



Viemed Healthcare
First Quarter 2026 Earnings Conference Call
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Presenters

Trae Fitzgerald - Chief Financial Officer

Casey Hoyt -- Chief Executive Officer

Todd Zehnder -- Chief Operating Officer

Q&A Participants

Dave Storms - Stonegate

Operator

Greetings and welcome to the Viemed Healthcare first quarter 2026 earnings conference call. At this time all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation.

If anyone should require operator assistance during the conference, please press "*" "0" on your telephone keypad. As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Trae Fitzgerald, Chief Financial Officer. Thank you. You may begin.

Trae Fitzgerald

Thank you and good morning, everyone. Please note that our remarks in this conference call may include forward-looking statement under the US Federal Securities laws or 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.

The first quarter financial supplement and financial news release as well as the related financial statements are available on the SEC's website. With that, I'll now turn over the call to our Chief Executive Officer, Casey Hoyt.

Casey Hoyt

All right. Thank you, Trae, and good morning, everyone. We appreciate you joining us today. This past quarter demonstrated what consistent execution looks like across our entire platform. Our sleep business continues to scale and differentiate itself. Maternal health is performing ahead of plan. Our free cash flow profile has improved meaningfully year over year. Also, in ventilation, we are starting to see the operational trends that we have been envisioning.

In aggregate, these results exemplify a business that is growing, diversifying, and becoming more capital efficient. And it is the direct result of the disciplined execution this team brings every single day.

First quarter revenue was \$75.4 million, up 28% over the prior year. Following what was a record fourth quarter for Viamed, matching that performance low in Q1 is an achievement we are proud of and one that is consistent with exactly what we communicated as planned for the year. Q1 carries a predictable seasonal pattern, and the business executed right in line with our internal plan. As we move into the second quarter and the balance of the year, we feel very good about the current and future quarters.

Sleep continued to be one of the strongest growth drivers in the business. PAP therapy patients grew 57% year over year, and the set-up activity we have driven over the past several quarters is translating into a larger and steadily expanding base of resupply patients. We now have nearly 36,000 PAP patients on the platform. As that base expands, it brings greater visibility into future revenue and a more stable growth profile.

Beyond those numbers are tens of thousands of patients who are sleeping better, feeling better, and living healthier lives because of the care we are delivering. As sleep continues to scale, it provides increasing visibility into future revenue and becomes a more meaningful contributor to the overall growth profile of the business.

On resupply, quarterly patient counts were down modestly from the fourth quarter, consistent with the seasonal pattern we see every year. Activity typically moderates as deductibles reset coming out of Q4, and we saw that dynamic play out again this quarter. Importantly, the underlying trend remains intact, with resupply patients up 47% year over year.

The long-term demand picture for sleep remains very strong. Obstructive sleep apnea continued to be significantly underdiagnosed, and the broader focus on metabolic health, including increased adoption of GLP-1 therapies, is driving more patients into diagnosis and treatment. The PAP base we are building today is what drives resupply growth over time, and we continue to feel very good about that pipeline.

Sleep is not the only place where our platform leverage is being realized. On our last call, we talked about the potential that excited us most about maternal health, not just in terms of Lehan's offerings and capabilities, but what we could do with them within the Viamed platform. I wanted to update you all on that because the early results are exceeding our expectations.

Lehan continued to perform well. The integration has been smooth, and the business has been accretive since day one. A more important development this quarter is what we are seeing outside of Lehan's original markets.

During the first quarter, we serviced just under 4,000 new maternal health patients under the Viemed contracts in markets where Lehan previously had no presence. That is a critical early indicator of how the model can scale. The payer relationships, intake and billing infrastructure, and compliance capabilities already existed. We were able to extend that existing platform into a new product offering, and the team delivered. This gives us confidence in our ability to continue expanding maternal health into additional Viemed markets as we move through 2026.

Turning to ventilation, we are seeing a couple of important dynamics play out at the same time. First is that new patient startup momentum is building faster and stronger than we expected. Referral sources are getting more comfortable with the updated criteria, the documentation process is maturing, and the setup pipeline is responding in a way that is genuinely encouraging. This is the inflection point we have been working towards, and it is arriving ahead of schedule.

March was a particularly strong month for ventilator setups with 759 starts compared to 692 a year ago. Our 100% ALJ success rate on Medicare Advantage denials continued to validate the appropriateness of the patients we serve, and we are seeing more of those denials resolved earlier in the process.

Second is that the patient setup cohorts under the new NCD criteria are now reaching required compliance evaluation points, and the turnover rate for those patients is higher than pre-NCD. That is creating some near-term pressure on the net patient census number, which ended the quarter at 12,089 patients.

However, I want to be direct. This is not a demand issue. It is not a competitive issue. It is a compliance dynamic that is a requisite of the new system, and it is something we advocated for, anticipated, and will become industry-best at under these new compliance standards.

What gives us confidence that both trends are moving in the right direction? Compliance among active ventilator patients has improved by nearly 20% since the NCD went into effect. That is a meaningful development and reflects patients and physicians adapting to the new standards. It also supports our view that, through our differentiated high-touch, high-tech model, compliance rates should continue to improve as the NCD matures.

I also want to address an area where we continue to advocate on behalf of our patients. Under the current NCD compliance framework, a patient who experiences a noncompliance episode can lose access to their ventilator. In practice, these are patients with serious chronic respiratory conditions who rely on ventilation as a prescribed life-sustaining therapy.

When compliance is interrupted, whether due to illness, caregiver changes, or clinical challenges, the current rules can result in a loss of access to that therapy. We believe this is an area where the policy can continue to evolve. The clinical need does not change because of the temporary compliance interruption, and the patient should have uninterrupted access to therapy when appropriate. While the compliance policy does not necessarily threaten our financial success as a company, it absolutely impacts the patients who are benefiting from care, and that is a problem that we will continue to lobby for in the name of our patients.

More broadly, the regulatory environment outside the NCD is also moving in a direction that we support. On competitive bidding, as a reminder, the categories identified by CMS for the upcoming round do not include any of our current product offerings. As a result, we do not expect a material impact to the business and continue to view the reimbursement foundation of our core services as stable.

On the enrollment moratorium announced by CMS earlier this year, I want to be clear that this has no impact on Viemed's operations whatsoever. We are fully enrolled, fully operational, and continuing to grow in every market we serve. What the moratorium does do is it restricts new entrants from attaining Medicare enrollment during this period, and for an established provider with our national infrastructure and existing payer relationships, that makes the competitive landscape more rational over time.

Across these regulatory developments, the direction is clear. The shift toward more objective criteria under the NCD, the absence of competitive bidding pressure on our core products, and the barriers to entry that favor established providers all reinforce the position we have built over time. These are the kinds of conditions that support long-term sustainable growth. None of that happens without the team behind it.

Managing the NCD transition, expanding maternal health into new markets, and continuing to scale sleep requires a high level of operational discipline and clinical focus. Our team of 1,387 employees delivered on each of those priorities this quarter, and the results reflect that work. Those results are built on capabilities we have developed over time.

A clinical model, a technology platform, a compliance infrastructure, and a national network of payer relationships all work together to support how we operate and scale. That combination allows us to expand sleep into new markets, extend maternal health through the existing infrastructure, and manage the regulatory transition of ventilation with consistency. It is a foundation that supports continued growth.

With that, I will now turn the call over to Todd to walk through our financial results and capital allocation in more detail. I would draw your attention in particular to the free cash flow results and the capital return activity we executed during the quarter. Those numbers reflect the execution we have been describing, and I think they tell an important story about the financial trajectory of this business. Todd?

Todd Zehnder

Alright. Thank you, Casey, and good morning, everyone. In reviewing the financial results, all figures are in US dollars, and our full results have been filed with the SEC. I will be referencing information available in our quarterly financial supplement, which can also be found on our investor relations website.

Starting with the top line, first quarter revenue totaled \$75.4 million, representing growth of 28% over the prior year period. On a sequential basis, revenue was essentially flat compared with the \$76.2 million we delivered in the fourth quarter of 2025, which is right in line with the seasonal pattern we outlined on our last call.

As we discussed in March, Q1 typically runs flat to slightly down sequentially, and that is exactly how it played out. The quarter reflects strong execution against the plan. Looking at the components of that revenue, ventilator rentals totaled \$35.4 million for the quarter, up approximately 10% over the prior-year period. Our other home medical equipment rentals contributed \$16.2 million, up 25% year over year driven by continued patient growth across PAP, oxygen and airway clearance.

Equipment and supply sales came in at \$17.5 million, more than doubling from \$7.5 million in the prior-year period, driven by growth across both sleep resupply and our maternal health offerings. On the sleep side, our PAP therapy patient count reached 35,938 at quarter end, up 57% year over year and 4% sequentially. As that PAP base grows, more patients move into long-term resupply relationships, which creates a recurring and predictable revenue stream that compounds over time.

The maternal health contribution reflects both the continued performance of the Lehan business and the early expansion beyond its original footprint that Casey discussed. From a mix standpoint, ventilator rentals represented approximately 47% of total revenue in the first quarter of 2026 compared to 54% in 2025. That shift matters for a few reasons.

Sleep resupply and maternal health carry different capital requirements, payer profiles, and growth characteristics than ventilation, and as those categories scale, they reduce our concentration risk, broaden our reimbursement base, and improve the capital efficiency of the business.

The vent business itself continues to perform well, but the overall revenue base is becoming more balanced, which is by design. The continuation of this diversification should help bolster our impressive financial performance in the future.

On the payer side, Medicare represented 35% of revenue in the quarter, down from 41% a year ago. As our sleep and maternal health businesses scale, a larger share of our revenue is coming from commercial payers, which reduces our concentration to any single payer and provides a more diversified reimbursement base.

Gross profit for the quarter was \$42.8 million, representing a margin of 56.8%. That is a modest improvement compared to 56.3% in the first quarter of 2025 and roughly in line with what we delivered for the full year of 2025. Sequentially, margins were down modestly from the 57.9% we reported in the fourth quarter, which is consistent with normal Q1 patterns.

The sequential moderation from Q4 is largely a function of revenue volume. Q1 is our lowest revenue quarter of the year, and our labor costs in COGS carry some relatively fixed components, so lower sequential revenue naturally produces some margin compression at the gross profit line. In evaluating year-over-year performance, it is important to consider that the first quarter of 2025 included a \$2.7 million non-recurring gain on disposals related to the ventilator buyback program with Philips, which has since concluded. That gain impacted both operating income and adjusted EBITDA in the prior period and creates a distortion in the year-over-year comparison.

Adjusted EBITDA for the first quarter of 2026 was \$14.3 million, or 19% of revenue, compared to \$12.8 million, or 21.6% of revenue, in the first quarter of 2025. Excluding the prior-year gain, adjusted EBITDA margin in the first quarter of 2025 would have been approximately 17%. On a comparable basis, adjusted EBITDA margin expanded by approximately 200 basis points year over year, which we believe better reflects the underlying operational progress of the business.

As expected, the reported 19% margin is lower than our full-year 2025 margin of approximately 22.7% given the seasonal nature in Q1. That quarterly cadence is consistent with prior years and does not change our full-year view on margin. We continue to expect adjusted EBITDA margin to be in the range of approximately 21% to 22% for the full year 2026, supported by operating leverage in SG&A as the revenue base grows.

SG&A as a percentage of revenue improved to 46.1% in the first quarter of 2026 from 48.1% in the first quarter of 2025, a 200 basis point improvement year over year. That improvement reflects the operating leverage we continue to realize as we scale. In absolute dollars, SG&A increased by \$6.4 million, driven primarily by employee-related costs to support our growth, including headcount added through the Lehan acquisition.

We ended the quarter with 1,387 employees, up 14% from 1,222 a year ago. Net income attributable to Viemed for the quarter was \$2.6 million, or \$0.06 per diluted share, essentially flat with the \$2.6 million reported in the first quarter of 2025. As noted, the prior-year period benefited from the Philips disposal gain that did not recur. On a normalized basis, the underlying earnings trajectory of the business continues to improve.

Free cash flow is an area I want to spend some time on because we think it is one of the most important indicators of where the business is headed. Free cash flow for the quarter was \$2.6 million compared to negative \$5.7 million in the first quarter of 2025. That is an \$8.3 million improvement year over year, and it reflects progress on both sides of the equation. We are generating more cash from operations, and we are deploying less capital to do it.

On the operating side, cash flow from operations was \$8.1 million in the quarter, up from \$2.9 million a year ago. That is nearly a threefold improvement in a single year and is the most direct reflection of the earnings growth we are generating across the platform.

On the spend side, net CapEx was \$5.5 million compared to \$8.5 million in the first quarter of 2025. As sleep resupply, maternal health, and staffing represent a growing share of our revenue, more of our growth is coming from service lines that require less capital per dollar of revenue than our ventilator business. This is an intentional and favorable structural shift in the capital intensity of the business, and we expect it to continue as the mix evolves.

The result is a business that is growing revenue at 28% year over year while simultaneously becoming more capital efficient. That combination is what produces durable free cash flow at scale, and it is what we are seeing in the numbers. To put that in perspective, trailing twelve-month free cash flow was \$11.6 million at the end of 2024, it was \$23.3 million through the third quarter of 2025, and it was \$36.3 million as of today.

We believe that as the market better understands the free cash flow profile of this business, it will be an increasingly important driver of how Viemed is valued. We continue to fund our CapEx entirely from operating cash flow.

Net CapEx as a percentage of revenue was approximately 7.3% in the first quarter. Based on that result and the continued evolution of our revenue mix toward less capital-intensive categories, we are updating our full-year net CapEx outlook to a range of 9% to 10.5% of net revenue, from our prior expectation of 10% to 11.5%. That update reflects the structural improvement in capital efficiency we are seeing as the business mix evolves, and we expect that trend to continue through the remainder of the year.

Turning to capital allocation and the balance sheet, during the first quarter, we repurchased and canceled 150,000 shares of common stock under our 2026 share repurchase program at an average price of \$9.29 per share for a total cost of \$1.4 million. We authorized this program in March and began executing immediately. Our share repurchases are accretive to per-share value for continuing shareholders, and we believe that consistent execution on our buyback programs has been a contributing factor in the positive share performance we have seen over time.

We also made \$3.2 million in principal payments on our long-term debt during the quarter, reducing long-term debt to \$8.3 million at March 31, 2026. We ended the quarter with \$9.8 million in cash and \$46 million available under our credit facilities.

Our balance sheet remains in excellent shape. We are effectively at net zero debt, and we have significant capacity available under our credit facilities should an attractive acquisition opportunity arise. We remain disciplined on that front. Any acquisition would need to meet our return thresholds and fit within the strategic framework we have outlined, but the financial position to act is there.

The ability to simultaneously repurchase shares and pay down debt while continuing to invest in the business is a direct reflection of the free cash flow generation we just discussed. That is exactly what we said we would do when we laid out our capital allocation framework, and the financial results this quarter reflect that execution.

Our capital allocation priorities remain the same, invest in organic growth first, evaluate disciplined acquisitions second, and return capital to shareholders when appropriate. The share repurchase program reflects our confidence in the long-term value of the business at current levels, and we will continue to execute on it opportunistically.

Turning to our outlook, we are updating our full-year 2026 guidance on two metrics. On net revenue, we are narrowing and raising the low end of our range to \$312 million to \$320 million from the prior range of \$310 million to \$320 million. That update reflects increased forecasting position as we move through the year and favorable new patient start trends Casey described.

We are reaffirming adjusted EBITDA in the range of \$65 million to \$69 million. On net CapEx, as I mentioned a moment ago, we are updating our full-year outlook to a range of 9% to 10.5% of net revenue from the prior expectation of 10% to 11.5%. The first quarter came in strong as expected. Revenue was consistent with the seasonal pattern we described on our last call, and the underlying business performed well in line with our internal plan.

As we move into the second quarter, we continue to expect sequential revenue growth in the range of 3% to 5% per quarter through the remainder of the year. The operational signals Casey described, including improving new patient starts, momentum in ventilation and the continued acceleration in maternal health, give us good visibility into that ramp as we move through the year. We feel good about where we sit relative to the full-year plan.

Before we open up the line for questions, I want to end with a few key takeaways for the quarter. Revenue grew 28% year over year. Free cash flow improved \$8.3 million compared to 2025, driven by stronger operating cash generation and a more capital-efficient business. We ended the quarter with effectively no net debt and \$46 million of available credit capacity, and we returned capital to shareholders through active execution of our share repurchase program.

Each of those outcomes reflects deliberate execution against the plan we have laid out, and we enter the second quarter with good momentum across the platform. With that, operator, please open up the line for questions.

Operator

Thank you. At this time, we will conduct the question-and-answer session. If you would like to ask a question, please press "*" "1" 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 "*" keys. Once again, to ask a question, press "*" "1" on your phone. One moment while we poll for questions.

Your first question comes from Dave Storms with Stonegate. Please state your question.

Dave Storms

Good morning, and thank you for taking my questions. Maybe just want to start with your guidance. Great to see that you are increasing the low end of the range. I know you mentioned new patient starts, continued acceleration in maternal, and the like that is driving that. Just trying to think about maybe where some of the leverage is in there that could put you onto the higher side of that revenue guidance range. Is it going to be more vent patients driven? Is it maybe some of the unknown as you continue to integrate Lehan? Maybe just any commentary there.

Todd Zehnder

I would say that all of the product lines have the opportunity to push us toward the upside, Dave, and that is the great situation we are in. Vents, the new patient starts are exceeding what we originally thought, and the metrics that Casey talked about about compliance are extremely important about keeping patients on and getting that length of stay to where we want it to be. So they have upside.

The maternal health business is growing dramatically, and as we continue to operationalize it and scale that. It probably has a very high likelihood of being a contributor to outperformance. And then the sleep side just continues to outperform what we ever thought it would do a few years ago.

So those -- I mean, not to say that the other business lines don't have the opportunity but those three really have the ability to push us up toward that top end and, if everything works well, then who knows, we may be able to increase it later on. But right now, we are very comfortable with where we sit.

Dave Storms

That is great. I appreciate that. Maybe circling in on maternal a little bit, you are seeing a lot of growth there. Just curious as to how you think about what are the limiters there. You know, is it headcount, is it an education campaign, is it new products, is it geographies? What do you think could be some of the limiting factors that you are going to focus on most?

Casey Hoyt

Yes. I will start with complex respiratory, which is the vent business. To me, the NCD rules and really becoming the thought leader in it, having our clinical protocols laid out by the NCD already

in place at Viamed gave us a leg up to really be the first one inside of our referral sources' offices to explain how the new world is going to work.

We have been leveraging that and educating our referral sources and they understand what they are up against. Naturally, we are seeing our referrals spike just as a result of being the educator of the new landscape inside of those offices. But then, yeah, all of the above pretty much on what you just laid out.

We continue to expand into new geographies. We have some new sales reps that are clicking on all cylinders. We have got a handful of new profile of reps we have been hiring that have been taking off as well. Lots of good things with momentum and training, coaching, mentoring, and getting folks producing sooner rather than later. So those are really positive trends that we're excited about and then yeah, after that it just becomes a land grab getting into new markets with our program.

Todd Zehnder

And I will add, I think you were specifically talking about maternal. What I would say is people on the sales front is really not the governor. It is really back office and fulfillment that we are staffing up on. We have contracts in place, and we have marketing abilities around the country. It is really about getting the mid and the back office scaled up, and we have already increased that business dramatically.

We are hiring as fast as we can and fulfilling as fast as we can. It's not a problem finding salespeople although we have some we have laid out there, it's really more digital marketing than anything.

Dave Storms

Understood. That's great commentary. And maybe just one for me just on the margin side of things. You mentioned a couple of times that you're seeing operational efficiencies in vent, you spent some time talking about the SG&A numbers. Just curious as to maybe your thoughts around what's next to be done here in the next three to six months, is there low-hanging fruit left, or do you feel like you've got it cleaned up pretty well to where you'd like it to be?

Todd Zehnder

There are always things that we continue to do. We have been pretty transparent in the past that growth is going to come with some expenses, and we are going to continue to incur those. But we are extremely excited about the efficiency we are seeing.

If you want to talk about AI or machine-based learning or help on the intake side or the logistics side, we have a lot of things we are implementing that should help with efficiencies. They should help with the cadence of setups. It should help with the labor per order that we are processing. So all of those things.

And then as we just continue to build these other business lines there, the corporate G&A is not having to go up as a reflection of that. So we are going to see some efficiencies through that as well. I think the most telling thing is the 200 basis point improvement in SG&A in one year. Our goal is to continue to drive that number down and improve margins over time. And as we have

said ad nauseum on the call, this free cash flow enhancement is real, and we are very excited about it.

Dave Storms

That is great commentary. I will take the rest offline. Thank you.

Operator

Thank you. We have reached the end of the question-and-answer session. I will now turn the call over to management for closing remarks.

Casey Hoyt

We appreciate everyone's trust in our business. We are going to continue to double down on all this growth and positive momentum and look forward to updating you guys in the coming quarters. Thanks again for your trust and have a good day.

Operator

This concludes today's conference. You may disconnect your lines at this time. Thank you all for your participation.