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PRESENTATION

Operator

Greetings and welcome to the Veradigm Update conference call.

At this time, all participants are in a listen-only mode.

As a reminder, this conference is being recorded.

I would now like to turn the call over to Jenny Ganis, Vice President of Investor relations.

Thank you. You may begin.

Jenny Gelinis - Veradigm Inc - Vice President, Investor Relations

Thank you very much. Good morning and welcome to the Veradigm Update conference call. Our speakers today are Don Trigg, Paradigm's Chief Executive Officer, and Lee Westerfield, our interim Chief Financial Officer. We will be making a number of forward-looking statements. During the presentation and Q&A part of the call, these statements are based on current expectations and involve a number of risks and uncertainties that could cause our actual results to vary materially from those reflected in the forward-looking statements. We undertake no obligation to revise these forward-looking statements in light of new information or future events. Please refer to our releases and SEC filings for more information regarding the risk factors that may affect our results. All information presented today is estimated and unaudited. We will start today's meeting with remarks from Don followed by a financial update from Lee.

And with that, I'm going to hand the call over to Don.

Don Trigg - Veradigm Inc - Chief Executive Officer, Board Member

Thank you, Jenny. Good morning. On my first investor call in October, I committed to advance 3 strategic objectives in my 1st 100 days.

Reset our business strategy, recover our market leadership with independent physician practices, and reignite profitable growth.

As we move through the 1st quarter, we've made progress on our work to get current and stay current on our SEC filings. Our reset, recover, reignited plan is fully launched, and my belief that it can deliver clear shareholder value is stronger today than ever.

The month of January was a blur, filled with internal kickoff to frame our reset, recover, reignite plan, and a jam-packed calendar of external industry and client meetings. And while 2026 is still young, we can see the path to forward progress.

Both turnarounds are difficult and they certainly don't happen overnight, but as I said to the team over the last several months, the quality of the start tells you a lot about the strength of the finish.

In my 1st 100 days, we assessed our product portfolio, deciding directionally where we want to play and how to win. We made the decision to discontinue 6 low revenue products this year. We also chose to allocate additional capital to a set of growth bets that represent both near-term revenue potential and long-term market opportunity. We believe this active no regret portfolio management is a first step to reignite profitable growth.

Second, beyond what we want to deliver in 2026, we also tackled how and where we work. We returned to office in Pune, India in late October, and under the leadership of a new head of global operations, we're happy with the talent ramp there. We plan to broaden our revenue cycle services, harden an integrated global R&D function, and expand key enterprise functions.

An AI fueled global workforce is a key value lever in our growth case, and I believe that the 4th quarter saw foundational progress.

We've established Pune as one of two key operating hubs. Raleigh, North Carolina is the other.

Growing location clarity allowed us to close three facilities in 2025, to commit to close two more offices in 2026, and exit our Chicago headquarter location no later than mid-2027.

Third, our leadership team is pushing to leverage what we believe is a generational technology shift around AI.

Tehsin Syed joined our team as Chief Product and Technology Officer in November following a four-year stint at Amazon AWS where he was Health AI general manager.

In his 1st 100 days, he announced enhancements to our Ambient scribe solution. We launched a new AI-enabled application for our revenue cycle services clients. We accelerated AI adoption for product development, leveraging our Science IO teammates to drive enterprise-wide impact.

Our R&D organizations are moving faster and Tehsin has a growing belief our pace can accelerate from here.

Fourth, we use the 4th quarter to flatten our organizational design and increase decision velocity. Our new head of HR Tally Baker, led an effort to widen manager reporting span by over 30% and in parallel, the senior team made the difficult decision to eliminate 15% of our total workforce in 2025. These decisions are the toughest one you make as a leader, and we worked very hard to be thoughtful in our approach.

Finally, we framed the structure, process, and systems needed for an entrepreneurial operating system. In January, we rolled out our enterprise-wide objectives and key results. We drove those measurable goals down to the teammate level with 100% adoption in our new ERP instance that converted January 12th as part of our remediation and Project Atlas work. We're clear-eyed across 2000 teammates on the work to be done and the potential impact we can unlock in US healthcare if we deliver.

Talent is the single most important requirement for our growth turnaround.

One of our five paradigm values is better starts with different.

And we'll succeed, I believe, in the end if our rate of change inside materially exceeds the rate of change in the marketplace.

In October, we conducted an internal engagement survey. We found teammates lacked an understanding the strategic goals and objectives of the business at just 68% and had low confidence in senior leaders to deliver at just 63%. Following the company kickoff in January, confidence in our strategic direction is up 16% to 84%, and confidence in the executive team was up 18% to 81%. Internal clarity, alignment, and focus on the work to be done is rising. Now we need to deliver outcomes that matter.

In 2026.

For all the progress on reset and recover, the ultimate success measure is can we reignite growth at Veradigm.

The starting point for our growth turnaround is getting more deeply aligned with our independent physician practice clients. If we do that, we can strengthen retention and we can drive shared wallet growth through our revenue cycle solutions. We launched integrated billing for our Practice Fusion clients in November. Our small practice clients are hungry for an integrated billing solution. We can now provide one. In addition, Jonathan Viperman and team completed 9 revenue cycle services client conversions in Q4, including Pennsylvania-based Saint Clair Specialty physicians and neurosurgical associates. With a more aligned provider-client base, we can offer payers and Life Sciences differentiated access to independent practices that they want to reach. When providers want to collaborate with Payer and Life Sciences, we make it easy and frictionless to do so. Our payer business is seeing traction, helping plans collaborate with physician practices to close gaps in care.

Our solution displays critical care gaps within the provider's existing EHR workflow with a clear value proposition. Patients get the care they need.

Providers aren't asked to leave the workflow. Unnecessary costs are avoided. We announced a deal with Virginia-based Sentara Health Plans in the 4th quarter for our gaps in care technology, reflecting what we believe is a strong market opportunity with large health systems operating insurance plans. We also completed our channel agreement with Blue Cross and Blue Shield Association, making it easier for us to take our pair insight solution into the blue segment this year.

In December, we signed our first two gaps in care closure services deals, building on the momentum of our technology-only solutions. The first deal was a large blues plan. The second contract was a major national plan with an initial scope focused on a Midwest state. Together, these two deals represent more than \$5 million in annual contract value.

Like health plans, life sciences firms see the value independent physician practices can deliver.

Veradigm can offer differentiated real-world data leveraging one of the largest and most geographically representative ambulatory data sets. We also can provide a platform for digital ads to promote appropriate prescribing and adherence as the provider and patient create the right care plan. In the fourth quarter, the Life Sciences business closed two deals with a total contract value greater than \$1 million. In addition, we finalized and in recent days launched a new solution to help life sciences firms leverage patient reported survey data for clinical and observational research. These fourth quarter outcomes show our potential.

But 2026 is a critical proving ground for our first phase of full year growth changes. 20% of our reps are new to start the year.

Sales territories and comp plans were communicated in January at our reignite kickoff, and our new revenue operations organization has launched. Troy Tetzlaff joined us to lead the RevOps following a five-year stint as Chief Executive Officer of a customer relations management business and more than a decade of healthcare IT operating experience. With new internal systems rolling out, timing is right to systematize our sales enablement and operations, and we're down a path to do just that.

Finally, I want to update you on our commitment to get current stay current on our SEC filings. In January, we went live on the core components of our new systems infrastructure which we call Project Atlas. Improved data integrity and contract standardization tied to remediation is one key goal. Our internal accounting team and auditor BDO are also moving with the right balance of accuracy and pace to make progress

on our SEC filings. Based on the information we have today, we anticipate the next update you will receive from us will be the filing of our 2023-2024 Super K.

Both the Atlas Go Lives and Super K are important milestones on our get current, stay current plan. Our team is working shoulder to shoulder with BDO. We understand the critical importance of this work, and we are making steady progress.

During the October investor call, I noted every company like Veradigm has chapters. As a longtime healthcare IT veteran, the Veradigm book is one that I've read and studied for a decade.

Now, the senior team and I have an opportunity to add a set of positive chapters to the story.

We think our market opportunity is a large one. The entrepreneurial push of earlier leaders built a client base of independent physician practices that would take years for a startup to replicate. We have almost 100 health plan clients, and our real world data offers a differentiated view into Main Street health. Amid the crisis of healthcare affordability, Data and technology are the single biggest lever to solve it. 2026 will be a determining year for us. Reset, recover, reignite. We'll lay the foundation for higher growth. We'll begin to improve gross retention. We'll see tangible steps towards stronger profitability, and in the process of delivering these key results, we'll create an entrepreneurial operating system that can reignite sustained long-term growth for the business.

Change is challenging and it's exciting, and I'm confident we have a set of leaders with the skill and the will to drive our reset, recover, reignite plan forward. I'm excited to update the investor community our progress. We reached key milestones in 2026, and with that, I'll turn the call over to Lee.

Leland Westerfield - Veradigm Inc - Interim Chief Financial Officer, Principal Accounting Officer, Principal Financial Officer

Thank you, Don.

This morning I will be speaking about our 2025 performance and audit progress, then conclude by laying out the steps ahead to get current and stay current with the SEC filings.

My message today is this our fundamentals are stable with a clear opportunity for improvement on the horizon.

First, revenue remained steady and was geared to reignite. We closed 2025 in line with our expectations. Revenue was approximately flat with 2024.

Looking ahead, new solutions attract new customers and improve the revenue and customer retention and expansion.

All served to reignite top-line performance in 2026 and beyond.

Second, while we're still working to validate our full year 2025 EBITDA performance, we can say to you today that our profitability softened in 2025.

Atlas-related IT spending and accounting overhead were the primary contributors to additional expenses in 2025.

At the same time, as Don framed in his remarks, we have advanced a series of significant operational challenges and are confident that we will recover our historic profitability and build on it.

Finally, our capital base remains strong.

Net cash remained positive throughout 2025, and we are capitalized well for the road ahead.

Now let's turn to our financial performance in 2025.

Revenue for the full year.

Last year is estimated to have been in the range of \$584 million to \$589 million essentially flat, down 1% at the midpoint compared to the prior year.

Looking at each of our business segments, provider, our largest business segment, which generates the majority of our recurring revenue, provider segment in 2025 is estimated.

Generated revenue in the range of 463 to \$467 million which is down 2% at the midpoint as compared to the prior year.

Drilling down into the provider, we saw declines in payer path clearing house revenue cycle services and ERP which were partially offset by growth.

In both of our EHR solutions, Practice Fusion and Veradigm EHR.

Payer and life science businesses which enable the differentiated access with providers.

Performed in the following way. Payer in Life Sciences segment revenue for full year 2025 is estimated in the range of \$121 to \$122 million flat at the midpoint as compared to 2024.

Going down within Payer, we saw revenue increase from clinical data exchange and GAAP closure products, while in life sciences revenue is flat to down in media and real world data.

Now moving on to cash and debt.

We are appropriately capitalized again.

And again, we remain net cash positive as of year end 2025, debt stood at \$75 million which consisted solely of our senior secured loan.

Cash was \$120 million.

Now cash decreased.

By \$174 million during 2025, the change in cash stems from several typical and non-typical sources and uses which I will walk you through.

First, non-typical items.

Resulted in net outflows of \$204 million and these arose from four areas.

One, a net outflow for debt financing activities of \$159 million.

Primarily that was the repurchase of the convertible notes in the third quarter offset by the issuance of new senior secured debt in mid-year.

Two, an outflow for prior acquisitions of \$14 million.

Three, a net inflow from investing \$31 million from the sale of private minority investments.

Fourth, an outflow for non-typical transaction and other expense items which totaled \$62 million. Now these activities which we've discussed in the past, these include severance, legal fees, professional consulting, and accounting fees, again, non-typical and importantly, looking

The large amount of legal and accounting professional fees of the recent past in 2024 and 2025 are expected to wind down in the near future.

Second, about typical activities they generated cash.

Net inflows of \$30 million in 2025, which arose from two areas.

One, simply a net inflow from operational activities of \$62 million. These activities are typical working capital, interest, taxes, core business activities.

Two an outflow of CapEx. CapEx was \$32 million mainly for software development.

Moving on to our share account.

As of December 31, 2025, the company had 108.8 million basic shares of common stock outstanding.

In addition, there were 11.6 million unvested restricted stock units issued to incentivize employees.

Now I want to report on the progress we've made towards regaining current filing status with the SEC.

And steps ahead to get current and stay current.

Work on the audit of 2023 and 2024 continues and is well along its path.

We're moving ahead with the right balance of accuracy and pace. BDO continues to be actively engaged with me and our accounting team, as Don says, shoulder to shoulder.

We anticipate, as Don also mentioned, our next update will mark a major event, the filing of our 2023, 2024 annual 10k a Super K.

Modernizing our IT systems is critical and is well underway. The new news.

Is the recent launch of our new ERP which occurred in January, an event that marks a major step forward as we migrate financial data from outmoded systems to modernized IT systems.

Throughout the course of this year.

The January event was an important milestone for Project Atlas.

In order to get current and stay current, Milestones ahead are, Logically,

complete all past due SEC filings,

simultaneously complete the remaining IT application go-lives, migrate financial data, and most importantly,


And thirdly, demonstrate with full assurance that we're able to close and file financial statements with accuracy and on time.

The consistency you'd expect from a publicly listed company.

Those are the steps ahead to get current and stay current.

To wrap up, I want to reiterate that our top-line remains stable, consistent with our expectations.

Geared to recover and reignite.

We are net cash positive and maintaining a well capitalized, strong capital position for the road ahead.  www.lseg.com | Contact Us

And with that, let me open up the line for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Our first question today comes from Jeff Garro of Stevens. Please proceed with your question.

Jeff Garro - Stephens Inc - Equity Analyst

Yeah, good morning guys, and thank you for taking the question. I start off by following up on the filing progress. It certainly seems like some important milestones hit there and some good progress and. Certainly recognize that you, I think seek to avoid a trap of giving specific deadlines, but any further comments on the pacing of the work, on the visibility into future milestones, and maybe though if you could confirm that you do expect to get current and be able to stay current here in calendar 2026, that'd be helpful. Thanks.

Don Trigg - Veradigm Inc - Chief Executive Officer, Board Member

Yeah, just, thanks for the question, Jeff. I appreciate it. So I think we're trying to be pretty intentional in terms of laying out the order of operations. We've got to get current. We've gotta have conviction that our systems and process, support stay current, and then apply to relist shortly thereafter. So that's the, that's sort of the sequential dimension of it and, as I said in my remarks, we want to make sure that we're moving not only with the right pace, but the right level of accuracy. So, that's the framework, we absolutely remain focused on getting current in 2026.

I think as Lee emphasized and I emphasized, we think there's meaningful progress that's played out. The system's infrastructure for remediation January 12th was a meaningful milestone for the business, that we think there's upside leverage in, by the way, from an operational performance perspective. And we think the Super K will also be a meaningful milestone. And so our intention is to continue to update folks on progress against state currency tied to milestones, and we think the Super K will be the next milestone that we'll be talking to you about and updating around this topic.

Jeff Garro - Stephens Inc - Equity Analyst

Great, I appreciate those comments and maybe to turn to a different topic, I appreciate that we now have these preliminary 24 and 25 top-line results and we're 45 days into 2026 here and, given, kind of where you are in this story, I understand that you're not likely to rush to give formal 2026 guidance and clearly you haven't yet but if you could give some comments on directionally how you see 26 versus 25 and what the biggest swing factors are likely to be in your 2026 top-line performance.

Don Trigg - Veradigm Inc - Chief Executive Officer, Board Member

Yeah, look, I think it's a great question. One, just on communication around, financial performance and guidance, the principles we talk about internally are we want a high performance set of objectives for the business. We want to be transparent around how we're performing against those objectives, but critically we also want to make sure that the data is accurate and so that's the three-part test that we use for how we think about, both, updating you on retrospective performance but also setting out prospective, objectives for the business as well. Secondly, I'm really excited about what I see as the growth potential sitting inside the business, and I talked a little bit about it inside the script. I think the independent practice footprint we have is really hungry for technology and data strategies around

financial and operational performance and one of the things that attracted me to come to Veradigm is how under penetrated we are from a revenue cycle perspective. We GA'd our integrated billing solution. Less than 2% of our Practice Fusion clients have our integrated billing. And then if you look at the at the solution set as a whole, only 5% of our total practice count has revenue cycles so I think there's huge growth potential associated with just being more effective in terms of how we get aligned with our clients. Get aligned with them on operating and financial objectives for the practices and in the process impact positively impact retention and drive share of wallet growth around revenue cycle. So I think there's a really strong growth story to be told there and we're in the middle of driving performance against it. The second thing I would say is in the payer space, as there's a lot of interest in rethinking their strategies around provider network management, and I think people underappreciate the brand strength that we have around understanding independent practices, understanding what it looks like to provide technology to them that isn't an obstruction to their workflow challenges and what they're trying to deal with. And so I'm super excited about what we're doing around chart retrieval, payer insights, where we're providing gaps in care closure capabilities, and as I said in the script, two very large deals around larger gaps in care closure services strategies tied to both a large blues plan, which is a segment of the market we like. And also a large national plan that ultimately could be a multi-state if we can prove out the impact around the initial scope of the relationship. So I think there's plenty of growth potential in this business, and plenty of excitement on my part as I sort of hit the 150 day mark around what we can prove out, to our clients and to investors over the course of 26.

Jeff Garro - Stephens Inc - Equity Analyst

Appreciate all those comments and, appreciate all the detail on new bookings and new business development activity in the script that was interesting and helpful as well. One more follow-up for me and I'll jump back in the queue and you start to hit on some of the time, but I wanted to ask about the product portfolio refine. Assignment if you could give us any detail on specific products or areas of the market that you're looking to get out of, and again I think you did hit on this, but any more the growth opportunities you're looking to invest more, and you said that the products that you're exiting are low revenue if you know in aggregate you could. Kind of size those up so we can think about the the headwind that might represent as you look to put more energy, effort, and dollars behind, the more interesting growth opportunities. Thanks.

Yeah, I think, I.

Don Trigg - Veradigm Inc - Chief Executive Officer, Board Member

Think one, I wanted you to hear the discipline that Tehsin Syed and I are bringing to looking at everything in the portfolio with fresh eyes and really thinking about not only the market potential but the gross margin profile of those products. And how they deliver against expectation of shareholders. So that's the first important thing I wanted you to hear. Secondly, we felt like there were some no regret decisions that we could make around smaller revenue solutions, and I was fairly intentional in my language there. I said over the course of 2026. We want to obviously work through that in terms of those transition strategies with clients, and that'll give us a fuller and more accurate, view of what it is a relatively small set of solutions on a top-line revenue basis. Part of what we thought was important there was establishing the process with the company around how we're going to think about capital allocation against products, and it gave us the oxygen to still make. The kind of progress that we wanted to make around strength and profitability, but also make some targeted investments in six solution areas that we think are so-called growth bets in the language we use internally that have near-term, near-term revenue potential that sit in market areas that we really like.

Understood.

Jeff Garro - Stephens Inc - Equity Analyst

Appreciate that context. Yeah, thanks again for taking the questions. I'll hop back in the.

Don Trigg - Veradigm Inc - Chief Executive Officer, Board Member

Yeah, great questions.

Thank you so much.

Operator

This question is from George Hill of Deutsche Bank. Please proceed with your question.

Yes.

George Hill - Deutsche Bank AG - Analyst

Good morning, Don and Lee, and thanks for taking the question. I guess, Lee, my first one would be for you is that as we think about the revenue information that you guys provided from 24 through 25, are you able to unpack the moving pieces at all? Like how should we think about, I guess like practice losses. Pricing versus volume, how much of the revenue is subscription-based versus volume based, and that, that's kind of my way of trying to reverse engineer Jeff's question for how should we be thinking about 26. I think it's kind of like any information you can give us on the KPIs of the business, I think would be helpful if you have them.

Leland Westerfield - Veradigm Inc - Interim Chief Financial Officer, Principal Accounting Officer, Principal Financial Officer

Certainly, George, and I appreciate the question. So I, I'd unpack it qualitatively for you and also say that as Don's mentioned today, our next milestone, the Super K will presumably have a significant amount more financial information to discuss that day, today's strategy discussions.

To unpack 2025, I would say the following three things.

Number one, our retention improved at the EHR. That's an important shift in the wind.

Two, there were no surprises in practice fusions retention, so consistent.

Three puts and takes, I would say, among the various additional revenue stream areas that we have in the provider business that ultimately netted out to a modest 2% decline as mentioned.

And the important point I would now emphasize is that several of the growth initiatives and retention initiatives that Don outlined.

Have clear potential to modestly reverse and improve.

The direction of growth within those additional revenue streams. One of the things Don just mentioned is that there is, for example, mid-single-digit penetration of some revenue cycle products within our base of EHR. There's room to expand that penetration within the base, so that's a signal for the areas of emphasis in our growth.

And so those are the three things that at this point, qualitative.

George Hill - Deutsche Bank AG - Analyst

Okay, and Don, if I could follow-up with a strategic question for you, I'll ask you the I'll I'll ask you the obligatory thematic AI question, which is I would just love to hear your thinking about the application of AI into the client base, given it's kind of roiling the markets and kind of roiling every software company that's that exists right now. I guess I'd love to hear how you think about it thematically and strategically and where you see the opportunities.

Don Trigg - Veradigm Inc - Chief Executive Officer, Board Member

I love that question. Thanks a ton for that, George. So, one, just to emphasize, we see it as a generational technology shift. So, one of the things that I talked about, even before I started was, would this be something exciting for Tehsin Syed and I to jump into and really try to create something differentiated. And as he was in the middle of that work at Amazon AWS and part of the attraction was rather than enabling other clients strategies, what would it look like for us to get in the middle of this and actually put the technology to work and the strategy to work here.

So we're both super energized by that. That's a big piece of how we think about the long-term potential of business.

Secondly, revenue cycles was a really obvious starting point, and the, solution capability that we launched, is a good use case on what we think some of the proximate potential looks like. I love the strategies around some of the clinical use. Cases, but we think the low hanging fruit is absolutely in the administrative and revenue cycle areas and so if you look at what we did with the reporting capabilities that we generated for our revenue cycle solution clients George, you have a a set of clients who are leveraging contractually obligated monthly and quarterly. Reporting activity, we were able to, use AI to reduce the manual effort around our client executives to go assemble the data for those clients. We were able to, create better AI and AR narrative capabilities around how they consume the information for a lot less cognitive load and therefore better change management adoption. And ultimately those capabilities end up being ones you can push out to all revenue cycle clients in a way that expands beyond the scope of what you're providing client executive capabilities today. And so we started there with intentionality because that same margin impacting client impacting activity is extensible to the work that we're doing around gaps in care closure in the payer space and it absolutely can create lift in terms of how we think about both the impact and the margin profile of what we're doing around real world data so we're going to start there.

In terms of client facing focus, and then there's a massive internal effort that Tehsin is leading, both on technical and non-technical areas of the business to really, be AI first and forward-leaning around how we think about workforce and we think that's going to have really large and impactful, to the strategy, as we play 326.

It's a huge opportunity for us, and we need to lead on it.

George Hill - Deutsche Bank AG - Analyst

Great, I appreciate the call thanks. I'll hop back in the queue.

Operator

The next question is from Charles Ree of TD Cowan. Please proceed with your question.

Charles Rhyee - Cowen and Company LLC - Analyst

Yeah, thanks for taking the questions and thanks for all the comments so far. Maybe going back just logistically if you think about the sequence of events that we're now expecting, Lee, I think you talked about and Don, you talked about 23 and 24 work for filings.

Do those have to come in sequence before 25 can be filed and obviously, we're already now into 26. Maybe just give me, give us a little bit better sense how we should think about the sequence of those things and then once like how far into do we have to be current on the beginning of 26 year as well before we're allowed to relist and is there, what's the time GAAP between that before let's say being current on let's say first

Leland Westerfield - Veradigm Inc - Interim Chief Financial Officer, Principal Accounting Officer, Principal Financial Officer

Sure, Charles, I appreciate the question a lot. I, I'd say there's a basic logic to the answer to the question you just outlined. So, annuals need to occur in sequence.

We're undertaking, as the 2023 and 2024 audits in tandem as a super K.

Of course, that occurs first before one begins and then executes on the audit and filing of the 2025 10K.

And for periods during 20, so that's the sequence, of course, in and work and the pace and accuracy, I emphasize here is so important because if you think the long game here around being assured that not only we get current but that we stay current, the systems as well as the filing dates are mutually critical and so the launch of Atlas. The implementation of systems, the procedures and stepwise functions of closing and preparing for filings are all activities that need to be performed and demonstrated to really solid satisfaction so that we can stand fully assured as a as a company that we're able to again get and crucially stay current. So we'll be performing a lot of internal tests about the performance of our team and demonstrate that full assurance before we consider the declaring that we are current and able to stay current and then relist that would ensue after the 2025 filing as a matter of course.

Charles Rhyee - Cowen and Company LLC - Analyst

And then, okay, so the super, the way you guys talk about the Super K coming, is it fair to kind of infer that the work there is pretty far along and it feels like it sounds like that could be coming. I don't want to about time, per se or time frame on it per se, but it does feel like it's coming.

Near-ish, kind of soon-ish, does 25 work not start?

Has work on 25 already started, I guess, or does the super K have to be filed for you guys then start working on 25 and then obviously then 26 as well?

Leland Westerfield - Veradigm Inc - Interim Chief Financial Officer, Principal Accounting Officer, Principal Financial Officer

For the Super K, I use the phrase intentionally well along.

You're correct. I wouldn't, I think it's prudent to specify a date, but the work is well along with the 2024, 2023 Super K.

We'll certainly look forward to making an announcement and then being back with you all when the time is right and the filing is very near.

There is work, of course, that one that we're able to and have begun on the 2025.

Audit, but I would not want you to take away the impression that that is a snap of the fingers that occurs almost instantaneously. There will be a considerable amount of work together with BDO to demonstrate our accounting and perform to their audit standards before we can file the 2025 10k, but yes, work is well underway.

Charles Rhyee - Cowen and Company LLC - Analyst

Okay. And then, obviously, you guys have talked about a bunch of, maybe, Lee, and then I have a question for Don. You mentioned, obviously we've gone to 120 million in cash. You laid out the pieces, that kind of takes us from 294 to 120. Any, can you give us a sense for, uses of cash expected in 26? You, I know you mentioned earlier. Cost related to accounting and the restatements, all that, it should drop, materially. Can you give us a better sense, like, how should we think about cash flow from operations and net cash for 26?

Leland Westerfield - Veradigm Inc - Interim Chief Financial Officer, Principal Accounting Officer, Principal Financial Officer

Sure, it's a, it's a, it's an important question. I'm not going to break new ground on the Q&A on the topic of what would really be forward-looking on specifics, but I characterize, our, what it characterizes our balance sheet remains quite strong with net cash positive. I would not anticipate a change in that, over the, coming 12 months approximately in regard to our net cash, position by that I mean to say.

Don is gearing the company to to be a unified enterprise with internally generated performance as well as as well as a focus on the ability to choose which products we're emphasizing and perform those growth bets as one company.

And so I want to speak about 2026's outlook and the use of cash as towards internal functions as well as amplifying margin performance. Yeah.

Don Trigg - Veradigm Inc - Chief Executive Officer, Board Member

I think the only thing I would say just to amplify on that is, there was a historic orientation to the company around, being a holding company as opposed to an operating company. And so one of the big shifts you heard me articulate in my script is. We, aren't going to be having a holding company orientation. We're going to actually run and operate the business, with a clear eye towards organic growth and market impact. To, the areas of emphasis that, and this really speaks to the question around portfolio management.

Is around areas that anchor to the strength of our independent practice footprint. So we want to drive alignment with those practices. We see a big opportunity around revenue cycle given how under penetrated it is inside our base. We see big opportunities around provider network management and helping health plans work through the rethink that's playing out around their strategies there nationally. And then we're looking for targeted and higher margin opportunities in the life sciences space. You obviously have seen the announcements that we've made around, survey activity tethered to our technology which we call Follow My Health. And we also think there's some interesting opportunities in the digital ad space with a growth margin profile we really like that we think can be part of how you impact, and drive, scripting and adherence appropriately. Tied to that provider-patient relationship. So those are the areas of emphasis and those growth bets that I talked about, and we think all of those things end up having big and important impact on financial performance as we play 326.

Charles Rhyee - Cowen and Company LLC - Analyst

I appreciate that, Don, and maybe one question for you then directly and to follow-up on George's question. If we think about the moving pieces, maybe just more directly, what has, what is the current sort of retention rate in the provider business because down 2%, but you assume there's some annual price, in, escalators in contracts plus, obviously you're doing well at least cross selling, rev cycle management. You kind of net that out. It feels like retention is, maybe at best 90%, maybe a little bit lower, just trying to understand where you are there and, sort of what you're targeting because it sounds like you've put in a lot of initiatives and, to push back towards, improving that metric. Just maybe let us know where you are there and, how you see that kind of playing out over the next, couple of years.

Don Trigg - Veradigm Inc - Chief Executive Officer, Board Member

Yeah, so one, as I say to the team, we can't have an organic growth strategy when we're seeing churn, in our install base. So the starting point for success around the growth case is, deeper and better alignment with our independent practice footprint, as Lee said, we actually saw some nice trajectory, last year, around how we thought about the license footprint, and the number of license, and so, I think the independent practice footprint, is stable and in, and in good repair we can do better and if you were to get into the details of the OKRs that we rolled. Out to the company over the course of January you would see initiatives across multiple areas. I want to show up better from a client management perspective, really getting aligned with the business strategies of our clients, particularly large strategic aggregators of physician practices who are multi-specialty multi-state. So that's a particular area of emphasis. There's a set of things we can do better non technically around things like billing and invoicing and so we have initiatives that we're playing forward there. As well as the set of things that we need to do better from a systems infrastructure perspective, so there's a whole set of things separate and distinct from the product roadmaps that Tehsin is advancing that are a big focal point for how we drive gross retention improvement year over year, but I think of a solid base that I feel like we can build off from here.

Operator

Okay, I really appreciate that. Thanks.

The next question is from Eric Percher of Nephron Research. Please proceed with your question.

Eric Percher - Nephron Research LLC - Analyst

Thank you. I appreciate all of the commentary and particularly the non-typical versus typical on cash flow. I want to focus there for a moment, but can you help me on the legal and consulting cost? Was the comment you made that you're beginning to see a wind down or that you're looking toward wind down as we progress through the year?

Leland Westerfield - Veradigm Inc - Interim Chief Financial Officer, Principal Accounting Officer, Principal Financial Officer

The answer to that question is I'll just speak about it, in 2026 is a full year rather than the, periods during the year.

The immense amount of activity that was required in 2024, early part of 2025 to.

To to ultimately yield to the filing of this restated 2022.

Was a high hill, a high mountain.

The of of expenses that were nontypical.

The 2023 and 2024, combination of audit work, is a shorter mountain.

And so as you get into 2026, we have to catch up and do 2025's audit as well as the work in the queues in 2026 and additional work for the you know Project Atlas data migrations and so forth that ultimately are important, very important for our ability to stay current.

All of those activities are less than in the past, work towards the restatement and more recent work on the 2023, 2024.

So that's what I mean by winding down.

Eric Percher - Nephron Research LLC - Analyst

Got it, thank you. And then turning to the typical cash flow, when we think about the goals that you have for the product and some of the commentary that we just heard on staying close to the client, would you view the last year or two as a period of investment when it comes to capital expense and what's been allocated? Is there a decline from where we have been, or have you been constrained on the cash side and there's a desire to expand as the business performs.

Leland Westerfield - Veradigm Inc - Interim Chief Financial Officer, Principal Accounting Officer, Principal Financial Officer

You go first.

Don Trigg - Veradigm Inc - Chief Executive Officer, Board Member

Yeah, look, my view of the business is a little bit of a current state assessment in terms of where we are and how we move forward at an accelerated rate. I think there's plenty of growth potential sitting inside the current portfolio of products. As I said, we're also actively looking at, solution areas where we've seen declining or flat revenue and asking hard questions about how we want to think about those assets. So, I feel like the capital investment that we have is sufficient today to drive the rate of growth that I want to try to deliver around the business, which is something meaningfully better than approximately flat.

Eric Percher - Nephron Research LLC - Analyst

Okay, that's helpful. And then the last one is we didn't get a lot of questions on the payer and life sciences. Obviously, there's been a lot of tumult in some of the end markets. Do you view the opportunity here as impacted by what has gone on at a macro level, or do you feel like the opportunities are such that you can make your own weather?

Don Trigg - Veradigm Inc - Chief Executive Officer, Board Member

Well, I don't think you ever make your own weather. I think the best way to build a business is to think about what's playing out at the macro market level and how you impact it. My view of it is that when I look at the problem set that is challenging these end markets, it creates a significant opportunity for us. So health plans are struggling with cost trend and MLR and they're looking to independent. Physician practices as a big piece of how they go control that cost trend. So that's a big opportunity for us as they rethink their provider network management strategies so that they're less dependent on large health systems who have consolidated and are high-cost providers in the markets where they're managing member lives. Similarly, in the life sciences space, whether it's pre-approval, post approval, I think our practice footprint is super relevant to how folks want to think about leveraging the provider practice relationship to impact stage 3 clinical trial activity where they have their largest spend area through to approval. I think it also is an area and for us a very high gross margin area where we can have a structural relationship around targeted, advertising that has some potential really significant secular tailwinds as that entire space gets rethought regulatorily over the course of the next number of quarters and years. So we're absolutely thinking about the macro environment. One of the things that I'm pressing the team on over the last 120 plus days is to not be internally focused exclusively, but to focus on the market out in. And so that's a huge opportunity for us as we launch Q1 and we get out and start talking to prospects and existing clients in the marketplace.

Eric Percher - Nephron Research LLC - Analyst

Appreciate that perspective.



Don Trigg - Veradigm Inc - Chief Executive Officer, Board Member

Yes, thanks so much. Listen, I'm going to just, wrap up this morning. I want to thank everybody for taking the time to join us on the call. As I said, this is going to be a determining year, for Veradigm, reset, recover, reignite. I think we're in a good place in terms of resetting the business strategy. I think the foundational pieces of our strategy to recover, both from a stay current. Get current, stay current perspective, but also in terms of our financial performance, and long-term growth, are now in place and being advanced. And ultimately I think what we're excited about is the chance to come back to the same group a year from now and start to articulate what it looks like to really reignite growth with this business and drive a higher trajectory, higher impact business forward from here. So thank you very much. We appreciate your time and we look forward to speaking to you with the next bit of milestone-based progress around our get current, stay current strategy.

Thank you.

Operator

Ladies and gentlemen, thank you for your participation. This does conclude today's teleconference. You may disconnect your lines and have a wonderful day.

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