

**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): August 13, 2024

**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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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 August 13, 2024, 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 August 13, 2024, 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 August 13, 2024.](#)

99.2 [Slide presentation dated August 13, 2024.](#)

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: August 13, 2024

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

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## CareCloud Reports Second Quarter 2024 Results

*Continued Focus on Profitability and Free Cash Flow*

**SOMERSET, N.J. August 13, 2024** (GLOBE NEWSWIRE) - CareCloud, Inc. (Nasdaq: CCLD, CCLDO, CCLDP), a leader in healthcare technology and generative AI solutions for medical practices and health systems nationwide, announced financial and operational results for the quarter ended June 30, 2024. 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 for the year.

### Second Quarter 2024 Highlights

- GAAP net income of \$1.7 million, compared to a net loss of \$1.8 million in Q2 2023
- Adjusted net income of \$3.0 million, or \$0.18 per share
- Adjusted EBITDA of \$6.4 million, compared to \$3.8 million in Q2 2023, an increase of 67%
- Revenue of \$28.1 million, compared to \$29.4 million in Q2 2023

### Year-to-date 2024 Highlights

- GAAP net income of \$1.4 million, compared to a net loss of \$2.2 million in the same period last year
- Adjusted net income of \$3.2 million, or \$0.20 per share
- Adjusted EBITDA of \$10.1 million, compared to \$8.1 million in the same period last year, an increase of 25%
- Free cash flow of \$4.9 million, compared to \$1.3 million in the same period last year, an increase of 265%
- Revenue of \$54.1 million, compared to \$59.4 million in the same period last year

### Recent Operational Highlights

- Identified approximately \$26 million in annualized expense reductions since the initiative began in October 2023, of which \$20 million in cost savings will be realized this year
- Reduced our \$25 million credit facility balance from \$10 million to \$2.5 million as of today, representing a drawn balance of only 10% of our line
- Announced that Glass Lewis, a leading proxy vote advisory firm, has recommended a "yes" vote on CareCloud's Series A Preferred Stock Special Proxy

"We have achieved our target of improving profitability as evidenced by the fact that we have paid down our credit facility balance to only \$2.5 million as of today – and we expect to further improve profitability and reduce this balance to zero in the months to come," said A. Hadi Chaudhry, CEO of CareCloud. "Additionally, we have continued to actively expand our use of generative AI, which further drives operating efficiencies as we simultaneously strengthen the foundation of our platform."

"As a team, we are succeeding at our goal of transforming our cost structure, positioning us to eliminate debt, resume dividends at the appropriate time and invest in CareCloud's future growth," said Stephen Snyder, President of CareCloud. "We are pleased to report that we have improved year-over-year free cash flow by 265% and reported our first positive GAAP net income since 2022."

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### Second Quarter 2024 Financial Results

Revenue for the second quarter 2024 was \$28.1 million, compared to \$29.4 million for the second quarter of 2023.

Second quarter 2024 GAAP net income was \$1.7 million, as compared to a net loss of (\$1.8 million) in the same period last year. GAAP net loss was \$0.14 per share, based on the net loss attributable to common shareholders, which takes into account the preferred stock dividends earned, whether or not they were declared or paid during the quarter.

Adjusted EBITDA for the second quarter 2024 was \$6.4 million, or 23% of revenue, compared to \$3.8 million in the same period last year.

Norman Roth, Interim Chief Financial Officer and Corporate Controller, commented "this is the first positive GAAP net income and the highest quarterly adjusted EBITDA we have reported in two years. We were able to use the profits and cash flows we generated to reduce the outstanding balance on our Silicon Valley Bank line of credit by 75% since the end of the year. This gives us additional financial flexibility."

### Six Month 2024 Financial Results

Revenue for the first six months of 2024 was \$54.1 million, compared to \$59.4 million in the first six months of 2023.

For the first six months of 2024, the Company's GAAP net income was \$1.4 million, compared to a GAAP net loss of \$2.2 million in the first six months of 2023.

During this period, adjusted EBITDA was \$10.1 million, an increase of \$2.0 million from \$8.1 million in the same period last year.

### Cash Balances and Capital

As of June 30, 2024, the Company had approximately \$2.6 million of cash. Net working capital was \$674,000. During the first six months of 2024, cash flow from operations was approximately \$8.3 million, compared to \$7.4 million in the same period last year, a 12% increase.

### Conference Call Information

CareCloud management will host a conference call today at 8:30 a.m. Eastern Time to discuss the second quarter 2024 results. The live webcast of the conference call and related presentation slides can be accessed at [ir.carecloud.com/events](https://ir.carecloud.com/events). An audio-only option is available by dialing 201-389-0920 and referencing "CareCloud Second Quarter 2024 Earnings Call." Investors who opt for audio-only will need to download the related slides at [ir.carecloud.com/events](https://ir.carecloud.com/events).

A replay of the conference call and related presentation slides will be available approximately one hour after conclusion of the call at the [same link](https://ir.carecloud.com/events). An audio-only option can also be accessed by dialing 412-317-6671 and providing the access code 13747693.

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

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.

### About CareCloud

CareCloud (Nasdaq: CCLD, CCLDP, CCLDO) brings disciplined innovation and generative AI solutions 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 listen to video presentations by CareCloud’s management team, read recent press releases and view the latest investor presentation, please visit [ir.carecloud.com](http://ir.carecloud.com).

SOURCE CareCloud

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

	June 30, 2024 (Unaudited)	December 31, 2023
<b>ASSETS</b>		
Current assets:		
Cash	\$ 2,617	\$ 3,331
Accounts receivable - net	13,079	11,888
Contract asset	4,800	5,094
Inventory	497	465
Current assets - related party	16	16
Prepaid expenses and other current assets	2,907	2,449
Total current assets	23,916	23,243
Property and equipment - net	5,055	5,317
Operating lease right-of-use assets	3,732	4,365

Intangible assets - net		21,497		25,074
Goodwill		19,186		19,186
Other assets		624		641
<b>TOTAL ASSETS</b>		<b>\$ 74,010</b>		<b>\$ 77,826</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Accounts payable	\$	5,448	\$	5,798
Accrued compensation		2,824		3,444
Accrued expenses		6,619		5,065
Operating lease liability (current portion)		1,623		1,888
Deferred revenue (current portion)		1,224		1,380
Notes payable (current portion)		66		292
Dividend payable		5,438		5,433
<b>Total current liabilities</b>		<b>23,242</b>		<b>23,300</b>
Notes payable		33		37
Borrowings under line of credit		5,000		10,000
Operating lease liability		2,101		2,516
Deferred revenue		390		256
<b>Total liabilities</b>		<b>30,766</b>		<b>36,109</b>
<b>COMMITMENTS AND CONTINGENCIES</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 June 30, 2024 and December 31, 2023. Series B, issued and outstanding 1,482,792 and 1,468,792 shares at June 30, 2024 and December 31, 2023, respectively		6		6
Common stock, \$0.001 par value - authorized 35,000,000 shares. Issued 16,885,986 and 16,620,891 shares at June 30, 2024 and December 31, 2023, respectively. Outstanding 16,145,187 and 15,880,092 shares at June 30, 2024 and December 31, 2023, respectively		17		17
Additional paid-in capital		120,840		120,706
Accumulated deficit		(73,048)		(74,481)
Accumulated other comprehensive loss		(3,909)		(3,869)
Less: 740,799 common shares held in treasury, at cost at June 30, 2024 and December 31, 2023		(662)		(662)
<b>Total shareholders' equity</b>		<b>43,244</b>		<b>41,717</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 74,010</b>		<b>\$ 77,826</b>

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
<b>NET REVENUE</b>	\$ 28,090	\$ 29,362	\$ 54,052	\$ 59,363
<b>OPERATING EXPENSES:</b>				
Direct operating costs	15,242	17,476	30,419	35,583
Selling and marketing	1,664	2,580	3,434	5,192
General and administrative	4,028	5,916	7,749	11,036
Research and development	1,055	1,185	1,968	2,263
Depreciation and amortization	3,714	3,341	7,644	6,379
Net loss on lease terminations, unoccupied lease charges and restructuring costs	116	153	438	422
<b>Total operating expenses</b>	<b>25,819</b>	<b>30,651</b>	<b>51,652</b>	<b>60,875</b>
<b>OPERATING INCOME (LOSS)</b>	<b>2,271</b>	<b>(1,289)</b>	<b>2,400</b>	<b>(1,512)</b>
<b>OTHER:</b>				
Interest income	24	52	51	72
Interest expense	(288)	(327)	(653)	(477)
Other expense - net	(294)	(186)	(287)	(169)
<b>INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES</b>	<b>1,713</b>	<b>(1,750)</b>	<b>1,511</b>	<b>(2,086)</b>
Income tax provision	39	82	78	147
<b>NET INCOME (LOSS)</b>	<b>\$ 1,674</b>	<b>\$ (1,832)</b>	<b>\$ 1,433</b>	<b>\$ (2,233)</b>
Preferred stock dividend	3,923	3,910	5,235	7,841
<b>NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS</b>	<b>\$ (2,249)</b>	<b>\$ (5,742)</b>	<b>\$ (3,802)</b>	<b>\$ (10,074)</b>
Net loss per common share: basic and diluted	\$ (0.14)	\$ (0.37)	\$ (0.24)	\$ (0.65)
Weighted-average common shares used to compute basic and diluted loss per share	16,132,420	15,615,760	16,073,364	15,518,965

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**CARECLOUD, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023**  
(\$ in thousands)

	2024	2023
<b>OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ 1,433	\$ (2,233)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	7,818	6,663
Lease amortization	1,008	1,153
Deferred revenue	(22)	(116)
Provision for expected credit losses	123	302
Provision for deferred income taxes	-	64
Foreign exchange (gain) loss	(57)	176
Interest accretion	321	325
Stock-based compensation (benefit) expense	(443)	2,574
Changes in operating assets and liabilities:		
Accounts receivable	(1,314)	2,267
Contract asset	294	(435)
Inventory	(32)	(21)
Other assets	(825)	(318)
Accounts payable and other liabilities	41	(2,993)
Net cash provided by operating activities	<u>8,345</u>	<u>7,408</u>
<b>INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(425)	(1,621)
Capitalized software and other intangible assets	(3,046)	(4,456)
Net cash used in investing activities	<u>(3,471)</u>	<u>(6,077)</u>
<b>FINANCING ACTIVITIES:</b>		
Preferred stock dividends paid	-	(7,780)
Settlement of tax withholding obligations on stock issued to employees	(184)	(1,166)
Repayments of notes payable	(328)	(316)
Proceeds from issuance of Series B Preferred Stock, net of expenses	-	1,437
Proceeds from line of credit	-	12,700
Repayment of line of credit	(5,000)	(10,700)
Net cash used in financing activities	<u>(5,512)</u>	<u>(5,825)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	<u>(76)</u>	<u>(139)</u>
NET DECREASE IN CASH	<u>(714)</u>	<u>(4,633)</u>
CASH - Beginning of the period	3,331	12,299
CASH - End of the period	<u>\$ 2,617</u>	<u>\$ 7,666</u>
<b>SUPPLEMENTAL NONCASH INVESTING AND FINANCING ACTIVITIES:</b>		
Dividends declared, not paid	\$ 5	\$ 4,120
Purchase of prepaid insurance with assumption of note	\$ 96	\$ -
Reclass of deposits for property and equipment placed in service	\$ 296	\$ -
<b>SUPPLEMENTAL INFORMATION - Cash paid during the period for:</b>		
Income taxes	\$ 122	\$ 111
Interest	\$ 527	\$ 341

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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 Net Income (Loss)**

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	(\$ in thousands)			
Net revenue	<u>\$ 28,090</u>	<u>\$ 29,362</u>	<u>\$ 54,052</u>	<u>\$ 59,363</u>
GAAP net income (loss)	1,674	(1,832)	1,433	(2,233)
Provision for income taxes	39	82	78	147
Net interest expense	264	275	602	405
Foreign exchange loss / other expense	306	191	301	183
Stock-based compensation expense (benefit), net of restructuring costs	265	1,502	(443)	2,574
Depreciation and amortization	3,714	3,341	7,644	6,379
Transaction and integration costs	11	107	23	179
Net loss on lease terminations, unoccupied lease charges and restructuring costs	<u>116</u>	<u>153</u>	<u>438</u>	<u>422</u>

Adjusted EBITDA

<u>\$ 6,389</u>	<u>\$ 3,819</u>	<u>\$ 10,076</u>	<u>\$ 8,056</u>
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**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.

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	(\$ in thousands)			
Net revenue	<u>\$ 28,090</u>	<u>\$ 29,362</u>	<u>\$ 54,052</u>	<u>\$ 59,363</u>
GAAP net income (loss)	1,674	(1,832)	1,433	(2,233)
Provision for income taxes	39	82	78	147
Net interest expense	264	275	602	405
Other expense - net	294	186	287	169
GAAP operating income (loss)	<u>2,271</u>	<u>(1,289)</u>	<u>2,400</u>	<u>(1,512)</u>
GAAP operating margin	8.1%	(4.4)%	4.4%	(2.5)%
Stock-based compensation expense (benefit), net of restructuring costs	265	1,502	(443)	2,574
Amortization of purchased intangible assets	586	1,251	1,426	2,574
Transaction and integration costs	11	107	23	179
Net loss on lease terminations, unoccupied lease charges and restructuring costs	116	153	438	422
Non-GAAP adjusted operating income	<u>\$ 3,249</u>	<u>\$ 1,724</u>	<u>\$ 3,844</u>	<u>\$ 4,237</u>
Non-GAAP adjusted operating margin	11.6%	5.9%	7.1%	7.1%

**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.

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	(\$ in thousands)			
GAAP net income (loss)	<u>\$ 1,674</u>	<u>\$ (1,832)</u>	<u>\$ 1,433</u>	<u>\$ (2,233)</u>
Foreign exchange loss / other expense	306	191	301	183
Stock-based compensation expense (benefit), net of restructuring costs	265	1,502	(443)	2,574
Amortization of purchased intangible assets	586	1,251	1,426	2,574
Transaction and integration costs	11	107	23	179
Net loss on lease terminations, unoccupied lease charges and restructuring costs	116	153	438	422
Income tax provision related to goodwill	-	38	-	64
Non-GAAP adjusted net income	<u>\$ 2,958</u>	<u>\$ 1,410</u>	<u>\$ 3,178</u>	<u>\$ 3,763</u>
End-of-period shares	<u>16,145,187</u>	<u>15,628,097</u>	<u>16,145,187</u>	<u>15,628,097</u>
Non-GAAP adjusted net income per share	<u>\$ 0.18</u>	<u>\$ 0.09</u>	<u>\$ 0.20</u>	<u>\$ 0.24</u>

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For purposes of determining non-GAAP adjusted net income per share, we used the number of common shares outstanding as of June 30, 2024 and 2023.

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
GAAP net loss attributable to common shareholders, per share	<u>\$ (0.14)</u>	<u>\$ (0.37)</u>	<u>\$ (0.24)</u>	<u>\$ (0.65)</u>
Impact of preferred stock dividend	0.24	0.25	0.33	0.51
Net income (loss) per end-of-period share	0.10	(0.12)	0.09	(0.14)
Foreign exchange loss / other expense	0.02	0.01	0.02	0.01
Stock-based compensation expense (benefit), net of restructuring costs	0.01	0.10	(0.03)	0.16
Amortization of purchased intangible assets	0.04	0.08	0.09	0.16
Transaction and integration costs	0.00	0.01	0.00	0.01
Net loss on lease terminations, unoccupied lease charges and restructuring costs	0.01	0.01	0.03	0.03
Income tax provision related to goodwill	-	0.00	-	0.01
Non-GAAP adjusted earnings per share	<u>\$ 0.18</u>	<u>\$ 0.09</u>	<u>\$ 0.20</u>	<u>\$ 0.24</u>
End-of-period common shares	16,145,187	15,628,097	16,145,187	15,628,097
In-the-money warrants and outstanding unvested RSUs	198,212	605,689	198,212	605,689
Total fully diluted shares	<u>16,343,399</u>	<u>16,233,786</u>	<u>16,343,399</u>	<u>16,233,786</u>

Non-GAAP adjusted diluted earnings per share

\$ 0.18      \$ 0.09      \$ 0.19      \$ 0.23

**Net Cash Provided by Operating Activities to Free Cash Flow**

Set forth below is a reconciliation of our non-GAAP “free cash flow” to our GAAP net cash provided by operating activities.

	<b>Six Months Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	(\$ in thousands)	
Net cash provided by operating activities	\$ 8,345	\$ 7,408
Purchases of property and equipment	(425)	(1,621)
Capitalized software and other intangible assets	(3,046)	(4,456)
Free cash flow	\$ 4,874	\$ 1,331
Net cash used in investing activities <sup>1</sup>	\$ (3,471)	\$ (6,077)
Net cash used in financing activities	\$ (5,512)	\$ (5,825)

<sup>1</sup> Net cash used in investing activities includes purchases of property and equipment and capitalized software and other intangible assets, which are also included in our computation of free cash flow.

**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.

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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 loss / 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 (benefit).* Stock-based compensation expense (benefit) 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.

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*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, unoccupied lease charges and restructuring costs.* Net loss on lease terminations 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. Restructuring costs primarily consist of severance and separation costs associated with the optimization of the Company's operations and profitability improvements. Management believes that such expenses do not have a direct correlation to future business operations, and therefore, these costs are not considered by management in making operating decisions. Management does not believe such charges accurately reflect the performance of our ongoing operations for the period in which such charges are incurred.

*Income tax provision related to goodwill.* Income tax provision 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. Any income tax expense is not anticipated to result in a cash payment.

*Free cash flow.* Management believes that free cash flow, which measures our ability to generate additional cash from our business operations, is an important financial measure for use in evaluating the Company's financial performance. Free cash flow should be considered in addition to, rather than as a substitute for, consolidated net operating results as a measure of our performance and net cash provided by operating activities as a measure of our liquidity. Additionally, the Company's definition of free cash flow is limited, in that it does not represent residual cash flows available for discretionary expenditures, due to the fact that the measure does not deduct the payments required for debt service and other contractual obligations or payments made for business acquisitions. Therefore, we believe it is important to view free cash flow as a measure that provides supplemental information to our condensed consolidated statements of cash flows.

# Q2 2024 RESULTS

Nasdaq Global Market: CCLD, CCLDP, CCLDO

August 13, 2024

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 Pakistan, Azad Jammu and Kashmir, and Sri Lanka (together, the "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;
- Realize the expected cost savings and benefits from our restructuring activities and structural cost reductions;
- Comply with covenants contained in our credit agreement with our senior secured lender, Silicon Valley Bank, a division of First Citizens Bank, and other future debt facilities;
- Resume and then continue to pay our monthly dividends to the holders of our Series A and Series B preferred stock;
- Incorporate AI into our products faster and more successfully than our competitors, protecting the privacy of medical records and cybersecurity threats;
- Compete with other companies developing products and selling services competitive with ours, and who may have greater resources and name recognition than we have;
- Effectively integrate, manage and keep our information systems secure and operational in the event of a cyber-attack;
- Respond to the uncertainty resulting from pandemics, epidemics or other public health emergencies and the impact they 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;

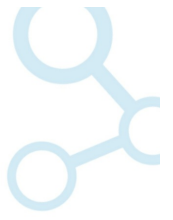
Although we believe that the expectations reflected in the forward-looking statements contained in this presentation are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements.

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 Second Quarter 2024 Earnings Call



**Mahmud Haq**  
Founder & Executive Chairman



**A. Hadi Chaudhry**  
Chief Executive Officer



**Stephen Snyder**  
President



**Norman Roth**  
Interim CFO and Corporate Controller



**A. Hadi  
Chaudhry**

Chief Executive Officer



## CareCloud cirrusAI: Revolutionizing Healthcare with AI

CareCloud's suite of products continue to encompass cutting-edge solutions that are ahead of the curve.

*"I am used to using dictation devices. But we are a very busy clinic, ... I found that CareCloud's AI tools are very efficient when it comes to dictation. Instead of me trying to figure out where information should go in the chart, as I am talking to the patient, this software automatically puts everything where it needs to be, and it's been amazing. It will add suggested codes based on the encounter..."*

Early adopter feedback



CareCloud

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## Key Priorities

### 2024 Key Priorities

Generate positive free cash flow

Optimize cost structure

Repay line of credit

Create foundation for growth  
next year and beyond

### 2025 Key Priorities

Reinstate Preferred Stock  
dividends

Pivot to revenue growth:

New sales, upsell/cross sell

Expand CareCloud Wellness

Innovation in AI solutions

Industry partnerships

CareCloud

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**Stephen  
Snyder**

President

## Priorities for 2024: Leveraging Strengths to Drive Profitability and Free Cash Flow

CareCloud's objective to drive profitability and free cash flow is underpinned by an organization-wide commitment to operating leverage and improving the Company's competitive position

**\$26M**

Total Annualized Cost Savings

**\$20M**

Cost Savings Expected to be Realized in 2024

**87%**

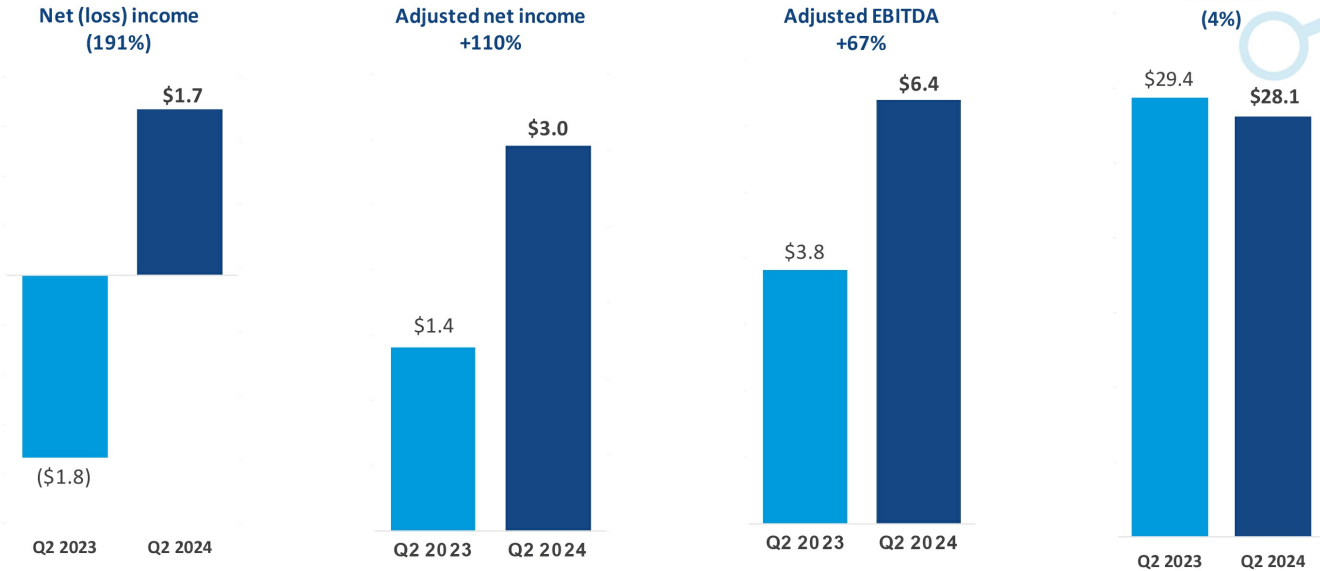
Preliminary Special Proxy Vote Approval <sup>1</sup>



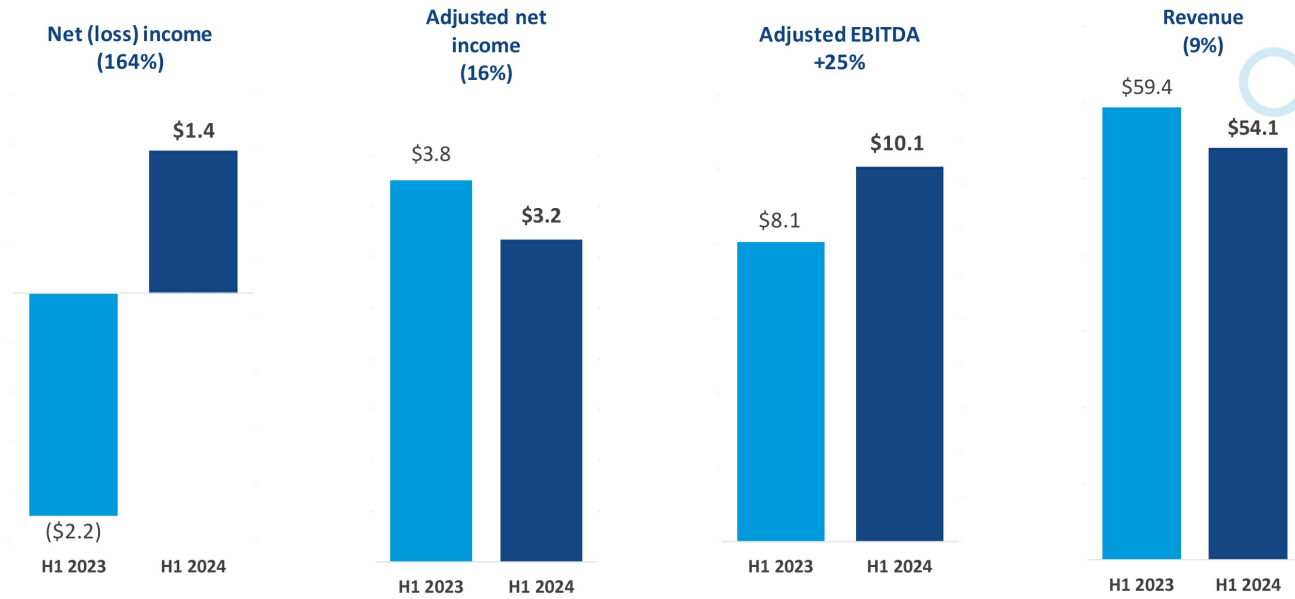
# Norman Roth

CFO and Corporate Controller

## Q2 2024 Highlights

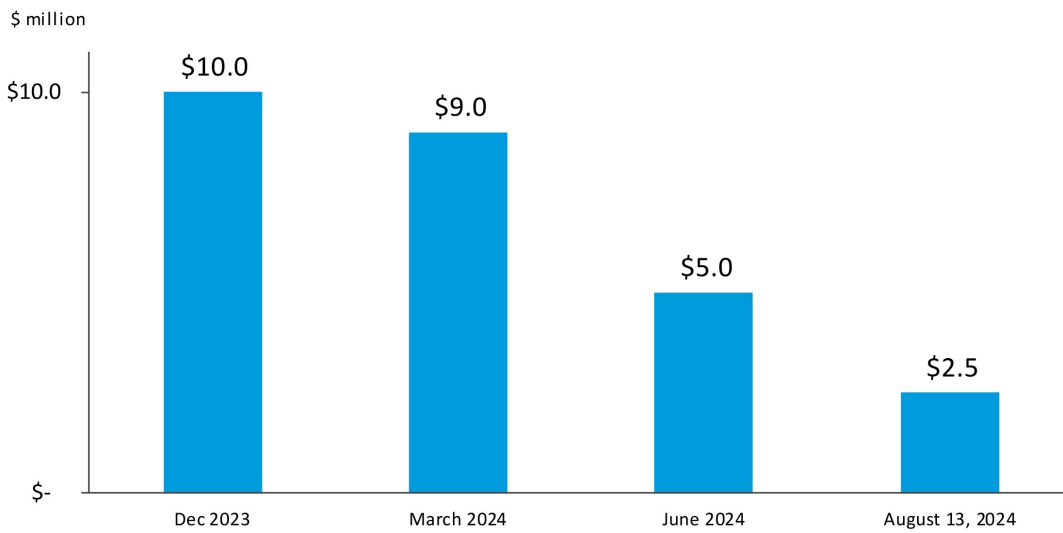


# H1 2024 Highlights



\$ in millions. See reconciliations of non-GAAP results in the Appendix

# CareCloud Line of Credit Balance



# Thank You!

Nasdaq Global Market: CCLD, CCLDP, CCLDO



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# Appendix



## Non-GAAP Financial Measures Reconciliation



(\$000s)	Adjusted EBITDA to GAAP net (loss) income	2023	Q2 2023	Q2 2024	H1 2023	H1 2024
	<b>GAAP net (loss) income</b>	\$ (48,674)	\$ (1,832)	\$ 1,674	\$ (2,233)	\$ 1,433
	(Benefit) provision for income taxes	(364)	82	39	147	78
	Net interest expense	1,040	275	264	405	602
	Foreign exchange / other expense	918	191	306	183	301
	Stock-based compensation expense (benefit)	4,716	1,502	265	2,574	(443)
	Depreciation and amortization	14,402	3,341	3,714	6,379	7,644
	Transaction and integration costs	286	107	11	179	23
	Goodwill impairment charges	42,000	-	-	-	-
	Net loss on lease terminations, unoccupied lease charges and restructuring costs	1,105	153	116	422	438
	<b>Adjusted EBITDA</b>	\$ 15,429	\$ 3,819	\$ 6,389	\$ 8,056	\$ 10,076

(\$000s)	Adjusted net income to GAAP net (loss) income	2023	Q2 2023	Q2 2024	H1 2023	H1 2024
	<b>GAAP net (loss) income</b>	\$ (48,674)	\$ (1,832)	\$ 1,674	\$ (2,233)	\$ 1,433
	Foreign exchange / other expense	918	191	306	183	301
	Stock-based compensation expense (benefit)	4,716	1,502	265	2,574	(443)
	Amortization of purchased intangible assets	4,975	1,251	586	2,574	1,426
	Transaction and integration costs	286	107	11	179	23
	Goodwill impairment charges	42,000	-	-	-	-
	Net loss on lease terminations, unoccupied lease charges and restructuring costs	1,105	153	116	422	438
	Income tax (benefit) provision related to goodwill	(525)	38	-	64	-
	<b>Non-GAAP adjusted Net Income</b>	\$ 4,801	\$ 1,410	\$ 2,958	\$ 3,763	\$ 3,178

