



**VieMed Healthcare
Third Quarter 2025 Earnings Call
November 6, 2025**

Presenters

**Trae Fitzgerald, Chief Financial Officer
Casey Hoyt, Chief Executive Officer
Todd Zehnder, Chief Operating Officer**

Q&A Participants

**Doug Cooper - Beacon Securities
Robert Lynch - Stonegate
Ilya Zubkov - Freedom Broker**

Operator

Greetings and welcome to the VieMed Healthcare Third Quarter 2025 Earnings Call.

At this time, all participants are in a listen-only mode. A question-and-answer session will follow a presentation. If anyone should require operator assistance during the conference, please press "**", "0" on your telephone keypad.

Please note this conference is being recorded.

I will now turn the conference over to our host, Trae Fitzgerald, Chief Financial Officer. Thank you. You may begin.

Trae Fitzgerald

Thank you. Good morning, everyone, and thanks for joining us today. Please note that our remarks in this conference call may include forward-looking statements under the U.S. federal securities laws and forward-looking information under applicable Canadian securities legislation, which we collectively refer to as forward-looking statements.

Such statements reflect the company's current views and intentions with respect to future results or events and are subject to certain risks and uncertainties, which could cause actual results or events to vary from those indicated in forward-looking statements. Examples of such risks and uncertainties are discussed in our disclosure documents filed with the SEC or the security regulatory authorities in certain provinces of Canada.

Because of these risks and uncertainties, investors should not place undue reliance on forward-looking statements. The forward-looking statements made in this conference call are made as of today, and the company undertakes no obligations to update or revise any forward-looking statements, except as required by law.

Third quarter financial supplement and financial news release, as well as the related financial statements, are available on the SEC's websites. I'll now turn it over to our CEO, Casey Hoyt, to get things started.

Casey Hoyt

Okay. Thanks, Trae. Good morning, everyone. I'm excited to be here today to discuss another outstanding quarter for VieMed, a quarter where we continue to differentiate care, accelerate innovation, and deliver strong results that set the stage for sustained long-term success.

Our team continues to execute at a high level, driving growth across all of our core service lines, while expanding the reach and impact of our patient care model. As of quarter end, our team has grown to 1,386 dedicated employees across the country. This includes the new members of our VieMed family who joined us through the acquisition of Lehan's Medical Equipment. Because the Lehan's team onboarded early in the quarter, we were able to experience a full quarter of collaboration and integration which has been incredibly rewarding to watch unfold.

I'm proud of the dedication and teamwork shown by both our existing staff and our new colleagues, as they work together to align systems, processes, and culture.

Their focus and adaptability have ensured a seamless transition and strengthened our ability to serve patients with consistency and compassion. With our expanded team and broader service capabilities, we continue to deliver exceptional care to the patients, providers, and partners who rely on us, every day. That commitment to high-quality service and clinical excellence reinforces VieMed's reputation as a trusted leader in home-based healthcare.

With that foundation, let's turn to how our strategic execution this quarter reflects both our vision and our ability to translate strategy into measurable results.

Our long-term vision remains clear: to expand geographic access to high-quality home-based care, diversify our product service offerings, and deliver operational excellence at scale. This quarter represents a meaningful milestone in that journey.

While our core ventilation business continues to grow at impressive levels, it now accounts for less than half of our net revenue for the first time in over a decade. The shift reflects both the enduring strength of our legacy services and the rapid expansion of new service lines, positioning VieMed for sustainable, diversified growth and long-term value creation.

This diversification underscores the success of our strategy and the strong buy-in of our teams in expanding and strengthening our businesses. By broadening both our payer and referral base, we're creating a more resilient and balanced revenue stream that supports sustained growth through different market conditions. Our disciplined execution continues to produce measurable results, with each of our core home medical equipment lines delivering strong performance this quarter, in alignment with our strategic priorities.

Ventilation remains the cornerstone of our business, providing a strong and reliable foundation as we continue to expand and diversify our services. For another consecutive quarter, ventilation revenue achieved double-digit year-over-year growth, demonstrating sustained demand for our differentiated clinical model. This quarter brought an important win for patients and the courts regarding Medicare Advantage coverage, which is expected to significantly improve access and streamline approvals. The regulatory process toward clear and objective qualifying criteria is something we've long advocated for, and we're pleased to see these efforts coming to fruition.

Looking ahead, we continue to execute on the implementation of the new National Coverage Determination requirements for at-home ventilation. While the policy took effect in June, many of its impacts will begin to materialize in the coming months.

Our clinical teams are fully engaged to ensure readiness and compliance, positioning VieMed to capitalize on regulatory changes, while maintaining the highest standards of patient care. These initiatives

are expected to improve payment flows through Medicare Advantage channels, while preserving seamless patient experiences and strengthening our leadership and compliance in clinical outcomes.

Sleep growth accelerated meaningfully this quarter, driven by record new patient starts and continued expansion of our long-term resupply base. New sleep patient starts grew 96%, year-over-year, while our resupply population increased 51%, year-over-year, and 33%, sequentially.

For the first time since disclosing our new sleep metrics, our resupply population surpassed our PAP therapy rental base, an important milestone that highlights the strength of our model in converting short-term therapy patients into lasting resupply relationships that generate recurring revenue.

The addition of 2,465 patients from Lehan's further amplified this momentum and expanded our sleep footprint into new markets. Together, these results reflect strong organic execution and seamless integration, positioning us to deliver another record quarter and reinforce sleep as a key driver of VieMed's diversified growth.

Our healthcare staffing division continues to demonstrate remarkable resilience in an evolving marketplace. Anchored by our behavioral health staffing specialties, the division is delivering sustained growth and generating valuable operational synergies by providing in-house healthcare recruiting to support our broader patient care services.

This performance underscores the strategic value of our diversified service portfolio and reinforces our confidence in staffing as a reliable and growing contributor to VieMed's overall success.

Maternity has now become an exciting part of our portfolio through the successful integration of Lehan's Medical Equipment. This quarter, we built our first maternity claims outside of the acquired Lehan's network and made substantial progress toward a national rollout, establishing a scalable platform for this entirely new service offering.

Maternal health is poised to be a significant growth driver in 2026, expanding our footprint beyond respiratory and sleep services while leveraging VieMed's national infrastructure, operational expertise, and clinical excellence.

These results underscore how the addition of this new service line, combined with discipline execution across all segments, continues to advance our strategic priorities and position VieMed for long-term sustainable growth, outpacing the performance of comparable peers in our sector.

Innovation continues to be a key driver of our long-term value. This quarter, we focused on deploying AI-powered revenue cycle management tools, initially targeting our rapidly growing sleep business. Early results are very promising, with improved efficiency, accuracy, and scalability in billing and collections. We plan to extend these tools across other service lines in Q4 and into 2026, further leveraging operational efficiencies and improving the patient experience.

Through innovation, adaptability, and disciplined execution, we remain confident in our ability to drive future growth and deliver lasting value for patients, partners, and shareholders.

Our strong operational performance continues to provide the flexibility to invest in growth, while delivering meaningful value to shareholders. This quarter, we completed our 2025 share repurchase program and successfully integrated Lehan's Medical Equipment. Both initiatives were immediately accretive and clearly reflect our disciplined approach to capital allocation.

These actions enhance VieMed's ability to pursue strategic growth opportunities, including targeted acquisitions, technology investments and national service expansion. At the same time, we are broadening patient access and improving outcomes through the continued growth of our sleep and maternal health programs. Combined with proactive preparation for upcoming regulatory changes, these

efforts position VieMed to drive sustainable, differentiated growth while creating long-term value for shareholders.

None of these achievements would be possible without the dedication and ability of our people. I want to recognize our clinical staff, operational teams, and our new colleagues from Lehan's for their hard work and commitment to our patients. We also deeply appreciate our partners and referring providers, whose collaboration drives growth and ensures that patients receive the best care possible. It is this culture and teamwork and shared purpose that sets VieMed apart, quarter after quarter.

As we look ahead, our mission remains clear, to improve lives and deliver lasting value for all of our stakeholders. With a strong quarter behind us and our strategic initiatives well underway, I'll now turn the call over to Todd Zehnder, our Chief Operating Officer. Todd will provide a detailed review of our financial and operational results and guidance for the remainder of the year. Todd.

Todd Zehnder

Thank you, Casey. And good morning, everyone. In reviewing the financial results, all figures are in U.S. dollars, and our full results have been filed with the SEC. I'll be referencing information available in our quarterly financial supplement, which can also be found on our Investor Relations website.

Starting with the top line, we delivered record revenue of \$71.9 million, representing 24% growth year-over-year and 14% sequential growth from the second quarter. This strong performance reflects both solid organic growth and the immediate accretion from the Lehan's acquisition, which continues to diversify our business and strengthen our foundation for long-term expansion.

Gross profit for the quarter was \$41.3 million, or a 57.5% gross margin. Adjusted EBITDA reached \$16.1 million, up 16% from the prior year, representing a 22.4% margin, a strong result given our continued investments in growth and diversification.

Net income for the quarter was \$3.5 million, or \$0.09 per diluted share.

Operationally, we continue to see solid momentum across our diversifying patient base. In addition to steady growth in ventilation, PAP therapy patients increased 64% year-over-year, and 21% sequentially, in the third quarter. Our portfolio is also expanding with the addition of maternal health products from Lehan's acquisition.

This mix is broadening our reach, improving scalability, and supporting an efficient growth model, as we continue to scale.

On the cost side, SG&A expenses were 44.4% of revenue, a 160 basis point improvement compared to last year, and a 130 basis point improvement, sequentially. This progress reflects the benefit of our evolving product mix, where our newer offerings tend to carry lower gross margins but also require less fixed infrastructure, resulting in lower SG&A.

Combined with our disciplined cost management and ongoing investments in technology, operations, and people, these efficiencies are driving continued improvement and operating leverage as we scale.

Gross capital expenditures were \$7.6 million in the quarter, down from \$11 million a year ago, as spending normalized following the completion of the Philips VIN exchange program. Including equipment sales, net CapEx totaled \$6 million. We continue to fund our CapEx entirely from discretionary cash flow and maintain excellent cash flow conversions.

I want to take a moment to talk about free cash flow, which we view as an important reflection of the strength and efficiency of our business model. Throughout our history, we've funded our growth through internally generated cash flow and have done so profitably, every year since becoming a public company.

Today, our scale and operating discipline are driving consistent, sustainable free cash flow generation that gives us tremendous flexibility to invest and grow. Because quarterly results can be influenced by timing of certain payments, we've also started highlighting trailing 12-month free cash flow as a more stable way to reflect the underlying trends in our cash generation.

As of quarter end, trailing 12-month free cash flow totaled \$23.3 million, up significantly from the prior year, and we expect that positive momentum to remain strong through the fourth quarter and into next year.

As long as we're growing organically and generating strong free cash flow, we'll keep putting our capital to work where it drives the most value. That means continuing to invest in profitable growth, pursuing smart acquisitions when the fit is right, and returning capital to shareholders when it makes sense.

Along those lines, in September, we completed the share repurchase program authorized by our board. This marks our third buyback program since becoming public, and this time, we repurchased nearly 2 million shares at an average price of approximately \$6.69.

Our balance sheet remains a key strength and gives us plenty of flexibility and liquidity to invest and grow. At quarter end, we had \$11.1 million of cash, working capital of \$5.8 million, and long-term debt of only \$19.6 million, which we've already paid down \$5 million of that in October.

We also had \$38 million available on our credit facilities, plus another \$30 million through the accordion feature, if needed. With this strong financial position, we are well prepared to execute, quickly and decisively, should an attractive acquisition opportunity arise.

We're updating our full-year outlook to reflect better visibility and the continued shift in our product and service mix.

We now expect net revenue between \$271 million and \$273 million compared to our prior range of \$271 million to \$277 million. Adjusted EBITDA is now expected to come in between \$60 million and \$62 million, or roughly 22% of revenue, versus our previous range of \$59 million to \$62 million. The narrow range reflects greater visibility as we move throughout the year, and our updated assumptions give us a clear view of product-level growth.

Some of our lower-margin ancillary services, including staffing, are now expected to grow a little slower than we had projected, while higher-margin lines, especially sleep, are tracking ahead of expectations. Taken together, these trends should modestly improve our projected overall EBITDA margin with a relatively neutral impact to total revenue.

Looking ahead, we're confident in the strength of our business model and our ability to sustain solid margins, while continuing to generate record levels of free cash flow.

As we close out on the year, our focus stays on disciplined execution, integrating recent acquisitions, and positioning the business for another year of profitable growth in 2026. We want to thank you for joining us, today. This concludes our prepared remarks, and we'll now open up the call for questions.

Operator

Thank you. At this time, we'll conduct our question-and-answer session. If you would like to ask a question, please press "*", "2" on your telephone keypad. A confirmation tone will indicate that your line is in the question queue. You may press "*", "2" if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the Star keys. One moment please while we poll for questions.

Your first question comes from Doug Cooper with Beacon Securities. Please state your question.

Doug Cooper

Hi. Good morning, guys. Congratulations on another good quarter. First of all, Todd, I just wanted to confirm, excluding the contribution from Lehan's, of which I guess was a full quarter contribution, organic growth, I get around 13-14%. Is that in the ballpark?

Casey Hoyt

Fourteen percent, I believe, is on the revenue growth, it was 14. Yeah, 14%.

Doug Cooper

Okay. What do you, just on the sleep, obviously, tremendous numbers there. What do you attribute the growth to? You're certainly seeing much higher growth than anybody in the peer group, so are you gaining share there, or what are you maybe just talk about that a little bit?

Casey Hoyt

Yeah. I mean, we're gaining share everywhere we go. You've got to keep in mind, Doug, that we really didn't start selling sleep until, I guess, right before COVID, around the country. While it was a big part of our corporate upbringing and company history, we started in sleep over here in Louisiana back in 2006 and kind of grew into ventilation. So, we have a lot of experience with the product and the offering, but we chose not to launch it until we had good insurance contracts and infrastructure set up throughout the country.

So, even though it's been around since our inception, we really haven't started pushing it until, call it, five, six years ago. What you're seeing is we're now hiring reps specific to selling sleep. They're not complex respiratory reps. They're heavily focused on sleep and will probably leverage them some breast pump sales for those reps as well, throughout the country.

But everywhere they go, they're gaining market share in their prospective towns, clicking on all cylinders. We've really done a good job of training them up and getting them to be armed and dangerous and ready to hit new referral sources. We're able to hire a different type of rep than your traditional complex respiratory rep. Just a young and hungry go-getter fits the bill, sometimes, for this sales rep. So, we're seeing a lot of good success with just some good people spread out throughout the country.

Doug Cooper

All right. Congratulations on that. Just looking at, been reading, seeing competitive bidding keep popping up in articles around, obviously, the government shutdown now. Just some comments around competitive bidding. Do you think it comes back? I'm assuming Lehan's, the breast pump, just as a for instance, probably does not have any issue with that, but maybe just comment generally on the situation there.

Trae Fitzgerald

Yeah, I mean, we fully anticipate competitive bidding coming back at some point. I think, like we said last time, if you're operationally sound and if you're larger, you probably tend to win more contracts. We're not afraid of the bidding program. I think it was heavily commented on by public, and there's a lot of interest in making sure the program is designed correctly, so we'll be paying attention to what the final rule looks like when and if it does come out, and we fully anticipate being a participant in virtually all of those CBAs.

As it relates to the maternal side of the business, no. I mean, obviously, Medicare is not going to be paying for breast pumps as that's a 65-year-old generally, and so not going to be in that business market. That's heavily commercial and Medicaid around the country. That program is rather insulated from any competitive bidding program.

And the other thing I would say, just as a reminder for everyone, is that we still generate a significant portion of our revenue stream in the competitive bid products, be it sleep and oxygen primarily, from our rural areas. Those have some impact, but not as dramatic as these large MSAs, where the significant potential either consolidation or rates are existing.

Doug Cooper

Right. And this final one for me. Another good quarter. All the KPIs trending in the right direction. Stock's down 2.5%. The stock, based on your guidance for this year, let alone next year, just on this year, I think it trades about four times EBITDA, obviously, while you've been buying back a bunch of stock. The whole healthcare sector, in general, is underperforming. And a couple of years ago, all the focus on the Ozempics and GLP-1 drugs and Novo Nordisk, I think, is down 60% from its peak.

What do you think it's going to take to get investor interest and get this sector turned around? I'll leave it there. Thanks, guys.

Trae Fitzgerald

Yeah. Thanks, Doug. I'll tell you, it's one of the harder questions we get because we're not the market it is. But I'll tell you, the way that we are forecasting our free cash flow, I think a multiple reset is just going to have to happen because we're generating as much discretionary and free cash flow as anybody in the industry or most healthcare providers.

So, I don't know exactly how that will translate into the stock price, but as we've done in the past, we will monitor capital allocation very aggressively. To the extent we see the best use of capital is returning that to shareholders, I mean, very likely through buybacks, we'll continuously analyze that. Right now, we're paying off the debt as fast as we ever thought we could. Once that runs out, we'll look at the acquisition landscape, but be very in tune to additional buybacks if the stock warrants that.

Doug Cooper

Okay. Thanks, guys.

Casey Hoyt

Yeah. Thanks, Doug.

Operator

Your next question comes from Robert Lynch with Stonegate. Please state your question.

Robert Lynch

Hey, Todd. Hey, Trae. Hey, Casey. Just dialing in here for Dave Storms. Congratulations on the quarter. Just have a few questions here. First one being around the payer mix this quarter. It looks like it shifted with lower Medicare exposure. I guess, what are you seeing on the authorization friction, realized rates and DSO as the mix tilts further for Medicare? How should we think about audit risk into 2026?

Todd Zehnder

Yeah, I mean, we're definitely seeing the payer mix shift pretty aggressively, just as the product mix is shifting aggressively, and the sales and rental shift is on. All of that is in our supplement. Really, that's as a result of further diversification. Bringing on Lehan's is a, they're virtually a 0% Medicare company. I mean, they have some in their sleep and other DME. All of that breast pump revenue, which you can see now makes up 6% of our company, that is a non-Medicare, and a lot of that revenue would be in that wedge of sales, which is 30%.

I do want to comment, though, Medicare is a great player. They pay timely. They do audit. We all know that, but we welcome audits because we tend to do pretty well with it.

I think what you're seeing, and I don't have an updated DSO, but our AR is pretty low, right now. That means that our revenue cycle team is converting those bills into cash. And we're using that cash to pay down the debt or all those other capital allocation priorities that I just mentioned.

Robert Lynch

Great. I really appreciate the color there. I guess next one around just some operational levers. Excuse me. What levers do you think you can pull to protect mix and margin as sleep and resupply end up

outgrowing vents, and especially as the Chicago footprint scales under Lehan's acquisition? I guess, what does that look like?

Casey Hoyt

I think what you'll see is gross margin, if we grow sleep as fast as we're growing it, will always have some pressure. We are doing some things that, in Casey's prepared remarks, talked about some technology initiatives that we are using. Just on the sheer number of new patients, we're using some, you want to call it AI-based intake. And it's really streamlining the process, helping shave off days to get patients set up, which means that there should be better compliance.

All of those things are things that will help the sleep division operate efficiently and, hopefully, at a higher margin. It is going to be hard to offset the difference in the gross margin between a vent patient and a sleep patient.

With that said, I want to point out we had a 160 basis point improvement in SG&A amongst the company at a total level, which we think that if we give up a little bit in the gross margin, we should be able to make that up on the SG&A line. As long as our free cash flow, our net income margins continue to hang in there, we're entirely comfortable about how we're diversifying the company.

Robert Lynch

That sounds great. One last one for me around growth. So you guys had an emphasis on rural communities. What geographies, I guess, do you have listed as tier one going into the new year? What's the focus?

Casey Hoyt

Yeah, I mean, the focus is really to stay kind of close to where our next rep is, which does put us in the rural markets. I mean, we're not strong in New York City. We're not strong out west. But we have plenty of opportunity to just hop 60 mi away from the next rep, not run into each other, and then be able to leverage a lot of our clinicians.

That's always the wisest way to grow. We're constantly looking for that next market that makes good sense for us to go to. Today, we have lots of just new data points and AI tools that are really teeing up the opportunity for us down the road. That's very interesting. That's evolving, every day. We've got more ammunition than we've ever had before to making wiser decisions on when to go and how far to go and so on and so forth.

Traditionally, we're just trying to just expand from where we exist today, which is the Deep South into the COPD prevalent areas of the coal miners region and the hills of Kentucky and Tennessee and West Virginia and so on and so forth. It's not that we're ignoring rural, I mean, metropolitan zones, but that's just been our sweet spot. There's plenty of area to grow right down the road from where we're at.

Trae Fitzgerald

Yeah. I guess I would add, too, Robert, on the maternity side, it's really nationwide, right? We don't provide those. We provide those in very limited areas right now, outside of Lehan's, Illinois. We started doing some of that with our legacy business, as well, but 2026 is going to be a nationwide approach to maternity across everywhere that we currently operate and don't have that offering.

Robert Lynch

Okay. Great. Really appreciate the color. I think that's it for me. Good luck in Q4.

Todd Zehnder

Thanks, Robert.

Casey Hoyt

Thanks, Robert.

Operator

Your next question comes from Ilya Zubkov with Freedom Broker. Please state your question.

Ilya Zubkov

Good morning. Thank you for taking my question. I have a question related to the sleep therapy business. I've noticed that revenue per one patient in this segment has been declining sequentially, this year. Could you please explain the main factors driving this trend?

Trae Fitzgerald

Yeah, I'll take this. This is Trae. We don't disclose revenue just for the sleep side of the business. You're probably looking at the other sales, which does include some other products, so keep that in mind. But just in general, thinking about the evolution of the sleep business and going from, you can see the metric for the first time this period where resupply overtook our therapy patients, they have a slightly different revenue profile, right?

One, the therapy patient is on the rental side, that's separate, and then the resupply side is going to be in sales. And so, the actual realizations on the sleep side are extremely stable. If you think about a resupply patient, it's two orders per year, \$200 an order, roughly, 50% gross margin, and that's been stable from when this business was 5% of our business up to 20% of our business, as it stands now.

Ilya Zubkov

Okay. Thank you. This is helpful. You've mentioned the planned investments in technological development. I'm just wondering, what do you see as the priority areas of this advancement? In midterm, where do you plan to focus your investment there?

Casey Hoyt

Right now, what we're doing, I mean, the single largest one that we're making is, like we mentioned, in the intake division because it's a very manual and you're dealing with fax machines and so forth. So, we're doing a lot in that. It is live in at least the sleep division, nationwide. We're going to push it into our other products.

We're not exactly sure what the next process that we're going to try to use AI in, but we have an entire team that is meeting regularly to see which processes could benefit the most. At the same time, our technology team is out there scouring the tools that are available. And so, ultimately, we are not exactly sure what the next one is, but I can promise you there will be more AI/machine learning to help with the operational lift of our company over the next quarter, year, two years because they're coming at us very quickly, and it's all upside to our scalability, efficiencies, and operational acumen.

Ilya Zubkov

Okay. That's great. Thank you very much.

Casey Hoyt

Thanks, Ilya.

Operator

There are no further questions at this time. I'll hand the floor back to management for closing remarks.

Trae Fitzgerald

All right. We want to thank everybody for listening in. If there are follow-up questions, please reach out to us, and have a good day.

Operator

Thank you. This concludes today's call. Parties may disconnect.