

Veradigm Investor Call May 27, 2026

Presenters

Steven Halper - Vice President, Investor Relations
Don Trigg - Chief Executive Officer
Christian Greyenbuhl - Incoming Chief Financial Officer
Lee Westerfield - Outgoing Interim Chief Financial Officer

Q&A Participants

Jeff Garro - Stephens
Unidentified Analyst - TD Cowen

Operator

Greetings and welcome to the Veradigm Update Conference Call. As a reminder, the call is being recorded. I would now like to turn the call over to Steven Halper, Vice President of Investor Relations. Thank you. You may begin.

Steven Halper

Thank you very much. Good morning and welcome to the Veradigm update conference call. Our speakers today are Don Trigg, Veradigm's Chief Executive Officer, Lee Westerfield, our outgoing interim Chief Financial Officer, and we are also joined by Christian Greyenbuhl, our incoming CFO.

We will be making a number of forward-looking statements during the presentation and the 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. Financial information presented today for periods that have not yet been filed with the SEC are estimated and unaudited.

We will start today's meeting with remarks from Don, a few words from Christian, followed by financial update from Lee. With that, I'm going to hand the call over now to Don. Don?

Don Trigg

Thank you, Steve. Good morning, everyone. When I stepped into my role last fall, I framed a critical must-do to get current and stay current on our SEC filings. Today marks an important milestone in that journey.

After the close on Tuesday, we filed our 10-K for 2023 and 2024. We're clear-eyed about the ongoing work ahead to get current, stay current, and ultimately relist on a national exchange. I want to thank our accounting organization, countless teammates, and our current auditor. This Super K was the first joint effort with our team and our current auditor on an SEC financial filing.

The Super K for 2023 and 2024 took less time to complete than our previous Super K for 2020, 2021, and 2022. The joint teams are gaining clarity on the collaborative work to be done as we now turn our full attention to parallel work streams on both 2025 and 2026 filings. The 2025 10-K is expected to be our next milestone, which we're driving to complete toward the latter end of 2026.

These efforts are never easy. They require not just time and focus, but also the organizational capacity and collective ability not just to get current but also leverage new systems and new processes in order for us to stay current once we file our 2026 10-K. You have our commitment, that we will continue to update the financial community on both our filing process and our fundamentals, just as we're doing this morning.

Beyond the push to get current and stay current, I want to take a few minutes to comment on our strategic and operational progress during the first third of 2026. Growth turnarounds are hard. As the Super K frames in part, we're working to reverse a multiyear revenue decline. As I stepped into my role, we started to lay the foundation for our reset, recover, reignite plan to reverse it.

We had a solid first quarter with results above our internal expectations. We saw strong performance in our EMR provider client base, particularly for our revenue cycle solution. We continued to make solid progress with our chart retrieval and gaps in care closure solutions in the payer space, including a signed deal with a large national payer representing our largest contract for the quarter.

And finally, in life sciences, our provider client base represents a powerful point of access to Main Street Health, and this unique position helped us close important work with a large pharmaceutical company focused on point-of-care marketing to drive appropriate GLP-1 adoption.

Beyond revenue growth, our cost efficiency efforts that we accelerated in Q4 continued to show progress in Q1. Meaningful AI tool adoption has reached almost 50% of our workforce. We believe this will enable what we call an AI fueled global workforce that we think can allow us to build better products and run Veradigm more profitably in the quarters to come.

While we're pleased with our first quarter performance, we understand that it's only one [Audio gap] in the earliest stages of a turnaround. But comebacks have to start somewhere, and we remain confident in our ability to continue to execute on our reset, recover, reignite plan in the months ahead.

One of the challenges of a stock delisting and leadership uncertainty is that it can cause distraction and cause a company to turn inward. Growth companies operate out in. They understand challenges out in the market and then build solutions to solve them.

Earlier this month, we held our annual client conference. We brought together over 250 clients and partners. At the event, we shared the results of a national survey conducted for the first time that found 80% of independent practices say technology is very or extremely important to remain independent. It validates the Veradigm opportunity in front of us.

These providers are counting on us to help them reduce administrative burdens, follow-up revenue cycle challenges like denial resolution, and enable them to be more actively involved in the economics of value-based care. We have differentiated solutions to meet those challenges.

Over the course of the conference, it was clear that our long-time clients are excited about our product roadmap, and they can feel our momentum. As one long-time client is said to me, you are building exactly what we need.

Over the last 25 years, I've learned a basic formula. Great people create great products and platforms that create profitable companies. When Tehsin Syed joined us from his role as general manager of Health AI at Amazon AWS, we both saw the same thing: an opportunity to work directly with providers, health plans, and life sciences firms unlock the generational impact of AI for what we call applied intelligence.

Veradigm has an enviable position amid the AI disruption. We're deep in the healthcare vertical. The lion's share of our client base is small practices. And we are the HHS ONC certified system of record for providers looking to help patients manage their health and care. The ambition we laid out at our Nashville conference is to evolve from a system of record to a system of work.

We used the conference to launch our Health Network Architecture, which is now with early adopter clients, and lays that foundation. Health Network Architecture connects clinical, financial, and operational workflows, and allows us to deploy AI capabilities rapidly for impact not just in the provider space, but secondary benefits for payers and life sciences as well.

I left our customer summit highly confident that we have a great opportunity to deploy AI capabilities, to improve practice performance, strengthen retention, and cross sell our revenue cycle capabilities. Our base of provider clients is a very important asset, and we plan to further align and grow it in the years to come.

We're headed in the right direction in part because of the team that we're putting on the field. Last week, Christian Greyenbuhl formally joined us, which is super exciting for myself and for the team. Christian comes to Veradigm from his most recent role as CFO of Ministry Brands, which provides over 90,000 faith-based organizations and private sector businesses fast payments and InComm Conferencing

background screening solutions. Previously, Christian was a long time financing operating executive at ADP.

The current turnaround push owes its progress to the hard work of several individuals. I want to take a moment to thank Lee Westerfield. Lee was initially asked to tackle a six-month interim stint. His tour of duty extended for more than two years. Thank you, Lee. I want to thank you for the contributions, including the important work that you did on the 2023 and the 2024 10-K filing. Lee's service will continue in a strategic advisory role through March 2027.

Before I turn the call over to Christian, I want to reaffirm my opening message. Today is an important step on our journey to relist Veradigm on a national exchange. But if all we do is relist Veradigm, we will have missed our opportunity. The work we're doing with providers, health plans, and life sciences firms can be part of tackling the challenge of healthcare affordability defining the decade.

We have the opportunity to create a company at the forward edge of architecting a new AI forward health network platform. It's exactly what provider practices, health plans, life sciences firms and, most importantly, U.S. healthcare need.

With that, I want to turn the call over to Christian for some introductory remarks.

Christian Greyenbuhl

Thank you, John, and good morning, everyone. I'm thrilled to have joined the Veradigm at such an exciting and pivotal time in our transformation journey, and I'm especially pleased that the 2023 and 2024 Super K is now filed.

While I've only been at the company for a short while, I thought it helpful to share some first impressions. Drawing from my experiences over the last 25-plus years across various finance roles and as a GM, I've found that the success of any transformation hinges on your team, not just your leaders but everyone.

Such a process is iterative, but I believe it's especially important early in my on-boarding to listen to and meet with associates across all functions and operations. In doing so, it helps formulate my thinking around the breadth, depth, and overall quality of our processes and our ability to shape and reshape them in conjunction with the systems we leverage and the changes we want to make as a company.

Throughout these early discussions, I've been inspired by the passion and the dedication of our associates not just to each other, to the projects they are working on and the clients and stakeholders that they serve, but also to their broader understanding and appreciation of our efforts to get current and stay current and, at a higher level, to our reset, recover, and reignite plan.

In addition to my time meeting with our associates, I've also spent time with product teams going through product demos, reviewing strategic roadmaps and industry reports, and I've been impressed with the focus on our product investments, which should increase our ability to deliver innovative and reliable solutions to our existing customers and attract new customers.

As I continue to work through my 30, 60, 90 day on-boarding plan, I'm excited about the market opportunities we see ahead of us. As I think through some of the more tactical efforts with the 2023 and 2024 10-Ks now wrapped up, work has already started on the 2025 10-K filing in parallel with our 2026 audit. And we remain focused on the implementation of the critical systems that are necessary to execute on our long-term growth plan and other important functions, including our efforts to get current and stay current.

We have a solid foundation from which to drive our transformation and create sustainable top line revenue growth in a manner that expands profitability and fosters reinvestment, and we look forward to providing another update on our progress later this year in our third quarter.

With that, I'll turn it over to Lee and take this moment to acknowledge his role in facilitating my on-boarding, for which I am very grateful.

Lee Westerfield

Well, thank you, Christian. Let me say how pleased I am to hand the baton over to you and to continue to serve Veradigm and to help you and Don in that transition.

Yesterday, has been mentioned a few times here, we filed our 2023 and 2024 10-K. The filing itself is a major step forward towards our commitment to get current and stay current with our SEC filings. This morning I'll first speak about our financials, then address audit milestones on the road ahead. After that, we will open the line for questions.

Let me reaffirm a clear message to you. Our fundamentals remain sound, with a compelling long-term opportunity for profitable growth on the horizon. Capital foundation remains solid, set on a bedrock of positive net cash plus ample liquidity and reserve. And our operations, led by Don and the team, are charting a course to reset, recover, and reignite financial performance on the road ahead.

Now let's look at past history. Veradigm took shape in 2022 when the company sold its hospital and large physician practice division. Revenue since 2022 has remained essentially flat, hovering near \$600 million annually. In our Super K filing, we report revenue of \$607 million in 2023, adjusted for one-time legal settlements, \$594 million in 2024. Both years were essentially flat compared to the \$588 in 2022.

More recently, our 2025 estimated range that we -- were noted in our financial filing last night is in a range that remains level with 2022 top line, in other words, has remained essentially flat from 2022 to 2025. As Don mentioned, growth turnarounds are not easy. Since Don's arrival as InComm Conferencing

CEO, we have invested to spur growth. Today we are in a stronger position to reignite growth in the future.

In the Super K, you will see new useful information. You'll see a breakdown of revenue and gross profit into three business segments, provider, payer, and life sciences, that address distinct healthcare end markets. Let me touch on revenue in each segment.

In provider, by far our largest segment, revenue was \$473 million in 2024, excluding legal settlements. 2024 revenue was flat with 2022 and 2023 levels. Looking within provider, growth occurred within our revenue cycle line of business, offset by declines in FollowMyHealth and Payerpath.

In payer, revenue of \$67 million in 2024 dipped from 2023 but increased from 2022 levels. Payer's business performance was driven by new customer wins and higher volume in our Clinical Data Exchange business line.

And in life science, revenue at \$54 million in 2024 declined versus 2023 and 2022 levels, primarily due to slowing real-world data sales that was offset partially by stable media revenue. And again, that was past historical revenue trends.

Turning to our historical profitability, adjusted EBITDA was \$94 million in 2024 compared to \$132 million in 2023. Margins are 16% and 22%, respectively. The margin decline for 2023 to 2024 reflects lower gross profit margin in each business segment and increased operating expense driven by two acquisitions, the purchase of ScienceIO and Koha Health, which each occurred in early 2024, and OpEx related to the investments needed in finance and accounting staff and in IT, as those efforts to rebuild the accounting organization modernizing -- and modernizing IT got underway.

Finally, I think it's important that you note that the 2023 and 2024 adjusted EBITDA does exclude a basket of one-time costs, our transaction and other expenses. Transaction and other includes the restatement audit, legal matters, and the strategic review process, all one-time undertakings that impacted free cash flow in 2023 and 2024.

Let's look now at more recent history, at 2025. 2025, today we've reaffirmed estimated revenue in the range of \$584 to \$589 million. And with respect to adjusted EBITDA in 2025, our audit of that year is underway.

And what I can say is we're in a position at this point to say that profitability in 2025 absorbed additional operating expenses to further the rebuilt of our accounting and sales ops functions and to deploy and modernize our IT systems.

Those areas of increased OpEx were offset by significant cost reductions that were executed through our competitive fitness program. And with all that said, we expect 2025 adjusted EBITDA margin to be the jumping off point for improving profitability this year and into the future.

So, now let's look at what's happening during 2026. We expect, as Don mentioned, that this year will benefit from our strategic clarity and targeted investments in growth, and that our profitability in 2026 will be positively impacted by the series of cost actions undertaken both last year and in 2026.

Now let's turn attention to the audit work ahead. We have made progress towards regaining filing currency with the SEC, and we know the steps ahead to get current and stay current. With the completion of our Super K for 2023 and 2024, we now turn our full attention to completing the audits of 2025 in this calendar year and 2026 10-K thereafter, and our auditor continues to be actively engaged with our accounting team.

And as Don and I discussed with you in February, in order to get current and stay current, the milestones ahead are: complete all past due SEC filings; simultaneously complete the remaining IT application go-lives to migrate financial data; and most importantly, demonstrate with full assurance that we're able to close and file financial statements with -- that are accurate and on time. And as Don mentioned a few minutes ago, we expect to file our 2025 10-K, again, before calendar year-end 2026, which will mark the next important SEC filing milestone.

And now, before we open up the line for your questions, I want to thank all Veradigm employees for your tireless efforts and dedication as we execute our reset, recover, reignite plan. With that, we'll open the line for questions.

Operator

Thank you. The floor is now open for questions. If you would like to ask a question, please press star-one on your telephone keypad at this time. A confirmation tone will indicate that 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 the handset before pressing the star keys. Again, that's star-one to register a question at this time.

Today's first question is coming from Jeff Garro of Stephens. Please go ahead.

Jeff Garro

Yeah. Good morning, gentlemen. Thank you for taking the question. Congrats on the progress with the milestone of filing the Super K. And look, I want to start on the relisting front. You mentioned the concept of parallel work on both the 2025 and quarterly 2026 financials. Kind of how parallel is that work? And how does today's velocity of progress on both fronts compare to the pace of the work on the Super K based on both the infrastructure improvements that you've put in place and the complexity of work going forward versus the complexity of this prior restatement? Thanks.

Lee Westerfield

Shall I start, Don?

Don Trigg

Sure. Sure. Morning, Jeff.

Lee Westerfield

Jeff, thanks for the question. Of course, this will be Christian's responsibility in the near future, but I would say the following three things about the work underway with 2025 and then 2026. A lot of work in an audit process is -- can be done conjunctively, for example the audit of IT systems, for example policies and so forth, and that work is underway and in the early stage of any audit.

There is, in sequence, audit work that gets done on 2025 that rolls into 2026. But that work and its magnitude is -- I would characterize it as, though it is two years worth of material eventually, it is work that is already understood by our auditor in terms of our approach, audit policies, books and records, etc. And so, the magnitude will be large, but more manageable than the past years.

Don Trigg

Yeah. The only thing I would just add would be, as I said in my comments, this is the first time that our auditor and our team have worked together on a joint filing. So, I think we got a lot of benefit from working through that process with them. I think that will give us now impact as we work through 2025.

And the big thing that I'm pushing for, as I've said before, and I will collaborate with Christian on, who has a great background in this space and really brings operating acumen into the business in this area, is how do we make sure that the investments we're making in Salesforce, in Workday and our core systems infrastructure not just help with remediation work, but help us reignite profitable growth for the business.

So, I'm thinking about high-velocity sales activity inside Salesforce. I'm thinking about hardening our performance management systems inside Workday. And I think that has to be a key dimension that we think about and bring to this work so that it's part of how we actually drive forward reset, recover and reignite on a multiyear basis, Jeff.

Jeff Garro

Thank you. Appreciate all those comments. And maybe then to kind of speed ahead to present day and the comments on early signs of progress in first quarter 2026 and performance above plan, was hoping to elicit more comments from you guys about what performed well or maybe has room for improvement by segment. And then if we just think about, you know, gross bookings and retentions and then the, you know, kind of day-to-day execution of implementations and revenue conversions from that front, what were the positives and negatives you saw in the first quarter?

Don Trigg

Yeah, great question. Thank you. So one, as I said, we were very pleased with progress in Q1 against our internal expectations and our plan. I think, as we think about what's working, and this plays into your comments around retention, I'm very pleased with the work that the team has done to get better and more aligned with about 100 of our most strategic clients that disproportionately drive revenue retention but also represent share of wallet growth for the business.

One of the things -- you know, you've been covering this space a long time and I've been in this space a long time, one of the things that is really interesting is the lack of revenue cycle penetration inside our installed base. So, this is a great opportunity for us on the provider side to bring a billing solution to our Practice Fusion clients and to bring a revenue cycle services offer that has exceptional performance against industry benchmark on A/R, A/R over 90, denials, net collections in to our installed base and really get more aligned with those providers. And we certainly saw sales traction and performance traction in that space that was important and validating for our conviction around that opportunity.

And then as I said, on the payer side, there's this interesting shift playing out in that business. We do a lot of advanced risks and submissions work for almost 90 payer clients. But we have an opportunity as experts in independent provider practice and the leverage of the provider workflow to collaborate with those payers around their strategies or provider network management to tackle MLR cost trend. And so, that part of the business, around chart retrieval but now also around gaps in care closure, performed nicely for us, including a very large national payer relationship that we can build on from here.

And then finally, in the life sciences space, again, an area that I've been interested in and focused on dating back to my time at Cerner, our real focus there is can we take differentiated data assets that come out of real-world practice and can we go effectively target those direct relationships with top 30 pharma. And I think you see that playing out with obviously some tailwind benefits from areas like GLP-1 and GLP-1 management, which obviously is a use case that really nicely suits the practice profile that makes up the business.

So, we always want to make more progress. We always want to go faster. But there were some really solid signs of progress around the core growth strategy and growth turnaround that we're trying to drive now.

Operator

Thank you. Our next question is coming from Charles Rhyee of TD Cowen. Please go ahead.

Operator

Our next question is coming from Charles Rhyee of TD Cowen.

Unidentified Analyst

Hi. This is Lucas on for Charles. Thanks for taking the question. Wanted to touch on 2025 profitability. I understand that you guys aren't providing too much detail. But, you know, given that it's a jump off point for '26, wanted to drill down on your comment around increased OpEx offsetting -- or, I'm sorry, significant OpEx reductions offsetting increased OpEx to strengthen auditing and financial systems.

Should we think about '25 having a similar level of profitability, you know, on a margin level from '24? Is that what those comments are expected to, you know, imply? And then for '26, assuming that your comments are, you know, calling for an improvement of margin given that we're going to see, you know, just improvements from SG&A savings, can you maybe provide more detail on those two aspects?

Lee Westerfield

Sure, and thank you very much for the question, very understandable. What we can say at this point, and the reason for not saying more is that 2025 -- a jumping-off point for EBITDA to improve and grow in the future and see margin expansion from 2025 levels into the future is what we're saying today. The audit of 2025 being underway, saying more while the determination's being made around some particular audit items, would be a little bit premature.

And so, in qualitative terms, we undertook a considerable amount of cost action last year that deflected other areas that were necessary to improve, such as the accounting rebuild and modernization of our IT. And those efforts last year and in the early parts of this year, led by Don, will to -- be the betterment of EBITDA in the future.

Don Trigg

Yeah. The only thing I would just add to that would be really building on the comments I made in my first update to shareholders and analysts, which is, when I stepped into this role, one of the values that we talked about with teammates was better starts look different. And we looked with fresh eyes at every investment that we were making in the expense line and really thought through, "Are we going to see disproportionate return on that invested capital?"

And so, that included things like portfolio review for products that were -- that we had built that were underperforming. That included things like looking at our product partnerships with an eye towards improving the gross margin of the solutions that we're taking to market. And it really looked at, as I amplified again this morning, thinking about AI related investments, true global workforce strategies, and moving from a holding company to an operating company model in a way that gives us leverage, when we build once in provider, to think about secondary revenue opportunities in the payer and life sciences space.

So, that's all work that we started in Q4. To Lee's point, some of it was for run rate impact into '26. But a lot of it is playing out in Q1, and we expect leverage and momentum around it to continue over the year.

Unidentified Analyst

Got it. Thanks. Appreciate the question, and congrats on the Super K filing.

Don Trigg

Thank you.

Lee Westerfield

Thank you so much.

Operator

Thank you. At this time, I'd like to turn the floor back over to management for closing comments.

Don Trigg

Yeah. I just want to take one quick second as we conclude here to say thank you for everyone that joined us this morning. As I said in my remarks, we had a solid first quarter with results above our internal expectations. We saw strong performance across payer and life sciences, as well as in our core provider business.

And we're looking forward to the chance to update you with the next major milestone around get current, stay current, which is our 2025 10-K filing. And until then, thank you very much for being with us and joining us this morning.

Operator

Ladies and gentlemen, this concludes today's event. You may disconnect your lines or log off the webcast at this time, and enjoy the rest of your day.