Viemed Healthcare Inc.
Second Quarter 2026 Earnings
August 4, 2026

<u>Presenters</u>
Trae Fitzgerald, CFO
Casey Hoyt, CEO
Todd Zehnder, COO

<u>Q&A Participants</u>
Dave Storms - Stonegate
Ilya Zubkov - Freedom Brokers

Operator
Greetings. Welcome to the VieMed Healthcare Second 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 star zero on your telephone keypad. Please note this conference is being recorded. I will now turn the conference over to Trae Fitzgerald, CFO. Thank you, Trae. You may begin.

Trae Fitzgerald
Thank you and good morning, everyone. Please note that our remarks in this conference call may include forward-looking statements under the U.S. 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 produce 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 second 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 the call over to our Chief Executive Officer, Casey Hoyt.

Casey Hoyt
Okay. Thank you, Trae. Good morning, everyone, and thank you for joining us. I want to begin by recognizing the people responsible for our impressive Q2 results. As of June 30th, we've got 1,453 employees that made up the VieMed team. Each day, our folks care for our patients, support our referral partners, and improve how we operate. I appreciate their work, compassion, and dedication they bring to serving our patients and our mission here at VieMed. The second quarter combined renewed growth in ventilation with continued expansion across the broader business. We ended June with the highest active ventilator patient count in our history, set new records in other service lines, and generated record quarterly revenue. Ventilation remains the clinical and economic foundation for VieMed.

For investors who are newer to the company, our vent patients live with complex chronic respiratory conditions and benefit from receiving high acuity care in the home. We combine respiratory therapy, ongoing clinical engagement, and connected technology to help physicians manage those patients outside the hospital while improving their quality of life. We added 546 ventilator patients during the quarter and ended June with 12,635 active patients. The active patient count increased in each month of the quarter before accelerating in June, producing sequential growth of approximately 4.5%. Q2 produced the second highest quarterly ventilator setup volume in our history, and usage compliance improved by more than 25% compared with last June. Higher setup activity brought more patients into the base, and our compliance initiatives helped more patients remain on therapy. The results reinforce what we have communicated through the implementation of the new CMS national coverage determination for home mechanical ventilation. The underlying clinical need and referral demand remain substantial. Our teams have adapted to the new qualification, documentation, and utilization standards, and the second quarter results show that we can grow into the new coverage framework.

Several quarters under the new framework have brought greater clarity across the care continuum. Physicians and referral sources better understand the documentation required to qualify a patient, and patients and caregivers receive clear education about the utilization expectations associated with therapy. We continue to refine our qualification, documentation support, patient education, and compliance processes as the framework matures. The addressable clinical need for at-home ventilation remains much larger than the population receiving treatment today.

Growth during the quarter extended well beyond ventilation. Q2 was a record quarter for PAP setups. Sleep therapy patients increased approximately 5% from the first quarter and 44% from the prior year. Resupply patients served increased approximately 10% sequentially and 47% year-over-year. Each new PAP patient also expands the population that can develop into a recurring resupply relationship over time. Maternal health also reached a new quarterly high for breast pump deliveries with activity through legacy biomed markets increasing approximately 9% sequentially. The early expansion illustrates the strategy behind the Lehan acquisition connect the proven capability to the payer relationships, referral channels, and operating infrastructure already in place across the VieMed platform to accelerate growth. Our service lines reach different patient populations, but they rely on many of the same core capabilities including pay relationships, intake, reimbursement expertise, clinical support, and fulfillment. During the quarter, we continued expanding the technology and fulfillment capacity supporting maternal health with the goal of extending those services into additional markets around the country. We also spent a lot of time during the quarter enhancing our sales organization. This effort led to defining and refining of more leadership roles, divisional expansion, market coverage, and further clinical support. We took the time to reset on the VieMed culture and paint a clear picture of how folks advance through our organization. While these sales reorgs come with a heavy operational lift, they are always constantly evolving and necessary for setting the stage to achieve the next level of growth.

Developments across the broader industry continue to reinforce the value of secure and scalable technology, disciplined payer relationships, a focused portfolio, prudent capital allocation, and a balance sheet that preserves strategic flexibility. These have been longstanding priorities for VieMed, and they remain central to how we are building the company. At the midpoint of the year, VieMed is larger and more diversified than ever. Ventilation is growing under the new coverage framework, sleep and resupply continue to expand, and maternal health is beginning to benefit from our broader platform. We are investing in the capabilities needed to support that demand with clear expectations for productivity and returns. We enter the second half with multiple sources of growth, a larger patient base, and the financial capacity to continue investing in the business. Todd will now review our financial performance, capital allocation, and outlook for the balance of this year. Thank you.

Todd Zehnder

All right. Thanks, Casey, and good morning, everyone. All figures today are in U.S. dollars, and our full results have been filed with the SEC, and I'll refer to information included in the quarterly financial supplement, which is also available on our investor relations website. The second quarter was another record quarter for VieMed. Revenue reached $78.1 million, increasing approximately 24% from the prior year and approximately 4% from the first quarter. Ventilator rental revenue was 36.4 million, an increase of approximately 8% from the prior year quarter. other rental revenue increased approximately 19% to 16.4 million. Impressively, equipment sales nearly doubled to 19 million with growth across sleep resupply and the maternal health business lines, and service revenue increased approximately 7% to 6.3 million.

Ventilator rental revenue represented approximately 47% of total revenue compared with approximately 54% in the prior year quarter. Total rental revenue represented approximately 68% of second quarter revenue compared with approximately 76% a year ago. The change reflects faster growth in resupply and maternal health, not a contraction of the rental base, which increased approximately 11% year over year. The growing contribution from product and service revenue creates a different margin and capital profile for the company. These offerings generally carry lower adjusted EBITDA margins than our rental business, but they also require substantially less capital. We evaluate that mix based on its combined contribution to the revenue growth, cash generation, and capital efficiency. Gross profit was 45 million or approximately 57.7% of revenue compared with 58.3% in the prior year quarter. Gross margin improved from 56.8% in the first quarter. The year-over-year comparison primarily reflected the revenue mix and temporary distribution and inventory costs in our maternal health business as we manage record volume and transition supply arrangements.

Our team maintains service levels throughout that growth, and we expect the new arrangements to provide a more efficient foundation as the business scales. SG&A increased as we added the capabilities required to support a substantially larger company. The primary drivers included compensation associated with higher patient setup activity, phantom stock revaluations resulting from the appreciation in our share price, technology and implementation work, additional operating capacity, and temporary duplication as we bring portions of our sleep and resupply operations in-house. These were deliberate decisions to support continued organic growth, which remains our first priority for capital deployment. We are in a growth phase and we are investing accordingly.

We are expanding our product and service offerings and adding the technology, talent, operating capacity, and sales capabilities needed to reach more patients and enter new markets. We are already seeing how these capabilities can increase productivity and support additional volume. With the implementation of our new intake workflow partner, Tenor, we reduced the time from receipt of a PAP order to qualification review from days to less than an hour and shortened the time incomplete orders remain in the pipeline by several days. During the quarter, we increased PAP setups by approximately 16% sequentially without a corresponding increase in fulfillment infrastructure. These are early examples of how better systems can expand capacity and improve efficiency as volume grows. We have just completed the integration of this system into our complex respiratory business, which will have a positive impact on our ability to effectively onboard patients and also gives a meaningful ability to scale the business in the future.

Net income attributable to the VieMed was $2.8 million, or $0.07 per diluted share. Adjusted EBITDA was 13.7 million, representing a margin of approximately 17.6% compared with 22.7 in the prior year quarter. The year-over-year adjusted EBITDA comparison included an approximately $1.2 million swing in equipment disposal activity, driven primarily by the non-recurring gains from the ventilator return program in the prior year's quarters. Excluding that prior year gain, adjusted EBITDA increased year over year. For the quarter, operating cash flow was 15.9 million, free cash flow was 8.6 million, and net CapEx were 7.3 million or approximately 9.3% of revenue. For the first six months of 2026, operating cash flow increased to 24 million from 15.1 million last year, and free cash flow increased to 11.2 million from 4.9 million. On a trailing 12-month basis, free cash flow was 34.4 million or approximately 11.4% of revenue. Our capital allocation priorities remain consistent. Organic growth comes first. Acquisitions must fit the operating platform and meet our return requirements. Share repurchases remain an option when we believe the price warrants an attractive use of capital, and we will always have the ability to pay down the limited debt we carry on the balance sheet.

During the quarter, we repaid approximately $2.2 million of debt and repurchased and canceled approximately 531,000 shares for $5.1 million. We ended June with 10.7 million of cash, more cash than total debt, and substantial unused capacity under our credit facilities.

Turning to our outlook. First-half performance and the operating trends across the ventilation and broader platform increased our confidence in the full-year revenue result. We are raising the low end of our net revenue guidance and now expect full year revenue of $314 million to $320 million compared with the previous range of $312 million to $320 million. The outlook contemplates continued sequential growth through the second half. We are also revising our full-year adjusted EBITDA guidance to a range of 64 million to 68 million compared with the previous range of 65 million to 69 million. At the same time, we are lowering our net CapEx outlook to between 8.5% and 10% of revenue compared with the previous range of 9% to 10.5%. The revised guidance reflects the growing contribution from less capital-intensive product and service revenue. Across the current guidance ranges, we expect to deliver a full-year adjusted EBITDA margin of at least 20% while generating solid free cash flow and funding continued growth. We intend to sustain the renewed growth in ventilation, continue expanding sleep in the broader platform, complete the operation transitions already underway, and generate greater productivity from the capabilities we have added. We feel very good about where the business is headed. VieMed has a strong financial foundation, a broader platform, and a team that has demonstrated it can execute. We are proud of the growth our team is producing and confident in our ability to build on it. That completes our prepared remarks, operator. We would like to open it up for questions.

Operator
Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please press star one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star two if you would like to remove your question from the queue. 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. Our first question comes from Dave Storms with Stonegate. Please go ahead.

Dave Storms
Morning and thank you for taking my questions.

Casey Hoyt
Morning.

Todd Zehnder
Morning.

Dave Storms
Just maybe wanted to start at the top there. I think you mentioned that you've kind of done a revamp of the sales organization. I was hoping you'd spend maybe a little bit more time below

the leadership roles, maybe the boots on the ground. What are you seeing in terms of getting people in the door? Their time to ramp? I'm sure there's a learning curve once you guys get them in the door. Just anything of that nature.

Todd Zehnder
Yeah. So, the big change is that we added a fourth division. We had -- the way that we were currently structured before, we had three sales directors, and underneath them they have just call it roughly 12 managers spread out throughout different regions throughout the country. Those managers are responsible for leadership, coaching, mentoring, field rides, things of that nature. So, we advanced one of our PMs, as we call them, into a sales directorship, and then that created a lot more room for growth, if you will, from a geographic standpoint for expansion into different markets and really all of the territories throughout the country. So, we're setting up for growth is number one. Number two, it becomes training the next level of leadership and making sure these folks are delivering the right message. A lot of these guys are also tasked with recruiting and finding talent throughout the country. So, we want to make sure that they're finding the right folks and so on and so forth. But ultimately, at the end of the day, just take a step back. I mean, we went through a big reorg last year. We intend to probably go through another one next year just because of the way that we're growing. It's something that's always happening and always evolving. And it also creates a corporate ladder for growth for our people down at the bottom so they can see that they can make it to different levels throughout the organization and advance within as we grow.

Dave Storms
That's a great commentary. I appreciate that. And then maybe just turning that into some of the strong growth that you've seen on a patient level. How much of that can be attributed to some of this revamp that you've done? Or is this all organic, and we can maybe expect that to take another leg as this revamp really starts to take hold?

Todd Zehnder
Yeah. It's all organic in terms of the complex respiratory growth with vent and really sleep, as well. But it's twofold. It's finding new reps. It's making sure that these reps are trained properly and up to speed a whole lot sooner rather than later. We've got a heck of a training program that really works now, and it's been revamped over the last two years. But it is clicking on all cylinders, so we're getting a lot of newbies that are cranking up sooner rather than later. Then the other piece of it is compliance. Our RTs out in the field have been heavily focused as a result of the new NCD and all the regulations to keep folks on therapy and make sure that they're using the therapy, and that really translates into the retention of patients. And so, we keep patients billing for longer and so on and so forth. So, both of those things are contributing to our ventilator growth and will continue to contribute in the future. We're not done yet with our NCD overhaul and measuring compliance and getting better at what we do in the field. Lots of our RT managers spending time with ride-alongs and doing their coaching the same way that the sales managers are doing coaching with their people. So, we still got some [inaudible] to be

even better, but we do know or we think we are best in class as it relates to keeping patients on therapy and finding them and so on and so forth, and there's a lot more room to even get better.

Dave Storms
That's great commentary. Thank you. If I could sneak maybe just one more in. You mentioned in your guidance, right, a lot of the adjustments seem to be largely driven by the growth in the sales and service revenue, right, and the margin profile that's associated with them. As we're thinking about that growth maybe between resupply versus maternal, do you see either one of them having more outsized growth that's maybe driving the guidance adjustment? Or I guess how should we compare those two end markets for you?

Todd Zehnder
Yes. Clearly from a percentage basis, maternal is expected to grow at a faster percentage than the sleep resupply, but that's not discounting how much the resupply growth has outpaced the core ventilator rental revenue. We expect both of those lines to continue to grow. We don't have an exact percentage. I'm not sure if it's fair to give a product line growth yet, but the maternal business is new to us still. We're one year in. We're taking it throughout the country to other contracts where VieMed is set up and we have good payer relationships. And in commentary you will hear is we have really been setting the organization up to be able to scale that business, and that's everything from processes in the back office to how we fulfill these products around the country. So, there's been a lot of what I would call disruption that is planned to get ready for the continued massive growth in that. And then just to dovetail into the sleep resupply, in the commentary you may have heard is we brought the resupply call center in-house to where we now manage that day to day in our own offices, which was another big change, and we needed to do that to be able to continue to drive the scalability that we want to see in those business lines. So, both of them will have significant growth. It's fair to say maternal likely outpaces, but we're extremely excited about growing both of those product lines and what that does to our financial profile.

Dave Storms
That's fantastic. Thank you for taking my questions.

Todd Zehnder
Thanks, Dave.

Operator
Our next question comes from Ilya Zubkov with Freedom Brokers. Please go ahead.

Ilya Zubkov
Good morning and thank you for taking my question. So, my first is related to the ventilator patient count. I see that it is recovered in Q2 with more than 500 net additions during the quarter. I'm just wondering, was the increase partially related to the insurers approving patients who had previously been denied following the NCD changes?

Todd Zehnder
Yeah, that makes up part of it. Obviously, I would say if you think about how to rank these, then just the new orders coming through makes up the largest piece. And undoubtedly, having formulary rules has given us the ability to onboard more patients within the MA plans or the private insurance plans companies now that we actually have those rules. So, that definitely is a help. The new sales structure can obviously -- and just having salespeople be effective out there is a big part of it. The compliance piece that Casey mentioned is a big part of it. And then the second quarter, we're coming through -- we're coming out of what we would call insurance change season, and so we have more patients billing, less patients on billing holds. So, all of those things combined give you the ability to have that growth. We -- I would say that that's about as good of a quarter as we may have ever seen from an active patient growth count, and we're excited to keep that momentum going into the second half of the year.

Ilya Zubkov
Great. Thank you for these details. And one more question on the respiratory therapist headcount. It increased meaningfully in Q2 after declining through much of last year, and I assume this partially reflects the needs of a growing patient base. But could you elaborate on whether the revised NCD requirements have changed the effective capacity of your respiratory therapist workforce?

Todd Zehnder
You know, it's early to say that we're going to have a new patient per RT count. I would say right now we're probably assuring -- throwing everything we can at it to make sure patients are properly educated, seen very often, and give them all the opportunities to get the education from our RTs. I don't see a meaningful patient per RT change in the future. We'll probably have to look into that. Some of that could be as a result of the sleep business growing dramatically and the remote setups that some of the RTs use and that. So, those aren't all ventilation RT service providers, but it's something that we're looking at something we're definitely keeping an eye on. And if it flexes up to where we need a few more RTs to keep these patients compliant, that's our dedication to patient care, and we would be okay with that.

Casey Hoyt
And I'll just add to that. I mean, anecdotally, some of our heavier patient count RTs are also some of the best performers in compliance. And so, we are keeping a watchful eye on that and using them as champions, and they're also helping others kind of teach them what they're doing, how their systems are working, and so on and so forth. So, we just got to stay tuned to that, but it's -- like Todd said, it's a little too early to tell if that's going to move too much.

Ilya Zubkov
Okay. Thank you for that. And the last one on the EBITDA margin. It remained under pressure in the first half of 2026 while SG&A grew faster than revenue in Q2. Could you just discuss the

main source of operating leverage you expect in the second half of the year that could move adjusted EBITDA margin toward the guided 20% level?

Todd Zehnder
Yes. I mean, just in general, what I would say is, if you look at last year, the back half of the year carried probably 23% EBITDA margin. And if we're looking ahead, we would expect probably the back half of this year to be somewhat in line with that. The first half always carries a lower margin just due to the patient holds and just the cost structure. It's the way it works through. With that said, we are clearly diversifying the company and changing the revenue composition of the company, and we are perfectly okay with that in that, if it has a structurally lower EBITDA margin with no capex coming from the sleep resupply and maternal business lines, net income margins are going to ultimately expand as a result of that but as operating levers that we can pull. The distribution capabilities that I talked about earlier, we've signed up with a new national distributor for the maternal health business. It's going to translate into other business lines. That's a scalable process. The new intake workflows is going to help us scale that process and ultimately not have to hire as many back-office personnel to increase the order count. We have the additional -- the ability that we brought in the call center from the sleep resupply, which is going to be much more scalable to drive the revenue in that business line. And there are others that come along with it. So, we're not concerned about the short-term pressure that we saw under EBITDA, and if you look at it, first six months of this year versus six months of last year, excluding those trilogy games, we're really in line with where we need to be and truthfully just very excited about the diversification that we have proven out over the last few years.

Casey Hoyt
And you also had some duplicity with cost in Q2 while we were transitioning into these new investments. Some of the old processes were still in place, and that led to some duplication of costs. So, you'll see some of that kind of ease up in the back half of the year, as well, as we realize the investments that we made in Q2.

Ilya Zubkov
Great. Thank you very much.

Todd Zehnder
All right. Thank you, Ilya.

Operator
We have reached the end of the question-and-answer session. I would like to turn the floor back over to management for closing comments.

Casey Hoyt
Okay. Thanks, everyone, for your trust in VieMed. We appreciate all the new investors and look forward to continue to add value and make smart decisions over here. We're here if you need us. Take care.

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