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## Interview with Dr Sam Hupert, CEO Pro Medicus Limited

- Recent contract wins - Beth Israel Lahey Health, U Maryland, Tidal Health
- Impact of AI on technology companies
- Implementations and timing of revenue
- Cloud and other factors driving the industry
- Renewals and pipeline
- 4DX Investment

**Q. You recently made a significant announcement – a contract with Beth Israel Lahey Health (BILH) in Boston worth A\$90 million over seven years. This is in addition to the 5-year \$23 Million U Maryland (UMMS) deal you announced in April and the Tidal Health deal you announced today. Can you give more details about these deals?**

A: All three deals are important for different reasons.

BILH is a large integrated healthcare system resulting from the merger of Beth Israel and Lahey Clinic and will soon include the Dana-Farber Cancer Institute. It is one of the two big hospital systems in the Boston area, the other being Mass General Brigham. This contract is a major strategic win for us, cementing our leading position in the Massachusetts/New England region. It is a 7-year, “full stack” and will be fully cloud-based, like all our North American implementations over the past five years.

UMMS, whilst not as large as BILH, is also a strategic win for us. Not only are they a well-regarded health system in the Maryland area, bolstering our growing presence in the region, but they were also a key reference site for one of our key competitors for many, many years, so it was a good one to win..

Tidal Health is a regional 3-hospital system that has also taken our cardiology offering, so full stack +1, showing that our strategy of expanding into the “other ologies”, in this case cardiology, is gaining traction with new opportunities.

Finally, these three diverse contract wins confirm our view that our platform addresses a broad range of market opportunities, giving us the biggest TAM of any product.

**Q. PME stock is down ~60% from all-time highs last September. How much of this is due the fear of AI impacting technology companies and if so, what are your comments about this trend?**

A: While share price is always determined by the market, there is little doubt that the SaaS apocalypse fear affected the share price of most, if not all, software companies globally, including PME. I am on record as saying that I believe it is a knee-jerk reaction, and I think we have seen some moderation of the bearish market sentiment that occurred around early January this year. I also think that our recent wins and recently

announced long-term contract renewals tend to disprove the theory that all software companies will be negatively disrupted by AI.

**Q. Could AI in fact be an opportunity for PME in the future, and if so, how?**

A: We believe AI will be a big opportunity for us for many reasons.

Firstly, AI and healthcare are a strong match, and the fit is particularly compelling in diagnostic imaging. We see substantial scope for AI to be a “second set of eyes” improving both the speed and consistency of radiology reporting, and we believe we are ideally suited to play a meaningful role in that transition. Our platform is optimised for AI-enabled workflows at scale, and we have a growing footprint, with our platform now being used by over 10% of the US market, including some of the most luminary healthcare institutions in the world.

Secondly, we believe we have a very large, defensible moat. Our solution is proprietary, built by us from the ground up. We did not use an existing model or tool kit readily available to others, and we certainly didn’t leave a roadmap as to how we did it. Many have tried to replicate our tech stack over the last 17 years, but no one has succeeded, with or without AI. We also operate in arguably one of the most regulated, mission-critical industries where the margin for error is zero, close enough is not good enough.

Finally, it is not only the software but the methods and processes we have built around it that form part of our moat, such as our unparalleled ability to rapidly implement our solution into highly complex environments in under a fifth of the time of others, so we do think we are ideally placed to benefit from the AI transition.

**Q. Do you need to hire or restructure your resources, given the new push in development with AI?**

A: AI is certainly disrupting parts of the software industry. Companies that built large development organisations—often through aggressive M&A—were in many cases already over-provisioned. AI has proven particularly effective at performing routine software development tasks, and we have seen some of those companies lay off thousands of employees.

PME is different. We have a small team of highly skilled developers doing highly technical, creative work. In *The Mythical Man-Month* (1975), Fred Brooks identified top programmers – the so-called “10x” developers, as 10 times more productive than the lowest performers. With AI, we are seeing that productivity gap widen further: for our best people, AI acts as a force multiplier—enabling what you might call a “40x developer”. AI is allowing our same numbers of staff to achieve even more.

Accordingly, we do not see a need to reduce headcount, nor do we see a need to hire specifically to upskill in AI—we are already actively using and maximising the output of these AI tools. So, if anything, we think agentic AI will propel us even further ahead of our competitors.

**Q. You have had recent spate of renewals. Can you comment on these please?**

A: We have announced over \$120 million in renewals in the past few weeks, including Northwestern Medicine, MedStar Health and Allegheny Health. All these contracts were renewed for the full term, with increased per-transaction costs and in some cases additional modules. We believe this tends to debunk the Saasocalypse theory that with the advent of agentic AI, clients will only renew for a short term because they are keeping their options open re possible future developments or even contemplating building their own enterprise imaging platform.

**Q. You've sold more than A\$400 million in total contract value for the current financial year. What does the pipeline look like now?**

A: To put the \$400 million figure into context, FY26 will be one of our biggest years of sales in our company history and is over double our sales of just two years ago so it has been a very strong year so far.

Despite the increased volume of sales, we continue to have a very strong pipeline that covers a broad spectrum of market segments including academic medical centers, large IDNs and the private market, which has started becoming more active for us in the past two years. We are seeing the trend of full-stack continue and are gaining good traction with our cardiology offering, both with new and existing clients.

**Q. Can you update us on implementations since you last commented in February?**

A: We have had our busiest period of implementations in our company's history, including cohorts two and three of Trinity, BayCare in Florida, University of Heidelberg and University of Colorado all of which have occurred since January 1. And we still have cohort four of Trinity, all scheduled to be completed by 30 June. This cadence of implementation activity is unprecedented in our industry.

**Q. What impact does having so many large implementations in the second half have on FY26 revenues? Were there implementation delays or was this implementation timeline expected. Is the Trinity roll out on schedule?**

A: There have been no hold-ups. Implementation timing is largely driven by our clients, when they contract and how soon they are ready to have the system implemented. FY26 is a flow-on effect from the sales cycle in FY25. We announced a small new contract win in July 2024 and then nothing until late November, when we announced Trinity and a raft of other contract wins in rapid succession.

The Trinity rollout is 100% on schedule. Even though we told the market when we announced the deal implementation would be spread over an 18-month timeframe and that the other contract wins would be

implemented in the second half of FY2026, I think some analysts still forecasted the revenue from these contracts to start earlier, so it is a timing thing.

While we will recognise some revenue from these go-lives in the current half, the vast majority of the revenue will flow from FY27 onwards. As a result, we expect a material step-up in transaction volumes in the first half of FY27 by which time we will be getting around 85% of Trinity revenue, 100% of U Colorado and 100% of BayCare. We experienced a similar jump in the first half of FY2022, having implemented NYU, Northwestern and Medstar in the last two months of FY2021, so this is not a first for us.

We will then have University of Maryland and Beth Israel Lahey Health which are scheduled to commence implementation early in the second half of FY27 so they will start to contribute in FY27 and build the base for FY28.

**Q. The Australian dollar has strengthened considerably over the past 6 months. What impact has that had on sales.**

Approximately 90% of our revenues are now derived from the US. Sales have not been affected as we sell in USD.

Whilst we do actively hedge and have a natural hedge in that the US is our largest cost base and these expenses are less with a stronger AUD, the AUD has gone up considerably over the past 6 months and as a result is having an impact on the revenues we translate back to AUD, as it is having for everybody else.

**Q. There has been an increase in adoption of cardiology in your recent contract announcements and renewals; can you please comment on what is driving the market adoption?**

A: We are seeing growing demand for cardiology as health care institutions move to an enterprise imaging model. They want a single, unified platform that can support diagnostic and enterprise workflows across the organisation, rather than maintaining separate, specialty-specific viewers and archives. As more customers standardise on Visage for radiology, adding cardiology becomes a logical extension of our “one viewer” strategy.

Cardiology imaging is also becoming more complex and data-intensive—echo, cath, angio and cardiac CT/MR all generate large studies and require rapid access to priors and flexible comparison. In that setting, performance matters: clinicians want the same immediacy and responsiveness they are used to in radiology, including for remote and cross-site workflows, and we deliver that consistently at scale.

Finally, cardiology teams are looking for tighter integration into their reporting ecosystems, including structured reporting and measurement workflows. Our cardiology capability builds on the core Visage 7 platform and includes echo tools and measurement export options (for example to Epic Cupid), which helps streamline reporting and reduce duplicate effort. This is why you are increasingly seeing cardiology included

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in new wins and added at renewal—such as the recent MedStar renewal, which included Visage 7 Cardiology.

**Q. Can you comment on your investment in 4D Medical and are you looking to do any other M&A or investments?**

A: It is still too early to be definitive because the term of the 4D Medical agreement was for two years, maturing on 31 July 2027. But certainly, based on the current 4D Medical share price, it appears likely to be a very good investment. While no two opportunities are the same, we do see other opportunities in the market for possible collaboration and investment going forward.

Thank you, Sam.  
Interviewer: Richard Allen  
Oxygen Financial Public Relations

Authorised by the Board of Pro Medicus Limited.