UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2024

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-38973

Viemed Healthcare, Inc.

(Exact name of registrant as specified in its charter)

British Columbia, Canada	**N/A**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

625 E. Kaliste Saloom Rd.
Lafayette, LA 70508

(Address of principal executive offices, including zip code)

(337) 504-3802

(Registrant’s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Shares, no par value	VMD	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒	Non-Accelerated filer ☐	Smaller reporting company ☐ Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 28, 2024, there were 38,936,562 common shares of the registrant outstanding.

VIEMED HEALTHCARE, INC.
TABLE OF CONTENTS
September 30, 2024 and 2023

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

VIEMED HEALTHCARE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of U.S. Dollars, except outstanding shares)

	Note	At September 30, 2024	At December 31, 2023
		(Unaudited)	*(Audited)*
ASSETS			
Current assets			
Cash and cash equivalents	2	$ 11,347	$ 12,839
Accounts receivable, net	2	27,051	18,451
Inventory	2	4,311	4,628
Prepaid expenses and other assets		4,989	2,449
Total current assets		$ 47,698	$ 38,367
Long-term assets			
Property and equipment, net	4	74,397	73,579
Finance lease right-of-use assets		70	401
Operating lease right-of-use assets		2,758	2,872
Equity investments	2	1,794	1,680
Debt investment	2	875	2,219
Deferred tax asset	10	8,065	4,558
Identifiable intangibles, net		880	567
Goodwill	3	32,989	29,765
Other long-term assets	9	—	887
Total long-term assets		$ 121,828	$ 116,528
TOTAL ASSETS		$ 169,526	$ 154,895
LIABILITIES			
Current liabilities			
Trade payables		$ 6,007	$ 4,180
Deferred revenue		6,819	6,207
Income taxes payable		2,077	2,153
Accrued liabilities	5	19,918	17,578
Finance lease liabilities, current portion		69	256
Operating lease liabilities, current portion	6	742	678
Current portion of long-term debt	6	812	1,072
Total current liabilities		$ 36,444	$ 32,124
Long-term liabilities			
Accrued liabilities	8	652	558
Finance lease liabilities, less current portion		—	132
Operating lease liabilities, less current portion	6	1,985	2,184
Long-term debt	5	3,650	6,002
Total long-term liabilities		$ 6,287	$ 8,876
TOTAL LIABILITIES		$ 42,731	$ 41,000
Commitments and Contingencies		—	—
SHAREHOLDERS' EQUITY			
Common stock - No par value: unlimited authorized; 38,932,247 and 38,506,161 issued and outstanding as of September 30, 2024 and December 31, 2023, respectively	8	$ 22,749	$ 18,702
Additional paid-in capital		16,831	15,698
Retained earnings		85,379	79,495
TOTAL VIEMED HEALTHCARE, INC.'S SHAREHOLDERS' EQUITY		$ 124,959	$ 113,895
Noncontrolling interest in subsidiary	3	1,836	—
TOTAL SHAREHOLDERS' EQUITY		126,795	113,895
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 169,526	$ 154,895

See accompanying notes to the condensed consolidated financial statements

VIEMED HEALTHCARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Expressed in thousands of U.S. Dollars, except share and per share amounts)
(Unaudited)

	Note	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Revenue	2	$ 58,004	$ 49,402	$ 163,562	$ 132,269
Cost of revenue		23,633	18,840	66,497	51,597
Gross profit		$ 34,371	$ 30,562	$ 97,065	$ 80,672
Operating expenses					
Selling, general and administrative		26,671	23,654	77,988	63,979
Research and development		757	593	2,265	2,131
Stock-based compensation	8	1,712	1,453	4,764	4,315
Depreciation and amortization		348	419	1,140	957
Loss (gain) on disposal of property and equipment		(469)	278	(801)	373
Other expense (income), net		(276)	(41)	261	(124)
Income from operations		$ 5,628	$ 4,206	$ 11,448	$ 9,041
Non-operating income and expenses					
Income (expense) from investments		96	270	(954)	442
Interest expense, net	6	(225)	(237)	(629)	(168)
Net income before taxes		5,499	4,239	9,865	9,315
Provision for income taxes	10	1,594	1,320	2,880	2,549
Net income		$ 3,905	$ 2,919	$ 6,985	$ 6,766
Net income attributable to noncontrolling interest		27	—	36	—
Net income attributable to Viemed Healthcare, Inc.		$ 3,878	$ 2,919	$ 6,949	$ 6,766
Net income per share					
Basic	11	$ 0.10	$ 0.08	$ 0.18	$ 0.18
Diluted	11	$ 0.10	$ 0.07	$ 0.17	$ 0.17
Weighted average number of common shares outstanding:					
Basic	11	38,870,823	38,438,058	38,803,887	38,307,343
Diluted	11	40,779,414	40,420,615	40,702,001	40,391,729

See accompanying notes to the condensed consolidated financial statements

VIEMED HEALTHCARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in thousands of U.S. Dollars, except share and per share amounts)
(Unaudited)

	Common Stock					
	Shares	Amount	Additional paid-in capital	Retained earnings	Noncontrolling interest in subsidiary	Total Shareholders' equity
Shareholders' equity, December 31, 2022	**38,049,739**	**$ 15,123**	**$ 12,125**	**$ 69,846**	**$ —**	**$ 97,094**
Stock-based compensation - options	—	—	348	—	—	348
Stock-based compensation - restricted stock	—	—	1043	—	—	1,043
Exercise of options	108,370	544	—	—	—	544
Shares issued for vesting of restricted stock units	183,036	1,429	(1,429)	—	—	—
Shares redeemed to pay income tax	(64,756)	—	—	(505)	—	(505)
Net income	—	—	—	1,517	—	1,517
Shareholders' equity, March 31, 2023	**38,276,389**	**$ 17,096**	**$ 12,087**	**$ 70,858**	**$ —**	**$ 100,041**
Stock-based compensation - options	—	—	301	—	—	301
Stock-based compensation - restricted stock	—	—	1,170	—	—	1,170
Exercise of options	119,356	684	—	—	—	684
Shares issued for vesting of restricted stock units	6,655	70	(70)	—	—	—
Shares redeemed to pay income tax	(1,978)	—	—	(21)	—	(21)
Net income	—	—	—	2,330	—	2,330
Shareholders' equity, June 30, 2023	**38,400,422**	**$ 17,850**	**$ 13,488**	**$ 73,167**	**$ —**	**$ 104,505**
Stock-based compensation - options	—	—	263	—	—	263
Stock-based compensation - restricted stock	—	—	1,190	—	—	1,190
Exercise of options	1,136	6	—	—	—	6
Shares issued for vesting of restricted stock units	95,944	777	(777)	—	—	—
Shares redeemed to pay income tax	(8,501)	—	—	(69)	—	(69)
Net income	—	—	—	2,919	—	2,919
Shareholders' equity, September 30, 2023	**38,489,001**	**$ 18,633**	**$ 14,164**	**$ 76,017**	**$ —**	**$ 108,814**

See accompanying notes to the condensed consolidated financial statements

VIEMED HEALTHCARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in thousands of U.S. Dollars, except share and per share amounts)
(Unaudited)

	Common Stock					
	Shares	**Amount**	**Additional paid-in capital**	**Retained earnings**	**Noncontrolling interest in subsidiary**	**Total Shareholders' equity**
Shareholders' equity, December 31, 2023	**38,506,161**	**$ 18,702**	**$ 15,698**	**$ 79,495**	**$ —**	**$ 113,895**
Stock-based compensation - options	—	—	111	—	—	111
Stock-based compensation - restricted stock	—	—	1,321	—	—	1,321
Exercise of options	60,130	304	—	—	—	304
Shares issued for vesting of restricted stock units	378,837	2,836	(2,836)	—	—	—
Shares redeemed to pay income tax	(128,362)	—	—	(961)	—	(961)
Net income	—	—	—	1,603	—	1,603
Shareholders' equity, March 31, 2024	**38,816,766**	**$ 21,842**	**$ 14,294**	**$ 80,137**	**$ —**	**$ 116,273**
Stock-based compensation - options	—	—	59	—	—	59
Stock-based compensation - restricted stock	—	—	1,561	—	—	1,561
Exercise of options	4,000	21	—	—	—	21
Shares issued for vesting of restricted stock units	6,654	47	(47)	—	—	—
Shares redeemed to pay income tax	(1,621)	—	—	(11)	—	(11)
Acquired noncontrolling interest	—	—	—	—	1,800	1,800
Net income	—	—	—	1,468	9	1,477
Shareholders' equity, June 30, 2024	**38,825,799**	**$ 21,910**	**$ 15,867**	**$ 81,594**	**$ 1,809**	**$ 121,180**
Stock-based compensation - options	—	—	61	—	—	61
Stock-based compensation - restricted stock	—	—	1,651	—	—	1,651
Exercise of options	17,516	91	—	—	—	91
Shares issued for vesting of restricted stock units	101,438	748	(748)	—	—	—
Shares redeemed to pay income tax	(12,506)	—	—	(93)	—	(93)
Net income	—	—	—	3,878	27	3,905
Shareholders' equity, September 30, 2024	**38,932,247**	**$ 22,749**	**$ 16,831**	**$ 85,379**	**$ 1,836**	**$ 126,795**

See accompanying notes to the condensed consolidated financial statements

VIEMED HEALTHCARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of U.S. Dollars)
(Unaudited)

	Note	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Cash flows from operating activities			
Net income		$ 6,985	$ 6,766
Adjustments for:			
Depreciation and amortization		19,002	15,943
Stock-based compensation expense	8	4,764	4,315
Distributions of earnings received from equity method investments		147	833
Income from equity method investments		(261)	(442)
Loss (income) from debt investment		1,344	(164)
Loss (gain) on disposal of property and equipment		(801)	373
Amortization of deferred financing costs		135	—
Deferred income tax benefit		(3,507)	(791)
Changes in working capital:			
Accounts receivable, net		(8,213)	(533)
Inventory		583	(514)
Prepaid expenses and other assets		340	1,193
Trade payables		747	(255)
Deferred revenue		489	859
Accrued liabilities		2,424	4,086
Income tax payable/receivable		(76)	259
Net cash provided by operating activities		$ 24,102	$ 31,928
Cash flows from investing activities			
Purchase of property and equipment		(25,942)	(18,161)
Investment in equity investments		—	(7)
Cash paid for acquisitions, net of cash acquired	3	(2,999)	(28,580)
Proceeds from sale of property and equipment	4	7,440	2,128
Net cash used in investing activities		$ (21,501)	$ (44,620)
Cash flows from financing activities			
Proceeds from exercise of options	8	416	1,234
Proceeds from term notes	6	—	5,000
Principal payments on term notes	6	(954)	(2,746)
Proceeds from revolving credit facilities	6	3,000	8,000
Payments on revolving credit facilities		(5,000)	(5,005)
Payments for debt issuance costs		(171)	—
Shares redeemed to pay income tax	8	(1,065)	(595)
Repayments of finance lease liabilities		(319)	(32)
Net cash provided by (used in) financing activities		$ (4,093)	$ 5,856
Net decrease in cash and cash equivalents		(1,492)	(6,836)
Cash and cash equivalents at beginning of year		12,839	16,914
Cash and cash equivalents at end of period		$ 11,347	$ 10,078
Supplemental disclosures of cash flow information			
Cash paid during the period for interest		$ 745	$ 497
Cash paid during the period for income taxes, net of refunds		$ 6,416	$ 3,218
Supplemental disclosures of non-cash transactions			
Equipment and other fixed asset purchases payable at end of period		$ 2,854	$ 2,598
Equipment sales receivable at end of period		$ 1,683	$ —

See accompanying notes to the condensed consolidated financial statements

1. Nature of Business and Operations

Viemed Healthcare, Inc. (the "Company"), through its subsidiaries, is a provider of home medical equipment ("HME") and post-acute respiratory healthcare services in the United States. The Company's primary service offerings are focused on effective in-home treatment with clinical practitioners providing therapy and counseling to patients in their homes using cutting edge technology. The Company serves patients in all 50 states of the United States. The Company was incorporated under the Business Corporations Act (British Columbia) on December 14, 2016. The Company's registered and records office is located at Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia V6C 2Z7 and its corporate office is located at 625 E. Kaliste Saloom Road, Lafayette, Louisiana 70508.

The Company is an "emerging growth company," as defined in the Jumpstart Our Business Startups Act (the "JOBS Act"), and as such, has elected to comply with certain reduced U.S. public company reporting requirements.

The Company's common shares are traded on the Nasdaq Capital Market under the symbol "VMD".

2. Summary of Significant Accounting Policies

Principles of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The accompanying condensed consolidated financial statements are unaudited, but reflect all adjustments consisting of normal recurring accruals, which, in the opinion of management, are necessary to present fairly the Company's Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Income, Condensed Consolidated Statements of Changes in Shareholders' Equity and Condensed Consolidated Statements of Cash Flows for the interim periods presented. The Company's fiscal year ends on December 31. The Condensed Consolidated Balance Sheet as of December 31, 2023 was derived from audited consolidated financial statements but does not include all disclosures required by GAAP. These condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements and the notes thereto and the report of the Company's independent registered public accounting firm included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. The nature of the Company's business is such that the results of any interim period may not be indicative of the results to be expected for the entire year.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries in which it has a controlling financial interest. All intercompany transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management bases these estimates and assumptions upon historical experience, existing and known circumstances, authoritative accounting pronouncements and other factors that management believes to be reasonable. Significant areas requiring the use of management estimates relate to revenue recognition, accounts receivable, income tax provisions, the fair value of financial instruments, and goodwill. Actual results could differ from these estimates.

Segment Reporting

The Company's chief operating decision-makers ("CODMs") are its Chief Executive Officer and Chief Operating Officer, who make resource allocation decisions and assess performance based on financial information presented on an aggregate basis. There are no segment managers who are held accountable by the chief operating decision-makers, or anyone else, for any planning, strategy and key decision-making regarding operations. The corporate office is responsible for contract negotiation with vendors and payors, corporate compliance with healthcare laws and regulations, and revenue cycle management, among other corporate supporting functions. Accordingly, the Company has a single reportable segment and operating segment structure based on ASC 280, *Segment Reporting*.

Accounts Receivable

Accounts receivable and revenues are based on contractually agreed-upon rates for services provided, reduced by estimated adjustments, including variable consideration for implicit price concessions. The accounts receivable are presented on the Condensed Consolidated Balance Sheets net of the adjustments. Inherent in these estimates is the risk that they will have to be revised or updated as additional information becomes available. The complexity of third-party billing arrangements and laws and regulations governing Medicare and Medicaid may result in adjustments to amounts originally recorded.

The Company performs a periodic analysis to review the valuation of accounts receivable and collectability of outstanding balances. These estimates are determined utilizing historical realization data under a portfolio approach, which is then assessed by management to evaluate whether adjustments should be made based on accounts receivable aging trends, other operating trends, and relevant business conditions such as governmental and managed care payor claims processing procedures.

The Company records a reserve for estimated probable losses as part of rental revenue adjustments in order to report rental revenue at an expected collectable amount based on the total portfolio of operating lease receivables for which collectability has been deemed probable. The accounts receivable are presented on the Condensed Consolidated Balance Sheets net of the adjustments.

Receivables are considered past due when not collected by established due dates. Specific patient balances are written off after collection efforts have been followed and the account has been determined to be uncollectible. Revisions in reserve estimates are recorded as an adjustment to revenue in the period of revision.

Included in accounts receivable at September 30, 2024 are amounts due from Medicare representing 23% of total outstanding net receivables. As of December 31, 2023, 28% of total outstanding net receivables were amounts due from Medicare.

Inventory

Inventory represents non-serialized supplies that consist of equipment parts, consumables, and associated product supplies and is expensed at the time of sale or use. The Company values inventory at the lower of cost or net realizable value. Obsolete and unserviceable inventories are valued at estimated net realizable value.

Property and Equipment

Property and equipment is presented on the Condensed Consolidated Balance Sheets at historic cost less accumulated depreciation. Major renewals and improvements that extend the useful life of assets are capitalized to the respective property accounts, while maintenance and repairs, which do not extend the useful life of the respective assets, are expensed as incurred. Management has estimated the useful lives of equipment leased to customers. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Property and equipment are depreciated on a straight-line basis over their estimated useful lives.

Depreciation of medical equipment commences at the date of service, which represents the date that the asset has been delivered to a patient and is put in use and continues through the useful life of the asset. Property and equipment with definite useful lives are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Equity Investments

Equity investments on the Condensed Consolidated Balance Sheets are primarily comprised of equity investments without readily determinable fair values accounted for under the measurement alternative described in ASC 321-10-35-2. For these investments, the Company has elected the measurement alternative which measures the investment at cost, less any impairment. ASU 2019-04 clarifies that if an entity identifies observable price changes in orderly transactions for the identical or a similar investment of the same issuer, it must measure its equity investment at fair value in accordance with ASC 820 as of the date that the observable transaction occurred.

The balance of the Company's equity investments was $1.8 million and $1.7 million as of September 30, 2024 and December 31, 2023, respectively. The Company was not aware of any impairment or observable price change adjustments that needed to be made as of September 30, 2024 on its investments in equity securities without a readily determinable fair value.

Debt Investment

The Company's debt investment is a variable rate secured convertible note and is classified as an available-for-sale debt instrument. Accrued interest is included in the amortized cost basis at each reporting period. At each financial statement date until a conversion event, the debt instrument is required to be remeasured at fair value. Changes in unrealized gains and losses are accounted for in accumulated other comprehensive income, net of tax effect, until realized. When changes are determined to be other than temporary in nature, the Company recognizes an other than temporary impairment expense in earnings equal to the difference between the debt security's amortized cost basis and its fair value at the balance sheet date.

Intangible Assets

Intangible assets include trade names and other identifiable intangible assets, which are amortized on a straight-line basis over a period of their expected useful lives, generally five years.

Revenue Recognition

Revenues are principally derived from the rental and sale of HME products and services to patients.

Rental revenues

Revenue generated from equipment that is rented to patients is recognized over the non-cancellable rental period (typically one month) and commences on delivery of the equipment to the patients. The agreements are evaluated at commencement and the start of each monthly renewal period to determine if it is reasonably certain that the monthly renewal or purchase options would be exercised. The exercise of monthly renewal or purchase options by a patient has historically not been reasonably certain to occur at lease commencement or subsequent monthly renewals.

Revenues are recorded at amounts estimated to be received under reimbursement arrangements with payors, including private insurers, prepaid health plans, Medicare, Medicaid and patients. Rental revenue, less estimated adjustments, is recognized as earned on a straight-line basis over the non-cancellable lease term. Rental of patient equipment is billed on a monthly basis beginning on the date the equipment is delivered. Since deliveries can occur on any day during a month, the amount of billings that apply to the next month are deferred.

The Company's lease agreements generally contain lease components and non-lease components, which primarily relate to supplies. The Company has made the accounting policy election to account for a lease component of an agreement and its associated non-lease components as a single lease component based on the Company's assessment of classification of the lease based on the consideration in the contract for the combined component.

Sales and Services revenues

Revenue related to sales of equipment and supplies is recognized on the date of delivery as this is when control of the promised goods is transferred to patients and is presented net of applicable sales taxes. Revenues are recorded only to the extent it is probable that a significant reversal will not occur in the future as amounts may include implicit price concessions under reimbursement arrangements with payors, including private insurers, prepaid health plans, Medicare, Medicaid and patients. The sales transaction price is determined based on contractually agreed-upon rates, adjusted for estimates of variable consideration.

(Tabular dollar amounts expressed in thousands of U.S. Dollars, except per share amounts)

The expected value method is used in determining the variable consideration as part of determining the sales transaction price using historical reimbursement experience, historical sales returns, and other operating trends. Payment terms and conditions vary by contract. The timing of revenue recognition, billing, and cash collection generally results in billed and unbilled accounts receivable.

Revenues associated with external staffing services are accrued on an hourly basis and are recorded based on the determination of whether the Company is acting as a principal or an agent. In arrangements in which the Company manages customers' supplemental workforce needs utilizing its own network of healthcare professionals, the Company is determined to be a principal and includes the contractual gross billings in revenues with a corresponding increase to cost of revenues for worksite employee payroll costs associated with these services. Alternatively, when the Company acts as agent in the performance of workforce management, revenue is recorded based on contractually agreed upon fees or commissions with no associated cost of revenues.

The revenues from each major source are summarized in the following table:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Revenue from rentals				
Ventilator rentals, non-invasive and invasive	$ 31,772	$ 28,322	$ 91,404	$ 79,181
Other home medical equipment rentals	12,459	11,119	35,604	26,441
Revenue from sales and services				
Equipment and supply sales	8,440	7,742	21,956	19,287
Service revenues	5,333	2,219	14,598	7,360
Total revenues	**$ 58,004**	**$ 49,402**	**$ 163,562**	**$ 132,269**

Revenues from Medicare as percentages of the Company's total revenue for the nine months ended September 30, 2024 and 2023 were 44% and 45%, respectively.

Stock-Based Compensation

The Company accounts for its stock-based compensation in accordance with ASC 718*, "Compensation—Stock Compensation"*, which establishes accounting for share-based awards exchanged for employee services and requires companies to expense the estimated fair value of these awards over the requisite employee service period. Stock–based compensation costs for stock options are determined at the grant date using the Black-Scholes option pricing model. Stock-based compensation costs for restricted stock units ("RSUs") are determined at the grant date based on the closing stock price. The expense of such stock-based compensation awards is recognized using the graded vesting attribution method over the vesting period and the offsetting credit is recorded as an increase in additional paid-in capital. Forfeitures are recorded as incurred. Any excess tax benefit or deficiency is recognized as a component of income taxes and within operating cash flows upon vesting of the share-based award.

For the Company’s phantom share units settled in cash, the Company computes the fair value of the phantom share units using the closing price of the Company's stock at the end of each period and records a liability based on the percentage of requisite service.

Income Taxes

The Company is subject to income taxes in numerous U.S. jurisdictions. The Company's income tax provisions reflect management’s interpretation of country and state tax laws. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and may remain uncertain for several years after their occurrence. The Company recognizes assets and liabilities for taxation when it is probable that the Company will receive refunds from or pay taxes to the relevant tax authority. Where the final determination of tax assets and liabilities is different from the amounts that were initially recorded, such differences will impact the current and deferred income taxes provision in the period in which such a determination is made. Changes in tax law or changes in the way tax law is interpreted may also impact the Company's effective tax rate as well as the Company's business and operations.

Deferred income tax assets and liabilities are recognized for the future income tax consequences attributable to temporary differences between the financial statement carrying value of assets and liabilities and their respective income tax bases. Deferred income tax assets or liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. The calculation of current and deferred income taxes requires management to make estimates and assumptions and to exercise a certain amount of judgment concerning the carrying value of assets and liabilities. The current and deferred income tax assets and liabilities are also impacted by expectations about future operating results and the timing of reversal of temporary differences as well as possible audits of tax filings by regulatory agencies. Changes or differences in these estimates or assumptions may result in changes to the current and deferred tax assets and liabilities on the Condensed Consolidated Balance Sheets and a charge to or recovery of income tax expense.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. The effect of a change in the enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates. At each reporting period end, deferred tax assets are evaluated for recoverability based on whether it is more likely than not that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Business Combinations

The Company applies the acquisition method of accounting for business acquisitions. The results of operations of the business acquired by the Company are included as of the respective acquisition date. The acquisition-date fair value of the consideration transferred, including the fair value of any contingent consideration, is allocated to the underlying assets acquired, liabilities assumed, and noncontrolling interest in the acquiree based upon their estimated fair values at the date of acquisition. To the extent the acquisition-date fair value of the consideration transferred exceeds the fair value of the identifiable tangible and intangible assets acquired, liabilities assumed, and any noncontrolling interests, such excess is allocated to goodwill. Patient relationships, medical records and patient lists are not reported as separate intangible assets due to the regulatory requirements and lack of contractual agreements but are part of goodwill. Customer related relationships are not reported as separate intangible assets but are part of goodwill as authorizing physicians are under no obligation to refer the Company’s services to their patients, who are free to change physicians and service providers at any time. The Company may adjust the preliminary purchase price allocation, as necessary, as it obtains more information regarding asset valuations and liabilities assumed that existed but were not available at the acquisition date, which is generally up to one year after the acquisition closing date. Acquisition related costs are recognized separately from the business combination and are expensed as incurred.

Impairment of Goodwill and Long-Lived Assets

Goodwill resulting from business combinations is not amortized, rather, it is assessed for impairment annually and upon the occurrence of a triggering event or change in circumstances indicating a possible impairment. Such triggering events potentially warranting an annual or interim goodwill impairment assessment include, among other factors, declines in historical or projected revenue, operating income or cash flows, and sustained decreases in the Company’s stock price or market capitalization. Such changes in circumstance can include, among others, changes in the legal environment, reimbursement environment, operating performance, and/or future prospects.

The Company performs its annual impairment assessment of goodwill during the fourth quarter of each year. The impairment assessment can be performed on either a quantitative or qualitative basis. The Company first assesses qualitative factors to determine whether it is necessary to perform a quantitative goodwill impairment analysis. If determined necessary, the Company applies the quantitative impairment test to identify and measure the amount of impairment, if any. Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors, such as estimates of a reporting unit's fair value and judgment about impairment triggering events. As a result, there can be no assurance that the estimates and assumptions made for purposes of the annual or interim goodwill impairment test will prove to be accurate predictions of the future.

For the year ended December 31, 2023, the Company performed an assessment of qualitative factors and determined that no events or circumstances existed that would lead to a determination that it is more likely than not that the fair value of indefinite-lived assets were less than the carrying amount. As such, a quantitative analysis was not required to be performed and the Company did not record any goodwill impairment charges.

The Company follows ASC Topic 360, which requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the asset group’s carrying amounts may not be recoverable. In performing the review for recoverability, if future undiscounted cash flows (excluding interest charges) from the use and ultimate disposition of the assets are less than their carrying values, an impairment loss represented by the difference between its fair value and carrying value, is recognized. When properties are classified as held for sale, they are recorded at the lower of the carrying amount or the expected sales price less costs to sell.

There were no impairment charges to goodwill or long-lived assets recognized during the nine months ended September 30, 2024 and September 30, 2023.

Net Income per Share Attributable to Viemed Healthcare, Inc.'s Common Stockholders

Basic net income per share is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted net income per share is computed based on the weighted average number of shares of common stock plus the effect of dilutive stock-based awards outstanding during the period using the treasury stock method. Dilutive stock-based awards include outstanding common stock options and time-based RSUs.

See Note 11 for earnings per share computations.

Recently adopted accounting pronouncements

In September 2022, the FASB issued ASU No. 2022-04, Liabilities — Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations, which requires entities that use supplier finance programs in connection with the purchase of goods and services to disclose the key terms of the programs and information about their obligations that are outstanding at the end of the reporting period. The amendments in this update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. The Company adopted this standard during the year ended December 31, 2023, which did not have a material impact on its consolidated financial statements and related disclosures.

Recently issued accounting pronouncements

The Company is an “emerging growth company” as defined by the JOBS Act. The JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, for complying with new or revised accounting standards. In other words, an emerging growth company can selectively delay the adoption of all accounting standards until those standards would otherwise apply to private companies. The Company has elected to utilize this exemption and, as a result, the Company's condensed consolidated financial statements may not be comparable to the financial statements of issuers that are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies. To date, however, the Company has not delayed the adoption of any accounting standards. Section 107 of the JOBS Act provides that the Company can elect to opt out of the extended transition period at any time, which election is irrevocable.

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which is intended to improve the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the effective tax rate reconciliation and income taxes paid by jurisdiction. The ASU is effective for public business entities' annual periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements.

(Tabular dollar amounts expressed in thousands of U.S. Dollars, except per share amounts)

3. Business Combinations

East Alabama HomeMed, LLC

On April 1, 2024, the Company acquired a controlling 60% equity interest in East Alabama HomeMed, LLC ("HomeMed"). The acquisition was accounted for under the acquisition method of accounting in accordance with ASC 805. As a result of the acquisition, goodwill of $3.2 million and a trade name of $0.4 million were recognized. The Company expects its portion of the goodwill to be fully tax-deductible. Additionally, a noncontrolling interest of $1.8 million was recorded at the acquisition date. The accompanying financial statements include the results of HomeMed's operations from the acquisition date. Changes in the noncontrolling interests after the acquisition date are accounted for pursuant to ASC 810, *Consolidation*.

Home Medical Products, Inc.

On June 1, 2023, Viemed, Inc., a wholly-owned subsidiary of the Company, completed the acquisition of Home Medical Products, Inc., ("HMP"), which operates in Tennessee, Alabama, and Mississippi. The Company acquired 100% of the equity ownership of HMP in exchange for approximately $29 million in cash or cash payable, subject to customary post-closing net working capital and other adjustments. The following table summarizes the consideration paid and estimated fair values of the assets acquired and liabilities assumed at the acquisition date:

Purchase Price		
Cash paid	$	29,417
Identifiable Assets		
Cash and cash equivalents		829
Accounts receivable		2,014
Inventory		582
Prepaid expenses and other assets		498
Property and equipment		4,358
Lease assets		743
Identifiable intangibles		641
Other long-term assets		25
TOTAL ASSETS		9,690
Identifiable Liabilities		
Trade payables		1,985
Deferred revenue		732
Accrued liabilities		1,195
Current portion of lease liabilities		536
Current debt		4,558
Long-term lease liabilities		196
Long-term debt		836
TOTAL LIABILITIES		10,038
Net assets (liabilities) acquired		(348)
Resulting goodwill	$	29,765

Goodwill resulted from a combination of synergies and cost savings, and further expansion into Tennessee, Alabama, and Mississippi. All of the goodwill is deductible for income tax purposes. There are no contingent consideration arrangements included in the transaction. The results of HMP's operations have been included in the condensed consolidated financial statements since the date of acquisition.

(Tabular dollar amounts expressed in thousands of U.S. Dollars, except per share amounts)

4. Property and Equipment

The Company's fixed assets consist of its medical equipment held for rental, furniture and equipment, real property and related improvements, and vehicles and other various small equipment.

The following table details the Company's fixed assets:

	September 30, 2024	December 31, 2023
Medical equipment	$ 114,730	$ 110,920
Furniture and equipment	4,396	3,540
Land	2,566	2,566
Buildings	8,133	7,953
Leasehold improvements	657	345
Vehicles	1,288	1,192
Less: Accumulated depreciation	(57,373)	(52,937)
Property and equipment, net of accumulated depreciation	**$ 74,397**	**$ 73,579**

Depreciation in the amount of $6.1 million and $5.6 million is included in cost of revenue for the three months ended September 30, 2024 and 2023, respectively, and in the amount of $17.9 million and $15.0 million for the nine months ended September 30, 2024 and 2023, respectively.

5. Current Liabilities

The Company's short-term accrued liabilities are included within current liabilities and consist of the following:

	September 30, 2024	December 31, 2023
Accrued trade payables	$ 4,096	$ 3,230
Accrued commissions payable	917	794
Accrued bonuses payable	5,800	7,131
Accrued vacation and payroll	4,452	2,058
Current portion of phantom share liability	1,337	1,867
Accrued other liabilities	3,316	2,498
Total accrued liabilities	**$ 19,918**	**$ 17,578**

(Tabular dollar amounts expressed in thousands of U.S. Dollars, except per share amounts)

6. Debt and Lease Liabilities

Debt

The following table summarizes the Company's debt as of September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
2022 Senior Credit Facilities	$ 4,656	$ 6,875
Medical equipment financing	437	793
Financing costs and commitment fees	(631)	(594)
Current portion	(812)	(1,072)
Long-term portion	**$ 3,650**	**$ 6,002**

2022 Senior Credit Facilities

On November 29, 2022, the Company refinanced its existing borrowings under the 2018 Senior Credit Facility and entered into a new credit agreement (the "2022 Senior Credit Facilities") with the lenders from time to time party thereto, and Regions Bank, as administrative agent (the "Administrative Agent") and collateral agent, that provides for an up to $30.0 million revolving credit facility (the "2022 Revolving Credit Facility") and an up to $30.0 million delayed draw term loan facility (the "2022 Term Loan Facility"), both maturing in November 2027.

The proceeds of the 2022 Revolving Credit Facility may be used to refinance existing indebtedness, for working capital purposes, capital expenditures and other general corporate purposes (including permitted acquisitions), and to pay transaction fees, costs and expenses related to the 2022 Senior Credit Facilities. The proceeds of the 2022 Term Loan Facility and any additional term loans established in accordance with the 2022 Senior Credit Facilities may be used to finance permitted acquisitions and to pay transaction fees, costs and expenses related to such acquisitions.

The interest rates per annum applicable to the 2022 Senior Credit Facilities are a forward looking term rate based on a secured overnight financing rate ("Term SOFR") plus an applicable margin ranging from 2.625% to 3.375%, or, at the option of the Company, a Base Rate (as defined in the 2022 Senior Credit Facilities) plus an applicable margin, which ranges from 1.625% to 2.375%.

The 2022 Senior Credit Facilities require the Company to comply with certain affirmative, as well as certain negative covenants that, among other things, restrict, subject to certain exceptions, the ability of the Company to incur indebtedness, grant liens, make investments, engage in acquisitions, mergers or consolidations and pay dividends and other restricted payments. The 2022 Senior Credit Facilities also include certain financial covenants, which generally include, but are not limited to the following:

- Consolidated Total Leverage Ratio (defined generally as total indebtedness to adjusted EBITDA) of not greater than (i) for any fiscal quarter ending during the period from the closing date to and including December 31, 2024, 2.75 to 1.0 and (ii) for any fiscal quarter ending on and after March 31, 2025, 2.50 to 1.0, subject to certain adjustments following a material acquisition.

- Consolidated Fixed Charge Coverage Ratio (defined generally as (a) adjusted EBITDA minus capital expenditures minus cash taxes to (b) the sum of scheduled principal payments plus cash interest expense plus restricted payments) of not less than 1.25:1.0.

The Company was in compliance with all covenants under the 2022 Senior Credit Facilities in effect at September 30, 2024.

The 2022 Senior Credit Facilities include provisions permitting the Company from time to time to, subject to certain terms and conditions, increase the aggregate amount of commitments under the 2022 Revolving Credit Facility and/or establish one or more additional term loans under the 2022 Term Loan Facility, in each case, with additional commitments from existing lenders or new commitments from financial institutions acceptable to the Administrative Agent in its reasonable discretion; provided, that, (a) the aggregate principal amount of any increases in the 2022 Revolving Credit Facility, and (b) the aggregate principal amount of all additional term loans under the 2022 Term Loan Facility established after the closing date will not exceed $30.0 million.

(Tabular dollar amounts expressed in thousands of U.S. Dollars, except per share amounts)

Financing costs related to the issuance and amendments of 2022 Senior Credit Facilities are capitalized and amortized over the term of the loans using the effective interest method. Upon the initial draw of debt under the 2022 Senior Credit Facilities during the year ended December 31, 2023, the Company reclassified the deferred financing fees previously recorded in other long-term assets to long-term debt in the condensed consolidated balance sheets.

On May 28, 2024, the Company entered into a First Amendment to the 2022 Senior Credit Facilities that (a) extends the delayed draw term loan commitment expiration date to November 29, 2025, from its initial expiration date of May 29, 2024, and (b) provides for other technical amendments. Payment for debt issuance costs associated with the amendment was $0.2 million during the nine months ended September 30, 2024.

Medical Equipment Financing

The Company enters into medical equipment financing obligations through supplier finance programs. The financing obligations are primarily short term in nature and are payable in monthly installments. As of September 30, 2024, $0.4 million of the outstanding medical equipment financing is presented on the condensed consolidated balance sheets as short term debt based on the scheduled repayment dates.

Leases

The Company has recognized finance lease liabilities for vehicles and operating leases for land and buildings that have terms greater than twelve months, as follows:

	September 30, 2024	December 31, 2023
Lease liabilities	$ 2,796	$ 3,250
Less:		
Current portion of lease liabilities	(811)	(934)
Net long-term lease liabilities	**$ 1,985**	**$ 2,316**

Operating Lease Liabilities

The Company has recognized operating lease liabilities that relate primarily to the lease of land and buildings. The exercise of lease renewal options is at the Company's sole discretion and is included in the lease term for calculations of its right-of-use assets and liabilities when it is reasonably certain that the Company plans to renew these leases. These lease liabilities are recorded at present value based on a discount rate of 5.5%, which was based on the Company's incremental borrowing rate at the time of assessment. At September 30, 2024, the weighted average lease term was approximately 3.79 years.

Future maturities of the Company's operating lease liabilities as of September 30, 2024 are summarized as follows:

	Lease Liability
2024	$ 225
2025	908
2026	783
2027	667
2028	573
Thereafter	7
Total lease payments	$ 3,163
Less: imputed interest	436
Present value of lease liabilities	**$ 2,727**

Operating rental expenses for the nine months ended September 30, 2024 amounted to $1.1 million.

7. Fair Value Measurement

Under ASC Topic 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). ASC Topic 820 establishes a hierarchy for inputs to valuation techniques used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. There are three levels to the hierarchy based on the reliability of inputs, as follows:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets and liabilities in markets that are not active.

Level 3 - Unobservable inputs for the asset or liability. The degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3.

Assets Measured at Fair Value on a Recurring Basis

The Company measures certain assets at fair value on a recurring basis. There were no transfers between fair value measurement levels during any presented period.

The following tables summarize the Company's assets measured at fair value on a recurring basis as of September 30, 2024 and December 31, 2023:

	At September 30, 2024			
(In thousands)	Level 1	Level 2	Level 3	Total
Recurring Fair Value Measurements:				
Money market mutual funds	$ 2,024	$ —	$ —	$ 2,024
Available for sale debt instrument	—	—	875	875
Total	**$ 2,024**	**$ —**	**$ 875**	**$ 2,899**

	At December 31, 2023			
(In thousands)	Level 1	Level 2	Level 3	Total
Recurring Fair Value Measurements:				
Money market mutual funds	$ 5,657	$ —	$ —	$ 5,657
Available for sale debt instrument	$ —	$ —	$ 2,219	$ 2,219
Total	**$ 5,657**	**$ —**	**$ 2,219**	**$ 7,876**

Available for Sale Debt Instrument

The fair value of the Company’s available for sale debt instrument is classified within Level 3 in the fair value hierarchy as the Company evaluates adjustments using a combination of observable and unobservable inputs, such as operating results of the counterparty as well observable prices in transactions of debt and equity instruments of the issuing counterparty when available. As of September 30, 2024, the analysis resulted in the determination that the decline in fair value was an other than temporary impairment (OTTI). Accordingly, the Company recognized an OTTI loss of $0.1 million in Income (expense) from investments during the quarter ended September 30, 2024. The recognized loss is equal to the difference between the debt security’s amortized cost basis and its fair value at the balance sheet date, based on management's estimate of fair value.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The Company measures certain assets at fair value on a nonrecurring basis. These assets include other equity investments and the fair value allocation related to the Company's acquisitions.

The Company's other equity investments are holdings in privately-held companies without a readily determinable market value. The Company remeasures equity securities without readily determinable fair value at fair value when an orderly transaction is identified for an identical or similar investment of the same issuer in accordance with the measurement alternative under Topic 820. ASU 2019-04 states that the measurement alternative is a nonrecurring fair value measurement. Accordingly, other equity investments without readily determinable fair value are classified within Level 3 in the fair value hierarchy because the Company estimates the value using a combination of observable and unobservable inputs, including valuation ascribed to the issuing company in subsequent financing rounds, volatility in the results of operations of the issuers and rights and obligations of the holdings the Company owns. The Company had no material adjustments of other equity investments measured at fair value on a nonrecurring basis during any of the periods presented.

The fair value allocation related to the Company's acquisitions are determined using a discounted cash flow approach, or a replacement cost approach, which are based on significant unobservable inputs (Level 3). These valuation methods required management to make various assumptions, including, but not limited to, future profitability, cash flows, replacement costs, and discount rates. The Company's estimates are based upon historical trends, management's knowledge and experience and overall economic factors, including projections of future earnings potential. Developing discounted future cash flows in applying the income approach requires the Company to evaluate its intermediate to longer-term strategies, including, but not limited to, estimates of revenue growth, operating margins, capital requirements, inflation and working capital management. The development of appropriate rates to discount the estimated future cash flows requires the selection of risk premiums, which can materially impact the present value of future cash flows.

The Company estimated the fair value of acquired identifiable intangible assets using discounted cash flow techniques that included an estimate of future cash flows, consistent with overall cash flow projections used to determine the purchase price paid to acquire the business, discounted at a rate of return that reflects the relative risk of the cash flows. The Company estimated the fair value of certain acquired identifiable intangible assets based on the cost approach using estimated costs consistent with historical experience. The Company believes the estimates and assumptions used in the valuation methods are reasonable.

There were no transfers between fair value measurement levels during any presented period.

8. Shareholders' Equity

Authorized Share Capital

The Company's authorized share capital consists of an unlimited number of common shares, with no stated par value.

Issued and Outstanding Share Capital

The Company has only one class of stock outstanding, common shares. The authorized stock consists of an unlimited number of common shares with no stated par value, of which 38,932,247 and 38,506,161 shares were issued and outstanding as of September 30, 2024 and December 31, 2023, respectively.

The Company acquired and cancelled 142,489 common shares at a cost of $1.1 million to satisfy employee income tax withholding associated with RSUs vesting during the nine months ended September 30, 2024. The Company's retained earnings were reduced by the amount paid for the shares repurchased and cancelled.

Stock-Based Compensation

On June 6, 2024 (the "Effective Date"), the Company's shareholders approved the Company's 2024 Long Term Incentive Plan (the "2024 Omnibus Plan") to provide an incentive to attract, retain, and reward directors, officers, employees, and consultants who provide services to the Company or any of its subsidiaries. All directors, officers, employees, and consultants of the Company and/or its affiliates are eligible to receive awards under the 2024 Omnibus Plan, subject to its terms. Awards include common share purchase options, restricted stock, stock appreciation rights, performance awards, or other stock-based awards, including restricted stock units, deferred stock units, and dividends and dividend equivalents. The maximum number of common shares that will be available for awards and issuance under the 2024 Omnibus Plan and that may be reserved for issuance at any time, including under previous plans such as the 2020 Long Term Incentive Plan (effective June 11, 2020), the Amended and Restated Stock Option Plan (effective as of July 17, 2018), the Amended and Restated Restricted Share Unit Plan (effective as of July 17, 2018), and the Deferred Share Unit Plan (effective July 17, 2018), will be 7,800,000 shares. The maximum amount of common shares that may be awarded under the 2024 Omnibus Plan as "incentive stock options" is 1,000,000 common shares. As of September 30, 2024, the Company had outstanding options of 4,124,000 and RSUs of 1,547,000 associated with common shares under the existing plans.

The following table summarizes stock-based compensation expense for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Stock-based compensation - options	$ 61	$ 263	$ 231	$ 911
Stock-based compensation - restricted stock units	1,651	1,190	4,533	3,404
Total	**$ 1,712**	**$ 1,453**	**$ 4,764**	**$ 4,315**

At September 30, 2024, there was approximately $83,000 of total unrecognized pre-tax stock option expense under the Company's equity compensation plans, which is expected to be recognized over a weighted-average period of 0.45 years. As of September 30, 2024, there was approximately $5,920,000 of total unrecognized pre-tax compensation expense related to outstanding time-based restricted stock units that is expected to be recognized over a weighted-average period of 1.43 years.

(Tabular dollar amounts expressed in thousands of U.S. Dollars, except per share amounts)

Options

The following table summarizes stock option activity for the nine months ended September 30, 2024:

	Number of options (000's)	Weighted average exercise price[1]	Weighted average remaining contractual life	Aggregate intrinsic value[2]
Balance December 31, 2023	**4,214**	**$ 5.25**	**5.9 years**	**$ 11,698**
Issued	—	—		
Exercised	(82)	5.10		
Expired / Forfeited	(8)	5.21		
Balance September 30, 2024	**4,124**	**$ 5.25**	**5.1 years**	**$ 9,725**

[1]For presentation purposes, stock options issued with a Canadian dollar exercise price have been translated to U.S. dollars based on the prevailing exchange rate on the date of grant.
[2]The aggregate intrinsic value of options outstanding represents the difference between the exercise price of the option and the closing price of the Company's common shares on the last trading day of the period ($7.33 and $7.85 on September 30, 2024 and December 31, 2023, respectively).

The aggregate intrinsic value of options outstanding was $9,725,000 and options exercisable was $9,226,000 at September 30, 2024. For the nine months ended September 30, 2024, 81,646 common shares were issued pursuant to the exercise of stock options.

At September 30, 2024, the Company had 3,874,000 exercisable stock options outstanding with a weighted average exercise price of $5.24 and a weighted average remaining contractual life of 5.0 years. At December 31, 2023, the Company had 3,461,000 exercisable stock options outstanding with a weighted average exercise price of $4.99 and a weighted average remaining contractual life of 5.5 years.

The fair value of the stock options has been charged to the Condensed Consolidated Statements of Income and credited to additional paid-in capital over the vesting period, using the grant date fair value based on the Black-Scholes option pricing model. The assumptions used to determine the grant date fair value of stock options include exercise price, risk-free interest rates, expected volatility, and average life of an option. The risk-free interest rates are based on the rates available at the time of the grant for zero-coupon U.S. government issues with a remaining term equal to the option’s expected life. The average life of an option is based on both historical and projected exercise and lapsing data. Expected volatility is based on implied volatilities from traded options on the Company's common shares and historical volatility of the Company's common shares over the expected life of the option. There were no issuances of options during the nine months ended September 30, 2024.

Restricted Stock Units

The Company accounts for RSUs using fair value. The fair value of the RSUs has been charged to the Condensed Consolidated Statements of Income and credited to additional paid-in capital over the vesting period, based on the stock price on the date of grant. RSUs vest generally over a one or three-year period. The Company accounts for forfeitures of RSUs under ASU 2016-09 and recognizes forfeitures in the period in which they occur.

The following table summarizes RSU activity for the nine months ended September 30, 2024:

	Number of RSUs (000's)	Weighted average grant price	Weighted average remaining contractual life	Aggregate intrinsic value[1]
Balance December 31, 2023	**1,226**	**$ 7.23**	**0.86 years**	**$ 9,624**
Issued	915	8.18		
Vested	(487)	7.07		
Forfeited	(107)	7.88		
Balance September 30, 2024	**1,547**	**$ 7.80**	**1.43 years**	**$ 11,340**

[1]The aggregate intrinsic value of time-based RSUs outstanding was based on the closing price of the Company's common shares on the last trading day of the period ($7.33 and $7.85 on September 30, 2024 and December 31, 2023, respectively).

During the three months ended September 30, 2024, the Company issued 117,417 RSUs with vestings over a one to three year period and a fair value of $0.9 million. During the nine months ended September 30, 2024, the Company issued 915,000 RSUs with vestings over a one to three year period and a fair value of $7.3 million.

Phantom Share Units

The Company has a phantom share unit plan, which it uses for grants to directors, officers, and employees. Phantom share units granted under the plan are non-assignable and are settled in cash at vesting based on the fair value of the Company's common stock on the vesting date. Phantom share units vest annually over a three-year period. The cash-settled phantom share units are accounted for as liability awards and are re-measured at fair value each reporting period until they become vested with accrued liability and related expense being recognized over the requisite service period.

The following table summarizes phantom share unit activity for the nine months ended September 30, 2024:

	Number of phantom share units (000's)	Value of share equivalents[1]
Balance December 31, 2023	**418**	**$ 3,281**
Issued	268	2,161
Vested	(218)	1,607
Forfeited	(16)	(120)
Balance September 30, 2024	**452**	**$ 3,313**

[1]The value of outstanding share equivalents at the beginning of the period is based on the market price of the Company's common shares at that time, the value of issued share equivalents is based on the market price of the Company's common shares at issuance, the value of vested share equivalents is based on the cash paid at the time of vesting, and the values of forfeited share equivalents and outstanding share equivalents at the end of the period are based on the market price of the Company's common shares at the end of the period. The market price of the Company's common shares was $7.33 and $7.85 on September 30, 2024 and December 31, 2023, respectively.

The change in fair value of the phantom share units has been charged to the Condensed Consolidated Statements of Income and recorded as a liability included in accrued liabilities and long-term accrued liabilities. The total liability associated with phantom share units at September 30, 2024 is $1,989,000, with $1,337,000 of this amount included in current accrued liabilities and the remaining portion of $652,000 included in long-term accrued liabilities.

The impact associated with the fair value re-measurement of phantom share units is recorded in selling, general and administrative expenses within the unaudited Condensed Consolidated Statements of Income. The following table summarizes expense (benefit) associated with the phantom share units for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Selling, general, and administrative	$ 619	$ (333)	$ 1,172	$ 1,504

The Company paid cash settlements of $1.6 million and $2.4 million during the nine months ended September 30, 2024 and 2023, respectively, pertaining to vestings of cash-settled phantom share units.

9. Commitments and Contingencies

The Company accrues estimates for resolution of any legal and other contingencies when losses are probable and reasonably estimable in accordance with ASC 450, Contingencies (“ASC 450”). No less than quarterly, the Company reviews the status of each significant matter underlying a legal proceeding or claim and assess our potential financial exposure. The Company accrues a liability for an estimated loss if the potential loss from any legal proceeding or claim is considered probable and the amount can be reasonably estimated. Significant judgment is required in both the determination of probability and the determination as to whether the amount of an exposure is reasonably estimable, and accruals are based only on the information available to the Company at the time the judgment is made, which may prove to be incomplete or inaccurate or unanticipated events and circumstances may occur that might cause us to change those estimates and assumptions. Furthermore, the outcome of legal proceedings is inherently uncertain, and we may incur substantial defense costs and expenses defending any of these matters.

Legal Proceedings

As previously disclosed, on November 5, 2020, the Company (through its subsidiary Sleep Management LLC) filed a lawsuit against Vyaire Medical, Inc. d/b/a CareFusion Respiratory Technologies (“Vyaire”) in the 15th Judicial District Court for the Parish of Lafayette, Louisiana (the “State Court”) seeking damages for breach of contract and seeking declaratory judgment. The State Court issued an order on September 5, 2023 granting the Company Partial Summary Judgment finding that Vyaire breached the contract. On June 9, 2024, Vyaire and certain of its affiliates filed voluntary bankruptcy under Chapter 11 of the Bankruptcy Code in the US Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

A liquidation analysis subsequently submitted to the Bankruptcy Court disclosed that unsecured claims, including those subordinate to the super-priority claims of certain Vyaire creditors, would not receive any recovery under the proposed Chapter 11 reorganization plan or in the event of a Chapter 7 liquidation. Consequently, collection of the Company's unsecured claim against Vyaire was determined to be not probable. During the nine months ended September 30, 2024, outstanding funds receivable in the amount of $0.9 million related to undelivered respiratory equipment were impaired through Other expense (income).

Governmental and Regulatory Matters

From time to time the Company is involved in various external governmental investigations, audits and reviews. Reviews, audits and investigations of this sort can lead to government actions, which can result in the assessment of recoupment of reimbursement, civil or criminal fines or penalties, or other sanctions, including restrictions or changes in the way the Company conducts business, loss of licensure or exclusion from participation in government healthcare programs.

10. Income Taxes

For the nine months ended September 30, 2024, the Company recorded income tax expense of $2.9 million, which includes a discrete tax benefit of $0.1 million associated with stock-based compensation arrangements. Excluding the impact of the discrete taxes, the effective rate for the nine months ended September 30, 2024 is 30.3%. The effective rate differs from the amount computed by applying the statutory federal and state income tax rates to ordinary income before the provision for income taxes due to permanent non-deductible differences. The Company's effective tax rate is based on forecasted annual results which may fluctuate significantly through the rest of the year.

At September 30, 2024 and 2023, the Company had no amounts recorded for uncertain tax positions and does not expect any material changes in uncertain tax benefits during the next 12 months. The Company recognizes interest and penalties related to income tax matters in income tax expense. The Company is subject to U.S. federal income tax as well as income tax in various states. The Company is generally not subject to examination by taxing authorities for years prior to 2021.

The Company recognizes deferred tax assets to the extent that the Company believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations.

(Tabular dollar amounts expressed in thousands of U.S. Dollars, except per share amounts)

11. Earnings Per Share

Income per common share is calculated using earnings for the year divided by the weighted average number of shares outstanding during the year. Using the treasury stock method, diluted income per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares by assuming the proceeds received from the exercise of stock options and the vesting of RSUs are used to purchase common shares at the prevailing market rate.

The following reflects the earnings and share data used in the basic and diluted earnings per share computations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator - basic and diluted:				
Net income attributable to Viemed Healthcare, Inc.	$ 3,878	$ 2,919	$ 6,949	$ 6,766
Denominator:				
Basic weighted-average number of common shares	38,870,823	38,438,058	38,803,887	38,307,343
Diluted weighted-average number of shares	40,779,414	40,420,615	40,702,001	40,391,729
Basic earnings per share	$ 0.10	$ 0.08	$ 0.18	$ 0.18
Diluted earnings per share	$ 0.10	$ 0.07	$ 0.17	$ 0.17
Denominator calculation from basic to diluted:				
Basic weighted-average number of common shares	38,870,823	38,438,058	38,803,887	38,307,343
Stock options and other dilutive securities	1,908,591	1,982,557	1,898,114	2,084,386
Diluted weighted-average number of shares	40,779,414	40,420,615	40,702,001	40,391,729

Anti-dilutive shares excluded from the calculation consisted of dilutive employee stock options and RSUs that were de minimis in all periods presented.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with, and is qualified entirely by, our condensed consolidated financial statements (including Notes to the Condensed Consolidated Financial Statements) and the other consolidated financial information under Item 1 of this Quarterly Report on Form 10-Q. Some of the information in this discussion and analysis includes forward-looking statements that involve risk and uncertainties. Actual results and timing of events could differ from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Forward-Looking Statements

Certain statements and information in this Quarterly Report on Form 10-Q may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 or "forward-looking information" as such term is defined in applicable Canadian securities legislation (collectively, "forward-looking statements"). Any statements other than statements of historical information, including those that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties that could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. These forward-looking statements are made as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise, except as required by applicable law.

Forward-looking statements relate to future events or future performance and reflect the expectations or beliefs of management regarding future events, and include, but are not limited to, statements with respect to: operating results; profitability; financial condition and resources; anticipated needs for working capital; liquidity; capital resources; capital expenditures; milestones; licensing milestones; information with respect to future growth and growth strategies; anticipated trends in our industry; our future financing plans; timelines; currency fluctuations; government regulation; unanticipated expenses; commercial disputes or claims; limitations on insurance coverage or other reimbursement; and availability of cash flow to fund capital requirements. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “potential”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes”, “projects”, or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results “will”, “should”, “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology.

Forward-looking statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. We believe that the assumptions and expectations reflected in such forward-looking statements are reasonable. We cannot assure you, however, that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, including those identified under “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q and the other documents we file with the SEC, including under “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2023, and with the securities regulatory authorities in certain provinces of Canada, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to: the general business, market and economic conditions in the regions in which the we operate; significant capital requirements and operating risks that we may be subject to; our ability to implement business strategies and pursue business opportunities; volatility in the market price of our common shares; the state of the capital markets; the availability of funds and resources to pursue operations; inflation; reductions in reimbursement rates and audits of reimbursement claims by various governmental and private payor entities; dependence on few payors; possible new drug discoveries; dependence on key suppliers; granting of permits and licenses in a highly regulated business; competition; disruptions in or attacks (including cyber-attacks) on our information technology, internet, network access or other voice or data communications systems or services; the evolution of various types of fraud or other criminal behavior to which we are exposed; difficulty integrating newly acquired businesses; the impact of new and changes to, or application of, current laws and regulations; the overall difficult litigation and regulatory environment; increased competition; increased funding costs and market volatility due to market illiquidity and competition for funding; critical accounting estimates and changes to accounting standards, policies, and methods used by us; our status as an emerging growth company; and the occurrence of natural and unnatural catastrophic events or health epidemics or concerns, and claims resulting from such events or concerns, as well as other general economic, market and business conditions; and other factors beyond our control.

General Matters

In this Quarterly Report on Form 10-Q, unless the context otherwise requires, the terms the "Company," "we," "us" and "our" refer to Viemed Healthcare, Inc. and its wholly-owned subsidiaries.

We were incorporated on December 14, 2016 pursuant to the *Business Corporations Act* (British Columbia). As of June 30, 2020, we determined that we no longer qualify as a "foreign private issuer," as defined in Rule 3b-4 of the Exchange Act, for the purposes of the informational requirements of the Exchange Act. As a result, effective January 1, 2021, we became subject to the proxy solicitation rules under Section 14 of the Exchange Act and Regulation FD, and our officers, directors, and principal shareholders became subject to the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. We will continue to file annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K with the SEC and with the relevant Canadian securities regulatory authorities on the System for Electronic Document Analysis and Retrieval (SEDAR).

We are an "emerging growth company," as defined in the JOBS Act, and as such, we have elected to comply with certain reduced U.S. public company reporting requirements.

Overview

We provide an array of home medical equipment, services and supplies, specializing in post-acute respiratory care services in the United States. Our primary objective is to focus on the organic growth of the business and thereby solidify our position as one of the United States' largest providers of in-home therapy for patients suffering from respiratory diseases. Our respiratory care programs are designed specifically for payors to have the ability to treat patients in the home for less total cost and with a superior quality of care. Our services include respiratory disease management (through the rental of various HME devices), neuromuscular care, in-home sleep testing and sleep apnea treatment, oxygen therapy, and the sale of associated supplies.

We derive the majority of our revenue through the rental of non-invasive and invasive ventilators which represented 54.8% and 57.3% of our revenue for the three months ended September 30, 2024 and 2023, respectively, and 55.9% and 59.9% for the nine months ended September 30, 2024 and 2023, respectively. We combine the benefits of home ventilation support with licensed Respiratory Therapists ("RTs") to drive improved patient outcomes and reduce costly hospital readmissions.

We expect to grow through expansion of existing service areas as well as in new territories through a cost efficient launch that reduces location expenses. We currently serve patients in all 50 states. We expect to continue to employ more RTs in order to assure our high service model is accomplished in the home. As of September 30, 2024, we employed 398 licensed RTs, representing approximately 35% of our company-wide employee count. By focusing overhead costs on personnel that service the patient rather than physical location costs, we anticipate that we will efficiently scale our business in regions that are currently not being effectively serviced.

The continued trend of servicing patients in the home rather than in hospitals is aligned with our business objective and we anticipate that this trend will continue to offer growth opportunities for us. We expect to continue to be a solution to the rising health costs in the United States by offering more cost effective, home based solutions while increasing the quality of life for patients fighting serious respiratory diseases.

Trends Affecting our Business

Home medical equipment markets are witnessing sustained expansion, with a notable focus on the complex respiratory and Obstructive Sleep Apnea ("OSA") device segments. Analysts in the industry anticipate a consistent and robust growth trajectory, projecting Compound Annual Growth Rates ("CAGR") of approximately 6% for respiratory devices and 8% for OSA devices. This upward trend underscores the increasing demand for innovative solutions in respiratory care and sleep apnea management, highlighting the industry's responsiveness to evolving healthcare needs. As technological advancements and awareness drive the adoption of these specialized devices, we believe the HME markets, particularly in respiratory and OSA, are positioned for continuous expansion, offering promising opportunities for both providers and consumers alike.

The aging population remains a pivotal driver for the industry, as the elderly, constituting a substantial portion of HME patients, are expected to represent a higher percentage of the overall population. Projections from industry analysts indicate a consistent annual growth in the number of Medicare beneficiaries, contributing to ongoing patient volume growth. A significant contributing factor to the industry's growth is the rising incidence of chronic diseases. Factors such as increasing obesity rates, consequences of past smoking prevalence, under-diagnosis of certain health conditions, and higher diagnosis rates for chronic diseases collectively shape the industry. There is a notable shift towards home-based treatment for these conditions.

The industry is undergoing a transition to value-based healthcare, with both government and commercial payors increasingly adopting models that emphasize the transition of patients from acute care settings to home care. We believe HME providers are well-positioned to benefit from this industry shift. Advancements in technology and medical equipment have led to an increased prevalence of in-home treatments. The broader range of treatments administered in patient homes is expected to continue growing. Projections from industry analysts indicate that U.S. home healthcare spending will increase, reaching $250 billion by 2031, with a CAGR of approximately 7%.

Market consolidation is a notable trend favoring larger, financially stable players. The decline in the number of smaller regional players is attributed to the capital investment and scale required to compete effectively. This has led to a more consolidated and competitive landscape in the DME market.

Despite these positive trends, the industry faces challenges such as cost containment efforts of payors. The consolidation of managed care payors into larger purchasing groups has increased negotiating power, resulting in pricing pressure on HME providers. In addition to ongoing negotiations relating to contract management with third party payors to secure fair reimbursement, HME providers are engaging in value-based contracting, focusing on outcomes and patient satisfaction. These value-based contracts leverage data analytics to demonstrate the cost-effectiveness and quality of durable medical goods and provide evidence-based data to payors demonstrating the long-term benefits and cost savings associated with the use of certain medical goods.

Impact of Inflation

The Company faces current and potential future inflationary pressures driven by factors such as general cost increases, supply chain disruptions, and governmental policies. The manufacturing and distribution costs of Viemed's patient equipment are affected by rising material, labor, and transportation expenses, including fuel costs. Persistent inflation may impact overall demand, increase operating costs, and affect profit margins, potentially adversely affecting Viemed's business and financial performance.

In its 2024 DMEPOS Fee Schedule, CMS announced the fee schedule adjustment based on the annual change to the Consumer Pricing Index for all urban areas. Items that were subject to the competitive bidding program in former competitive bidding areas will receive a 2.9% reimbursement rate increase. Items that were subject to the competitive bidding program in non-competitive bidding areas received a 3.0% reimbursement rate increase. Items not subject to the competitive bidding program received a 2.6% reimbursement rate increase.

Future volatility in general price inflation and its impact on material availability, shipping, warehousing, and operational overhead could further impact financial results. Viemed attempts to address these pressures through its inflation-linked reimbursement contracts, negotiation, leveraging its purchasing power and embracing technology, such as its proprietary clinical management platform.

The below table highlights summary financial and operational metrics for the last eight quarters.

(Tabular amounts expressed in thousands of U.S. Dollars, except vent patients)

For the quarter ended	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Financial Information:								
Revenue	$ 58,004	$ 54,965	$ 50,593	$ 50,739	$ 49,402	$ 43,311	$ 39,556	$ 37,508
Gross Profit	34,371	32,892	29,802	32,111	30,562	26,106	24,004	22,896
Gross Profit %	59 %	60 %	59 %	63 %	62 %	60 %	61 %	61 %
Net Income	3,905	1,477	1,603	3,477	2,919	2,330	1,517	2,438
Cash (As of)	11,347	8,807	7,309	12,839	10,078	10,224	23,544	16,914
Total Assets (As of)	169,526	163,947	154,875	154,895	149,400	149,117	124,634	117,043
Adjusted EBITDA(1)	13,954	12,813	10,098	12,845	12,081	9,810	8,328	9,306
Operational Information:								
Vent Patients(2)	11,374	10,905	10,450	10,327	10,244	10,005	9,337	9,306

(1) Refer to "Non-GAAP Financial Measures" section below for definition of Adjusted EBITDA.
(2) Vent Patients represents the number of active ventilator patients on recurring billing service at the end of each calendar quarter.

(Tabular amounts expressed in thousands of US Dollars, except per share amounts)

Results of Operations

Comparison of the Three Months Ended September 30, 2024 and 2023:

The following table summarizes our results of operations for the three months ended September 30, 2024 and 2023:

	Three Months Ended September 30,					
	2024	% of Total Revenue	2023	% of Total Revenue	$ Change	% Change
Revenue	**$ 58,004**	**100.0 %**	**$ 49,402**	**100.0 %**	**$ 8,602**	**17.4 %**
Cost of revenue	23,633	40.7 %	18,840	38.1 %	4,793	25.4 %
Gross profit	**34,371**	**59.3 %**	**30,562**	**61.9 %**	**3,809**	**12.5 %**
Selling, general and administrative	26,671	46.0 %	23,654	47.9 %	3,017	12.8 %
Research and development	757	1.3 %	593	1.2 %	164	27.7 %
Stock-based compensation	1,712	3.0 %	1,453	2.9 %	259	17.8 %
Depreciation and amortization	348	0.6 %	419	0.8 %	(71)	(16.9)%
Loss (gain) on disposal of property and equipment	(469)	(0.8)%	278	0.6 %	(747)	(268.7)%
Other expense (income), net	(276)	(0.5)%	(41)	(0.1)%	(235)	573.2 %
Income from operations	**5,628**	**9.7 %**	**4,206**	**8.5 %**	**1,422**	**33.8 %**
Non-operating income and expenses						
Income (expense) from investments	96	0.2 %	270	0.5 %	(174)	(64.4)%
Interest expense, net	(225)	(0.4)%	(237)	(0.5)%	12	(5.1)%
Net income before taxes	**5,499**	**9.5 %**	**4,239**	**8.6 %**	**1,260**	**29.7 %**
Provision for income taxes	1,594	2.7 %	1,320	2.7 %	274	20.8 %
Net income	**3,905**	**6.7 %**	**2,919**	**5.9 %**	**986**	**33.8 %**
Net income attributable to noncontrolling interest	27	— %	—	— %	27	NM
Net income attributable to Viemed Healthcare, Inc.	**$ 3,878**	**6.7 %**	**$ 2,919**	**5.9 %**	**$ 959**	**32.9 %**

Revenue

The following table summarizes our revenue for the three months ended September 30, 2024 and 2023:

	Three Months Ended September 30,					
	2024	% of Total Revenue	2023	% of Total Revenue	$ Change	% Change
Revenue from rentals						
Ventilator rentals, non-invasive and invasive	$ 31,772	54.8 %	$ 28,322	57.3 %	$ 3,450	12.2 %
Other home medical equipment rentals	12,459	21.5 %	11,119	22.6 %	1,340	12.1 %
Revenue from sales and services						
Equipment and supply sales	8,440	14.6 %	7,742	15.7 %	698	9.0 %
Service revenues	5,333	9.2 %	2,219	4.5 %	3,114	140.3 %
Total revenue	**$ 58,004**	**100.0 %**	**$ 49,402**	**100.0 %**	**$ 8,602**	**17.4 %**

For the three months ended September 30, 2024, revenue totaled $58.0 million, an increase of $8.6 million (or 17.4%) from the comparable period in 2023. The primary driver of this growth was our ventilator rental revenue, which increased by $3.5 million (or 12.2%) due to higher patient volumes associated with strong demand for ventilation services. Additionally, services revenue saw a notable increase of $3.1 million (or 140.3%) primarily due to the expansion of our healthcare staffing services. Rental revenue from other Home Medical Equipment (HME) contributed an increase of $1.3 million (or 12.1%) driven by growing demand for oxygen therapy, Positive Airway Pressure (PAP) therapy, and percussion vest services. Equipment and supply sales increased by $0.7 million (or 9.0%) largely driven by the success of our sleep resupply program.

While ventilator rentals continue to make up the majority of our revenue, the growth of PAP and oxygen related sales, as well as our healthcare staffing offerings, is contributing to the diversity of our overall revenue mix. As we continue to expand geographically into new territories and further expand our presence in our existing territories, we expect continued growth in our active ventilator patient base and our other respiratory offerings.

Cost of revenue and gross profit

For the three months ended September 30, 2024, cost of revenue totaled $23.6 million, an increase of $4.8 million (or 25.4%) from the comparable period in 2023. Gross profit percentage decreased from approximately 61.9% in the three months ended September 30, 2023 to approximately 59.3% in the three months ended September 30, 2024. The change in gross profit percentage is primarily due to migration of the revenue mix associated with product and service diversification. Gross profit percentage is expected to remain relatively stable in upcoming periods due to subsiding inflationary cost pressures and the positive effects associated with reimbursement rates, offset by some decreases associated with product and service diversification.

Selling, general and administrative expense

Selling, general, and administrative expenses as a percentage of revenue improved to 46.0% for the three months ended September 30, 2024 compared to 47.9% for the three months ended September 30, 2023. Selling, general and administrative expenses totaled $26.7 million for the three months ended September 30, 2024, an increase of $3.0 million (or 12.8%) from the comparable prior period. The improvement in selling, general, and administrative expenses as a percentage of revenue is attributable to economies of scale and improvements in operational efficiencies. The overall increase in selling, general and administrative expense as compared to the prior period is primarily attributable to additional employee related expenses to accommodate the overall growth of the Company. Employee compensation expenses increased $3.0 million (or 18.6%) as a result of the increase in our employee headcount and increases in market-based compensation. We expect that current year selling, general and administrative expenses as a percentage of revenue will remain stable through the end of 2024 due to increased efficiencies and costs optimization efforts relative to revenue growth.

Research and development

For the three months ended September 30, 2024, research and development expense totaled $0.8 million, an increase of $0.2 million from the comparable period in 2023. As we continue to invest in research and development related projects to support our technology initiatives, we expect that associated costs will remain consistent in 2024 relative to 2023 costs.

Stock-based compensation

For the three months ended September 30, 2024, stock-based compensation totaled $1.7 million, an increase of 17.8% from the comparable period in 2023. We anticipate that as we expand our workforce, incorporating stock-based awards as a component of employee compensation, stock-based compensation expenses will correspondingly rise. Historically, revenue growth has outpaced the growth in stock-based compensation, and as a result, the percentage of stock-based compensation relative to revenue is expected to decline.

Loss (gain) on disposal of property and equipment

For the three months ended September 30, 2024, gain on disposal of property and equipment totaled $0.5 million compared to loss on disposal of property and equipment of $0.3 million for the three months ended September 30, 2023. The gain primarily resulted from proceeds related to the sale of recalled ventilators back to the manufacturer. We anticipate additional future gains from the disposal of eligible devices, as the proceeds from these disposals are expected to exceed their net book value.

Income (expense) from investments

For the three months ended September 30, 2024, income from investments totaled $0.1 million compared to $0.3 million for the three months ended September 30, 2023. The change is primarily due to a $0.1 million impairment recognized on our debt investment, reflecting an other-than-temporary impairment in fair value during the period.

Interest expense, net

For both the three months ended September 30, 2023 and September 30, 2024, net interest expense totaled $0.2 million. As a result of continued repayments on debt, we expect a reduction in quarterly net interest expense for the remainder of 2024.

Provision for income taxes

For the three months ended September 30, 2024, the provision for income taxes was a $1.6 million expense, compared to $1.3 million during the comparable period in 2023. The resulting decrease in the overall effective tax rate as a percentage of pre-tax income was due to the impact of discrete tax benefits associated with stock-based compensation between periods. Our annual estimated effective tax rate for 2024 is 30.3%.

Net income

For the three months ended September 30, 2024, net income was $3.9 million, an increase of $1.0 million (or 33.8%) from the comparable period in 2023. Net income as a percentage of revenue increased from 5.9% for the three months ended September 30, 2023 to 6.7% for the three months ended September 30, 2024.

(Tabular amounts expressed in thousands of US Dollars, except per share amounts)

Comparison of the Nine Months Ended September 30, 2024 and 2023:

The following table summarizes our results of operations for the nine months ended September 30, 2024 and 2023:

	Nine Months Ended September 30,					
	2024	% of Total Revenue	2023	% of Total Revenue	$ Change	% Change
Revenue	**$ 163,562**	**100.0 %**	**$ 132,269**	**100.0 %**	**$ 31,293**	**23.7 %**
Cost of revenue	66,497	40.7 %	51,597	39.0 %	14,900	28.9 %
Gross profit	**97,065**	**59.3 %**	**80,672**	**61.0 %**	**16,393**	**20.3 %**
Selling, general and administrative	77,988	47.7 %	63,979	48.4 %	14,009	21.9 %
Research and development	2,265	1.4 %	2,131	1.6 %	134	6.3 %
Stock-based compensation	4,764	2.9 %	4,315	3.3 %	449	10.4 %
Depreciation and amortization	1,140	0.7 %	957	0.7 %	183	19.1 %
Loss (gain) on disposal of property and equipment	(801)	(0.5)%	373	0.3 %	(1,174)	(314.7)%
Other expense (income), net	261	0.2 %	(124)	(0.1)%	385	(310.5)%
Income from operations	**11,448**	**7.0 %**	**9,041**	**6.8 %**	**2,407**	**26.6 %**
Non-operating income and expenses						
Income (expense) from investments	(954)	(0.6)%	442	0.3 %	(1,396)	(315.8)%
Interest expense, net	(629)	(0.4)%	(168)	(0.1)%	(461)	274.4 %
Net income before taxes	**9,865**	**6.0 %**	**9,315**	**7.0 %**	**550**	**5.9 %**
Provision for income taxes	2,880	1.8 %	2,549	1.9 %	331	13.0 %
Net income	**6,985**	**4.3 %**	**6,766**	**5.1 %**	**219**	**3.2 %**
Net income attributable to noncontrolling interest	36	— %	—	— %	36	NM
Net income attributable to Viemed Healthcare, Inc.	**$ 6,949**	**4.2 %**	**$ 6,766**	**5.1 %**	**$ 183**	**2.7 %**

Revenue

The following table summarizes our revenue for the nine months ended September 30, 2024 and 2023:

	Nine Months Ended September 30,					
	2024	% of Total Revenue	2023	% of Total Revenue	$ Change	% Change
Revenue from rentals						
Ventilator rentals, non-invasive and invasive	$ 91,404	55.9 %	$ 79,181	59.9 %	$ 12,223	15.4 %
Other home medical equipment rentals	35,604	21.8 %	26,441	20.0 %	9,163	34.7 %
Revenue from sales and services						
Equipment and supply sales	21,956	13.4 %	19,287	14.6 %	2,669	13.8 %
Service revenues	14,598	8.9 %	7,360	5.5 %	7,238	98.3 %
Total revenue	**$ 163,562**	**100.0 %**	**$ 132,269**	**100.0 %**	**$ 31,293**	**23.7 %**

For the nine months ended September 30, 2024, revenue totaled $163.6 million, an increase of $31.3 million (or 23.7%) from the comparable period in 2023. The primary driver of this growth was our ventilator rental revenue, which increased by $12.2 million (or 15.4%) due to higher patient volumes associated with strong demand for ventilation services. Additionally, rental revenue from other Home Medical Equipment (HME) increased by $9.2 million (or 34.7%) due to an expanding patient base, robust demand for oxygen therapy, Positive Airway Pressure (PAP) therapy, and percussion vest services. Equipment and supply sales grew by $2.7 million (or 13.8%) largely attributable to the success of our sleep resupply program and the addition of HMP's resupply program. Furthermore, services revenue experienced an increase of $7.2 million (or 98.3%), primarily due to the growth of healthcare staffing offerings.

While ventilator rentals continue to make up the majority of our revenue, the growth of PAP and oxygen related sales, as well as our healthcare staffing offerings, is contributing to the diversity of our overall revenue mix. As we continue to expand geographically into new territories and further expand our presence in our existing territories, we expect continued growth in our active ventilator patient base and our other respiratory offerings.

Cost of revenue and gross profit

For the nine months ended September 30, 2024, cost of revenue totaled $66.5 million, an increase of $14.9 million (or 28.9%) from the comparable period in 2023. Gross profit percentage decreased from approximately 61.0% in the nine months ended September 30, 2023 to approximately 59.3% in the nine months ended September 30, 2024. The decrease in gross profit percentage is primarily due to migration of the revenue mix associated with product and service diversification. Gross profit percentage is expected to remain relatively stable in upcoming periods due to subsiding inflationary cost pressures and the positive effects associated with reimbursement rates, offset by some decreases associated with product and service diversification.

Selling, general and administrative expense

Selling, general, and administrative expenses as a percentage of revenue improved to 47.7% for the nine months ended September 30, 2024 compared to 48.4% for the nine months ended September 30, 2023. Selling, general and administrative expenses totaled $78.0 million for the nine months ended September 30, 2024, an increase of $14.0 million (or 21.9%) from the comparable period in 2023. The improvement in selling, general, and administrative expenses as a percentage of revenue is attributable to economies of scale and improvements in operational efficiencies. The overall increase in selling, general and administrative expense as compared to the prior period is primarily attributable to additional employee related expenses to accommodate the overall growth of the Company. Our full time employee count increased from 988 on September 30, 2023 to 1,142 on September 30, 2024, an increase of 15.6%. Employee compensation expenses increased $10.1 million (or 22%) as a result of the increase in our employee headcount and increases in incentive and volume based compensation. We expect that current year selling, general and administrative expenses as a percentage of revenue will remain stable through the end of 2024 due to increased efficiencies and costs optimization efforts relative to revenue growth.

Research and development

For the nine months ended September 30, 2024, research and development expense totaled $2.3 million, an increase of $0.1 million from the comparable period in 2023. As we continue to invest in research and development related projects to support our technology initiatives, we expect that associated costs will remain consistent in 2024 relative to 2023 costs, declining as a percentage of revenue.

Stock-based compensation

For the nine months ended September 30, 2024, stock-based compensation totaled $4.8 million, an increase of 10.4% from the comparable period in 2023. We anticipate that as we expand our workforce, incorporating stock-based awards as a component of employee compensation, stock-based compensation expenses will correspondingly rise. Historically, revenue growth has outpaced the growth in stock-based compensation, and as a result, the percentage of stock-based compensation relative to revenue is expected to continue declining.

Loss (gain) on disposal of property and equipment

For the nine months ended September 30, 2024, gain on disposal of property and equipment totaled $0.8 million compared to loss on disposal of property and equipment of $0.4 million for the nine months ended September 30, 2023. The gain primarily resulted from proceeds related to the sale of recalled ventilators back to the manufacturer. We anticipate additional future gains from the disposal of eligible devices, as the proceeds from these disposals are expected to exceed their net book value.

Other expense (income), net

For the nine months ended September 30, 2024, other expense (income), net totaled $0.3 million, an increase of $0.4 million from the comparable period in 2023. The increase in other expense (income), net is primarily due to an impairment of a litigation receivable of $0.9 million determined to be unrealizable as a result of the counterparty's bankruptcy proceedings.

Income (expense) from investments

For the nine months ended September 30, 2024, expense from investments totaled $1.0 million compared to income from investments of $0.4 million for the nine months ended September 30, 2023. The change is primarily due to impairments of $1.4 million recognized on our debt investment, reflecting an other-than-temporary impairment in fair value during the period.

Interest expense, net

For the nine months ended September 30, 2024, net interest expense totaled $0.6 million compared to interest income of $0.2 million for the nine months ended September 30, 2023. The increase in net interest expense is primarily due to outstanding borrowings as a result of debt issued to fund acquisitions. However, with continued debt repayments, we expect a reduction in quarterly net interest expense for the remainder of 2024.

Provision for income taxes

For the nine months ended September 30, 2024, the provision for income taxes was a $2.9 million expense, compared to $2.5 million during the comparable period in 2023. The resulting increase in the overall effective tax rate as a percentage of pre-tax income was due to the impact of discrete tax benefits associated with stock-based compensation between periods. Our annual estimated effective tax rate for 2024 is 30.3%.

Net income

For the nine months ended September 30, 2024, net income was $7.0 million, an increase of $0.2 million (or 3.2%) from the comparable period in 2023. Net income as a percentage of revenue decreased from 5.1% for the nine months ended September 30, 2023 to 4.3% for the nine months ended September 30, 2024, primarily due to non-operating fair value impairments of a debt investment and outstanding litigation funds receivable.

(Tabular amounts expressed in thousands of US Dollars, except per share amounts)

Non-GAAP Financial Measures

The Company uses Adjusted EBITDA, which is a financial measure that is not prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). Adjusted EBITDA should be considered in addition to, not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Management believes Adjusted EBITDA provides helpful information with respect to the Company's operating performance as viewed by management, including a view of the Company's business that is not dependent on the impact of the Company's capitalization structure and items that are not part of the Company's day-to-day operations. Management uses Adjusted EBITDA (i) to compare the Company's operating performance on a consistent basis, (ii) to calculate incentive compensation for the Company's employees, (iii) for planning purposes, including the preparation of the Company's internal annual operating budget, and (iv) to evaluate the performance and effectiveness of the Company's operational strategies. Accordingly, management believes that Adjusted EBITDA provides useful information in understanding and evaluating the Company's operating performance in the same manner as management. It is not a measurement of our financial performance under GAAP and should not be considered as an alternative to revenue or net income, as applicable, or any other performance measures derived in accordance with GAAP or as an alternative to cash flows from operating activities as a measure of the Company's liquidity. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our operating results as reported under GAAP. Adjusted EBITDA does not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of ongoing operations; and other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure. In calculating Adjusted EBITDA, certain items (mostly non-cash) are excluded from net income including depreciation and amortization of capitalized assets, net interest expense (income), stock based compensation, transaction costs, impairment of assets, and taxes.

The following table is a reconciliation of Net income, the most directly comparable GAAP measure, to Adjusted EBITDA, on a historical basis for the periods indicated:

For the quarter ended	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Net income attributable to Viemed Healthcare, Inc.	$ 3,878	$ 1,468	$ 1,603	$ 3,477	$ 2,919	$ 2,330	$ 1,517	$ 2,438
Add back:								
Depreciation & amortization	6,408	6,309	6,285	5,918	5,975	5,207	4,762	4,373
Interest expense (income)	225	254	150	256	237	(20)	(49)	32
Stock-based compensation[a]	1,712	1,620	1,432	1,534	1,453	1,471	1,391	1,317
Transaction costs[b]	12	221	110	61	177	94	206	—
Impairment of assets[c]	125	2,173	—	—	—	—	—	—
Income tax expense	1,594	768	518	1,599	1,320	728	501	1,146
Adjusted EBITDA	**$ 13,954**	**$ 12,813**	**$ 10,098**	**$ 12,845**	**$ 12,081**	**$ 9,810**	**$ 8,328**	**$ 9,306**

(a) Represents non-cash, equity-based compensation expense associated with option and RSU awards.
(b) Represents transaction costs and expenses related to acquisition and integration efforts associated with recently announced or completed acquisitions.
(c) Represents impairments of the fair value of investment and litigation-related assets.

(Tabular amounts expressed in thousands of US Dollars, except per share amounts)

Liquidity and Capital Resources

Cash and cash equivalents at September 30, 2024 was $11.3 million, compared to $12.8 million at December 31, 2023. Typically, our principal source of liquidity is the collection of our patient accounts receivable. In addition to our collection of patient accounts receivable, from time to time, we can and do obtain additional sources of liquidity by the incurrence of additional indebtedness. Based on our current plan of operations, we believe cash and cash equivalents, when combined with expected cash flows from operations and amounts available under our 2022 Senior Credit Facilities will be sufficient to fund our growth strategy and to meet our anticipated operating expenses, capital expenditures, and debt service obligations for at least the next 12 months from the date of this filing. The Company has also historically utilized short term financing arrangements with suppliers that could be extended over a longer term if there was a need for additional liquidity.

The Company had historically utilized Change Healthcare, a subsidiary of UnitedHealth Group, to submit patient claims to certain non-Medicare payors for reimbursement. UnitedHealth Group announced that on February 21, 2024, Change Healthcare's information technology systems were impacted by a cybersecurity incident. Although this incident did not impact our day-to-day operations or patient care delivery, it did cause delays in submitting patient claims to certain payors. By the end of the second quarter of 2024, the Company had replaced Change Healthcare as its clearinghouse and resumed claims submissions using alternative platforms for all claims. However, the delayed claims submissions resulted in a temporary reduction of our operating cash flow and an increase to our accounts receivable during the nine months ended September 30, 2024.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Nine Months Ended September 30,	
	2024	2023
Net Cash provided by (used in):		
Operating activities	$ 24,102	$ 31,928
Investing activities	(21,501)	(44,620)
Financing activities	(4,093)	5,856
Net decrease in cash and cash equivalents	**$ (1,492)**	**$ (6,836)**

Net Cash Provided by Operating Activities

Net cash provided by operating activities during the nine months ended September 30, 2024 was $24.1 million, resulting from net income of $7.0 million, increased by net income adjustments of $20.8 million and offset by an increase in non-cash working capital of $3.7 million. The net income adjustments primarily consisted of $19.0 million of depreciation and amortization, $4.8 million of stock-based compensation, a $3.5 million change in deferred tax asset, and an impairment loss on debt investment of $1.3 million. The primary change in non-cash working capital was an increase in net accounts receivable of $8.2 million, partially offset by an increase in accrued liabilities of $2.4 million.

Net cash provided by operating activities during the nine months ended September 30, 2023 was $31.9 million, resulting from net income of $6.8 million, increased by net income adjustments of $20.1 million and a change in net working capital of $5.1 million. The net income adjustments primarily consisted of $15.9 million of depreciation and amortization, $4.3 million of stock-based compensation, $0.8 million of distributions from equity method investments, and a $0.8 million change in deferred tax asset. The primary changes in working capital were an increase in accrued liabilities of $4.1 million and a decrease in other assets of $1.2 million, offset by an increase in net accounts receivable of $0.5 million.

Net Cash Used in Investing Activities

Net cash used in investing activities during the nine months ended September 30, 2024 was $21.5 million. Net cash used for capital expenditures during the period was $18.5 million and consisted of $25.9 million of purchases of property and equipment, offset by $7.4 million of sales proceeds from the disposal of property and equipment. Net cash used for capital expenditures represents a $2.5 million, or 15.4%, increase year over year. Purchases of property and equipment were primarily related to medical equipment rented to our patients. Net cash used in investing activities also included $3.0 million of net cash paid for the acquisition of HomeMed.

Net cash used in investing activities during the nine months ended September 30, 2023 was $44.6 million, primarily due to the net cash paid for the acquisition of HMP of $28.6 million. Net cash used for capital expenditures during the period was $16.0 million and consisted of $18.2 million of purchases of property and equipment, offset by $2.1 million of sales proceeds from the disposal of property and equipment. Purchases of property and equipment were primarily related to medical equipment rented to our patients.

Net Cash Provided by (used in) Financing Activities

Net cash used in financing activities during the nine months ended September 30, 2024 was $4.1 million. For the nine months ended September 30, 2024, proceeds from the 2022 Revolving Credit Facility (as defined below) were $3.0 million, which was used to fund the HomeMed acquisition. Subsequent to the HomeMed acquisition, principal payments on the 2022 Revolving Credit Facility were $5.0 million. Principal payments on the 2022 Term Loan Facility (as defined below) were $0.2 million. Additionally, principal payments on acquired loans were $0.8 million during the nine months ended September 30, 2024. The Company acquired and cancelled 142,489 common shares at a cost of $1.1 million to satisfy employee income tax withholding associated with RSUs vestings while proceeds from the exercise of options during the nine months ended September 30, 2024 were $0.4 million.

Net cash provided by financing activities during the nine months ended September 30, 2023 was $5.9 million. For the nine months ended September 30, 2023, proceeds from the 2022 Term Loan Facility (as defined below) were $5.0 million and proceeds from the 2022 Revolving Credit Facility (as defined below) were $8.0 million, which were used to partially fund the cash acquisition of HMP. Subsequent to the acquisition of HMP, principal payments on the 2022 Revolving Credit Facility were $4.0 million. Additionally, principal payments on acquired revolving and term loans were $3.8 million during the nine months ended September 30, 2023. The Company acquired and cancelled 75,235 common shares at a cost of $0.6 million to satisfy employee income tax withholding associated with RSUs vestings while proceeds from the exercise of options during the nine months ended September 30, 2024 were $1.2 million.

Sources of Liquidity

Our principal source of liquidity is our operating cash flow, which is supplemented by extended payment terms from our suppliers and amounts available under the 2022 Senior Credit Facilities.

Senior Credit Facilities

On November 29, 2022, the Company refinanced its existing borrowings under the prior Commercial Business Loan Agreement with Hancock Whitney Bank and entered into a new credit agreement (the "2022 Senior Credit Facilities") with the lenders from time to time party thereto, and Regions Bank, as administrative agent and collateral agent, that provides for an up to $30.0 million revolving credit facility (the "2022 Revolving Credit Facility") and an up to $30.0 million delayed draw term loan facility (the "2022 Term Loan Facility"), both maturing in November 2027. On May 28, 2024, the Company entered into a First Amendment to the 2022 Senior Credit Facilities that (a) extends the delayed draw term loan commitment expiration date to November 29, 2025, from its initial expiration date of May 29, 2024, and (b) provides for other technical amendments.

The proceeds of the 2022 Revolving Credit Facility may be used to refinance existing indebtedness, for working capital purposes, capital expenditures and other general corporate purposes (including permitted acquisitions), and to pay transaction fees, costs and expenses related to the 2022 Senior Credit Facilities. The proceeds of the 2022 Term Loan Facility and any additional term loans established in accordance with the 2022 Senior Credit Facilities may be used to finance permitted acquisitions and to pay transaction fees, costs and expenses related to such acquisitions. Outstanding borrowings under the 2022 Term Loan Facility were $4.7 million as of September 30, 2024. There were no outstanding borrowings under the 2022 Revolving Credit Facility as of September 30, 2024.

The interest rates per annum applicable to the 2022 Senior Credit Facilities are Term SOFR plus an applicable margin, which ranges from 2.625% to 3.375%, or, at the option of the Company, a Base Rate (as defined in the 2022 Senior Credit Facilities) plus an applicable margin, which ranges from 1.625% to 2.375%.

The 2022 Senior Credit Facilities require the Company to comply with certain affirmative, as well as certain negative covenants that, among other things, will restrict, subject to certain exceptions, the ability of the Company to incur indebtedness, grant liens, make investments, engage in acquisitions, mergers or consolidations and pay dividends and other restricted payments. The 2022 Senior Credit Facilities also include certain financial covenants, which generally include, but are not limited to the following:

- Consolidated Total Leverage Ratio (defined generally as total indebtedness to adjusted EBITDA) of not greater than (i) for any fiscal quarter ending during the period from the closing date to and including December 31, 2024, 2.75 to 1.0 and (ii) for any fiscal quarter ending on and after March 31, 2025, 2.50 to 1.0, subject to certain adjustments following a material acquisition.

(Tabular amounts expressed in thousands of US Dollars, except per share amounts)

- Consolidated Fixed Charge Coverage Ratio (defined generally as (a) adjusted EBITDA minus capital expenditures minus cash taxes to (b) the sum of scheduled principal payments plus cash interest expense plus restricted payments) of not less than 1.25:1.0.

The Company was in compliance with all covenants under the 2022 Senior Credit Facilities in effect at September 30, 2024.

Use of Funds

Our principal uses of cash are funding the purchase of rental assets and other capital purchases, the repayment of debt, funding of acquisitions, operations, and other working capital requirements. Our contractual obligations primarily relate to the repayment of existing debt and contractual obligations for operating and finance leases. The following table presents our material contractual obligations and commitments to make future payments as of September 30, 2024:

	Within 12 Months	Beyond 12 Months
Debt Obligations, including interest	$ 1,172	$ 4,898
Lease Obligations	1,000	2,234
Total	$ 2,172	$ 7,132

Except for the funding of potential acquisitions and investments, we anticipate that our operating cash flows will satisfy our material cash requirements for the 12 months after September 30, 2024. In addition to our operating cash flows, we may need to raise additional funds to support our contractual obligations and investing activities beyond such 12 month period, and such funding may not be available to us on acceptable terms, or at all. If we are unable to raise additional funds when needed, our operations and ability to execute our business strategy could be adversely affected. We may seek to raise additional funds through equity, equity-linked or debt financings. If we raise additional funds through the incurrence of indebtedness, such indebtedness would have rights that are senior to holders of our equity securities and could contain covenants that restrict our operations. Any additional equity financing may be dilutive to our stockholders.

Leases

Leases under which we assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lesser of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset. The associated lease liability is drawn down over the life of the lease by allocating a portion of each lease payment to the liability with the remainder being recognized as finance charges. Leases that do not transfer the risks and rewards of ownership to the Company are treated as operating leases and are expensed as incurred.

Retirement Plan

The Company maintains a 401(k) retirement plan for employees to which eligible employees can contribute a percentage of their pre-tax compensation. Matching employer contributions to the 401(k) plan totaled $358,000 and $316,000 for the three months ended September 30, 2024 and 2023, respectively, and $1,230,000 and $1,050,000 for the nine months ended September 30, 2024 and 2023, respectively.

Off balance sheet arrangements

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its results of operations or financial condition.

Accounting and Disclosure Matters

Critical Accounting Estimates

We are required to disclose “critical accounting estimates” which are estimates made in accordance with generally accepted accounting principles that involve a significant level of estimation uncertainty and that have had or are reasonably likely to have a material impact on our financial condition or results of operations.

We follow financial accounting and reporting policies that are in accordance with accounting principles generally accepted in the United States. The more significant of these policies are summarized in Note 2 to our consolidated financial statements included in Part II, Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Not all significant accounting policies require management to make difficult, subjective or complex judgments. However, the policy noted below could be deemed to meet the SEC’s definition of a critical accounting estimate.

Accounts Receivable

Accounts receivable are presented at net realizable values that reflect the consideration we expect to receive which is inclusive of adjustments for price concessions. Due to the nature of the industry and the reimbursement environment in which we operate, certain estimates are required in order to record revenues and accounts receivable at their net realizable values. Management’s evaluation takes into consideration such factors as historical realization data, including current and historical cash collections, accounts receivable aging trends, other operating trends and relevant business conditions.

Inherent in these estimates is the risk that they may have to be revised or updated as additional information becomes available. It is possible that management’s estimates could change, which could have an impact on operations and cash flows. Specifically, the complexity of many third-party billing arrangements, patient qualification for medical necessity of equipment and the uncertainty of reimbursement amounts for certain services from certain payors may result in adjustments to amounts originally recorded. If the payment amount received differs from the estimated net realizable amount, an adjustment is made to the net realizable amount in the period that these payment differences are determined.

Recently Issued Accounting Pronouncements

See Note 2 – Summary of Significant Accounting Policies of our Condensed Consolidated Financial Statements for a description of recently issued accounting pronouncements, including the expected dates of adoption and estimated effects on our results of operations, financial positions and cash flows.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk primarily relates to fluctuations in interest rates from borrowings under the 2022 Senior Credit Facilities. The interest rates per annum applicable to the 2022 Senior Credit Facilities are Term SOFR plus an applicable margin, which ranges from 2.625% to 3.375%, or, at the option of the Company, a Base Rate (as defined in the 2022 Senior Credit Facilities) plus an applicable margin, which ranges from 1.625% to 2.375%. Outstanding borrowings subject to interest rate fluctuations under the 2022 Term Loan Facility were $4.7 million as of September 30, 2024. There were no outstanding borrowings under the 2022 Revolving Credit Facility as of September 30, 2024. Based on our outstanding borrowings, an immediate 100 basis point change in interest rates would not have a material effect on our net income.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, the Company's management, including its Chief Executive Officer and Chief Financial Officer, completed an evaluation of the effectiveness of the Company's disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded:

i. that the Company's disclosure controls and procedures are designed to ensure (a) that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and (b) that such information is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure; and

ii. that the Company's disclosure controls and procedures are effective.

Notwithstanding the foregoing, there can be no assurance that the Company's disclosures controls and procedures will detect or uncover all failures of persons within the Company and its consolidated subsidiaries to disclose material information otherwise required to be set forth in the Company's periodic reports. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the three months ended September 30, 2024 that have materially affected, or that are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may be subject to various ongoing or threatened legal actions and other proceedings, including those that arise in the ordinary course of business, which may include employment matters, breach of contract disputes, as well as governmental and regulatory matters. Please read Note 9—Commitments and Contingencies to our condensed consolidated financial statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q for more information. Such matters are subject to many uncertainties and to outcomes that are not predictable with assurance and that may not be known for extended periods of time.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on March 6, 2024, which could materially affect our business, financial condition or future results. Except as set forth below, there have been no material changes in our risk factors from those disclosed in that Annual Report.

We will no longer qualify as an “emerging growth company” as of December 31, 2024 and, as a result, we will no longer be able to avail ourselves of certain reduced reporting requirements applicable to emerging growth companies, subject to certain grace periods.

We are currently an “emerging growth company,” as defined in the JOBS Act, and we have taken advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding advisory “say-on-pay” votes on executive compensation and shareholder advisory votes on golden parachute compensation. In addition, as an emerging growth company, we have elected to use the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies. As a result, our consolidated financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies.

We will no longer qualify as an “emerging growth company” as of December 31, 2024, which the last day of the fiscal year following the fifth anniversary of our first sale of common equity securities pursuant to an effective registration statement under the Securities Act. As a result, subject to certain grace periods, we will be required to:

- engage an independent registered public accounting firm to provide an attestation report on our internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act;

- submit certain executive compensation matters to stockholder advisory votes; and

- disclose a compensation discussion and analysis, including disclosure regarding certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the chief executive officer’s compensation to median employee compensation.

We will no longer able to take advantage of cost savings associated with the JOBS Act. Furthermore, if the additional requirements applicable to non-emerging growth companies divert the attention of our management and personnel from other business concerns, they could have a material adverse effect on our business, financial condition and results of operations. The increased costs will decrease our net income or increase our net loss and may require us to reduce costs in other areas of our business. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. Furthermore, if we are unable to satisfy our obligations as a non-emerging growth company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and potentially civil litigation.

As a result of our loss of “emerging growth company” status, it is possible that investors will find our common stock less attractive in light of the fact that we have relied on certain of these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our share price may be more volatile. In addition, any failure to comply with these additional requirements in a timely manner, or at all, could have an adverse effect on our business and results of operations and could cause a decline in the price of our common stock.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

None.

Company Repurchases of Equity Securities

None.

Dividends

We have not declared or paid any cash or stock dividends on our common shares since our inception. Any future determination as to the declaration and payment of cash dividends will be at the discretion of the Board and will depend on then-existing conditions, including our financial condition, results of operations, contractual restrictions, capital requirements, business prospects, and other factors that the Board considers relevant. Our subsidiaries are restricted from making distributions or dividend payments to us by the 2022 Senior Credit Facilities (as defined above), subject to certain exceptions. See Note 6 to the Financial Statements, included in Part I, Item 1, of this Quarterly Report on Form 10-Q for further information.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements

During the fiscal quarter ended September 30, 2024, no director or officer (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) of the Company adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 105-1 trading arrangements as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

The exhibits filed as part of this Quarterly Report on Form 10-Q are set forth on the Exhibit Index below.

Exhibit Number	Exhibit Title
#2.1	Stock Purchase Agreement dated April 18, 2023 by and among Viemed, Inc., the Stockholders and Home Medical Products, Inc. Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on April 19, 2023.
3.1	Notice of Articles of Business Corporation Act of Viemed Healthcare, Inc. Incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form 10 filed on July 10, 2019.
3.2	Amended and Restated Business Corporation Act Articles of Viemed Healthcare, Inc. Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 10, 2021.
*31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
**32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.
**32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.
*101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
*101.SCH	Inline XBRL Taxonomy Extension Schema Document.
*101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
*101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
*101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
*101.DEF	Inline XBRL Taxonomy Extension Definition Document.
*104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished in accordance with Item 601(b)(32)(ii) of Regulation S-K.

Schedules and similar attachments have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company will furnish supplementally a copy of any omitted schedule or similar attachment to the Securities and Exchange Commission upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange of Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VIEMED HEALTHCARE, INC.
(Registrant)

By: /s/ Casey Hoyt
Casey Hoyt
Chief Executive Officer

By: /s/ Trae Fitzgerald
Trae Fitzgerald
Chief Financial Officer

Date: November 6, 2024

Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Casey Hoyt, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Viemed Healthcare, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2024

/s/ Casey Hoyt

Casey Hoyt
Chief Executive Officer

Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Trae Fitzgerald, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Viemed Healthcare, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2024

/s/ Trae Fitzgerald

Trae Fitzgerald
Chief Financial Officer

Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Casey Hoyt, the Chief Executive Officer of Viemed Healthcare, Inc. (the "**Company**"), hereby certify, that, to my knowledge:

1. The Quarterly Report on Form 10-Q for the period ended September 30, 2024 (the "**Report**") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 6, 2024

/s/ Casey Hoyt

Casey Hoyt

Chief Executive Officer

Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Trae Fitzgerald, the Chief Financial Officer of Viemed Healthcare, Inc. (the "**Company**"), hereby certify, that, to my knowledge:

1. The Quarterly Report on Form 10-Q for the period ended September 30, 2024 (the "**Report**") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 6, 2024

/s/ Trae Fitzgerald

Trae Fitzgerald

Chief Financial Officer