



**CareCloud, Inc.**

**Fourth Quarter and Full Year 2025 Results Conference Call**

**March 12, 2026**

**C O R P O R A T E   P A R T I C I P A N T S**

**Brendan Cavello**, *Corporate Counsel*

**Stephen Synder**, *Chief Executive Officer*

**Hadi Chaudhry**, *Chief Strategy Officer*

**Norman Roth**, *Interim Chief Financial Officer and Corporate Controller*

**Mahmud Haq**, *Founder and Executive Chairman*

**C O N F E R E N C E   C A L L   P A R T I C I P A N T S**

**Allen Klee**, *Maxim Group*

**Michael Kim**, *Zacks Small Cap Research*

**Michael Galantino**, *Chapin Davis*

## PRESENTATION

### Operator

Greetings. Welcome to the CareCloud Inc. Fourth Quarter 2025 Results Conference Call.

At this time, all participants are in a listen only mode. A question-and-answer session will follow the formal presentation. If anyone should require Operator assistance during the conference, please press star, zero on your telephone keypad.

Please note this conference is being recorded.

I will now turn the conference over to Brendan Covello, Corporate Counsel. Please begin.

### Brendan Covello

Good morning, everyone. Welcome to CareCloud's Fourth Quarter and Full Year 2025 Conference Call.

On today's call are Mahmud Haq, our Founder and Executive Chairman; Stephen Snyder, our Chief Executive Officer; A. Hadi Chaudhry, our Chief Strategy Officer; and Norman Roth, our Interim Chief Financial Officer and Corporate Controller.

Before we begin, I would like to remind you that certain statements made during this call are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21 of the Securities Exchange Act of 1934 as amended. All statements, other than statements of historical fact, made during this call are forward-looking statements, including, without limitation, statements regarding our expectations and guidance for future financial and operational performance, expected growth, business outlook and potential organic growth and acquisition.

Forward-looking statements may sometimes be identified with words such as will, may, expect, plan, anticipate, approximately, upcoming, believe, estimate, or similar terminology, and a negative of these terms. Forward-looking statements are not promises or guarantees of future performance and are subject to a variety of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those contemplated in these forward-looking statements. These statements reflect our opinions only as to the date of this presentation, and we undertake no obligation to revise these forward-looking statements in light of new information or future events. Please refer to our press release and our reports filed with the Securities and Exchange Commission, where you will find a more comprehensive discussion of our performance and factors that could cause actual results to differ materially from these forward-looking statements.

For anyone who dialed into the call by telephone, you may want to download our fourth quarter and full year 2025 earnings presentation. Please visit our Investor Relations site, [ircarecloud.com](http://ircarecloud.com). Click on News & Events, then click IR Calendar, click on fourth quarter and full year 2025 results conference call, and download the earnings presentation.

Finally, on today's call, we may refer to certain non-GAAP financial measures. Please refer to today's press release announcing our fourth quarter and full year results for a reconciliation of these non-GAAP performance measures to our GAAP financial results.

With that said, I'll now turn the call over to our CEO, Stephen Snyder. Stephen?

### Stephen Snyder

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Thanks Brendan, and good morning everyone.

I'm pleased to report that 2025 was a transformational year for CareCloud, marked by exceptional financial performance, strategic acquisitions that expanded our market reach, and the successful launch of our flagship AI platform. We delivered results that underscore the strength of our business model and validate our vision for the Company's future. In particular, I'm pleased to be able to talk today about our revenue growth: the remarkable acceleration of our profitability and free cash flow; the current status of our capital structure; the significance of our 2025 acquisitions; the evolution of our services offering and AI platform; our market position and growth drivers as we enter 2026, and our guidance for the year ahead.

First, let me start with our top-line numbers. For the full year 2025, we generated revenue of \$120.5 million, representing nearly 9% year-over-year growth. In Q4 specifically, we achieved revenue of \$34.4 million, up nearly 22% year-over-year, demonstrating accelerating momentum as we entered this year. Importantly, we raised our revenue guidance twice during 2025 and still exceeded the final target, a pattern that reflects the underlying health and predictability of our recurring revenue streams.

Second, as to profitability, we reported GAAP net income of \$10.8 million for 2025, a year-over-year increase of more than 37%. We achieved earnings per share of \$0.10, marking our first full year of positive EPS since our 2014 IPO, a milestone that reflects our multi-year transformation to sustainable profitability. In Q4 alone, we posted GAAP earnings per share of \$0.04. Adjusted EBITDA expanded to \$27.5 million with a 23% margin, up more than 14% year-over-year.

But perhaps most importantly, we generated \$28.6 million in GAAP operating cash flow for the full year, a 38% increase year-over-year and \$8.7 million in Q4 alone, up 66%. Non-GAAP free cash flow reached approximately \$20.5 million for 2025, compared to \$13.2 million in 2024 and representing growth of more than 500% from 2023. This dramatic improvement in free cash flow generation has been transformational to our financial flexibility and strategic optionality. It enabled us to resume dividends on our preferred shares at the beginning of 2025, to begin paying double dividends on our Series B Preferred Stock starting in 2026 to address the accumulated arrearage, and to fund multiple acquisitions during 2025 entirely from free cash flow generated during the year.

Third, as to our capital structure, during 2025 we completed the conversion of approximately 80% of our Series A preferred shares into common. The conversion eliminated approximately \$7.7 million in annual dividend obligations, and we fully repaid our Provident Bank credit line by year-end, entering 2026 with zero drawn on our credit line. Reducing the complexity of our capital structure remains a core priority.

Fourth, we made significant strides during 2025 on the M&A front. We completed multiple transactions during the year, each strategically selected to expand our capabilities and market reach. These deals were all executed at less than 1 times revenue multiples, funded entirely through free cash flow we generated during 2025, and resulted in zero common shareholder dilution.

The most significant of these was our August acquisition of Medsphere Systems, which brought us into the inpatient hospital market. Through Medsphere, we added a suite of ambulatory and inpatient software products, including the number one Black Book-ranked Wellsoft emergency information department system. This was a watershed moment for CareCloud, we evolved from an ambulatory first to care-continuum company, able to support the full patient and clinician journey from outpatient clinic, to emergency department, to inpatient bed, through the revenue cycle, and into the supply chain. Integration is well underway, we are incorporating our AI tools into the platform, and we are already seeing new customer wins under the CareCloud umbrella.

We also acquired MAP App from the Healthcare Financial Management Association, or HFMA, in October of last year, alongside a long-term joint marketing agreement. MAP App is a hospital benchmarking and performance analytics platform used by leading hospitals and integrated delivery networks to measure and compare revenue cycle metrics. MAP App identifies where a hospital is underperforming, and CareCloud's

RCM and AI provide the solution, a sales motion with built-in urgency and quantifiable ROI that we intend to scale in 2026 and beyond.

Through Medsphere and MAP App, we now serve hospital systems and health networks, creating a natural cross-selling runway for our AI solutions and RCM services. Our 2026 growth strategy centers on penetrating these newly acquired health system customers with our RCM and AI products, exactly the kind of operating leverage that justifies these strategic investments.

Fifth, we have continued to position ourselves as an emerging leader in healthcare IT. We recognize that the healthcare technology market is at an inflection point, AI adoption is moving from pilot programs to production deployment, and providers are actively seeking partners who can integrate AI across their clinical and administrative workflows. We are operating in a market with a multi-billion dollar addressable opportunity in the United States alone for our AI front desk assistant, and that is just one application of our broader stratusAI framework. We launched stratusAI Front Desk Agent in December 2025 and are already seeing strong early traction. Hadi will provide more detail on our AI products and roadmap, but from a business perspective, our combination of domain expertise, distribution, and clinical data gives us a competitive moat that is extraordinarily difficult to replicate.

Sixth, let me turn to our market position and growth drivers. In 2026, we will continue to leverage our dual platform footprint in ambulatory and inpatient markets to drive organic growth and acquisition synergies. Our primary growth vectors, ambulatory cross-sell, deeper hospital penetration of existing relationships, and AI monetization, represent a compounding opportunity that positions us for durable growth.

As we have noted on prior calls, strategic acquisitions have been a cornerstone of CareCloud's growth, and 2025 marked the year we reignited that momentum after a multi-year pause during which we refreshed our financial foundation, achieved sustainable profitability, and launched our AI Center of Excellence. We were patient because we wanted to acquire from a position of strength and that patience has paid off. All of our 2025 acquisitions followed the same discipline playbook: asset purchases, non-dilutive to common shareholders, structured to maintain balance sheet flexibility, and priced at attractive valuations of one times revenue or less. What is particularly exciting now is that AI is further accelerating our acquisition opportunity set. We expect to remain active on the M&A front in 2026 and beyond as we identify complementary targets that extend our reach and can benefit from our AI capabilities.

Seventh, turning to our guidance for 2026, it reflects continued growth with accelerating profitability. We expect revenue of \$128 million to \$132 million and Adjusted EBITDA of \$29 million to \$31 million, reflecting margin expansion. We expect GAAP EPS of \$0.20 to \$0.23 per share, which would represent an increase of more than 100% over 2025. We have set this guidance at levels we believe are achievable and, consistent with our track record, we intend to execute against it with discipline.

As we reflect on 2025, we are humbled by the progress we have made across every dimension of our business. We exceeded previously raised revenue guidance. We delivered our first year of positive EPS as a public company. We generated exceptional free cash flow growth, increasing more than 500% over the last three years. We executed strategic acquisitions without diluting shareholders. We launched a transformational AI platform that is already gaining market traction. And we strengthened our market position through acquisition driven diversification. Together, they represent a fundamental repositioning of CareCloud as a full continuum healthcare technology platform with AI at its core.

We believe these achievements position us to deliver sustained value creation for our shareholders, clients, and employees. We are entering 2026 with more momentum, more scale, and a stronger balance sheet than at any point in our history, and look forward to achieving our objectives in 2026 and beyond.

With that, I'll turn the call over to Hadi Chaudhry, our Chief Strategy Officer, who will provide more details on our AI strategy and product roadmap. Hadi?

**Hadi Chaudhry**

Thank you, Stephen. Good morning, everyone. It's great to be with you today.

Stephen has walked you through an outstanding financial year. That performance gives us the platform to do something important: invest aggressively and deliberately in AI. My job today is to take you inside that effort, what we've built, what's working, and where we're taking it in 2026.

In April 2025, we launched CareCloud's AI Center of Excellence, a fully operational, production-grade initiative with one mandate: build AI solutions that create measurable impact for healthcare providers. This is not a research lab or a pilot program. It is the engine behind everything in our AI portfolio.

We built this capability in-house because AI in healthcare cannot be generic. It must be trained on the right data, integrated into real clinical and administrative workflows, and designed around healthcare's specific compliance and accuracy requirements. The AI Center of Excellence brings together engineering, data science, clinical informatics, and product development to deliver exactly that.

Our flagship AI product of 2025 is stratusAI Front Desk Agent, which reached full commercial release in December. It is an agentic AI phone receptionist, fully autonomous, operating 24 hours a day, seven days a week, handling patient calls with natural, human-like conversation.

The scope of what it manages is significant: appointment scheduling, rescheduling, and cancellations; real-time insurance eligibility verification and demographic capture; prescription refill routing; lab result inquiries; referral requests; and automated confirmations and reminders. When a call requires human judgment, it escalates intelligently to a live staff member. The system is deeply integrated with our EHR and practice management platforms, which means there is no manual data re-entry and no third-party middleware between the AI and the patient record.

The early results speak for themselves. Dr. Holden, owner of The Lung Center, shared that stratusAI Desk Agent is now handling nearly 80 percent of their inbound scheduling-related calls, freeing his staff to focus on more complex patient needs. That is a fundamental shift in how a practice operates, and it is exactly the outcome we designed this product to deliver.

Alongside Desk Agent, we have stratusAI Voice Audit, our conversational intelligence platform. It gives practice administrators and hospital operations leaders visibility into every patient phone interaction, whether handled by AI or by staff.

Voice Audit delivers call monitoring, quality scoring, trend analysis, and patient sentiment insights. It shows what's working, where workflows are breaking down, and where there are opportunities to improve the patient experience.

Beyond patient access, we are applying AI deeply across revenue cycle management, the core of our business. AI capabilities are already active throughout our RCM operations, helping reduce claim errors, improve appeals and documentation accuracy, and increase first-pass acceptance rates with payers.

Importantly, AI also allows us to shift from relying primarily on lagging indicators, such as denial rates and days in AR, to monitoring leading indicators earlier in the revenue cycle. By identifying potential issues at intake, eligibility verification, coding, and claim creation, we can prevent problems before a claim is ever submitted rather than reacting after a denial occurs.

Our longer-term ambition is to establish a new industry benchmark: zero-touch claims, a fully automated workflow where AI manages intake, validation, submission, and payer follow-up with minimal human intervention. This enables billing teams to focus their expertise on true exceptions rather than routine processing.

We are also developing AI-driven prior authorization capabilities, which represent one of the most significant administrative bottlenecks in healthcare today. Prior auth delays drive revenue leakage, delay patient care, and consume enormous staff time. Our approach is to use AI to predict authorization requirements, pre-populate supporting documentation, and route requests automatically, reducing turnaround time and the rate of initial denials.

We are also actively developing an AI-assisted medical coding product. Accurate coding is foundational to revenue cycle performance, errors at that stage cascade into denials, delays, and lost reimbursement. For clients using cirrusAI Notes, the two products work in concert, taking a clinical encounter seamlessly from documentation through accurate code assignment.

On the clinical side, cirrusAI Notes addresses documentation burden, a primary driver of physician burnout. It captures the clinical encounter and generates structured notes for physicians to review and sign off on, rather than author from scratch. It is live and in use today, and it earns clinician trust precisely because it does not try to replace physician judgment, it removes the administrative burden around it.

I want to spend a moment on the intersection of our acquisition strategy and our AI capabilities, because I think this is one of the most compelling and underappreciated aspects of our story. Each platform in the Medsphere portfolio is embedded in real clinical operations, serving workflows previously outside CareCloud's reach and none of them had a dedicated AI team behind them until now. Clients across this portfolio will also benefit from access to CareCloud's ambulatory AI-enabled solutions as our integration work progresses, bringing the full capability of our platform to bear across the care continuum.

Our AI Center of Excellence is actively scoping AI enhancements across this portfolio, prioritizing the highest-impact use cases in supply chain efficiency, emergency department workflow, and clinical documentation. As those enhancements are completed and validated, they will be made available to clients.

To be clear about sequencing: the new clients we are winning today are selecting these platforms on the strength of what they deliver right now. Our contract win with Memorial Hospital in Ohio, deploying HealthLine for supply chain management, is a strong signal of that underlying demand. As our AI capabilities for HealthLine mature, Memorial and clients like them will be well-positioned to adopt those enhancements when they are ready.

The same logic applies to Wellsoft. In January, Affinity Urgent Care in the Houston-Galveston area selected Wellsoft, bringing our emergency-grade documentation system into the urgent care setting for the first time. With approximately 11,000 urgent care facilities across the United States, this channel represents a meaningful expansion of our addressable market. The AI layer for Wellsoft is in development and when it is ready, it will strengthen our competitive position in this channel considerably.

On the AI side, MAP App becomes more powerful over time: our roadmap adds recommendations that go beyond identifying a revenue cycle gap to quantifying its dollar impact and surfacing the automation that closes it fastest, moving us from analytics to action, a conversation hospital CFOs are very receptive to.

The HFMA relationship also gives us distribution into hospital finance leadership that would take years to build organically and combined with our AI roadmap for MAP App, we have a compelling reason to be in those conversations in 2026.

Looking ahead, I want to be direct about what 2026 means for our AI strategy. We have spent 2025 building the AI Center of Excellence, the stratusAI product suite, the acquisitions that expand our platform. 2026 is the year we execute. Let me walk you through four priorities.

First, we will continue expanding our AI product suite across the full platform. stratusAI Desk Agent and Voice Audit are live and scaling. cirrusAI Notes is deployed and being integrated across the Medsphere suite. AI-assisted coding and prior authorization AI are both targeted for release this year.

Second, we will execute on the cross-sell opportunity at the product level. Stephen outlined the strategic case, Medsphere relationships, RCM capabilities, HFMA partnership. My focus is making sure the AI products are ready to support that motion: cirrusAI Notes integrated into the Medsphere suite, the coding product available to hospital billing teams, and stratusAI Desk Agent deployable in hospital patient access centers.

Third, we will continue building the AI Center of Excellence, deepening our clinical datasets, developing proprietary models trained on healthcare-specific workflows, and partnering selectively with leading AI infrastructure providers where it helps us move faster. The principle is always the same: healthcare-native AI, built with the right guardrails, delivers better and more defensible outcomes than generic AI applied to healthcare settings.

Fourth, and most importantly, we will hold ourselves accountable to client outcomes, not just product releases. The measure of our AI investment is not features shipped. It is revenue improvements, denial rate reductions, time saved per provider, patient satisfaction scores. Those are the metrics we track internally, and they are the ones we will be sharing with you as our AI business matures.

I want to close with a thought on why this moment is meaningful. Providers across every care setting are seeking purpose-built AI that integrates into the systems they already use. That is precisely what we are building across ambulatory, emergency, inpatient, and hospital billing operations.

CareCloud sits at a rare intersection: long-standing relationships with over 45,000 providers across the care continuum, a fully integrated platform spanning EHR, practice management, RCM, and now supply chain and hospital systems, and a dedicated AI organization focused entirely on solving healthcare's operational problems. We are a profitable, growing company with a clear AI strategy and the operational discipline to execute it. I look forward to sharing our progress with you throughout the year.

With that, I'll turn the call over to Norman Roth, our Interim CFO and Corporate Controller, who will walk you through the detailed financial results. Norman?

### **Norman Roth**

Thanks Hadi, and thanks everyone for joining our call today.

As you have just heard, we had another strong quarter and a strong finish to the year. We have accomplished and exceeded the goals we set for ourselves for 2025. In particular, we are now generating record levels of free cash flow and resumed paying dividends on our preferred shares, which started in February 2025 and we have also been catching up on the dividend arrearage for the Series B Preferred Stock.

Further, we have fully repaid our Provident Bank line of credit at the end of the year where we had borrowed funds for the Medsphere acquisition and now have the full \$10 million line of credit available. We generated \$20.5 million of free cash flow in 2025 which we measure as cash from operations less purchases of property and equipment and capitalized software and other intangible assets.

In 2025, we began seeking out acquisition opportunities and during the year we completed 4 acquisitions. We continue to evaluate acquisition opportunities that will be accretive to the Company.

The key to growing our free cash flow continues to be reducing expenses and growing our GAAP net income. Fourth quarter 2025 GAAP net income was \$2.9 million, as compared to \$3.3 million in the same period last year. This is our seventh consecutive quarter achieving positive GAAP net income.

Revenue for the fourth quarter 2025 was \$34.4 million, compared to \$28.2 million for the fourth quarter of 2024. There was approximately \$7.2 million in revenue related to the Medsphere acquisition in the fourth quarter.

Adjusted EBITDA for the fourth quarter 2025 was \$7.7 million, or 22% of revenue, compared to \$7.1 million in the same period last year. This was an increase of 8% year-over-year.

For the full year, the story is similar. With our emphasis on improving profitability, revenue for the year 2025 was \$120.5 million, compared to \$110.8 million in 2024. Our GAAP operating income was \$11.3 million, compared to \$9.1 million in the same period last year, and our GAAP net income was \$10.8 million, compared to a GAAP net income of \$7.9 million for 2024. This was the highest GAAP net income for the Company since inception. Non-GAAP adjusted net income was \$14.4 million, or \$0.34 per share, calculated using the end-of-period common shares outstanding. Since going public, this is the first year we have had positive full year GAAP EPS.

For the year 2025, Adjusted EBITDA was \$27.5 million, an increase of 15% or \$3.4 million from \$24.1 million last year. Our Adjusted EBITDA for full year 2025 was also the highest amount ever achieved by the Company.

During the year 2025, we generated \$28.6 million of cash from operations compared to \$20.6 million in the prior year and \$20.5 of free cash flow as defined. The free cash flow amount of \$20.5 million increased by 55%, compared to \$13.2 million in the same period last year.

As of December 31, 2025, the Company had approximately \$3.6 million of cash. Net working capital was \$1.3 million. Now that we have repaid our line of credit, free cash flow during 2026 will allow us to increase our cash balance and build additional cushion in our net working capital.

Our financial position continued to improve during the year 2025. We are happy to report strong financial results, no outstanding amounts on our line of credit, cash savings from the Series A Preferred Stock conversion that occurred in March 2025 and look forward to continuing to reporting strong results next year.

With that, I'll now turn the call over to Mahmud for his closing remarks. Mahmud?

### **Mahmud Haq**

Thank you, Norm. 2025 was a milestone year for CareCloud. We delivered strong profitability and free cash flow, expanded into the hospital market through strategic acquisitions, and launched an AI platform that positions us well for the future.

What is most exciting is that we are just getting started. We enter 2026 with strong momentum, a stronger balance sheet, and significant opportunities to drive growth across our platform. I want to thank our employees, clients, and shareholders for their continued trust and support. We remain focused on disciplined execution, innovation, and creating long-term value for all of our stakeholders.

Operator, please open the line for questions.

### **Operator**

Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you would like to remove your question from the queue. And for participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys.

Our first question is from Allen Klee with Maxim Group. Please proceed.

### **Allen Klee**

Yes, hi. Great quarter. So, when I'm listening to your talk, the two big themes I'm hearing, among others, are your emphasis on AI and acquisitions and how you can combine them and get benefits. So, could you expand a little more on how you're planning on kind of monetizing the AI in 2026? You've talked about it, but I think it's important. Thanks.

### **Stephen Snyder**

Sure. Thanks for the question, Allen. So, if we step back, for those who haven't followed our story so closely, and we'll just talk about M&A first, and then we'll dig a little bit deeper into the AI questions specifically asked. So, first of all, from an M&A perspective, the environment today continues to be increasingly favorable. AI is a catalyst for smaller billing companies and for healthcare companies that focus on delivering software products to the inpatient, also the ambulatory space, because they recognize the fact that without AI, their competitive position continues to weaken in the market. So, that's driving more sellers into our pipeline than ever before.

Our strategy continues to be one of patience and discipline, like we've followed for years. So, we wait for an opportunity where the recurring revenue associated with, first of all, has to be recurring revenue relationships, a portfolio of recurring relationships, revenue relationships. And secondly, from a valuation perspective, we really target valuations of between 0.6 and one times revenue. That compares very favorably to the CAC in our space, which is typically about one and a half times or greater revenue. So, we move forward with these acquisitions, and then with regard to those base companies that are part of that portfolio, we aim to bring them from a status of typically break-even or operating at a loss to about 25 to 30 percent profitability margins, typically within about nine months. So, that's the base strategy.

You've asked about the AI overlay to that, and that's where I think the whole strategy gets even more interesting. So, if we think about the, just as an example, if we think about the Medisphere acquisition, we've purchased software products that lack that AI capability, and what our team has been doing is that it's been really focused in on taking the core AI products, taking the cirrusAI product, the stratusAI product, taking the AI notes applications and the like, and then weaving that and incorporating that fully into those platforms, and we expect to have that done within the next couple quarters. So, we're able to take those platforms and to make them increasingly more attractive and platforms that, as opposed to being, as opposed to lagging behind where the space is, will be increasingly leading in their particular markets. So, we see some exciting potential there.

The second thing would be, if we think about this from the perspective of revenue cycle companies, we now are increasingly using AI and automation to handle a lot of the services that before were being handled by individuals here in the U.S. or members of our team globally. So, AI and automation is increasingly assisting with the back office processing, enabling us to further drive margins. And Hadi might have something else to add to that from an AI perspective.

Sure. Thank you, Steve.

### **Hadi Chaudhry**

Just to add on to what Steve has mentioned, our strategy from the AI perspective has been the same in three parts. One, continue to focus on the improvement and implementation of AI in the back-end operations, whether it's the basic denial management, whether it's the automation of, as an example, the referrals and verification of the benefits and the like, and then there are many others. And the second is the AI enablement or AI integration into the existing product suite that we have.

Whether it's our own EHR practice management platform or these other companies, as Steve mentioned, that we are acquiring, the team continues to focus on building the AI layer to make it more attractive and more marketable. And then continue to focus on any other net new applications that we can bring to the market, such as the stratusAI FDA.

**Allen Klee**

Thank you. That's very helpful. Then, it was encouraging to see, like, contract wins with new customers. Could you talk a little about how you think, what was behind the win and how you think that's an opportunity going forward?

**Stephen Snyder**

If we think about our overall sales team and our marketing team, we've expanded that team by two or three times. So, we have an increased team that's focused, increased size team that's focused on cross-selling and also these net new opportunities. Having said that, we continue to see the real opportunities this year being primarily in expanding the wallet share of those existing customers, many of whom we've acquired more recently through the Medsphere and the MapApp transactions.

So, through those transactions, we've acquired more than 100 new hospitals and health systems who we're working with. And we see significant opportunity to sell more deeply into these existing clients by providing additional services and solutions, AI products, RCM solutions, with a real focus on Stratis AI and Cirrus AI that can add value and we believe will resonate with this market. So, yes, 100 percent, we've had some new wins. We've talked about a new WellSoft win. WellSoft is our recently number one Black Book ranked EHR that's focused on the emergency departments. So, we had a win there. We also had a win with regard to our supply chain product as well. So, we have those new wins, but we really think that the real opportunity will be continuing to cross-sell and upsell the existing customers.

**Allen Klee**

Okay. Thank you. You also met my last question and then I'll jump back in. The front-end AI, I think you said we launched that in December. How do you think about, and you said it's a very large opportunity, in terms of how you're targeting that and early indications you get of interest? Any comments there?

**Stephen Snyder**

For sure. Yeah, you're talking about our Stratis AI product and, again, the market opportunity is estimated to be \$4 billion plus and Hadi can provide more visibility with regard to the early response, but we've really been encouraged by how well that's resonated with regard to our existing base. Our sales efforts are almost exclusively focused on our existing base and we're getting significant traction there, but over to Hadi.

**Hadi Chaudry**

To your point, Steve, so we are seeing a very encouraging early adoption since the launch and the commercial launch in December. While we are not disclosing a specific client count at this stage, but our deployment pipeline is really robust across existing ambulatory client base and we yet need to tap into aggressively into the Medsphere client base that our team is extensively aggressively working towards integrating across the product suite there. At the moment, we have seen an exceptional interest from our existing client base, so we expect to share more specific adoption metrics as we progress through 2026.

**Allen Klee**

Great. Thank you.

**Operator**

Our next question is from Michael Kim with Zacks Small Cap Research. Please proceed.

**Michael Kim**

Hey, everyone. Good morning and thanks for taking my questions. So first, there continues to be a lot of uncertainty in the markets as it relates to AI and the potential impacts on SaaS companies. So just wondering how investors should think about CareCloud's exposure to AI disruption versus maybe being more of an AI beneficiary. Thanks.

### **Stephen Snyder**

Thanks, Michael. And you are 100% right. The SaaS sell-off in the market has been significant and has not discriminated. It has not discriminated between companies where there really is a more significant risk and those where there isn't. We believe that the companies that are most at risk are the horizontal per se tools for generic workflows, things like scheduling apps, basic CRM, companies where AI agents can replicate and fully replace that key functionality. That is fundamentally not our business.

And I would focus in particular in the healthcare space. So healthcare IT in particular has very deep industry moats that those horizontal SaaS players simply don't have. So our AI products, as an example, require rigorous testing, certification, approval by a government-approved entity prior to their initial launch and with regard to any fundamental changes we make to them.

So the ability for these new market entrances from AI companies is really very limited. And we also operate under HIPAA and a whole web of other healthcare-specific regulations that create substantial barriers to entry. We're also the system of record for our providers from a clinical, financial, administrative perspective.

And that data lives within our existing platform. And if we think about more fundamentally what our clients in the context of leveraging us accomplish really is in large part shifting their risk to us. They rely upon us to securely host their data, to ensure compliance, to most fundamentally produce revenue for the practice.

So our SaaS offering isn't simply a standalone tool. It's really the technology backbone that drives our larger revenue cycle management services, which are fully integrated with it. And clients pay us based on the actual value we're producing because the overall majority of our clients pay us a percentage of the practice collections for both the EHR, the technology piece, and also the RCM offering.

So it's fundamentally different from many of those other companies that are really also feeling this impact. I would say one other thing is we also have more than 25 years of proprietary data across hundreds of millions of claims. And that information and that data informs our AI products, helps us ensure coding accuracy, manage denial management, benchmarking, and the like.

All things that the new entrants in the market don't have. So at least as we look at it, Michael, our thought is that with our valuation being five, six times EBITDA, in spite of the fact we generated this last year \$20.5 million of free cash flow, we continue to trade at a fraction of the valuation of the market in general, and even a fraction of the valuation of other healthcare IT peers, or more than twice that. So as the market moves away from this more indiscriminate treatment of all companies that are working on some level with AI, and we'll move from that to, we believe, a more differentiated approach between those companies that are truly threatened by AI, and those for whom AI is actually a key part of their advantage, is a key part of their ability to add additional value to the existing relationships. And we're really falling to that second camp.

### **Michael Kim**

Got it. Makes a lot of sense. And then second, clearly earnings power and free cash flow continue to build. So just wondering what sort of assumptions you're building in as it relates to the 2026 guidance ranges, and then how you think about sort of the trajectory of growth looking out beyond next year.

### **Stephen Snyder**

So to your point, Michael, for us 2025 was a milestone year. It was our first year producing positive EPS since we went public back in 2014. And we've had seven straight quarters of gap profitability, and free cash flow alone was up 55% as compared to 2024, up to \$20.5 million in 2025. So if we think about just our EPS guidance this year of 20 to 23 cents, that represents more than 100% growth, and we feel very confident about that guidance. Now, what's driving that overall growth? It's really being driven in large part by the top line growth, and in addition that the integration savings with regard to the companies we've acquired, and then really driven largely also by the AI efficiencies.

And then added to that the fact that we've eliminated through the conversion in 2025, we've eliminated more than \$7.5 million of preferred dividend obligations on an annualized basis. So the increased free cash flow gives us flexibility to be able to fund M&A for operations, and if you just look at this most recent year, we were able to acquire all four companies purely from the cash flow generated during 2025, with zero dilution to the common shareholders. And also able to invest in our AI development, and then fully resume payments relative to our Series A and Series B shareholders.

And in addition to that, if you think about this year, in addition to all those things, we're also paying double dividends to clear up the arrearages relative to the Bs. So from a funding perspective, operations is really continuing to drive this flexibility, and continues to open up new opportunities for us. And as we think even more broadly beyond 2026 and 2027, we believe that we'll continue to fundamentally expand the overall margin profile as we continue to scale.

**Michael Kim**

Got it. Thanks for taking my questions. Thank you.

**Operator**

Our next question is from Michael Galantino with Chapin Davis. Please proceed.

**Michael Galantino**

Good morning, gentlemen. Hey, you can hear me good, thanks. I don't know what's coming through. Hey, great year, great quarter. Way to finish the year strong.

I've been involved with the company for a little over nine years, and we've all seen a lot of changes in the industry. I mean, nobody knew what AI was nine years ago, and now it's the focus of the company. You guys have done a tremendous job navigating it, specifically the last two or three years.

I have a couple questions. Steve, one to you on the AI front. Does AI technology in the effort of the company, does it save money in terms of operationally, and does it increase the margins? And I know you talked about the SaaS stocks that have been coming under, or the software stocks that have come under significant pressure in the last three or four months, if you can address that. And the second question is, now that you have excess cash flow, a lot of excess cash flow, which is a great problem to have, what are the focuses for the use of that money if there are no opportunities to make any more acquisitions this year?

**Stephen Snyder**

Thanks, Mike. I appreciate your questions. So, maybe I'll try to address the first one initially. And if we think more fundamentally about the overall revenue of the company, and we go back to, let's say, the fourth quarter of 2024, and we think about our company on an annualized basis. On an annualized basis, we were at, let's say, \$110 million roughly. We think about where we are today, probably \$125 million.

These are all very rough numbers. So, we've increased the overall revenue base by about 14%, 15%, roughly. And we've done all that while actually reducing the number of employees that we have today as compared to 2024.

So, I think that more fundamentally, at least on a qualitative level, speaks to what we're able to do. And that's in large part driven by AI and innovation. And as the year progresses, I believe you'll continue to see us being able to do far more with far less. So, those savings and that margin, we believe, will continue to increase as we move forward. And again, in the whole scheme of things, we're probably in the first inning. So, this is really just beginning.

We just launched our AI Center of Excellence less than a year ago. So, these realities, the long-term realities, are yet to be fully seen in the financials. But again, based upon the numbers as we see them today, we think there's significant opportunity for us to be able to reduce overall expenses associated with the revenue as we continue to grow it.

The second thing is with regard to the use of that free cash flow. We continue to look for these opportunities to be able to put that capital to work with regard to these acquisitions. So, acquisitions in our space, again, with a focus on being able to acquire companies from our internally generated cash flow, ideally.

So, that would be one key focus. The second key focus would be continuing to, as the opportunities present themselves, and as our profit margins continue to grow, to look for opportunities to be able to continue to enhance our overall capital structure. As time progresses, that would be another opportunity that we look forward to pursuing. And also, continuing to invest in AI, continuing to look for opportunities to expand the existing capacity of our software products, and to continue to handle an increasingly larger and larger share of the responsibilities that our clients are handling today.

#### **Michael Galantino**

Thank you. Just a quick follow-up. When you guys are competing for this business, who is your competition? Who's out there bidding on the same business that CareCloud is right now? Are there much larger firms? Are they smaller startups? Or who is our direct competition for this business?

#### **Stephen Snyder**

Good question, Mike. I think to answer that, we probably would have to break that into a couple different areas. So, from an EHR perspective, we're oftentimes competing against companies like eClinicalWorks, Advanced MD, and other similar players really focused on the ambulatory space.

So, those would be two of the main companies, plus Athena Health would be a third company where there's a greater mix and more of a focus on the integrated solution that involves the delivery both of software and also of the revenue cycle management services. From an AI perspective, the playing field is wider and it really then depends again on the products. So, for instance, our Cirrus AI product, that product that's more focused, for instance, on using the audio and the ambient sound for the communications between the provider and the patient in the exam room to populate the chart.

Many of our competitors in this space are offering very similar solutions. Some of those solutions are native. Other solutions are through a third-party application that integrate into their platform. From the perspective, though, of the product that Hadi was talking about before, many of our competitors actually aren't offering that solution. But one company maybe to think about would be SoundHound. So, SoundHound has a product that is actually very similar in many respects called Amelia, and Amelia has a lot of that same functionality.

But SoundHound, unlike us, does not have a vertical approach. They're an outside player selling horizontally into the space. So, they don't have their own EHR, for instance, in which they can incorporate this product. But SoundHound is also interesting because if we look at their overall valuation, it's about 20 times today, 20 times the trailing years revenue. So, compare or contrast that with ours, and we think there's a lot of opportunity for investors once the market really understands that we have a proof of concept that we are able to demonstrate real success at developing our solution to our existing customer base.

**Michael Galantino**

Terrific. Thank you, Steve. Thank you.

**Operator**

Our final question is a follow-up from Allen Klee with Maxim Group. Please proceed.

**Allen Klee**

Yes. Hi. Just on the financials quick thing. In terms of your outlook, any comments on thoughts of CapEx and capitalized software spending and your guidance overall? Does it include any unannounced acquisitions?

**Stephen Snyder**

Good question. I'll let Norm in on the first part of that, but the answer to your second part of your question is no. It does not include any unannounced material acquisitions.

**Norman Roth**

And I think, Alan, when you're looking at CapEx and software cap, I think if you look at the levels from this year, I think they'd be the same or maybe a little less going forward. So, if you wanted to use that as your forecast, that should be fine.

**Allen Klee**

Okay. Maybe just following up in terms of the run rate on its operating expenses, to what extent – I know you're increasing R&D, but you still anticipate utilizing AI can get you some benefits on the expense side?

**Stephen Snyder**

Absolutely. We do. And, frankly, as we sit here today as compared to a year ago, we believe we can accomplish everything that we're setting up to accomplish in terms of AI, and we can accomplish it with a smaller team than we had initially envisioned. There's been so much progress from an AI perspective in terms of the key models that we use as the girding in our overall framework that we really believe that we can increasingly achieve what we're setting out to achieve from an AI perspective with a leaner team than we had initially envisioned. So, I think there'll be less spending from the perspective of the AI center of excellence, and beyond that, the investments that we're making today will really continue to make us more efficient and continue to expand margins.

**Allen Klee**

Perfect. Thank you. Thank you.

**Operator**

With no further questions, I would like to turn the conference back over to Norman Roth for closing remarks.

**Norman Roth**

Thank you, everyone, for attending our call today. Have a great day.

**Operator**

Thank you. This will conclude today's conference. You may disconnect at this time, and thank you for your participation.