

**Report of the
Management Board of
LM PAY SPÓŁKA AKCYJNA**

on activities for the period 01.01.2023 - 31.12.2023.

1. General information

LM PAY Ltd. was established by a Notarial Deed dated 24.04.2014.

The company is registered in the National Court Register kept by the District Court for the capital city of Warsaw, 14th Commercial Division of the National Court Register, under the KRS number 0000940085.

The Company was assigned the statistical number REGON 147327804 and NIP 522-30-17-773. The registered office of the Company is located at 23a Lechicka Street, Warsaw (02-156).

2. Shareholders and share capital

As at the balance sheet date, the Company's share capital amounts to PLN 3,103,895.00 and is divided into 620,779 shares with a nominal value of PLN 5.00.

		Number of shares	Number of votes	Nominal value of shares	Share in the share capital
MEDICAL GROUP SA	FINANCE	416 973	416 973	2 084 865,00	67,17%
Other shareholders		203 806	203 806	1 019 030,00	32,83%
Total		620 779	620 779	3 103 895,00	100,00 %

3. Company performance in the 2023 financial year

a) During the Financial Year, the Company reported:

- net operating income of: PLN 17,518,455.33
- operating profit of: PLN 193,658.24
- financial revenue: 5 325 705.80 PLN
- operating costs of: PLN 16,762,257.37
- financial costs of: PLN 8,442,941.38
- net profit/loss of: -2,401,727.39 PLN

At the end of 2023, the Company had cash of PLN 126,137.29. The Company's liquidity is not at risk due to its holding of high other short-term investments in the form of granted loans, which amounted to PLN 39,033,307.29 at the end of 2023.

In 2023 compared to 2022, the company maintained a stable financing structure. At the end of the financial year, the Company's non-current liabilities amounted to PLN 68,002,819.19, while current liabilities amounted to PLN 9,865,227.58.

b) Evaluation of the results obtained

In the Financial Year, the Company achieved revenues of PLN 17 million and an operating result of PLN 0.2 million. The lower operating result than that in 2022 was due to one-off costs incurred by the company. In 2023, the company incurred additional costs related to the implementation of new products and the listing process in Germany. The total non-recurring costs amount to approximately PLN 3.4 million. This item consists of three major cost groups, i.e. the cost of Polish and foreign law firms, the cost of consulting firms and the cost of development and implementation of new products. Due to the completed IPO process, the related costs will not be incurred in the following years at this amount.

The Company's assets amounted to PLN 122.2 million, with liabilities amounting to PLN 81.2 million.

c) Information on the acquisition of own shares

The Company did not purchase any treasury shares during the Financial Year.

d) Information on the entity's branches (establishments)

During the Financial Year, the Company had no branches or establishments.

4. Other information

a) Research and development

During the Financial Year, the Company was not involved in research and development activities.

b) Other significant events during the Financial Year

As of 21 November 2023, it has successfully started listing its shares on the Düsseldorf Stock Exchange. Trading takes place on the primary market of the Düsseldorf Stock Exchange, a special segment for innovative small and medium-sized companies. The company is thus the first Polish company to be listed on the primary market of the Düsseldorf stock exchange. All of the 620,779 bearer shares are traded on the exchange. The opening price was EUR 54.50. This gives a market capitalisation of EUR 33.8 million at the start of trading. The free float is 28%.

The Company's general meeting of shareholders, by resolution of 22 February 2022, established the details of an incentive programme aimed at key managers and associates of the Company. The programme provides for the entitlement of programme participants to subscribe for shares in the Company in several stages. The subscription of warrants at each stage is conditional on the Company achieving certain business results. As of 31 December 2023, the conditions entitling the participants to take up 13,568 warrants under stage I of the incentive programme materialised, entitling them to take up 13,568 shares in the Company. The materialisation of the stipulated conditions required in stage I entitling participants was confirmed by the Supervisory Board in a resolution adopted on 21 January 2024. Consequently, the persons covered by the programme as of 21 January 2024 acquired the right to subscribe for series C subscription warrants for the subscription of series C shares.

February 2022 saw the unprecedented event of Russia's aggression against Ukraine.

As at the date of the 2023 financial statements, we can conclude that the conflict in the east, which has stabilised, is no longer having a major impact, and that the macroeconomic factors that determine the important business parameters, which were severely shaken in 2022 due to the war, have stabilised. Mention should be made here of the stabilisation of prices, the fall in inflation and the slight reduction in interest rates. The legal and economic environment in 2023 relative to 2022 has become more predictable.

c) Significant events after the end of the Financial Year

There were no material events after the end of the Financial Year

5. Future situation of the Company

a) Indication of risk factors and description of threats to the Company's operation

The Company's management expects dynamic sales growth in 2024. The Company is developing and improving its product lines as well as activating and expanding its distribution network in the form of off line and on line segments. In 2023, compared to 2022, the credit risk has been reduced, resulting in lower loan write-downs, and the Management Board expects this trend to continue in future years as well.

b) Anticipated future development of the entity

The Company's management envisages developing the company by increasing the scope and scale of its operations with the aim of improving EBITDA.

From January 2024, in accordance with European Union directives, the activities of loan companies are subject to supervision by the relevant institution, which in the case of Poland means the Financial Supervision Authority.

Accordingly, LMPAY S.A.'s operational business of lending is controlled and supervised by a state institution, on a par with banks. This fact contributes to making LM PAY S.A. a credible and transparent entity.

c) Projected financial situation

The Company's management plans to increase its financial result by increasing the scope and scale of its operations.

By adapting its product range to the current needs of its customers, expanding and simplifying its procedures, the company plans to increase the value of its loans and increase its sales revenue.

6. Information on financial instruments used for risk management

The company does not carry out hedge accounting in connection with its lending activities due to the fact that it does not use financial market instruments in this respect. The company's main financial risk is credit risk. The company lends to retail customers, while it obtains funds for this purpose from lenders. This creates the risk of a mismatch between interest income and interest expense. The company mitigates this risk by using rates

variables for both loans to and from the company, so there is a so-called natural hedging.

Warsaw, 17.06.2024

For the Management Board

Jakub Czarzasty - President of the Management Board

Sławomir Bielec - Member of the Management Board