

**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 2, 2023

**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 each exchange on which registered</u>
Common Stock, par value \$0.001 per share	CCLD	Nasdaq Global Market
11% Series A Cumulative Redeemable Perpetual Preferred Stock, par value \$0.001 per share	CCLDP	Nasdaq Global Market
8.75% Series B Cumulative Redeemable Perpetual Preferred Stock, par value \$0.001 per share	CCLDO	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 2, 2023, 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 2, 2023, 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.**

(d) Exhibits

99.1 [Press release dated November 2, 2023.](#)

99.2 [Slide presentation dated November 2, 2023.](#)

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 2, 2023

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

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## CareCloud Reports Third Quarter 2023 Results

**SOMERSET, N.J., November 2, 2023** (GLOBE NEWSWIRE) – CareCloud, Inc. (the “Company” or “CareCloud”) (Nasdaq: CCLD, CCLDO, CCLDP), 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, 2023. 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.

“CareCloud is turning the corner in terms of comparable revenue growth and has made significant progress stabilizing the project-oriented professional business line and accomplished major technology platform developments in the third quarter,” said A. Hadi Chaudhry, President and Chief Executive Officer of CareCloud. “We have taken steps to solidify our path forward such as the decision to reduce our cost infrastructure and align spending with our revenues targeted to improve free cash flow by \$10 million on an annualized basis. Furthermore, we remain focused on servicing specialist provider markets, such as physical therapy, and emerging international opportunities.

“Critical features of our CirrusAI platform have been recently launched with the generative AI technology, marking an important advancement for the overall healthcare industry and establishing CareCloud as an industry-leader in the space,” added Mr. Chaudhry. “CirrusAI is a state-of-the-art healthcare AI platform poised to reshape how healthcare professionals deliver patient care and manage their office workflows. The technology is also designed to be compatible with other EHR systems and easy for healthcare organizations to add CirrusAI to their workflows.”

Mr. Chaudhry concluded, “We are optimistic about the opportunities ahead and remain committed to delivering top-tier healthcare solutions to our customers while generating returns for our shareholders. We believe that the strategic actions we have taken recently will further strengthen our position as a leading tech-enabled revenue cycle management provider and return the company to sustainable growth.”

### Third Quarter 2023 Highlights

- Revenue of \$29.3 million, 13% decline from Q3 2022
- GAAP net loss of \$2.7 million, compared to a net income of \$1.1 million in Q3 2022
- Adjusted net income of \$203,000, or \$0.01 per share
- Adjusted EBITDA of \$3.2 million, compared to \$4.8 million in Q3 2022

### Year-to-date 2023 Highlights

- Revenue of \$88.6 million, a 17% decrease from YTD 2022
- GAAP net loss of \$5.0 million, compared to net income of \$4.9 million in the same period last year
- Adjusted net income of \$4.0 million, or \$0.25 per share
- Adjusted EBITDA of \$11.3 million, compared to \$16.6 million in the same period last year

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“While we still face tough comparisons versus the prior year due to the two health system mergers previously mentioned, our third quarter revenues were level with the second quarter and we expect a strong fourth quarter, with revenue growth led primarily by professional services,” said Larry Steenvoorden, Chief Financial Officer. “We are focused on executing our plan to improve financial performance through actions including headcount reductions, expected to be mostly completed in the final months of this year. Such measures are planned to improve free cash flow and will allow us to establish a sustainable foundation for higher profitability in 2024 and beyond.”

### Third Quarter 2023 Financial Results

Revenue for the third quarter 2023 was \$29.3 million, compared to \$33.7 million in the third quarter of 2022.

Third quarter 2023 GAAP net loss was \$2.7 million, as compared to net income of \$1.1 million in the same period last year. GAAP net loss was \$0.42 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 2023 was \$203,000 or \$0.01 per share, calculated using the end-of-period common shares outstanding.

Adjusted EBITDA for third quarter 2023 was \$3.2 million, or 11% of revenue, compared to \$4.8 million in the same period last year.

### Year-to-date 2023 Financial Results

Revenue for the first nine months of 2023 was \$88.6 million, compared to \$106.3 million in the first nine months of 2022. Approximately 85% of revenue for the first nine months of 2023 involved the use of CareCloud’s technology, including 20% from clients utilizing CareCloud’s professional services. Approximately 11% of revenue is from clients where we are managing their entire medical practice, and approximately 4% of revenue comes from other services.

For the first nine months of 2023, the Company’s GAAP net loss was \$5.0 million, compared to GAAP net income of \$4.9 million in the first nine months of 2022. This equates to a loss of \$1.07 per share after subtracting the preferred share dividends. Non-GAAP adjusted net income for the first nine months of 2023 was \$4.0 million, or \$0.25 per share.

During this period, adjusted EBITDA was \$11.3 million, a decrease of \$5.3 million from \$16.6 million in the same period last year.

### Cash Balances and Capital

As of September 30, 2023, the Company had approximately \$6.4 million of cash and net working capital of \$5.5 million. During the first nine months of 2023, cash flow from operations was approximately \$11.7 million.

## 2023 Full Year Guidance

CareCloud is reiterating its forward-looking guidance for the fiscal year ending December 31, 2023:

For the Fiscal Year Ending December 31, 2023 Forward-Looking Guidance	
Revenue	\$120 – \$122 million
Adjusted EBITDA	\$15 – \$17 million

## Conference Call Information

CareCloud management will host a conference call today at 8:30 a.m. Eastern Time to discuss the third quarter 2023 results. The live webcast of the conference call and related presentation slides can be accessed under Events & Presentations at [ir.carecloud.com/events/](http://ir.carecloud.com/events/). An audio-only option is available by dialing 631-891-4304 and referencing “CareCloud Third Quarter 2023 Earnings Call.” Investors who opt for audio only will need to download the related slides at [ir.carecloud.com/events/](http://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 10022640.

## About CareCloud

CareCloud (Nasdaq: CCLD, CCLDP, CCLDO) 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, patient experience management (PXM) and digital health, at [www.carecloud.com](http://www.carecloud.com).

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

For additional information, please visit our website at [www.carecloud.com](http://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](http://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](http://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,” “seek,” “estimates,” “forecast,” “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)

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash	\$ 6,406	\$ 12,299
Accounts receivable - net	12,310	14,773
Contract asset	4,948	4,399
Inventory	478	381
Current assets - related party	50	16
Prepaid expenses and other current assets	3,299	2,785
Total current assets	<u>27,491</u>	<u>34,653</u>
Property and equipment - net	5,319	5,056
Operating lease right-of-use assets	4,491	4,921
Intangible assets - net	26,689	29,520
Goodwill	61,186	61,186
Other assets	745	838
<b>TOTAL ASSETS</b>	<u>\$ 125,921</u>	<u>\$ 136,174</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 6,243	\$ 5,681
Accrued compensation	3,118	4,248
Accrued expenses	4,629	4,432
Operating lease liability (current portion)	1,810	2,273
Deferred revenue (current portion)	1,527	1,386
Notes payable (current portion)	490	319
Dividend payable	4,125	4,059
Total current liabilities	<u>21,942</u>	<u>22,398</u>
Notes payable	10	13
Borrowings under line of credit	12,000	8,000
Operating lease liability	2,789	3,207
Deferred revenue	422	342
Deferred tax liability	606	525
Total liabilities	<u>37,769</u>	<u>34,485</u>
<b>COMMITMENTS AND CONTINGENCIES (NOTE 7)</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock, \$0.001 par value - authorized 7,000,000 shares. Series A, issued and outstanding 4,526,231 shares at September 30, 2023 and December 31, 2022. Series B, issued and outstanding 1,463,392 and 1,344,128 shares at September 30, 2023 and December 31, 2022, respectively	6	6
Common stock, \$0.001 par value - authorized 35,000,000 shares. Issued 16,598,449 and 15,970,204 shares at September 30, 2023 and December 31, 2022, respectively. Outstanding 15,857,650 and 15,229,405 shares at September 30, 2023 and December 31, 2022, respectively	17	16
Additional paid-in capital	123,872	130,987
Accumulated deficit	(30,789)	(25,621)
Accumulated other comprehensive loss	(4,292)	(3,037)
Less: 740,799 common shares held in treasury, at cost at September 30, 2023 and December 31, 2022	(662)	(662)
Total shareholders' equity	<u>88,152</u>	<u>101,689</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$ 125,921</u>	<u>\$ 136,174</u>

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

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>NET REVENUE</b>	<u>\$ 29,280</u>	<u>\$ 33,723</u>	<u>\$ 88,643</u>	<u>\$ 106,292</u>
<b>OPERATING EXPENSES:</b>				
Direct operating costs	18,260	20,406	53,843	64,866
Selling and marketing	2,337	2,504	7,529	7,314
General and administrative	5,482	6,500	16,518	18,479
Research and development	1,260	1,168	3,523	3,251
Change in contingent consideration	-	(1,660)	-	(2,890)
Depreciation and amortization	3,903	2,810	10,282	8,686
Net loss on lease terminations and unoccupied lease charges	8	307	430	928
Total operating expenses	<u>31,250</u>	<u>32,035</u>	<u>92,125</u>	<u>100,634</u>
<b>OPERATING (LOSS) INCOME</b>	<u>(1,970)</u>	<u>1,688</u>	<u>(3,482)</u>	<u>5,658</u>
<b>OTHER:</b>				
Interest income	52	14	124	22
Interest expense	(352)	(96)	(829)	(303)

Other expense - net	(422)	(495)	(591)	(300)
(LOSS) INCOME BEFORE PROVISION FOR INCOME TAXES	(2,692)	1,111	(4,778)	5,077
Income tax provision	57	55	204	144
NET (LOSS) INCOME	<u>\$ (2,749)</u>	<u>\$ 1,056</u>	<u>\$ (4,982)</u>	<u>\$ 4,933</u>
Preferred stock dividend	3,916	3,849	11,757	11,662
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	<u>\$ (6,665)</u>	<u>\$ (2,793)</u>	<u>\$ (16,739)</u>	<u>\$ (6,729)</u>
Net loss per common share: basic and diluted	\$ (0.42)	\$ (0.18)	\$ (1.07)	\$ (0.45)
Weighted-average common shares used to compute basic and diluted loss per share	15,760,499	15,148,721	15,600,361	15,070,913

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**CARECLOUD, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
(\$ in thousands)

	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES:</b>		
Net (loss) income	\$ (4,982)	\$ 4,933
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	10,672	9,120
Lease amortization	1,618	2,474
Deferred revenue	221	381
Provision for doubtful accounts	389	715
Provision for deferred income taxes	81	62
Foreign exchange loss	596	238
Interest accretion	493	460
Stock-based compensation expense	3,783	3,399
Change in contingent consideration	-	(2,890)
Changes in operating assets and liabilities:		
Accounts receivable	1,889	10
Contract asset	(549)	318
Inventory	(97)	85
Other assets	(117)	62
Accounts payable and other liabilities	(2,276)	(4,264)
Net cash provided by operating activities	<u>11,721</u>	<u>15,103</u>
<b>INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(2,687)	(2,156)
Capitalized software	(6,635)	(6,967)
Net cash used in investing activities	<u>(9,322)</u>	<u>(9,123)</u>
<b>FINANCING ACTIVITIES:</b>		
Preferred stock dividends paid	(11,691)	(11,478)
Settlement of tax withholding obligations on stock issued to employees	(1,425)	(1,140)
Repayments of notes payable	(717)	(769)
Stock issuance costs	-	(32)
Proceeds from issuance of Series B Preferred Stock, net of expenses	1,427	30,280
Redemption of Series A Preferred Stock	-	(20,005)
Proceeds from line of credit	14,700	17,500
Repayment of line of credit	(10,700)	(25,500)
Net cash used in financing activities	<u>(8,406)</u>	<u>(11,144)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	114	(309)
NET DECREASE IN CASH AND RESTRICTED CASH	(5,893)	(5,473)
CASH AND RESTRICTED CASH - Beginning of the period	12,299	10,340
CASH AND RESTRICTED CASH - End of the period	<u>\$ 6,406</u>	<u>\$ 4,867</u>
<b>SUPPLEMENTAL NONCASH INVESTING AND FINANCING ACTIVITIES:</b>		
Dividends declared, not paid	<u>\$ 4,125</u>	<u>\$ 4,040</u>
Purchase of prepaid insurance with assumption of note	<u>\$ 620</u>	<u>\$ 695</u>
<b>SUPPLEMENTAL INFORMATION - Cash paid during the period for:</b>		
Income taxes	<u>\$ 131</u>	<u>\$ 128</u>
Interest	<u>\$ 630</u>	<u>\$ 125</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 to GAAP (Loss) Income

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(\$ in thousands)			
Net revenue	\$ 29,280	\$ 33,723	\$ 88,643	\$ 106,292
GAAP net (loss) income	(2,749)	1,056	(4,982)	4,933
Provision for income taxes	57	55	204	144
Net interest expense	300	82	705	281
Foreign exchange loss / other expense	426	523	609	359
Stock-based compensation expense	1,209	1,328	3,783	3,399
Depreciation and amortization	3,903	2,810	10,282	8,686
Transaction and integration costs	91	316	270	724
Net loss on lease terminations and unoccupied lease charges	8	307	430	928
Change in contingent consideration	-	(1,660)	-	(2,890)
Adjusted EBITDA	\$ 3,245	\$ 4,817	\$ 11,301	\$ 16,564

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### Non-GAAP Adjusted Operating Income to GAAP Operating (Loss) 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) income and GAAP operating margin.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(\$ in thousands)			
Net revenue	\$ 29,280	\$ 33,723	\$ 88,643	\$ 106,292
GAAP net (loss) income	(2,749)	1,056	(4,982)	4,933
Provision for income taxes	57	55	204	144
Net interest expense	300	82	705	281
Other expense - net	422	495	591	300
GAAP operating (loss) income	(1,970)	1,688	(3,482)	5,658
GAAP operating margin	(6.7%)	5.0%	(3.9%)	5.3%
Stock-based compensation expense	1,209	1,328	3,783	3,399
Amortization of purchased intangible assets	1,201	1,428	3,775	4,884
Transaction and integration costs	91	316	270	724
Net loss on lease terminations and unoccupied lease charges	8	307	430	928
Change in contingent consideration	-	(1,660)	-	(2,890)
Non-GAAP adjusted operating income	\$ 539	\$ 3,407	\$ 4,776	\$ 12,703
Non-GAAP adjusted operating margin	1.8%	10.1%	5.4%	12.0%

### Non-GAAP Adjusted Net Income to GAAP Net (Loss) 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) income and GAAP net loss per share.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(\$ in thousands)			
GAAP net (loss) income	\$ (2,749)	\$ 1,056	\$ (4,982)	\$ 4,933
Foreign exchange loss / other expense	426	523	609	359
Stock-based compensation expense	1,209	1,328	3,783	3,399
Amortization of purchased intangible assets	1,201	1,428	3,775	4,884
Transaction and integration costs	91	316	270	724
Net loss on lease terminations and unoccupied lease charges	8	307	430	928
Change in contingent consideration	-	(1,660)	-	(2,890)
Income tax expense related to goodwill	17	35	81	61
Non-GAAP adjusted net income	\$ 203	\$ 3,333	\$ 3,966	\$ 12,398
End-of-period Common shares	15,857,650	15,211,136	15,857,650	15,211,136
Non-GAAP adjusted net income per share	\$ 0.01	\$ 0.21	\$ 0.25	\$ 0.81

For purposes of determining non-GAAP adjusted net income per share, we used the number of common shares outstanding as of September 30, 2023 and 2022.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
GAAP net loss attributable to common shareholders, per share	\$ (0.42)	\$ (0.18)	\$ (1.07)	\$ (0.45)
Impact of preferred stock dividend	0.25	0.25	0.76	0.78
Net (loss) income per end-of-period share	(0.17)	0.07	(0.31)	0.33
Foreign exchange loss / other expense	0.02	0.03	0.04	0.02
Stock-based compensation expense	0.08	0.09	0.24	0.23
Amortization of purchased intangible assets	0.07	0.09	0.23	0.31
Transaction and integration costs	0.01	0.02	0.02	0.05
Net loss on lease terminations and unoccupied lease charges	0.00	0.02	0.03	0.06
Change in contingent consideration	0.00	(0.11)	0.00	(0.19)
Income tax expense related to goodwill	0.00	0.00	0.00	0.00
Non-GAAP adjusted earnings per share	<u>\$ 0.01</u>	<u>\$ 0.21</u>	<u>\$ 0.25</u>	<u>\$ 0.81</u>
End-of-period common shares	15,857,650	15,211,136	15,857,650	15,211,136
In-the-money warrants and outstanding unvested RSUs	758,160	605,526	758,160	605,526
Total fully diluted shares	16,615,810	15,816,662	16,615,810	15,816,662
Non-GAAP adjusted diluted earnings per share	<u>\$ 0.01</u>	<u>\$ 0.21</u>	<u>\$ 0.24</u>	<u>\$ 0.78</u>

### 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.

*Net loss on lease terminations and unoccupied lease charges.* Net loss on lease termination represents the write-off of leasehold improvements and gains or losses as a result of an early lease termination. 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 expense related to goodwill.* Income tax 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.



# Q3 2023 RESULTS

Nasdaq Global Market: CCLD, CCLDP, CCLDO

November 2, 2023

A leading provider of technology-enabled services and solutions that redefine the healthcare revenue cycle

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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 "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 a division of First-Citizens Bank & Trust Company 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; 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 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.



## Hosts for Third Quarter 2023 Earnings Call



**Mahmud Haq**  
Founder & Executive Chairman



**A. Hadi Chaudhry**  
Chief Executive Officer & President



**Larry Steenvoorden**  
Chief Financial Officer



**Nathalie Garcia**  
General Counsel



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**A. Hadi  
Chaudhry**

Chief Executive Officer & President

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## CirrusAI: Revolutionizing Healthcare with AI

Announced CirrusAI in collaboration with Google Cloud in mid-October.

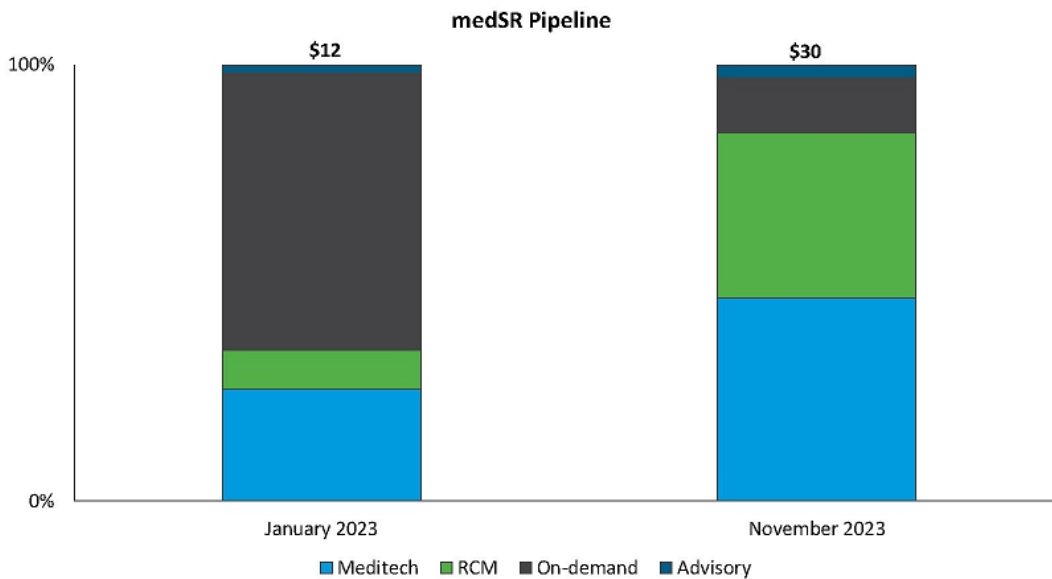
- Key features include:
  - Cirrus Guide: Automates clinical data input, offers real-time recommendations.
  - Cirrus Chat: Enhances staff interactions, reduces response times.
  - Cirrus Appeals: Generates customized appeal letters for proper reimbursement.



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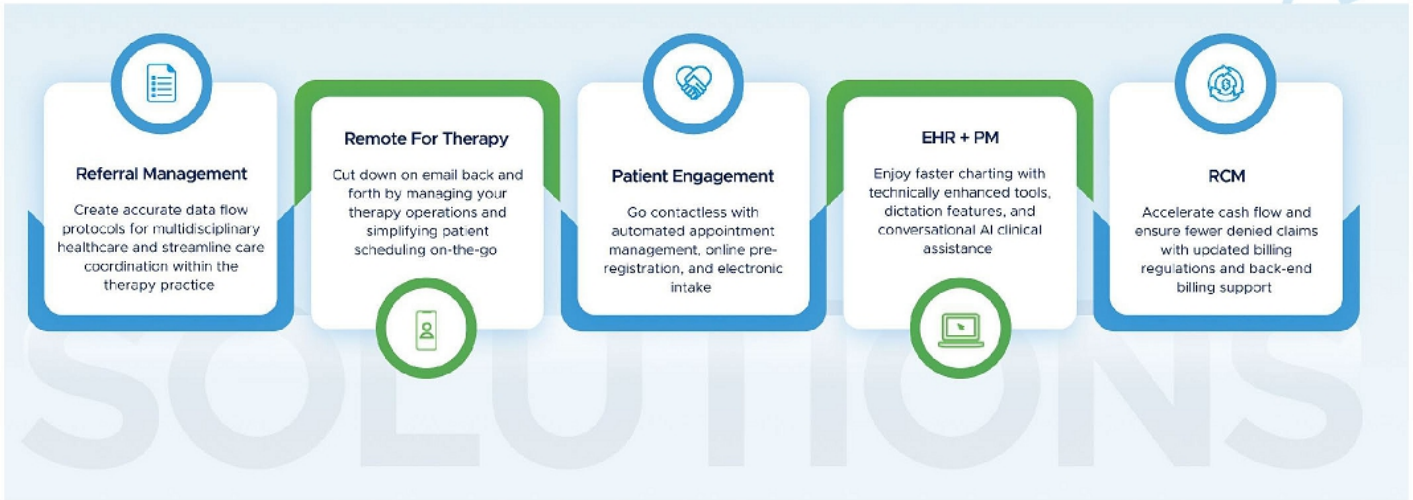
## medSR Pipeline



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## Therapy Solutions Suite



[CareCloud Therapy Solutions Suite](#)



## Emerging Opportunities – Middle East





# CareCloud

# PRIME

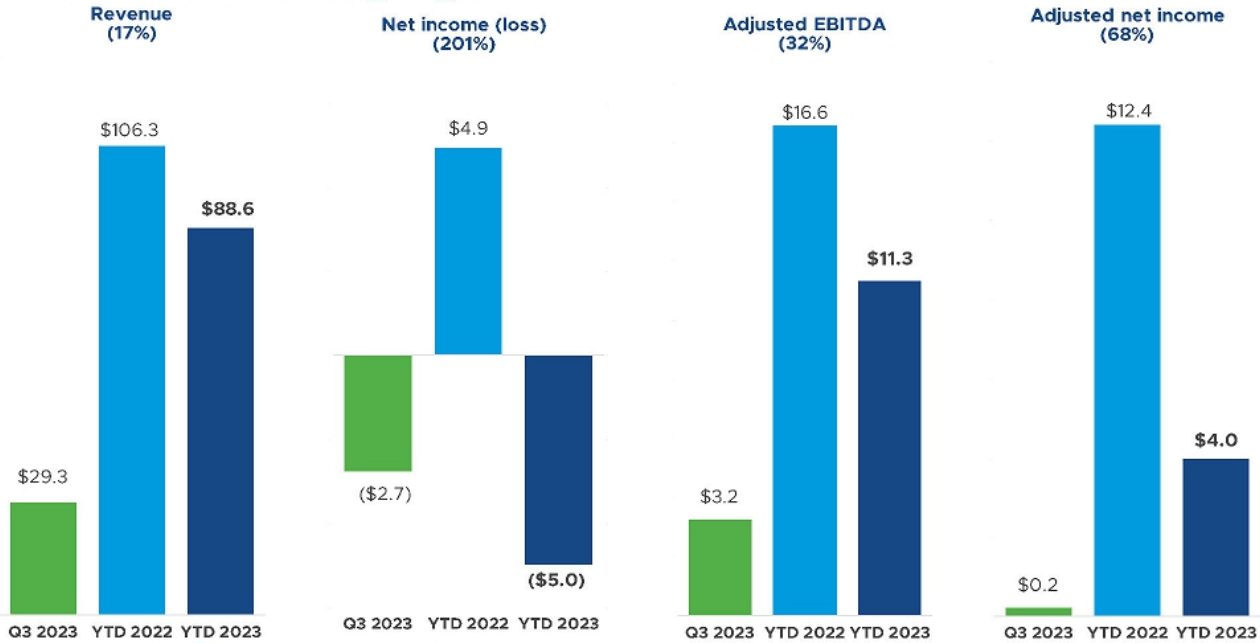
COMING SOON



## Larry Steenvoorden

Chief Financial Officer

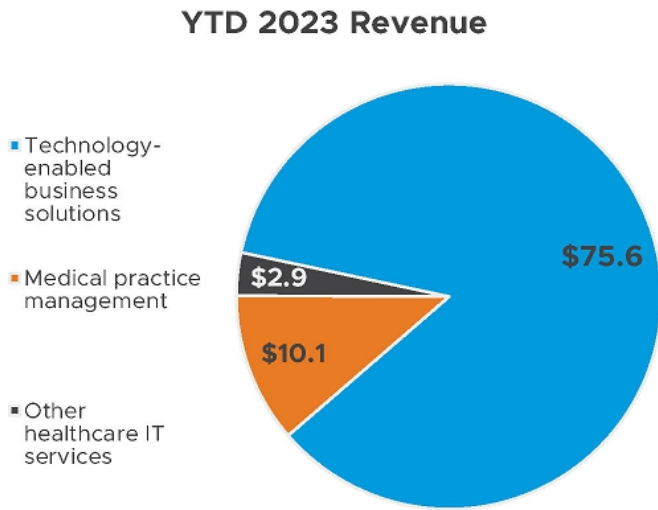
# Q3 & YTD 2023 Highlights



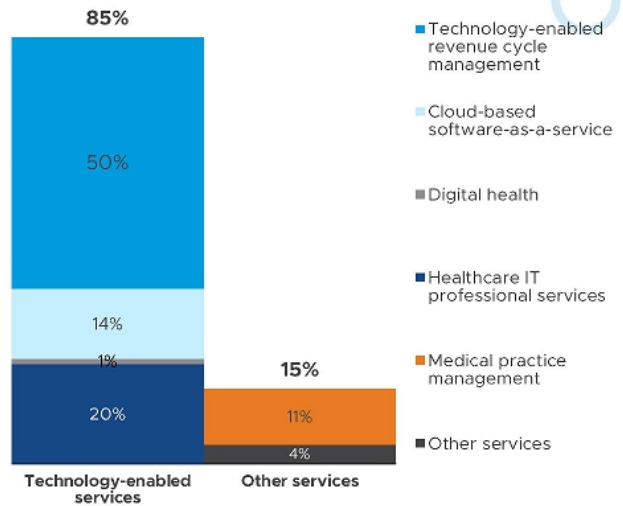
\$ in millions. Percent change reflects YTD 2022 to YTD 2023  
See reconciliations of non-GAAP results in the Appendix

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# YTD 2023 Revenue



# YTD 2023 Revenue

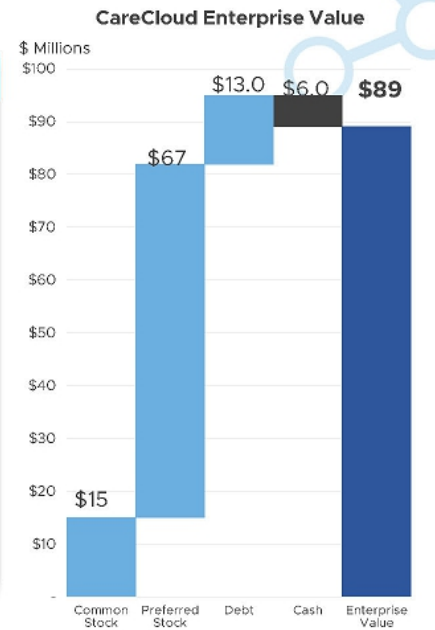


Most customers who utilize technology-enabled revenue cycle management use one or more elements of CareCloud's core technology (EHR or PM)

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# Capitalization as of October 31, 2023

	Common Stock	Series A Preferred Stock	Series B Preferred Stock
<b>Stock Symbol</b>	Nasdaq: CCLD	Nasdaq: CCLDP	Nasdaq: CCLDO
<b>Stock Price<sup>1</sup></b>	\$ .93	\$11.23	\$11.03
<b>Outstanding Shares<sup>1</sup></b>	15.9 million	4.5 million	1.5 million
<b>Equity Value</b>	\$15 million	\$51 million	\$16 million
<b>Share Structure/ Terms</b>	<ul style="list-style-type: none"> <li>Public Float: 10.5 M shares</li> <li>Fully Diluted: 17.1 M shares</li> <li>Insiders: ~34%</li> </ul>	<ul style="list-style-type: none"> <li>Dividend: 11% of redemption value (\$25.00), paid monthly</li> <li>Non-convertible</li> <li>Redeemable at \$25.00 per share at Company's option</li> <li>Redemption value: \$113 M</li> </ul>	<ul style="list-style-type: none"> <li>Dividend: 8.75% of redemption value (\$25.00), paid monthly</li> <li>Non-convertible</li> <li>Redeemable at \$25.75 per share starting 2/2024, steps down to \$25.00 by 2/2027</li> <li>Redemption value: \$37 M</li> </ul>



<sup>1</sup> Stock prices and shares as of October 31, 2023  
Debt and cash as of September 30, 2023

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# Thank You!

Nasdaq Global Market: CCLD, CCLDP, CCLDO



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# Appendix



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## Non-GAAP Financial Measures Reconciliation

(\$000s)	Adjusted EBITDA to GAAP net income (loss)	2021	2022	Q3 2022	Q3 2023	YTD 2022	YTD 2023
<b>GAAP net income (loss)</b>		<b>\$ 2,836</b>	<b>\$ 5,432</b>	<b>\$ 1,056</b>	<b>\$ (2,749)</b>	<b>\$ 4,933</b>	<b>\$ (4,982)</b>
Provision for income taxes		157	177	55	57	144	204
Net interest expense		440	364	82	300	281	705
Foreign exchange / other expense		241	712	523	426	359	609
Stock-based compensation expense		5,396	4,914	1,328	1,209	3,399	3,783
Depreciation and amortization		12,195	11,725	2,810	3,903	8,686	10,282
Transaction and integration costs		1,364	876	316	91	724	270
Net loss on lease terminations & unoccupied lease charges		2,005	1,138	307	8	928	430
Change in contingent consideration		(2,515)	(3,090)	(1,660)	-	(2,890)	-
<b>Adjusted EBITDA</b>		<b>\$ 22,119</b>	<b>\$ 22,248</b>	<b>\$ 4,817</b>	<b>\$ 3,245</b>	<b>\$ 16,564</b>	<b>\$ 11,301</b>

(\$000s)	Adjusted net income to GAAP net income (loss)	2021	2022	Q3 2022	Q3 2023	YTD 2022	YTD 2023
<b>GAAP net income (loss)</b>		<b>\$ 2,836</b>	<b>\$ 5,432</b>	<b>\$ 1,056</b>	<b>\$ (2,749)</b>	<b>\$ 4,933</b>	<b>\$ (4,982)</b>
Foreign exchange / other expense		241	712	523	426	359	609
Stock-based compensation expense		5,396	4,914	1,328	1,209	3,399	3,783
Amortization of purchased intangible assets		8,880	6,277	1,428	1,201	4,884	3,775
Transaction and integration costs		1,364	876	316	91	724	270
Net loss on lease terminations & unoccupied lease charges		2,005	1,138	307	8	928	430
Change in contingent consideration		(2,515)	(3,090)	(1,660)	-	(2,890)	-
Income tax expense related to goodwill		290	75	35	17	61	81
<b>Non-GAAP Adjusted Net Income</b>		<b>\$ 18,497</b>	<b>\$ 16,334</b>	<b>\$ 3,333</b>	<b>\$ 203</b>	<b>\$ 12,398</b>	<b>\$ 3,966</b>