividend: 11% of redemption value ($25.00), paid monthly<br>• Non-convertible<br>• Redeemable at $25.00 per share at Company's option<br>• Redemption value: $113M | • Dividend: 8.75% of redemption value ($25.00), paid monthly<br>• Non-convertible<br>• Redeemable at $25.75 per share starting 2/2024, steps down to $25.00 by 2/2027<br>• Redemption value: $33 M |




*(1) Stock prices and shares as of November 1, 2022. Debt and cash as of September 30, 2022*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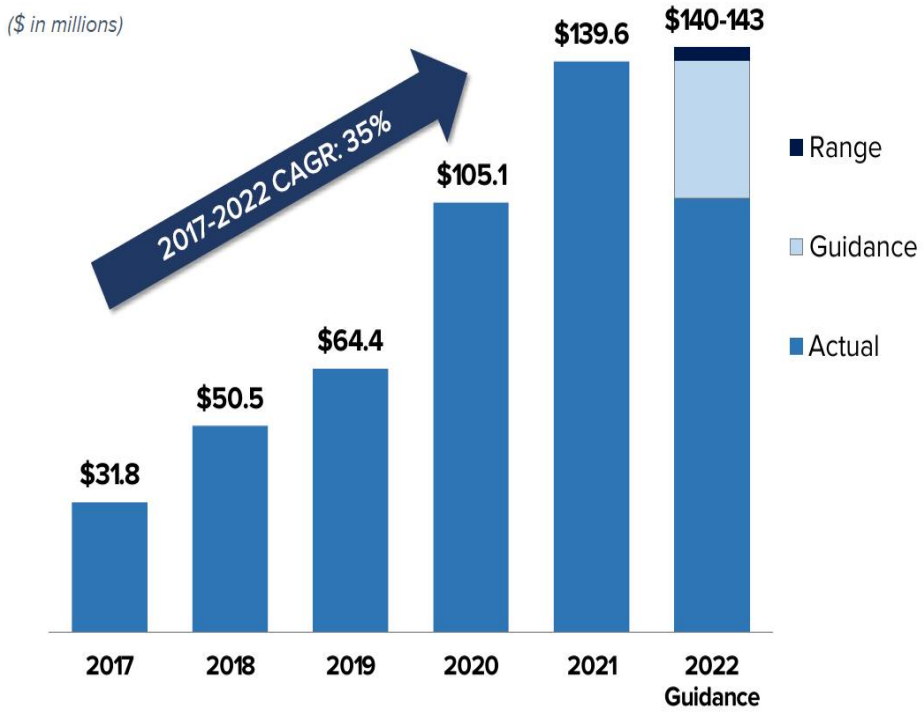
# Revenue Growth 2017 – 2021 plus 2022 Guidance




*Investors are cautioned that such statements involve risks and uncertainties that could cause actual results to differ materially from anticipated results*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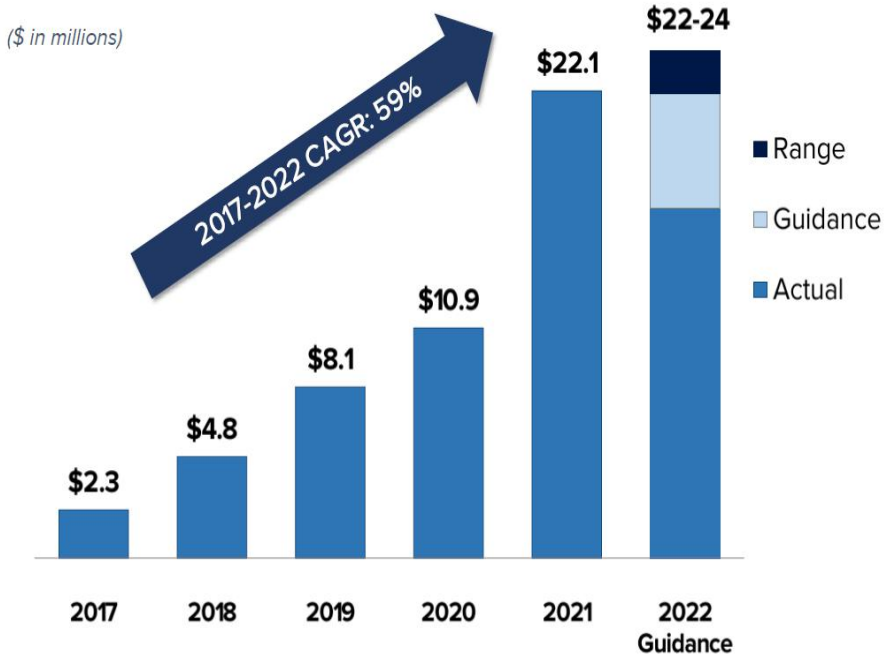
# Adjusted EBITDA Growth 2017 – 2021 plus 2022 Guidance




*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*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# Analyst and Investor Day – December 12, 2022



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# Thank you!

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# APPENDIX

*Nasdaq Global Market: MTBC, MTBCP, MTBCO*

# Non-GAAP Financial Measures Reconciliation

| ($000s) Adjusted EBITDA | 2017 | 2018 | 2019 | 2020 | 2021 | YTD 2021 | YTD 2022 | Q3 2021 | Q3 2022 |
|---|---|---|---|---|---|---|---|---|---|
| **Net (loss) income** | **$ (5,565)** | **$ (2,138)** | **$ (872)** | **$ (8,813)** | **$ 2,836** | **$ (686)** | **$ 4,933** | **$ 1,505** | **$ 1,056** |
| Provision (benefit) for income taxes | 68 | (157) | 193 | 103 | 157 | (20) | 144 | (232) | 55 |
| Net interest expense | 1,307 | 250 | 121 | 446 | 440 | 264 | 281 | 87 | 82 |
| Foreign exchange / other expense | (249) | (435) | 827 | 71 | 241 | 167 | 359 | 70 | 523 |
| Stock-based compensation expense | 1,487 | 2,464 | 3,216 | 6,502 | 5,396 | 4,006 | 3,399 | 1,004 | 1,328 |
| Depreciation and amortization | 4,300 | 2,854 | 3,006 | 9,905 | 12,195 | 9,505 | 8,686 | 3,547 | 2,810 |
| Transaction and integration costs | 515 | 1,891 | 1,735 | 2,694 | 1,364 | 1,118 | 724 | 269 | 316 |
| Net loss on leases, restructuring, impairment & unoccupied lease charges | 276 | - | 219 | 963 | 2,005 | 1,664 | 928 | 424 | 307 |
| Change in contingent consideration | 152 | 73 | (344) | (1,000) | (2,515) | - | (2,890) | - | (1,660) |
| **Adjusted EBITDA** | **$ 2,291** | **$ 4,802** | **$ 8,101** | **$ 10,871** | **$ 22,119** | **$ 16,018** | **$ 16,564** | **$ 6,674** | **$ 4,817** |

| ($000s) Adjusted net income | 2017 | 2018 | 2019 | 2020 | 2021 | YTD 2021 | YTD 2022 | Q3 2021 | Q3 2022 |
|---|---|---|---|---|---|---|---|---|---|
| **Net (loss) income** | **$ (5,565)** | **$ (2,138)** | **$ (872)** | **$ (8,813)** | **$ 2,836** | **$ (686)** | **$ 4,933** | **$ 1,505** | **$ 1,056** |
| Foreign exchange / other expense | (249) | (435) | 827 | 71 | 241 | 167 | 359 | 70 | 523 |
| Stock-based compensation expense | 1,487 | 2,464 | 3,216 | 6,502 | 5,396 | 4,006 | 3,399 | 1,004 | 1,328 |
| Amortization of purchased intangible assets | 3,393 | 1,828 | 1,877 | 8,127 | 8,880 | 7,079 | 4,884 | 2,768 | 1,428 |
| Transaction and integration costs | 515 | 1,891 | 1,735 | 2,694 | 1,364 | 1,118 | 724 | 269 | 316 |
| Net loss on leases, restructuring, impairment & unoccupied lease charges | 276 | - | 219 | 963 | 2,005 | 1,664 | 928 | 424 | 307 |
| Change in contingent consideration | 152 | 73 | (344) | (1,000) | (2,515) | - | (2,890) | - | (1,660) |
| Income tax expense (benefit) related to goodwill | 27 | (208) | 80 | (85) | 290 | 140 | 61 | 13 | 35 |
| **Non-GAAP Adjusted Net Income** | **$ 36** | **$ 3,475** | **$ 6,738** | **$ 8,459** | **$ 18,497** | **$ 13,488** | **$ 12,398** | **$ 6,053** | **$ 3,333** |


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