



CareCloud, Inc.

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PRESENTATION

Nathalie Garcia

Good morning everyone. I'm Nathalie Garcia, CareCloud's Associate General Counsel and Chief Compliance Officer. Welcome to CareCloud's first Analyst and Investor Day. Before we begin, I would like to remind you that certain statements made during this conference call are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

All statements other than statements of historical fact made during this conference 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 acquisitions. Forward-looking statements may sometimes be identified with words such as will, may, expect, plan, anticipate, upcoming, believe, estimate or similar terminology and the 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 of 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.

On today's call, we may refer to certain non-GAAP financial measures. Please refer to our SEC filings and to a copy of today's Analyst and Investor Day presentation available at ir.carecloud.com 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, Hadi Chaudhry. Hadi?

Hadi Chaudhry

Good afternoon, everyone, and welcome to CareCloud's first Analyst and Investor Day. My name is Hadi Chaudhry, and I'm CareCloud's President and Chief Executive Officer. I would love to meet each of you in person, but I'm thankful for the opportunity to connect with you virtually today. If you have questions throughout the presentation, please drop them into the chat window, and we will answer them at the allotted times.

I started as an IT manager at CareCloud shortly after it was founded. My passion for CareCloud's mission and vision allowed me to secure various roles at the company, including Chief Information Officer, General Manager, Vice President of Global Operations, and eventually, President and CEO.

My time at CareCloud has allowed me to learn our history, strengths and our opportunities, and I'm excited to share that with you all today. You will also hear from several other members of the CareCloud leadership team, as well as two CareCloud customers today. Carey Sambogna is Vice President of Client Services at Fox Rehabilitation; and Dashun Monk is the Chief Financial Officer at Hutchinson Clinic. We are honored to have both Carey and Dashun with us today, and we are excited to hear their stories.

CareCloud was founded by American entrepreneur Mahmud Haq in 1999 as Medical Transcription Billing Corp. Mr. Haq's wife was a physician and the medical billing problems her practice faced were a barrier to delivering the best quality care to her patients. Mr. Haq saw that problem and created a solution in what is now known as CareCloud.

While the company's original focus was on manual medical billing and transcription, we soon realized that healthcare technology solutions are necessary for quality patient care. Today, CareCloud offers

comprehensive healthcare technology solutions that make it easier for medical practices to manage data, communicate securely with colleagues, and follow-up care for their patients.

CareCloud still holds that same vision it was founded on, but we have adjusted to continue to meet the greatest needs of the industry, expanding and enhancing its solutions and services. We now have a global team of 4,000 employees. Our solutions and services are in all 50 U.S. states, with 40,000 providers leveraging our products and services in 80 medical specialties. Providers can come to us for a specific solution or they can come to us for end-to-end solutions, and because we can leverage our global workforce, we can offer these services and solutions in the most cost-efficient and effective ways. With a staff of more than 500 research and development and information technology staff members, we can easily collect and analyze data on a large scale, make decisions and use this information to develop proprietary technology.

Our strategic market consolidation goal allowed us to go public in 2014 and since then we have made several strategic acquisitions to increase our revenue more than tenfold and further strengthen and expand what we can do. MTBC rebranded to CareCloud after acquiring the healthcare technology company specializing in software and services in 2020. Later in 2020, we added to CareCloud's robust solutions through the acquisition of Meridian Medical Management, which offered leading revenue cycle management and electronic health record solutions and a strong lineup of technology-enabled solutions. In 2021, we strengthened our presence in the hospital market through the acquisition of MedMatica Consulting Associates and Santa Rosa Staffing. MedMatica and Santa Rosa Staffing had both served the hospital market for more than two decades and had partnered with more than 100 health systems. CareCloud's medSR division continues to execute transformational projects, providing a full suite of consulting solutions that address their clients' biggest technology and staffing challenges.

While we have experienced tremendous growth over the past few years, we are turning our focus to organic growth as we continue to address the greatest needs of today's market. The pandemic accelerated the adoption of critical healthcare technology and technology-enabled solutions have become the building blocks for the future of healthcare. With these new advancements comes new obstacles and challenges for providers, as well as new opportunities for CareCloud solutions to step in and make an impact. Underpaid and overworked healthcare workers are burdened by tedious administrative tasks like tracking patient data, maintaining records, coding and billing, which may take too much time for understaffed offices and leave providers without the attention needed to deliver quality care.

The shift towards consumerism has given way to an increase in patient demand. They now want convenience in healthcare with technology that allows their medical needs to be met in a matter of minutes. With an increased adoption of the value-based care model, reimbursement payments have shifted from quantity of services provided to quality of care. To adjust to the changing needs of the U.S. healthcare system, healthcare providers will need the right technology-enabled services and solutions that provide data and insights.

As one of the largest providers of healthcare IT solutions, CareCloud is uniquely positioned to help providers move past these burdens and easily transition into the next generation of healthcare. I'm going to provide a brief snapshot of what CareCloud offers, but you will hear more on each of these areas later in the presentation.

We offer fully integrated solutions that combine revenue cycle management with electronic health records, practice management software, and patient experience management software that can reduce administrative tasks, streamline workflows and improve operations so providers can focus on care delivery.

Our application ecosystem includes electronic health record systems certified through the latest regulations and built for easy communication between providers and patients. Our robotic process automation can save

providers time and money by automating repetitive and tedious tasks. Our business intelligence process can analyze data sets for better understanding, helping providers make better decisions and improve business performance. Through our medSR division, we can help healthcare organizations select the best information technology system as well as provide end-user training, revenue cycle optimization and operational support. We are also excited about the recent addition of powerful digital health solutions that help providers adopt a more proactive approach to care delivery and move us into the next generation of healthcare.

The value-based care model was designed to decrease healthcare costs by keeping patients out of the hospital, forcing providers to offer more preventative care options. Our CareCloud Wellness offers digital health solutions that allow providers to take the driver's seat and shift the patient - provider connection from a reactive transaction to a proactive relationship. Through our remote patient monitoring service, you can gain real-time data with the use of cellular connected devices to make actionable proactive clinical decisions rather than waiting for the patient's scheduled follow-up visits.

The beauty of CareCloud, and one of our greatest strengths, is our flexibility backed by our comprehensive product suite that can customize solutions for various segments of the market. Not only can CareCloud offer a comprehensive package of healthcare IT solutions to small medical practices but we also have the unique ability to customize other options for large physician groups. Because we employ a global workforce, we can offer these solutions at an affordable price point. Because we have such a strong research and technology team that understands the needs of our target market, we have developed exclusive technologies that can meet needs that no other company can.

We feel strongly because we have strong leaders whose knowledge and skills are growing our company and overcoming obstacles. Steve Link is our Chief Operating Officer with more than 30 years of experience in the healthcare and financial services industries, including more than eight years at athenahealth, building and scaling our RCM operations team.

Dwight Garvin is an Executive Vice President and Chief Operating Officer for CareCloud's medSR division. He has more than 30 years of experience in healthcare technology, including 10 years at athenahealth, Cerner and Deloitte Consulting. His skills include project management, ambulatory EHR implementation, revenue cycle management, budgeting and strategic planning.

Karl Johnson, our President of CareCloud Force, has more than 30 years of experience in hospital administration and physician management. He came to us in 2016 after the large physician management company he founded was acquired by CareCloud.

Adeel Sarwar is our Chief Technology Officer, who has spent the last 18 years at CareCloud. He has extensive experience in designing and developing healthcare products and has a unique ability to align revenue growth strategy and innovation with IT business goals.

Our Chief Operating Officer for EHR and Digital Health, Dr. Iram Fatima, has been with CareCloud for eight years. She has more than five years of clinical experience as a hospitalist in medicine, surgery and ICU, as well as more than three years of experience in managing hospital, clinical and nonclinical operations.

Before coming to CareCloud, our Chief Financial Officer, Bill Korn, served as CFO for six other businesses where he enabled one business to grow at an 87% CAGR through acquisitions and organic growth. He also spent 10 years with IBM as a member of the senior management team that created IBM's highly successful services strategy in the 1990s.

Loraine Goetsch is our Division President and Senior Vice President of Integrations with more than 20 years of experience and in-depth understanding of the current and evolving needs of CareCloud's industry and target market.

Ali Shaukat is our General Manager of Offshore Operations, and he has more than 20 years of experience in healthcare IT, revenue cycle management and similar fields, as well as more than five years of management experience with a team of more than 4,000 employees of offshore operations.

I will now turn the presentation over to Steve Link, CareCloud's Chief Operating Officer. Steve?

Steve Link

Good morning, and thank you for joining us today. My name is Steve Link, and I am the Chief Operating Officer of CareCloud. In my role I lead a global client experience and service delivery team across the CareCloud organization. Our teams deliver solutions to over 40,000 medical professionals located across the 50 states in the U.S. and bring 20-plus years of experience supporting tech-enabled services and solutions in over 50 different specialties. Today, I'm going to share additional details regarding our team's capabilities and expertise that differentiates us in the healthcare IT space.

CareCloud's client experience and service delivery is enabled by 400-plus U.S.-based employees and over 3,500 offshore employees in Pakistan and Sri Lanka. and we continue to grow and recruit top-tier talent to support ongoing growth and business optimization.

A key differentiator in CareCloud's delivery model is that all of our offshore team members are employees of CareCloud. This allows us much greater control over our business outputs and overall service quality and delivery. Most of our offshore team members are university educated and receive ongoing U.S.-based healthcare training through robust internal training programs. In addition, team members are incentivized, through various bonus programs, to continue their education and skill set attainment.

In correlation to our ongoing training incentives, performance-based compensation programs act as a significant lever to drive continuous improvement in productivity and in quality. Team member results are measured and managed on a monthly basis to determine ongoing training requirements and are directly connected to bonus compensation for each team member.

Our U.S. team members are comprised of industry experts, in many cases, that have decades of deep domain expertise across a broad spectrum of technology, clinical and financial verticals. Most of our U.S. team members are concentrated in client engagement, project management or overall business administration roles. Many of these team members are directly focused on the client experience, and building relationships with our clients to ensure that we meet the day-to-day client needs and collaborate to build successful outcomes and practice solutions for our clients.

In our revenue cycle management, percentage of collections model, our success is driven and tied directly to our clients' success via higher provider reimbursements and overall revenue acceleration.

Our offshore and U.S. team members work hand-in-hand on a daily basis in service delivery team models, in which they are focused on assigned books of business. This delivery model works exceptionally well to ensure there are multiple points of connection to our clients and that there are overall checks and balances in the process, as well as redundancy within the delivery teams.

In some cases, where clients have indicated that offshore resourcing is not an option—and this is a very small percentage of the overall client base—we are able to support all services with U.S. team members at a premium price point. Typically in these types of engagements, we have found that once trust and

confidence is established with the client, they become much more open to offshore service options, which allows us greater flexibility in the ways that we can service their needs.

As we enter 2023, we continue to invest in our overall client experience with continued optimization of client communication, on-site client engagement, and tools that quickly allow our clients and our internal teams to assess key performance indicators and overall practice health. This ongoing business optimization will continue in many forms, and allows us to standardize service delivery across all of our divisional sites, utilizing our prior learnings and best practices across all of our teams.

In addition to the differentiation that CareCloud's staff models enable, we also have differentiated ourselves with broad end-to-end technology and service solutions. These solutions have been assembled over the past 10-plus years and consolidate the capabilities of many of our past acquisitions. This enables us to offer the appropriate service packages for all size practices and health systems across a broad spectrum of specialties for all size practices and health systems. In addition, as we see more and more consolidation in the industry, these capabilities allow us to offer additional services or solution packages to groups that are growing organically or through merger and acquisition, and allows for an unmatched flexibility to right size the solution to the client's current need. Many of our clients continue to grow with us and appreciate this flexibility to meet their current need and not have to purchase services that are above and beyond what they need at the moment.

Some of these service offerings include full end-to-end billing services, including front-end services that have traditionally been owned by the provider or practice administration. These include demographic entry, patient eligibility and benefit verification, pre-authorizations, our patient call centers, release of information and our credentialing services as well.

Most of our clients continue to select flexible revenue cycle management solutions, which allow clients to maintain a level of control over their revenue cycle management, but in a co-source model that provides flexibility to reallocate their in-house staff to the functions that they deem to be most important, in many cases such as improved patient engagement activities.

We often see service needs change during the client life cycle, and we offer various tiers of service within the RCM model to meet those changing client requirements. In the past couple of years, we've seen growing need and demand for standalone coding and credentialing services. These continue to grow as many practices have struggled with staff challenges over the past two-plus years. Ultimately, these services are critically important to overall provider collections, back-end cost containment, and ultimately play an integral part in the practice's total revenue realization.

Throughout 2022 and 2023, our service and technology teams are highly focused on the rollout of digital healthcare solutions, which include chronic care management, remote patient monitoring, and telehealth solutions. We continue to evaluate and implement service and product optimizations for these solutions. In addition to all of that, we see a growing need for staff augmentation, i.e., CareCloud Force, which Karl Johnson will provide greater detail on later in this presentation.

We've seen many requests for further automation solutions. These are items such as remote processing automation in which our team can enable bots to replace manual workflows and rote task delivery for our clients. RPA not only offers us the ability to provide these solutions to clients, but represents a significant internal opportunity to leverage these solutions to manage high-volume transactional workflows with lower expense, higher productivity and more consistent quality outputs.

As you can see here, the size and breadth of our delivery capabilities is vast and represents decades of experience delivering high volume, high value services and solutions to tens of thousands of healthcare providers across the healthcare ecosystem. In our current offerings to existing or net new clients, we bring

an unparalleled level of expertise, advocacy and experience, which allows us to provide off-the-shelf, or in many cases even custom solutions in almost every possible client scenario. As we enter 2023, we continue to drive towards highly automated, cost-effective solutions that will allow us to grow the overall value proposition for our clients, which in today's market is inherently important to the healthcare IT buyer.

Thank you. Now I would like to turn it over to Loraine and Ali, members of our senior leadership team, who will provide an overview of our Pakistan operations.

Loraine Goetsch

Thank you, Steve. My name is Loraine Goetsch, and I'm a Division President for CareCloud. This December, I'll be celebrating my 23rd year with CareCloud and 20 years working between our offices in the States and our offshore operations. With me is Ali Shaukat.

Ali Shaukat

My name is Ali Shaukat. I'm the General Manager of our offshore operations, which includes our offices here in Islamabad, Bagh Azad Kashmir, Karachi and Columbo, Sri Lanka. Over the past 20 years, I worked in different capacities in operations, and I've also spent many years in the United States.

Loraine Goetsch

We are so proud to share with you a glimpse of our campus. Ali, can you share a little bit about this office?

Ali Shaukat

Yes. We are currently in our largest facility here in Bagh Azad Kashmir. We have approximately 2,600 employees working in this office, which includes the team members in IT, finance, HR and our contact center, and our largest department, which is RCM operations. We have a beautiful workspace of more than 100,000 square feet, and being that this is a very competitive market we offer our employees a number of perks.

Loraine Goetsch

We also have a dental clinic, a tailor shop, cobbler service, a boutique and grooming salons, pick and drop van service for employees, and company-maintained cars for managers. We also arrange trips and tours for exceptional team effort.

I'd like to add one thing Ali. Out of our 2,600 employees here in Bagh, 20% of them are women, which I'm really proud of. And in fact, most of the team members in leadership are women.

Our learning and development team provides training on leadership skills, time management, team management and other team building activities. Each office also has team members that provide on-the-job training daily. On any given day, we have employees visiting other office locations. As we speak, we have employees from our office in Islamabad, in New Jersey. We have employees from our Bagh office in Islamabad. And earlier this year, we had employees from Connecticut, Florida and New Jersey visit Bagh. They work in legal, ops and client access. While our offices might seem far from each other, I can tell you we have built an amazing workforce that works as one.

Ali Shaukat

As an organization, we are creating a huge impact on the society here. We are the largest employer in this area. There are not many other industries, and we have always qualified resources available whenever we do hiring for any department. This area has a 98% literacy rate. There is a local university, which produces graduates in computer sciences, social sciences, economics and business management.

Loraine Goetsch

Twenty-five percent of our team members have master's degrees and many are pursuing PhDs. We have chartered accountants, doctors and lawyers supporting our operations teams. We offer competitive salaries and give performance-based bonuses. Actually, 40% of the employee salary is performance-based.

We are a socially responsible organization and organize events like skiing, hiking and educational seminars. We have donated computers for laboratories and provided school supplies and computers to local schools.

Ali Shaukat

The last thing I want to talk about is data security. Data security is a priority for all the employees. We have a number of controls in place to secure our data. For example, cell phones are not permitted at the workstations; storage devices are banned from the office. In fact, most employees do not have outside email access, and Internet access is limited to business essential websites. Audits are conducted by the data security teams to ensure compliance and all the employees attend the mandatory yearly HIPAA training.

We provide complementary meals. The kitchen staff includes a number of chefs that specialize in Italian, Pakistani and Chinese cuisine. We also have a team of professional bakers.

Loraine Goetsch

I think we can talk about this forever, but let's give everyone a tour.

Ali Shaukat

Sure.

(Video Presentation)

Steve Link

Thank you, Loraine and Ali. Now we would like to introduce you to Carey Sambogna, Vice President of Client Services for FOX Rehabilitation, one of CareCloud's premier clients.

Carey Sambogna

Thank you, Steve, and thank you for inviting me to join in today. I'm honored at the opportunity to be able to share a little bit about our story and our partnership. A lot of blood, sweat and tears have gone into the work that we do together to get it to the place that it is today.

But before I go too much further, we prepared a short video that I think really helps to paint the picture about who FOX rehabilitation is and what it is that we do. Take a look.

(Video Presentation)

Carey Sambogna

We signed that agreement in November and within a couple of days, I think we had close to 100 resources that were doing a follow-up on our old AR. We then sort of turned our attention to the front-end and started training the team to help us on the admissions, the front-end process for data entry and insurance verification, and converted probably 75% of that work over within those first few weeks. We then turned our attention to the technology and some of the development. One of the biggest pieces was the actual admissions portal, which with the people resources and the technology, we have been able to bring our referral-to-admission time down. It was averaging about five days; it now is about three days.

We then began to develop—and this is probably my favorite—a mobile application for our field leadership and the clinicians in the field where they're able to receive their new patients. It uses some artificial intelligence to be able to know the best clinician to assign them and enable the clinicians to effectively map out their visits for the day and for the week. We have in there a geolocation that allows our clinicians to verify the visits as they do them. It helps with maintaining our compliance. We then transitioned our credentialing and reduced our culled revenue by about half of what it was at that time and have maintained that culled revenue even with the growth that we've had over the last five years.

We transitioned our claims to CareCloud's billing system and reduced our aging. I think the goal when we initiated was to maintain under 35 days. We've consistently stayed under 27 days. We have reduced our denials where they are about 7% to 8% consistently, down to under 3% at this point.

I could go on. There's hundreds of other things in accomplishments that we have done, but I think those are some of the big key ones that we really use as our key performance indicators, and are really happy with the progress that we have made with CareCloud.

Thank you for listening to a little bit about our story today. And CareCloud, thank you for the amazing partnership.

Steve Link

Thank you, Carey. Now I would like to introduce you to Dashun Monk, CFO of Hutchinson Clinic, one of our highly valued clients.

Dashun Monk

Thank you, Steve. Hello everyone. My name is Dashun Monk and I'm the CFO of Hutchinson Clinic here in Hutchinson, Kansas. Prior to jumping into the slide deck, I'll tell you a little bit about me and my background.

I'm originally from LA, California. I went to undergrad school at California University, North Ridge. After graduation, I worked as a programmer, did quite a bit of programming in ASP, Visual Basic and C++. But after about eight years of knocking out code I decided there was more to life than knocking out code, so I decided to go back to school and get a master's degree in finance. I went to school at Penn State University and after graduation at Penn State, I worked my way up the corporate ladder to become CFO. I started out as a senior project manager, then from there I went on to a senior FA, on to the manager of finance, director of finance, and then CFO.

I'm extremely happy. I'm extremely happy with what I do here, and I look forward to telling you more about my job and what we do here at Hutchinson, Kansas. Next slide, please.

Who we are? We're the Hutchinson Clinic here in Hutchinson, Kansas as I said before. We're the largest multispecialty group in the state of Kansas. As you can see here from the top picture, you can see our

campus there. You can see we have a very large campus there, but we need that to house our 63 physicians, our 39 APPs, just north of 550 employees, and we see over 500,000 patients every year.

On our campus, we also have an outpatient surgery center and there we do around 3,600 procedures a year. On campus, we have an endo center and we do around 3,400 procedures there. We have a pharmacy on campus and we fill approximately 68,000 prescriptions a year. Our lab is an extremely busy lab, one of the busiest in the county. There, as you can see, we do 1.1 million lab tests every year. For radiology, we did just north of 57,000 procedures in radiology. Recently, we just bought a new PET scanner and we have the only PET scanner in the county, which is beneficial for us from a finance standpoint, and also from a community standpoint.

As you can see that's kind of who we are. You see on the bottom map, you can see our footprint in the state of Kansas. As I said earlier, we're the largest multispecialty group in Kansas, and you can see our footprint. We go as far west as Dighton, and you can see we go north, south and east of Kansas. So we have a very large footprint in the state of Kansas. Next slide, please.

I have faced a litany of challenges. I started at the company in 2019, and when I started in 2019, we had a litany of issues here that we had to take care of. As a CFO, I'm responsible for the typical departments. I have finance and accounting, I have IT, I have the central business office, I have reimbursement specialists, and I have a purchasing department as well as the maintenance department. As you can see, I keep my hands pretty full here.

So one of the things that I need here, I need expertise in every single department that I oversee. One of the departments that did not have expertise was our central business office. When I started in 2019, we had a lot of employees in our business office who were not formally trained. They just worked their way up the ranks through the clinic, which is good in a sense, but in another sense though we need expertise in that department. We needed a go-to person there. We didn't have that.

Another thing, in that department we had a lot of turnover there. As you know, recruiting and hiring employees is extremely expensive. It takes a lot of time and effort to get that done. Any time we can reduce turnover, it's a benefit to the bottom line.

Also another problem there with the business office is redundancy. What I mean by that, though, is someone calls in sick or take a vacation, the process or the project they worked on will be at a standstill. No one would touch it. We wouldn't get that work done until they came back from their time off or their vacation, which as you know, the show must go on and we can't have projects stop because of a employee is not here.

Another thing that I found kind of awkward when I started at Hutchinson Clinic in 2019 is that we had a high paper process. What I mean by that is that every single day, someone in the business office would print out reams and reams of papers and it would have the previous day charges for the doctor and then it would have week-to-date and the month-to-date. So every morning the doctors will look at the cup of coffee and donut and go down to the business office and kind of see where their charges were the previous day. As you know, that's an extremely archaic and expensive product, an extremely expensive and archaic process. Because as you know, we have to buy the paper, we have to buy the ink to print on the paper, and then we have to pay somebody to take the paper away. Obviously, we definitely cannot have that.

Another thing is that we had just too many days in AR. What that means is that once the doctor sees a patient, he drops the encounter and then from there we kind of take over. We send it out to the clearing house, which goes out to insurance companies, and then the money comes back to us. We post it to that doctor's account. That process, as we call days in AR, which is way too long, and we cannot have that. But as you know, everything I mentioned here, these last four items is extremely inefficient process and had a

negative impact to our bottom line. So as CFO, I was tasked to come in and change that around. Let me tell you how we did it. Next slide, please.

After vetting several RCMs, revenue cycle management companies, we decided to go with CareCloud. Since then, our revenue cycle has been improved tremendously. What I mean by that is that now is there's coding of all the claims. That means that any claim that goes out, we make sure that someone's going to get eyes on it. That means that we're going to make sure we're not over coding or under coding, which obviously is very important to the bottom line.

Then also education. We have doctors who some of them have pretty bad habits, and they would code improperly and the claim would get denied. If no one told them about that, they would just keep doing it into perpetuity. Obviously, when claims get denied, we don't get paid, which is going to affect our bottom line. So we're working with CareCloud. We've done some doctors' education there so our denials have reduced tremendously since engaging with the doctors on education.

Another thing is payment posting. So as you know, when those claims are out and they come back in, we got to post them to the doctor's account. If it's no good we can't reduce our days in AR, we can't reduce our denials, if it's not being posted to the doctor's account. So right now, we have extremely efficient posters with CareCloud. Most of the money comes back in and within days it's posted to the doctor's account.

I mentioned days in AR before, I mentioned our process. Since engagement with CareCloud, our days in AR are reduced by 13%. Our aged AR reduction is reduced by 9%. But I'll spend a little time on a true partnership.

The metrics are good. The bottom line has improved tremendously since engagement with CareCloud, but one of the things I like the most, one of the things that is the most beneficial to me is they have a true partnership. What I mean by that is that when we have board meetings and I get directors who like to grow business by a certain percent, I can leverage my partnership with CareCloud and say, "Okay, here's one of my tasks. Can you help me? Can you give me best practices? industry standards? What are you seeing with other clients?" I can take that information and implement it here at the Hutchinson Clinic. Again, that information or that partnership is invaluable and I appreciate it very much.

What I want to talk to you about last is the healthcare analytics tool. They have a tool called PrecisionBI and what that does is that it replaced our paper process. I'm going to tell you about the paper process. Doctors going downstairs and looking at the charges from the day before or the week before or the month before. Now what they can do, they can take their donuts and coffee and eat them in their office and they can pull up the BI tool and they can see their charges on their screen. Everything they need there, it's right there, right in front of them. They can see their charges, they can see their payments posted, they can see their denials, they can see their days in AR, they can see their adjustments. It's all sitting right there on the screen. That is an extremely, extremely beneficial tool for us. We're able to save paper, able to save ink and are appreciative for the company taking the paper away.

All in all, I'm extremely happy with the services that CareCloud is providing me and it has made me a better CFO.

That's all I have to present to you today. If you have any questions, let me know. Thank you.

Hadi Chaudhry

Thank you, Dashun, and thank you, Carey, for your participation and sharing your stories. We greatly appreciate and value your partnership.

With that, we would like to open the floor to take few questions now. To ask a question from our clients or from our offshore team, please type it in the Q&A chat window. Please include your name, title and your organization. Also note that we will again open the floor for questions at the end of the conference. Thanks. Now we'll wait for the questions.

Our first question is from Jeffrey Cohen from Ladenburg. The question is for Dashun. What evidence or metrics as far as improved billing and efficiencies, RVUs, ASPs, etc.? So Dashun, can you help answering it for us, please?

Dashun Monk

Yes, sure. Hadi, sure, I'd love to. The metric used to measure the bottom line is days in AR, denial rates and our adjustments. I'd say for the last 2.5 years, those numbers have went down quite a bit, which has improved our bottom line, which has made me look extremely good. Thank you, CareCloud.

Hadi Chaudhry

Thank you, Dashun. Dashun, there is a continuation of the question from Jeffrey. And the question is your AR and aged AR are down. What about old AR and use or not use of collection agencies?

Dashun Monk

Okay. So for patients who don't pay, we use a vendor for that, a third-party vendor. Obviously here at the clinic, we're not in the business of collecting money, so anytime someone's late with the payment over 90 days, we send them to a third-party vendor to collect that.

Hadi Chaudhry

Thanks, Dashun. I hope, Jeffrey, that answered the question. If you need more clarification, maybe just I can jump in. But what Dashun was trying to say, so when we started, yes, there was some old AR that our team took care of, but on an ongoing basis, the AR, as Dashun mentioned, the numbers have significantly improved after our team has taken that over.

When it comes to the patient AR, the patient collection, after a certain number of reminders and the patient statements, if the patient doesn't pay, the Hutchinson Clinic has a process implemented, which also includes one third-party vendor who is being used for the collection process. I hope that answers the question.

The next question is from Jeff again. And the question is, remind of us the footprint there in Pakistan, number of FTEs and locations.

Today, in Pakistan, we have three locations now. One is in Islamabad, another location is in Bagh, which is primarily our medical billing operational, RCM operational center, with the largest number of employees. Then we have a location in Karachi.

Between Karachi and Islamabad, we are primarily focused on the technology resources and the sales and marketing resources and finance resources and even the call center. Out of roughly the 3,500 employees, let's say about 1,000 employees are between our Islamabad and Karachi locations, the rest are out of Bagh.

Loraine or Ali, if you would like to jump in, please feel free to provide a little bit more color.

Ali Shaukat

You can hear us?

Hadi Chaudhry

Yes, we can. Go head, Ali.

Ali Shaukat

Okay, good. We are right now in the Bagh office. Here, we have about 2,600 employees. This is all revenue cycle management, contact center, some of the supporting departments like HR, and some of the marketing staff is here. Same as you iterated for Islamabad, we have all of the IT contact center, our coding teams over there and also the new account set-up teams are there.

So overall, in total, I think this is the biggest location. Then in Islamabad and Karachi, we have a small staff of specialized tech employees.

Hadi Chaudhry

Thank you, Ali.

Thank you, Jeff, for your questions. Being sensitive to everyone's time, let's resume the conference. And as a reminder, we will open the floor again for questions at the conclusion of next session.

Now I would like to hand over the floor to Dwight Garvin, Executive Vice President and Chief Operating Officer of medSR. Dwight?

Dwight Garvin

Thank you, Hadi. My name is Dwight Garvin. I'm the Executive Vice President and Chief Operating Officer at medSR. Today, I want to talk to you about our company, how it was formed, the services we offer and the unique challenges we face.

medSR was founded in 2021 with the merger of two consulting firms, Santa Rosa Staffing and MedMatica. After those two firms merged, they were actually acquired by CareCloud later in that same year. This new combined organization allows us to have over 150 U.S.-based consultants, each with an average of over 20 years' experience, combined with the global workforce of CareCloud.

Over the past five years, we've been able to serve over 225 hospitals and health systems through our four unique service lines, which I'll detail later in this presentation.

Before I get to that, I want to talk a little bit about the three organizations and how really the whole is greater than sum of those parts.

The parts being made up of MedMatica, which brought to us a true rev cycle advisory services practice as well as on-demand staffing. That was combined with Santa Rosa's on-demand staffing as well as their technology transformation or implementation practice line, their advisory services, as well as their activation and go-live support. Then finally, CareCloud was able to bring rev cycle managed service offering, credentialing, robotic processing automation, BI tools and staff augmentation. So by combining those three organizations together, we have a unique offering for the market.

I want to spend a little time talking about each of the practices and then the approach, the approach being a land-and-expand approach. If you look at these four unique practices that we have, we'll start with technology transformation. This is really built around implementation and optimization of HIS systems. The one we really focus on is Meditech. That's where we have the most business coming from, the most opportunities and the most in our pipeline. However, we still are growing our Cerner, Allscripts, NextGen, ECW and various other vendors.

If we move over, we see our advisory services practice. This really focuses on offering the services mentioned here: strategy innovation, our security and compliance. We do quite a few system evaluations and selections and being vendor-agnostic we also have operational excellence, interim leadership, supply chain, and then finally, a subscription-based service called Professional Health IT Management. This is really focused at small to moderate health systems that really can't afford one of the services in advisory, so we package them up and sell them packages of hours every month that allows them to select from a menu of services.

Then we have our on-demand activation practice, which is really our staffing and recruiting arm of the firm. We're able to supply project leadership, project team augmentation, education and training services, legacy support services, as well as go-live support and optimization, many times known as activation. We were even mentioned earlier this year in a KLAS Report for our successes in our activation practice.

Finally, our rev cycle practice. Again, combining those advisory services of MedMatica and with the management of CareCloud has really grown this practice. We're also able to offer a staff augmentation in the rev cycle departments.

But taking those four practices together and then leveraging what we call the land-and-expand approach, paving that road to a rev cycle. We're going to leverage each of these different services to find ways to assist our clients and grow our business and our opportunities within each of these service lines.

The best way to explain land-and-expand is to really look at a case study. This is a client that we've been working with in 2021 and 2022. It was a 240-bed hospital in the northeastern part of the U.S. This began with an initial assessment in mid-2021 with an initial technology assessment, \$30,000 in our Advisory Services practice. We were then able to leverage that opportunity and then staff an interim CIO, another \$400,000 opportunity. Those two combined then led us into the rev cycle departments. Now we have an interim rev cycle manager, we're doing claim and activation, we're doing staffing augmentation. You see the numbers there, \$1.1 million just in rev cycle.

Land and expand, we landed with our advisory services practice, a \$30,000 opportunity, and we've grown or expanded that into \$1.1 million within the span of 12 months. But we're not done there yet. We have another \$400,000 in potential opportunities at this client alone. This is the best example I can show you of how we're doing the land-and-expand approach, leveraging each of our practices, with advisory, rev cycle, our on-demand and our technology transformation, to grow our practices and grow our services.

Some exciting things we've had in the past year is the growth around that. We talk about land-and-expand, how that grows rev cycle, we've seen 170% growth in our rev cycle practice this year. The majority of that is in managed services. This is what we want. We still offer quite a few advisory services opportunities, but the growth really is in the managed services side.

Here's a good example. We've signed a two-year credentialling agreement with a client that we're originally in there just doing rev cycle optimization. In the course of a few meetings with the client, we found out that they lost many of the people in their credentialling department; they were in a panic mode, and we're able to come in with our credentialling offering and we signed a two-year agreement with them, and we're doing all their credentialling for 150-bed hospital.

If you look at what we've done in technology transformation, especially in the Meditech practice, it's seen 110% growth from 2021 to 2022. We've closed three major Meditech implementation opportunities; each of these will really take us about 18 months to implement.

As well as those opportunities, we've got numerous other optimization and staff augmentation projects within Meditech.

Then we have an exciting new opportunity, our supply chain practice. That really was an outgrowth of Meditech. Our practice leader in meeting with a core client in the Eastern U.S., a 300-bed pediatric hospital, found out they had a lot of challenges with their supply chain and materials management module in Meditech. Over a course of a few conversations, we told them that we would reach out through our on-demand and recruiting, and we recruited a few people that could step in and help us with this supply chain problem. We were also able to recruit a leader for that organization. So now, over the course of six months, we had the initial client that we signed as well as we have three other opportunities already in the pipeline we're getting close to signing just within the supply chain practice. That's exciting for us to see new growth in new practice.

In closing, I feel we have an exciting opportunity to leverage the established practice of medSR, to grow the revenue cycle business within the hospital and health system market for CareCloud. Thank you.

Karl Johnson

Thank you, Dwight. Good morning, analysts and investors. I am Karl Johnson, Division President of CareCloud Force. Today I am pleased to review with you CareCloud's market position and its sales and marketing efforts. My background includes over 30 years of healthcare management and sales for both physician and hospital groups. Prior to assuming the leadership role for CareCloud Force, I headed our sales and marketing teams.

This is an exciting time to be providing services in the healthcare space. Our addressable market includes 1.1 million physicians, 6,090 hospitals, 500-plus EHR vendors and over 1,500 medical billing companies. Physicians and hospitals face many challenges as the industry transitions into digital-first care and incentive-based reimbursements. Now more than ever, providers seek trusted partners to assist them in delivering quality care and managing their data.

Spending continues to rise across all sectors of healthcare. Overall, the total healthcare spend is expected to double in the next 20 years to over \$8 trillion. Technology spending is climbing at an even faster rate, growing 33% between 2019 and 2020 to over \$11 billion. Physician and hospital revenues continue to grow at a steady rate.

There are several growth drivers that are shifting the delivery of healthcare. These drivers are based on advances in technology. Initiatives by Medicare (or CMS) to reduce expenses through keeping people well have expanded both chronic care management and remote patient monitoring; both programs have seen dramatic increases in reimbursement rates. In addition, CMS is shifting payment methodologies to value-based reimbursement. The resulting performance measures require providers to adopt sophisticated data management tools to be fully paid, including EHR and practice management software.

Finally, the increased complexity, and providers getting paid has led to need for a technology-enabled revenue cycle management. Automation in claim resolution is the way of the future. Artificial Intelligence, robotic process automation and business intelligence are needed to maximize reimbursement.

CareCloud is well positioned to meet the increasing demand for healthcare technology solutions. We are in a unique position to listen to our prospects and customers and to address their needs.

The core of our offerings is our cloud-based software. Under this software umbrella, we offer a broad range of support solutions. This allows us to meet a variety of providers' needs. Our software provides doctors access to electronic health records, practice management, patient experience management and customized cloud applications. In addition to health records and revenue cycle functions, our software provides automated appointment and payment reminders, insurance eligibility verification, custom websites and much more.

Integrated in the core software tools is our world-class revenue cycle management service, utilizing technology-enabled tools and people. In addition, we provide our customers with technology-enabled solutions such as business intelligence, robotic process automation, medical coding, provider insurance credentialing and more; digital health solutions, such as chronic care management, remote patient monitoring and telemedicine. Health IT, consulting and support services such as workforce augmentation, EHR optimization, IT transformation consulting, activation and training, RCM process improvement and various technology services. Additional provider services such as group purchasing, medical practice management, third-party connected mobile apps and print fulfillment are all available.

Over the last few years, CareCloud has been investing in growth. The strategy is based on five building blocks. They are: expand sales, new logo organic growth, client expansion, acquisitions and partnerships. I'd like to walk through each of these items.

First, expand sales. We've expanded our sales efforts through ongoing investments in sales and marketing. In doing so, we have leveraged both onshore and offshore resources, giving us scalability and efficiency gains. The foundations of this effort are data-driven processes and key performance indicators management.

New logo growth. The goal is to add net new customers with a focus on enterprise physician practices and hospital owned groups. This is supported by digital marketing and awareness initiatives. Our scope of new digital offerings and next-generation solutions are key to engaging these new prospects.

Client expansion. Our existing clients are a significant opportunity for expansion. Of note, we have over 1,000 SaaS customers that we can provide add-on RCM services. Chronic care management and remote patient monitoring are natural extension of our services to over 2,600 practices supported by the technology built into our software. Through chronic care management and remote patient monitoring, physicians can generate very significant revenue for themselves and improve their quality of care. These two programs have the potential to generate \$50 million of annualized recurring revenue for CareCloud within the next few years.

Acquisitions. As Hadi mentioned earlier, strategic acquisitions remain part of our growth strategy. CareCloud is a proven industry consolidator. Acquisitions need to be a synergistic fit with complementary services. We can leverage our expertise, efficiencies and lower costs. This results in rapid EBITDA growth from an acquired business.

Partnerships. We have two main partnership tactics. The first is to leverage our offshore workforce to provide staffing to others. These can include EHR companies, medical billing companies, hospitals and large group practices. We have branded this service as CareCloud Force. The second tactic is to develop strategic channel partnerships to resell our software and services.

Since 2019, we have expanded our sales and marketing team by 11 times. The core philosophy behind this expansion is to have every team member working at the very top of their skills and abilities. We have

developed layers in the sales team and marketing team to achieve this. The team members are a blend of onshore and offshore resources. The team includes sales executives, sales development reps, solution consultants, marketers, professional services and growth leadership.

Rigorous sales and marketing KPIs are a key component of achieving this growth. Each person on the team has quantifiable quotas based on their role. We monitor the customer acquisition costs and have been able to keep it at less than half of what we believe the industry norm is, over \$1.50 for every \$1 of new annual recurring revenue. In 2022, CareCloud's CAC has been under \$0.60 per dollar of new recurring revenue, which is a great number.

Our sales leadership is constantly looking for opportunities to learn from our wins and from our losses. We analyze our close rates and study our loss reasons to continuously improve our sales process.

To support our expanded sales team, we have four complementary growth initiatives. These are digital marketing, trade shows and events, awards and recognition, and product evolution. I'll walk through these initiatives.

One, digital marketing. We have seen a meaningful increase in lead generation in 2022. This is a result of laser-focused digital marketing efforts including web optimization, social media, lead marketing, lead nurturing and client newsletters.

Two, trade shows and events. In 2022, CareCloud participated in 13 national trade shows, and we expect to increase this to over 20 events in 2023. We are focusing on selected national and regional shows and related speaking opportunities.

Three, awards and recognitions. Our EHR software is ONC certified, to the latest meaningful use standard. We are approaching recognition receipt in a disciplined manner. As a result, CareCloud was recognized by five thought-leading firms in 2022. Significantly, we were recognized by KLAS, the most trusted EHR resource for physicians.

Four, product evolution. CareCloud launched three new products in 2022. These include chronic care management, remote patient monitoring and CareCloud Remote.

CareCloud Remote is a mobile app designed to efficiently manage the delivery of care in patients' homes. This app was developed for one of our most sophisticated customers. This tool will facilitate the delivery of care for home health, home physical therapy, house calls and mobile diagnostics. In addition, our marketing team is working on brand consolidation. This will help our prospects and customers understand how our various products and services work together.

Now the results of all this. The results of our sales and marketing efforts have been realized over the last two quarters. You'll note this slide shows quarterly bookings by category. CareCloud had record organic bookings of \$5.5 million in Q2 of 2022 and \$7.1 million in Q3 of 2022.

In conclusion, CareCloud is well positioned for organic growth. We have firmly established a range of services that will help healthcare providers adapt to a changing environment. CareCloud has built a strong sales and marketing team based on a solid foundation.

With that, I'd like to turn the floor over to Adeel Sarwar, CareCloud's Chief Technology Officer, and thank you very much for your time.

Adeel Sarwar

Thank you, Karl, and hello everyone. My name is Adeel Sarwar, and I'm serving at CareCloud as Chief Technology Officer. Today, I will be talking about our product portfolio and will be tapping on a few of our products. Let's start with our product journey.

Since the inception of our company, we've had a mission to digitize healthcare industry. Following the same mission, we developed technology-based solutions, both for healthcare providers and healthcare consumers. Secondly, being a healthcare IT company, we wanted to be on cutting-edge technology, so throughout our journey, we kept updating our infrastructure and technology so that we may provide best-of-the-best technology-enabled solutions to our clients.

Back in 2003 and 2004, we introduced our first-generation practice management system, revenue cycle management and clearinghouse. If I talk about our clearinghouse, then even at that time we were directly connected with some of the leading payers of the industry. In 2005, we introduced our first-generation electronic health record system.

Moving on to our journey in 2006, we developed our claim scrubbing engine and integrated it with our EHR and RCM. This helped us achieve a high first pass rate, even in 2006. In 2007, we introduced patient experience management solutions, and by using these solutions, appointment reminders and balance reminders could be sent to patients.

From 2003 to 2007, all of our technology solutions were based on Microsoft technology platforms, which was mainly Visual Basic 6. Meanwhile, Microsoft introduced their new technology platform called Microsoft.NET and we decided to upgrade our products to the latest platform to get the latest technology advantages. So we upgraded our EHR from Visual Basic 6 to Microsoft.NET platform and introduced our second generation EHR in 2008.

Around the same time, Apple introduced iOS and Google introduced their Android platform. We always wanted to be on the cutting-edge platforms and offer our solutions through latest available platforms, so we developed our solutions for mobile devices. In the same year, we upgraded our RCM to .NET platform.

From 2003 to 2009, most of our .NET based applications were desktop applications. In 2010, we decided to adopt cloud-based strategy and developed cloud-based solutions. Working on the same mission, we introduced our third generation cloud-based EHR in 2012.

Around the same time, Apple introduced their virtual assistant Siri, and Amazon introduced Alexa, but there was no virtual assistant available for healthcare industry. To be innovative, we introduced our fourth-generation EHR in 2015, which was based on our virtual assistant Allison.

In 2017, we upgraded our RCM system to a cloud-based system, and in 2018, we developed our proprietary telehealth platform and integrated it with our practice management system and EHR.

In 2020, we acquired two leading technology-based healthcare IT companies. This helped us include some more exciting products in our product portfolio, like patient experience management product called Breeze, Precision BI, and robotic process automation. I will share some more details on these in the next few minutes.

In 2021, we decided to help healthcare industry to solve interoperability and integration-related challenges and introduced CareCloud Connector.

Most recently, in 2022, we introduced our healthcare solution CareCloud Wellness. CareCloud Wellness is focused on chronic care management and remote patient monitoring.

Let's deep dive into some of these products and start with our EHR platforms. We have two EHRs. They are targeted at different healthcare provider audiences based on specialty and practice size. We are in the process of developing our next-generation EHR that will be focused on helping providers achieve value-based care goals. We believe that most of the EHRs available in the industry today, including our EHR, don't have the right set of tools to help providers provide value-based care to their patients.

For example, providers cannot work on one single clinical note real time. This is where our next-generation EHR will help providers. Our next-generation EHR will come with ready-to-use highly customizable clinical templates for major specialties. It will also have, integrated, more patient monitoring and it would be an EHR on-the-go where certain EHR workflows would be available as mobile applications.

Let's move on to patient experience management. We have different solutions available under this umbrella. We have eligibility verification service. We offer appointment reminders for patients; they could be text messages, emails, calls reminding patients about their upcoming appointments. This has helped our clients managing no-show rates. We also offer patient balance reminder calls and text messages.

Then we have our patient application called Breeze. This application serves as a personal health record application for patients and also serves as waiting room and self check-in solution. Breeze is platform agnostic and can be integrated with any EHR or practice management system.

Moving to mobile health product portfolio, I would like to tap on a few products.

Our CareCloud Remote application is targeted at providers who provide home healthcare services, either at patient facilities, nursing homes, or at patient homes. Right from referral management to appointment scheduling, to dispatching staff members to the patient facilities, everything can be managed through this application.

We have the talkLite application. We provide some basic features of EHR as a mobile application. And we have talkRX that helps providers prescribing new medications on-the-go. They can also receive refill requests and can approve them on-the-go.

Finally, we have our Dictate application for those providers who don't want to learn new tools. They can use this application to dictate their clinical notes very easily.

Coming to analytics, our solution is PrecisionBI, where BI stands for business intelligence. There are different analytical solutions available in the industry, but most of them are just connected with one EHR or one RCM system. This is where PrecisionBI offers a unique value proposition. PrecisionBI is platform agnostic. It can ingest data from any EHR, RCM, HIE or any other healthcare platform. PrecisionBI is already integrated with industry's major EHRs and revenue cycle management systems.

Let's move to automation now. For automation, our solution is Microbots. Microbots are digital workers who can perform, mundane and repeatable tasks that humans perform. We have our whole catalog, which is mainly focused on RCM systems. Let's take an example.

In certain cases, payers need patients' clinical documentation attached with claims. So practice staff members log into EHRs, search for patient, find the right clinical information, export the clinical details, attach it to claims and then send it to payers. Our bots can automatically do all of these steps with no human intervention involved. It offers huge efficiency and time saving. Our bots not only work with our platforms, but they have been integrated with other major healthcare systems like EPIC, Allscripts, NextGen and many other different platforms.

Let's talk about interoperability now. We know that the industry is moving to the new standard called FHIR or F-H-I-R. So we developed our FHIR-based integration engine called CareCloud Connector. Based on our more than 20 years of healthcare industry experience, we have hundreds of integrations with EHRs, practice management systems, RCMs, labs and HIEs. We consolidated all of those integrations as part of CareCloud Connector, and to help the whole industry, we have opened our platform for everyone. Any healthcare organization can leverage our platform to quickly connect with any other supported vendor. For example, if an EHR wants to connect with Allscripts and they don't have time or resources for that, they can leverage our CareCloud Connector platform to quickly connect with them.

Our next direction in interoperability is QHIN, Qualified Health Information Networks. QHINs are under the ONC / RCE umbrella. QHINs will be able to connect with different healthcare platforms, pull the required data and share it with providers. We have applied to become a QHIN and our application is in progress.

We have been using our clearinghouse very successfully for the last 20 years and have processed millions of claims. We want to provide this clearinghouse to the whole industry so that they may use our clearinghouse to process their claims. Our rule-based system currently has millions of rules to scrub claims. We have been using this engine for the last 15-plus years now. We have plans to open this rules engine to the rest of the healthcare industry so any RCM will be able to leverage these millions of rules to scrub their claims. More announcements about these timelines would be coming in the next year.

Finally, I would like to talk about our global technology team. We have around 550 members across globe as part of our global technology team. With this great team, we are confident that we would be able to keep the innovation pace that we have proved time and time.

With this, I would like to hand it over to Dr. Iram Fatima. Dr. Iram?

Iram Fatima

Thank you, Adeel. Good afternoon. I welcome you all to the CareCloud first Analyst and Investors Day. My name is Dr. Iram Fatima, and I'm the Chief Operating Officer of the EHR and Digital Health division.

Let's watch a brief video to understand the CareCloud Wellness service.

(Video Presentation)

Iram Fatima

CareCloud recently launched services like chronic care management and remote patient monitoring under the umbrella of Wellness. We know that around 90% of the massive \$4 trillion budget is spent on the chronic physical and mental conditions, and 6 out of 10 Americans suffer from one or more chronic conditions. Unfortunately, 7 out of 10 are because of chronic conditions. Clearly, 99% of the Medicare spending is on these chronic mental and physical conditions. Next slide.

The value of CareCloud Wellness. It has several benefits for patients, providers and healthcare systems. For instance, it helps patients increase engagement and coordination with healthcare providers and increase patient education opportunities, helping them manage their condition in a better way.

On the other hand, for providers, it helps them gain the peace of mind with additional reconciliation of medical records and remain up to date with their patients current conditions. It also helps them improve their performance metrics.

The practice can increase their revenue without additional add-on costs.

Talking about the program, the patient needs to have two or more chronic conditions to be eligible for the program. Chronic conditions are those conditions which are expected to last as long as a year or more, and they can decrease or limit the patient's ability to perform the activity of daily living. They basically contribute towards the burden of disease.

The virtual care aims to optimize care delivery through non-face-to-face interactions and engage with various modalities of care provision. The U.S.-based healthcare coordinators under the umbrella of Wellness help patients understand the goals set by their providers and the barriers they are facing to achieve those goals and to have a good prognosis. They also facilitate the practice office by keeping the patient on track and sharing all the patient records and sharing all the patient prognoses back to the practice. CareCloud switched patient care-seeking to a true care delivery model.

Similarly, remote patient monitoring is another great addition in the healthcare digital health portfolio of CareCloud Wellness. Remote patient monitoring is the ability to monitor a patient continuously outside the office. The data collected with Internet of Medical Things empower our care providers to practice evidence-based medicine through digital data support. It's a superior way of practicing medicine.

Let's see a short video to highlight remote patient monitoring's impact on improving patients' health.

(Video Presentation)

Iram Fatima

Remote patient monitoring was started under telehealth and is effective for acute and chronic conditions. Acute conditions are those which are expected to last in the short term. One of the best examples is monitoring maternal and fetal heart rates during antenatal visits for patients at the risk of conditions like eclampsia. Other conditions like blood sugar, temperature, weight, oxygen saturation can be monitored using these digital devices. With the launch of this service with heart rate and blood pressure monitoring, CareCloud is targeting around 50% of the American population which is suffering from high blood pressure-like conditions and complications.

CareCloud offers a complete turnkey solution that helps practices improve their coordination with patients, whether that's a refill, or an appointment, or consult notes of the U.S.-based certified care managers, we are completely taking care of all the aspects of this program, whether that's like providing pre-set, easy-to-use medical devices and taking care of all the aspects of clinical care and RCM aspects of this program.

Let's talk about Rocky Mountain Internal Medicine. Because of sharing common goals, Wellness helped consolidate the relationship with one of the largest healthcare providers in the Denver area. Starting in 2018 as an RCM customer, Rocky Mountain started using talkEHR and the patient experience application in 2020. During the COVID era, the providers at Rocky Mountain were looking for a telehealth solution, so they adopted CareCloud's integrated telehealth solution. Due to ease-of-use and a fully integrated solution, Rocky Mountain started using the Wellness program soon after the launch of this program.

CareCloud provides the practice with an the optimized integrated Wellness' ecosystem. It is all integrated with a cloud-based fully certified EHR solution, which is automated to take care of all the aspects, be it data handling, care plan formulation, sending patient reminder text messages and calls or creating and submitting the claim promptly. Ultimately, the BI tool helps provider understand clinical and financial business outcomes.

As Karl has already mentioned, this has been reflected strongly in our 2022 bookings since we launched the service. Wellness contributes to growth in patient and provider satisfaction. Wellness leads to experiencing the digitalization of the healthcare ecosystem.

Now I will hand it over to Bill to share some updates on the financial aspects of CareCloud. Thank you.

Bill Korn

Thanks, Iram. I'm Bill Korn, CareCloud's CFO. I joined the company almost 10 years ago before our IPO and have enjoyed growing the business from \$10 million to \$140 million. CareCloud has grown at a 44% compound annual growth rate from 2017 through 2021. The majority of this growth was from acquisitions as we spent only 2% to 3% of our revenue on sales and marketing from 2017 through 2019. But investors regularly told us that they cared more about our organic growth rate. So we started investing in sales and marketing in 2020. This year, we took a breather from acquisitions as we haven't found a company with an attractive enough valuation. We look for profits or cash flows which will provide a return on our investment in three to four years, and we haven't found a compelling deal recently.

We started this year knowing that two large hospital customers were winding down, but not knowing exactly when. Each of these hospitals was acquired before we inherited their contracts during an acquisition we made during 2020, with each moving their systems and processes to those used by their acquirers. They each transitioned midyear, ultimately leaving us with \$10 million less in revenue than we received from them in 2021. We were able to fill this gap with new customers as well as growing revenue from our subsidiary, medSR, which we acquired in mid-2021. So even though a graph showing revenue that's essentially flat doesn't seem that exciting, it's a moral victory backfilling the revenue from these two hospitals.

It's too early for us to give guidance for 2023, but I wanted to share our thinking. We'll have the same phenomena as this year since these two hospitals will generate \$11 million in revenue in 2022. At least we know the timing, whereas this January we didn't know when these transitions would occur and whether we'd lose one month of revenue or ten.

In addition to these two hospitals, we always plan for some customer attrition. Doctors retire, sell their practices, and sometimes they switch providers, even with the best of customer service. We always have a placeholder in our plan to account for this. However, for the first time in our history, we have three organic sources of new revenue, which will allow us to grow even without acquisitions.

We expect \$3 million of revenue growth from existing customers who ramped up during 2022. We expect \$14 million of revenue from new customers, primarily those who signed up this year, and we are estimating that CareCloud Wellness will generate \$4 million in revenue as patients start to use our new chronic care management and remote patient monitoring services.

If we didn't have the impact of these two hospitals, we might report net organic growth of 10% or more, which would be phenomenal. Even with the \$11 million headwind, we still expect we'll be able to provide a guidance range for 2023 in January, which will be higher than our 2022 revenue. But 2024 will look very different. We will have the same upside from new customers and new products without the decrease from the hospitals, so at that point, our net organic growth rate will shine. And of course, we are always searching for an attractive acquisition to ratchet up our growth.

It is useful to look at our margins in a little detail as well, so you can think about what we might be looking at in 2023 as well as our steady-state margins. While we expect our overall adjusted EBITDA margin will be essentially flat from 2021 to 2022, there are a couple of important dynamics. First, we are steadily growing our investment in sales and marketing, and despite that, our core healthcare IT business should

generate the same adjusted EBITDA margin as in 2021. The medSR professional services business, which we purchased in mid-2021, was essentially breakeven when we bought it. We have steadily improved its profitability. While we're estimating it would generate approximately 13% margin during 2022, if we could break it out as its own business, its gross profits are higher in Q4 than they were earlier this year and its overhead is lower, and we anticipate it will generate over 20% margin during 2023. Our Practice Management segment should see flat profitability in 2023. So, despite spending more on sales and marketing in total next year, you can expect to see our overall adjusted EBITDA margin grow.

No topic generates more questions from investors these days than our capital structure. Our stock price is down 48% over the last 12 months, although some of our peers are down more. NASDAQ is down 30% overall, and all small cap growth companies have suffered as the Fed raises interest rates and investors speculate whether there will be a recession and which sectors will be hurt the most.

With our share price and the market cap of our common stock lower than at the time of our IPO when we had \$10 million of trailing revenue and \$1 million of adjusted EBITDA, we have relied on non-convertible preferred stock to raise the capital for growth, with a plan of selling common stock when our share price was in line with our peers to redeem the preferred shares. While our plan remains unchanged, the question is when to issue common stock. Selling shares at too low a price causes excess dilution, but waiting for too high a price means paying additional dividends. If we believed our enterprise value matched our peers and our stock price was appropriate today, selling common stock and redeeming preferred stock would simplify our cap table and increase cash flow to common shareholders.

We know there's a wide range of possible share prices in the future, but our challenge is to decide when to sell common shares. If we sold 41 million shares today at \$3.00 per share, to redeem the outstanding Series A Preferred Stock, we'd save \$12.5 million in annual dividends, but that would mean almost quadrupling our common shares outstanding.

If we waited to sell common until the stock was \$7 a share, for example, we would only need to sell 17 million new shares. While we can't predict our future share price, we can say that if we wound up with twice as many shares outstanding, then the value per share would be approximately half, assuming the same total enterprise value. Even if we saved \$12 million in dividends by redeeming the Series A Preferred Stock a year earlier, the impact of the extra common shares would be far greater than the impact of the \$12 million saved. But the benefit of waiting for a higher price isn't absolute; if we wait too long, the price may never hit the threshold we've set, in which case we might never redeem our Series A Preferred Shares.

We could hedge, perhaps selling \$60 million of common stock at one price, waiting for the price of the shares to react and selling more shares in the future. I've shown a couple of examples on the slide as well.

While we can't predict our future share price, this analysis suggests to us that patience might let us create a higher eventual value for our common stock. You can try this using whatever you think is the appropriate value based on our projected future revenue and profitability, but as long as you use the same total enterprise value in each scenario, you'll see that the graph looks similar. As a management team, we are focused on growing our business and its profitability, and we'll wait for a valuation where we think it makes sense to recapitalize.

As Hadi mentioned earlier, when we went public in 2014 we were known as Medical Transcription Billing Corp. At that time, 75% of our revenue was from medical billing. During 2021, we changed our name to CareCloud, the name of a company we purchased in 2020, reflecting the fact that 84% of our revenue today comes from technology-enabled solutions. We're now ready to take the final step, changing our ticker to match our name.

On Tuesday, January 10, 2023, we're changing our NASDAQ ticker from MTBC to CCLD. At the same time that our common stock ticker changes, our preferred stock tickers will change to CCLDP and CCLDO.

You've heard a lot today, and I want to leave time for questions, so I'll wrap up by summarizing why we are all excited about CareCloud.

We are the leading cloud-based healthcare platform with new digital health offerings, combined with a low-cost offshore services team. We have generated record revenue growth over the last eight years, driven by organic as well as strategic initiatives, and we have a history of rapidly integrating large acquisitions driving enhanced scale. We look forward to continuing to grow our business, knowing that we're serving a huge market and adding a lot of value for our customers. We look forward to adding similar value for our investors.

With that, let's turn to questions. I know we said that we would wrap up by 3:00 p.m., but feel free to send us your questions via chat and we'll answer as many as we have time for.

Hadi Chaudhry

The first question is for Carey. This is from one of our listeners. Was your choice to implement CareCloud through a competitive selection? If so, what were the variables that you considered in your vendor selection?

Carey, can you help us with that question, please?

Carey Sambogna

We talked to three providers. Whereas all of them probably could have provided what we were looking for, at least two out of three of them. Truthfully, a lot of it came down to price point in the end. CareCloud's price point was so much lower than both of the other options that I think we even went a little bit further doing a little bit more diligence to really gain confidence that they were going to be able to provide all of the things that they were promising at that price point. After lots more questioning and really digging in a little bit more, we felt confident that they could and truly have lived up to that. For sure, it was a long vetting process.

Hadi Chaudhry

Thank you, Carey, for answering the question. I remember after going through the initial presentation of what we can do from the technology standpoint, what we can do from the revenue cycle management standpoint. and after going through all of those things, all it came down to was for the pricing because of our pricing was so competitive that the concern was alleviated when Fox was doing their due diligence, that we really would be able to deliver what we are saying, we will be able to deliver at that price point. Thank you, Carey. Thank you for shedding some light to it. Thank you.

Carey Sambogna

You're welcome.

Hadi Chaudhry

The next question is from Jeffrey. This question is for Dwight for medSR. The question is for smaller facilities, the 100- to 200- bed type, who typically owns and manages the supply chains now? In-house or a department?

Dwight Garvin

Great question. Yes, what we're seeing in our smaller 100-, 200-bed hospitals is typically the supply chain is in-house. They typically have a smaller supply chain and materials management department that we work closely with. Most of the time the software used to manage our supply chain is usually from their HIS vendor, so that's why we're really leaning in on the Meditech work.

Hadi Chaudhry

Thanks, Dwight. The next question is from Jeffrey, and this is for Dr. Iram. The question is, as far as remote patient monitoring and home testing, could you talk about what kind of devices and what specialties could be most pertinent.

Iram, can you help us with that question, please?

Iram Fatima

Yes. Great question. As we see that this is just the start of this whole program. Initially, we saw that more and more endocrinologists, nephrologists, cardiologists, and internal medicine people are joining the CareCloud Wellness program, for devices like we launched with blood pressure monitoring devices. They are participating in this program. But in the future, we know that we are, going to launch a few other devices and the common ones in the industry, like people are using the glucometers, weight scales, temperature scales and the impact of fetal meters for inference (inaudible).

These are some of the devices. Now we have like seen that in pediatrics, the use of a glucometer for type 1 diabetes is very common to just to keep control of the diabetes and controlling the check of amputation (phon) and especially in the pediatric group. These are some of the use cases very popular. But as it is gaining popularity and now we have seen a few other devices are in line to launch based on where we need these devices and where we can actually control the prognosis of various diseases.

Hadi Chaudhry

Thanks, Iram. Just let me add just a few more things to what Iram has said.

There are two sets of devices. One is if you look at it from the reimbursable standpoint, there are certain devices that are being covered today by the insurance and it will be paid by the payer, primarily Medicare, who will be paying for it. In this case, as we are in the early stages of -- from the patient adoptability or the doctor's provides adoptability standpoint, this is a step 1 towards that evolution because the device—the patient will not have to pay for that device. At the same time, there's a whole set of these other devices we are working on, which may not be FDA approved at this point, but can still be able to at least can provide the statistics and can raise a flag and the doctor or the provider will have to recheck or reconfirm if those values are correct or if there is any concerns. Such as any of the smart watches today, probably that they can monitor today the oxygen level, temperatures and the like. A number of these devices are not FDA approved, but those still can at least provide the data and able to help us integrate the data and can raise it to the client level, to the provider level, and at least that can be leveraged to verify if there has been a concern.

For now, as Iram said, the blood pressure monitors are out there. There is a first set that will be coming up in the next few months, and then there's a whole set of next-generation of devices that will be down the road later in the next year.

The next question is also from Jeff, and that is, the question is when will next-generation EHR start to roll out. Let me start answering the question, then I will turn the floor over to Adeel to fill in any missing areas.

The whole focus is from the next-generation perspective to have a product, to have an EHR which can provide a full support to the value-based care models, which can provide support for any of these digital health-related requirements. If you think about it, go back to CareCloud, the company that we acquired, which we call the CareCloud Health today, they have spent a lot of dollars on this R&D at that time, which we've taken over. We are in the final phases of the software internally being tested and still there are certain modules that are in the final phases of development. We anticipate, we may be able to use it on the test basis, a beta-test basis in the first half of next year, in 2023, but we anticipate this launch to be sometime in the later half of 2023 in the next year.

Adeel, if there is anything else that I missed, feel free to jump in, please.

Adeel Sarwar

Thank you, Hadi. You are spot on. Thank you for the details. Yes, we are in the final stages of our development of our platform. In the first half of the next year, we will be opening up our platform for an early access with some of our favorite clients who we would be doing the user acceptance testing, we'll be getting their feedback. Then in the second half of the year, we will be opening up this whole platform for rest of the industry. Thank you.

Hadi Chaudhry

Thanks, Adeel. The next question is from Rashid Alvi from Howard Capital Group. The question is, when will bookings result in recognized revenue?

Good question, Rashid, and thank you for the question. There are two sets of—if we think about it, the way we will come up with when the revenue will be recognized for all the bookings other than our digital health or the Wellness booking, whether it's the chronic care or the remote patient monitoring, for everything else, the average month—and when we look at it, it's about six months for the time to go live. And then there could be additional three months by the time they get to the fully ramped-up position. The smaller practices could literally be between 30 to 60 days. If it's a medium-sized practice, it could be up to six months; a large practice could take 10 months or even more. So at an average between the three, it's about six months and another three months to get to the full revenue potential.

For chronic care, because this thing is a little new to the industry, there are two pieces that we need to focus on. One is the patient adaptability. When the care manager gets involved, they start talking to the patient, it takes a little more time to even convince the patient that this is how their care will be given and we need their time, whether it's 20 minutes or 60 minutes or 40 minutes on the phone.

What we have seen so far—and again, we don't have much data. We started selling this product, this offering, in second quarter, and we have clients who started to go live in the third quarter. What we are seeing is approximately roughly 10 months before the client will be at a position of start going to the full ramp-up position for chronic care and remote patient monitoring. We hope that this number will improve as the awareness will improve, as the adaptability, whether it's the remote patient monitoring or the chronic care management, this will start to improve. We hope that this time will improve going forward.

The next question is from Allen Klee from Maxim Group. The question is for Bill. What are expected gross and EBITDA margins for Wellness business, RPM and Chronic Care. Bill, over to you, please.

Bill Korn

Good question, Allen. As Hadi mentioned, it's a new business, so it's hard to predict what the future profitability will be, but we feel really confident that we'll be able to drive margins similar to what to the rest of our healthcare IT business and maybe improve them as we continue to roll forward. But today, we're probably more focused on providing better service, putting the right resources into sales and marketing. Even if that means that the net to the bottom line is a little bit less in the short run, we think it's worth it to grow the volume.

Hadi Chaudhry

Thanks, Bill, and thanks, Allen, for the question.

The next question is from Allen for Bill. What is the rationale behind 4% attrition assumption in guidance? What is behind that improving from what I believe historical attrition has been?

Bill Korn

Typically, in our industry what we've seen—and we've seen this for 10 years or more—we've seen this among companies that we've acquired, among companies that we looked at and not acquired, is we've sort of typically seen about 1% a month in terms of overall customer attrition. When I say overall, that includes doctors retiring. I mean, if somebody says that they can get to 98% retention, that would really mean that the doctor kept practicing medicine for 50 years after they signed up with you. I don't know too many doctors who practice when they turn 100, so that's probably not a good assumption to use.

We think about that and the good news is over the last couple of years as we've done a great job in terms of providing service, as we have more and more capabilities to offer, we've seen higher retention than normal. Typically, we were seeing 1% a month of customers notifying us that they're going away, those numbers have been a little bit less than that, and that's what we're going to continue to assume.

Now, remember, the day that a customer says, I'm retiring on June 30, 2023, you're still going to get revenue for the next six months. We're in a fortunate position that we haven't had a lot of attrition recently. It's not like we have no customers who told us over the last six months that they're going away. We know we're going to continue to hear it. I mean, we all know in the healthcare industry today, more and more doctors are deciding that maybe it isn't worth it. Frankly, our job is to make it certain that they're not having to deal with the administrative side and they keep providing healthcare because we need the doctors. But we start with a good baseline of who's already given us notice and sort of take maybe a little bit less than 12%, maybe, call it, 10% expected notices coming in and then factor that into the time that it actually turns into a decrease in revenue.

Hadi Chaudhry

Thanks, Bill. There is another question from Allen, and this is for Iram.

How do you get comfortable with onboarding and care management for remote patient management and chronic care management programs?

Iram, can you help us with that, please?

Iram Fatima

Yes. It's really getting the providers comfortable on all these services. As the chronic care management and remote patient monitoring is providing great detail to the provider and insight on the holistic overall approach to take care of the patients, so it actually improves the patient satisfaction level, which is very

important for all the doctors. Plus this is an extension to their existing services in the clinic. So chronic care management and remote patient monitoring is an additional check to whatever the clinical services they are providing, and the priority going back to their patients and understanding that what is going on in the real time.

The remote patient monitoring is a tool where the patient is engaged and they can see for themselves that the benefit they are getting by the treatment they're getting from their providers. That makes them more sensitive towards the whole service and towards their own condition. That's like an educated tool for the patient increases their satisfaction and, hence, keeps the provider satisfied.

With all this, we saw a good retention rate from the patient side, which gives us more confidence on all these services that this is actually something that is really needed for the patients and for the providers and now this is working on the revenue side too.

Hadi Chaudhry

Thank you, Iram. Thank you, Allen, for all the questions.

The next question is from Bill from Cottonwood Investments. The question is for Bill. When do you anticipate being able to cover the preferred dividend with cash flow versus being in a deficit? Also, do you anticipate paying off more of the higher cost preferred with the lower cost one?

Bill Korn

Two aspects of a similar question. First, our cash flow from operations is positive and more than covers the cost of our dividends today. We anticipate that's going to continue. Now we're also continuing to invest in new products. So we are having some investment. But still, even our net overall free cash flow typically covers our dividends in a given month. We anticipate that will continue next year and into the future.

As you know, in first quarter, we sold a new class of preferred: Series B preferred that has an 8.75% dividend. When we initially sold Series B, we sold \$25 million worth of it and used it to redeem Series A preferred, which was 11%. At the time we did it, a lot of people said, "Gee, once you start to do that, you're going to see your common stock take off because people will see that you'll be able to sell a lower-cost instrument and reduce your dividends."

Unfortunately, it didn't actually work out exactly that way. We didn't really see the common take off. We didn't see a lot of interest in that. And in fact, when we thought about continuing the program, we even put a proposal in our Proxy to authorize more shares of preferred, so that we could sell more shares of Series B, because you have to sell the new ones first, get the cash and then redeem the old ones. Common shareholders said, "Gee, I'm not really so excited about that."

The answer is, even though we thought that was going to be one good way to do this, we can't. Look, we always thought the right way to redeem the preferred was by selling common. But with the prices low, we then said maybe we do it with a lower cost preferred, but we didn't get an enthusiastic response.

So at this point, the question that a lot of people ask is, "Should we just go close our eyes, sell as many common shares as it takes and redeem the preferred?" I think, as I said before, if you sell twice as many shares as you have to, you'll probably wind up with half the value per share, so we don't tend to think that that's the right approach. We think that we need to be patient.

Nobody likes to be patient. Everybody would like to do things tomorrow. We're all impatient as a team here, but we do think at this point that patience is probably a virtue. We know we'll get there at some point. We

just have to sort of stick it out because I don't think the alternative of selling 50 million or 60 million more shares of a common really makes a whole lot of sense.

Hadi Chaudhry

The next question is from Rashid Alvi from Harvard Capital Group. Do you expect to draw down on your credit facility for cash in 2023?

Bill, can you answer this one for us too, please?

Bill Korn

Sure. We have a line of credit with Silicon Valley Bank, and the idea of having the line is really twofold. One is to be available if we see an acquisition that's attractive and we feel like the best way to do the deal is to pay cash and then think about the long-term financing afterwards, because in some respects, if you're sitting there making an offer and if you have to go do a financing, somebody else who can do it with no contingencies is going to be able to do the deal at a lower price. We like to have the money available.

We also like to have a little bit of a rainy-day money around. One never knows what happens in the world, and it's always nice to have extra money just in case you need it. What if one of our large customers—and Carey, Dashun, don't get ideas—but if a large customer is having a cash flow problem and one month says, "I need to be a little bit late in paying the bill," we want to know that we've got the cash available from the bank, and we could be flexible. Fortunately, we don't have that problem. But again, as a CFO, you just never want to be in a situation where one problem causes another.

We don't really think about bank financing as a good long-term source of credit, but we do feel like it's a very viable way to sort of smooth through things and allow us to take advantage of growth opportunities.

Hadi Chaudhry

Thank you, Bill. The next question, this is for Bill as well, from one of the VCs from Pakistan. The question is, how can a VC invest from Pakistan into U.S.?

Bill Korn

I think the simple answer is actually the same as a VC from the U.S. or anywhere. Fortunately, our shares are publicly traded. They're available for anyone to buy. At this point we're not selling new shares, but we do think that in some respects this is as good an opportunity as anybody for an investor to buy shares in a public company that has \$140 million of revenue and is profitable, not only EBITDA profitable, but even GAAP profitable, over \$1 million of GAAP profit each quarter for the last five quarters.

You compare that with when we went public eight years ago and we'd never had GAAP profitability—we were barely getting to EBITDA profitability—we were \$10 million in revenue, and the shares are cheaper now than they were eight years ago. To me, it seems like the best way to take advantage of this to buy shares on the open market on NASDAQ.

Hadi Chaudhry

Thanks, Bill. Bill, the next question is also for you. The question is from Bill Sutherland from Benchmark Company. Question is, could you provide color on M&A pipeline? Maybe, Bill, you can start, if there is anything that—then I can add later on, please?

Bill Korn

The color is red, green, yellow, blue 😊. I mean, the good news is we have a great pipeline. We see a lot of companies and we see a lot of companies that look interesting. We also see a lot of companies who have an impression of what they're worth that we look at, and say it's hard for us to get excited. I'll say over the last year and a half what's been interesting is the public markets have gone down. A lot of private companies haven't taken money and so they still have this fantasy of here's what I'm worth. People will say to us, "I think my company is worth 5x revenue, and if you buy me, then next year, I'll be profitable for the first time." We look at that and say, "How many years is it going to take me to get a return on my investment?" If you're basically making 0 and I'm paying you 5x your revenue, this is a very long period of time. To us, that deal really doesn't make sense.

Again, we tend to be sort of patient people. We say when we're buying a company, we need to be able to see a way that in three or four years we can earn the profits or earn the cash flow to pay back the investment. The good news is that's worked for us. It worked for us when we bought CareCloud. It worked for us when we bought Meridian. It's working for us with medSR; they're on track. It worked for us when we bought Orion and MediGain. We've done this enough times that it's hard for us to get excited about doing a transaction when we don't feel confident in our ability to get a good return for investors.

Hadi Chaudhry

Great. Thanks, Bill. Thanks, Bill, for the question.

The next question is from Kevin Dede from H.C. Wainwright. The question is, with such a low CAC relative to competition, why not invest in greater sales and marketing efforts? Let me answer it partly, and then I'll send it over to Karl and he can shed some more light.

Kevin, you're right. Absolutely, we can keep spending more because competitively our CAC is much lower. But if you think about it, one of the reasons for our CAC being lower is our global workforce. We have been able to leverage our global workforce on the sales and marketing as well very effectively. When we initially were anticipating at the beginning of the year and even in the last year when we were ramping up our sales and marketing efforts, we anticipated our sales and marketing spend may end up being higher than what we have today.

But the reality is the goals that we set out for us, we were able to accomplish those goals. The number of employees, as you have seen in Karl's presentation, has significantly improved. We have roughly close to 55-ish sales and marketing people. Half of them are U.S. based, the other half of them are offshore, so that's one of the reasons for our low CAC. But having said that, whenever there is a right opportunity to spend where we can—we know we will be able to get the right outcomes, we will keep on increasing the investment.

Karl, would you like to add something to it, please?

Karl Johnson

Yes. Thank you, Hadi. You did summarize that very well. I think there's two things that Hadi mentioned. One is that about 45% of our sales team is offshore, that's sales and marketing. By doing that, we're literally able to hire five people offshore for what it would cost to hire one person onshore, so that's been a big plus for us.

Secondly is we worked very hard at having tiers within our sales and marketing organizations. We have everybody working really at the top of their skill set and that keeps our cost down. Certainly, if we felt that

spending \$1.50 or \$2 would bring the kind of returns that we wanted—but there are rules of diminishing returns, and so I think we found the sweet spot that works for us as an organization.

Thank you, Hadi.

Hadi Chaudhry

Thank you, Karl. Thank you, Kevin, for the question.

The next question is also from Kevin, and this is for Bill. Please offer a view to valuations given the market dynamics and analyzing M&A activities, and what you might expect as market dynamics improve its stabilization of Fed rate adjustments. Orion was a fantastic purchase out of bankruptcy, but when would you expect more companies might slip that direction? What are you seeing there?

Bill, please?

Bill Korn

Sure. We continue to be looking at opportunities, and I'll say that what's been interesting over the last six months is we've actually seen a few companies that are small public companies that are having challenges. Interestingly, some of them seem to be having more challenges even than some of the privately held companies. It's hard to know what the impact of the continual rate increases are going to be, but I expect that as the Fed is trying to tighten money, you're going to start seeing companies who are running into trouble and are going to get in trouble as Orion did, as MediGain did, as frankly, CareCloud and Meridian. When we bought those two companies in 2020, each of them had taken a tremendous amount of investment, but each was in default on their debt. In each of those cases we bought companies not from the owners, but from the debt funds who financed them.

So I'd say we're hopeful that as we look forward over the next 6 to 12 months, you'll start to see the current financial realities catch up with companies and those who are having a few challenges looking more broadly for options. But to us, we're looking at opportunities, and we're talking to people every single week.

Hadi Chaudhry

Thank you, Bill, and thank you, Kevin, for the question. The next question is from Rich, California. He's a long-term investor. The question is—I will let my CFO answer that question. Bill, if you can help us answer that question.

Moving forward, when do you anticipate the company value be consistent to the value of the company's worth? You have taken a huge hit on overall value due to borrowed money. When will investors start seeing a return on investment?

I think, Bill, you already have—part of this, I believe, has been answered as part of your presentation because I believe this question may have come before that part of the presentation, but maybe if you would like to give a little more explanation. Please do that.

Bill Korn

Sure. I'll start by saying if I had the crystal ball and I knew when our stock would be at the right value or if I knew when any of the stocks on NASDAQ that are down 30% would be at the right value, then we'd probably be—in fact, you wouldn't be seeing me here on the earnings call. I'd say that's unfortunately something we can't control. All we can do is to keep growing the company and growing our profitability. Look, a lot of

people say as a hypothesis, “Oh, the reason your company has taken a hit is because of your preferred stock.” I will say whenever we look at this and we think about the alternatives, the true answer is, let's imagine we hadn't sold preferred and we hadn't had the cash to buy CareCloud, and we hadn't had the cash to buy Meridian and we hadn't had the cash to buy medSR, we might not be \$140 million company today. We might be a lot smaller. I would say that in some respects, while it isn't optimal, it's probably the best alternative that we found. Although we're looking at any suggestions people have.

Again, we're going to keep on focused on growing the business and its profitability and we're going to let the market figure out the right price. We know that nobody is going to ask us what the right price is, so we're not even to give you our opinion.

Hadi Chaudhry

Thank you, Bill, and thank you, Rich, for the question.

Thank you everyone for your questions today and listening to us today. This concludes today's Analyst & Investor Day. Thanks again for joining. If you still have any other questions, please feel free to reach out to us offline and we would be happy to answer those questions.

Thank you, everyone, once again.