

14 August 2025

Interview with Dr Sam Hupert, CEO Pro Medicus Limited

- Full-Year results
- Sales and implementation update
- Cloud and other factors driving the industry
- Update on Cardiology and other "ologies"
- Pipeline

Q. You described this year's result as solid. Many would say the numbers suggest it is more than solid. Can you comment?

A: All our key financial metrics moved in the right direction. It was another very strong year of profitable growth, coupled with our biggest year of sales on record. We secured seven new contracts, valued at a minimum of AUD \$520M, including our largest contract to date with Trinity Health. We had two clients upgrade to Visage 7 Open Archive, which combined is an additional \$39M, and we had two major renewals with a total of \$130M. We were also very active on the implementation front, so I think it's fair to say that by any metric this has been the by far the strongest year on record for the company and importantly, one that sets us up for FY26 and beyond. So, I suppose one could categorise it as "more than solid".

Q. How much revenue from contracts won this financial year have you realised and how much is still ahead of you?

A: The majority of our new contract wins happened from late November onwards including Trinity, BayCare, U Kentucky and others so the revenue contribution from these contracts to the FY25 financial year was well under 2% of the \$560M in new revenue. This means that over 98% of this revenue is still ahead of us which will start to build in FY26 and beyond. Current forward contracted revenue for the next 5 years is AUD \$948M, up from \$624M a year ago and that doesn't include the UCHealth contract we announced in July.

Q. You have said in the past that the increasing adoption of Cloud has made PME's implementations' more streamlined'. Is hosting in the Cloud now almost a given and what are the advantages, strategic and otherwise?

A: Cloud is 100% the preferred choice of new clients, and for good reasons. It is far more scalable, secure and cost-effective than on-premise. In today's world, this is more important than ever especially with the ever-growing threat of a cyber incident and the mounting cost pressures facing all hospital systems in the post-Covid era.

Q. How does your Cloud strategy compare to your competitors' Cloud strategies?

A: Whilst there are lots of claims around cloud capability in our industry, we feel we are the only ones that have a true, 100% cloud offering working at scale – there is no onsite hardware, it's all done in the Cloud. Many of our competitors, on the other hand, offer a "hybrid solution" where you need to have both an on-premise implementation as well as a cloud instance. I call this "non-cloud, cloud". Name another SaaS offering that you know of whereby when you subscribe to their service, they send out a server? To me, it's a backward step as you now have two and in some cases more systems to maintain and secure. This significantly increases the cost and complexity of the implementation, whilst at the same time reducing the scalability and exponentially reducing security of the solution by doubling, and in some cases tripling the attack surface. It goes against the whole concept of Cloud.

Q. Renewal contracts are a material part of your business. What can we learn from the renewal contracts with Mercy Health (\$98 million, 8 years) and the large RIS contract in Australia (\$32 million, 5 years)? What contracts are up for renewal over the next 12 months, and what are your expectations that clients will stay with Visage?

A: We think these two renewals were very meaningful, both in terms of size and in the case of Mercy, the length of renewal. Both were renegotiated at a higher per transaction fee and Mercy renewed for 8 years, a year longer than the original contract.

We have subsequently renewed our contract with Louisiana-based Franciscan Missionaries of Our Lady Health System (FMOLHS) which we announced on 3 July. This client added archive and transition to Cloud in addition to the renewal so there was an upgrade component as well.

In terms of upcoming renewals, our next renewal isn't until 2026 and whilst we can't predict the future, we are hoping to maintain our current record of 100% renewals.

Q. Duke Health and NYU Langone added extra modules to their existing contracts during the year. Is this another trend we may see more of during the 2025-26 year?

A: We were very pleased with both these contract upgrades which were material – Archive and Worklist for NYU Langone and Archive for Duke. We will also be transitioning both clients from on-premise to Cloud as part of the process. We see this as a natural upgrade path for many of our on-premise, viewer-only clients so hopefully we'll see more of these opportunities as they present.

Q. You now claim to have 10% of the total addressable market in North America. Do you have any long-term target in mind?

A: The 10% includes clients who have contracted with us but are yet to be implemented, including Trinity and UC Health (Colorado). We don't believe anyone has achieved this level of market penetration in as short a space of time. Not to mention the calibre of clients that 10% represents, which includes some of the top academic medical centres and IDNs in North America.



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In terms of target, we don't have a fixed target in mind, our aim is to get as big a percentage market share as possible. Importantly, we do not see any technical or capacity-related reason why we will not continue to increase our market share materially from here, quite the opposite. We have a leading edge, highly differentiated, fully Cloud-based offering in our Visage 7 platform that continues to evolve. This, coupled with an implementation methodology that allows us to seamlessly implement in a fraction of the time of others gives us a significant strategic advantage in the market.

We have also shown that we can successfully address all segments of the market with the one product offering ensuring that we have the largest possible TAM.

Q. You previously heralded that you had a small, existing customer include cardiology and then a major cardiology deal as part of the contract with UC Health, announced in early July. How important is cardiology to PME's business going forward and what are the key features that differentiate it in the market?

A: Cardiology was important in the UCHealth contract for two reasons: first it was an important part of the RFP, so being able to satisfy those requirements was an integral part of the bidding process; secondly, the cardiology component is financially material. So now in addition to 'Full Stack' – Worklist, Viewer and Archive – we have cardiology, which can further increase the total contract value of a deal. We feel cardiology and the other "ologies" will be an important part of our offering going forward, for both new and existing clients.

What makes our cardiology offering so different is that it is part of the same code base as our Industry-leading Visage 7 platform, it is not "a separate product with the same badge" as is the case with others. It therefore has the same thin client streaming architecture, is fully Cloud engineered and importantly for an enterprise, reduces the number of systems they need to manage and secure from many, sometimes as much as fifty, down to one.

We are also working on solutions for the 'other ologies' to further extend our reach within the healthcare enterprise. Next is pathology that we are planning to release in this calendar year. Like cardiology this will also be part of the same code base as our Visage 7 platform.

No other company has been able to achieve this in one, unified, cloud-based platform.

Q. Margins increased again during the year. Can you comment on this and do you think they could improve even further?

A: During the COVID years our EBIT margins improved from mid 50% to 60% as we didn't have some of our usual expenses namely travel and conferences. Post COVID we thought they would settle back to somewhere between where they were historically and COVID levels. Instead, they have grown steadily year-on-year from around 60% to where they are today at 74% at an EBIT level.



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We don't expect that margins will deviate materially from where they are now however with incremental revenue from recently won contracts such as Trinity and UC Health (Colorado) it is not inconceivable that margins could grow further.

Q. You made very good progress with implementations during the year including completing Baylor Scott and White, one of your largest implementations to date. Are implementations getting easier?

A: We are constantly refining our implementation processes and believe we can successfully implement our solution in under a quarter to a fifth of the time of our competitors. This is largely due to our technology and the methods we have built around it. Cloud is also a factor. So, whilst I would not say implementations are necessarily getting easier per se, we are able to do them in a faster, more streamlined manner. We see this as a huge strategic advantage.

Q. Can you comment on your progress on AI? What progress did you make with Elucid during the year? Are you looking at other such opportunities?

A: We continue to progress on several fronts. We signed a research collaboration agreement with UCSF during the period, which we think will increase our AI capabilities. We also have signed a licensing agreement with NYU Langone to commercialise a breast cancer detection algorithm which we co-developed and are submitting for FDA clearance. And we are looking to start commercialisation with Elucid now that they have received FDA clearance for their plaque algorithm. We are also ramping up our efforts in terms of collaboration with other third-party AI algorithm providers, so we feel we will be in a strong position as this nascent market evolves.

Q. How would you describe the refresh rate across the pipeline and cadence of RFPs following recent large contracts?

A: Our pipeline continues to be strong, and importantly, we have opportunities across all market segments including academic medical centers, IDNs and the private market. Clearly, whenever we win a large opportunity, the pipeline is reduced at that very point in time, but since landing some large contracts late last year we have had new opportunities come across our desks which replenish the pipeline. UC Health (Colorado) is a great example of this.

Q. How are you thinking about core Visage pricing and customer ROI from here amid an increasing number of new players in the market?

A: There is a range of competitors in the market some new and some existing, and as you would expect at different price points. We have always been, and will continue to position ourselves as the premium product provider, because we truly believe we are. Importantly we believe we provide by far the best return on investment (ROI), both financially and clinically. So, whilst we may sometimes lose opportunities due to the perceived difference in cost between us and competitors, it is not uncommon to win them as clients further down the track.



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Q. What plans do you have for your cash reserves, which are now more than \$210 million?

A: First and foremost, to ensure we continue to invest in our business to maximise growth, something I think we have successfully done to date. We also return funds to shareholders in the form of dividends which this year will be \$0.55 per share fully franked and buybacks when we think our share price represents good value which occurred earlier this financial year during the steep self-off around impending US tariffs. Thirdly, we are keeping sufficient "dry powder" to look at possible bolt-on acquisitions and investments as part of a broader M&A strategy as witnessed by our investments in Elucid and 4DX.

Thank you, Sam.

Interviewer: Richard Allen

Oxygen Financial Public Relations

Authorised by the Board of Pro Medicus Limited