



# LEADER IN EMBEDDED HEALTHCARE FINANCE

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January 2025



# ATTRACTIVE EQUITY STORY



**Strong position in an attractive domestic niche market**



**Asset light business model**



**Great distribution network with a high barrier to entry for next players**



**Business scalability through process automation and embedded finance, excellent in-house IT team.**



**~30% returning clients**



**Strong growth potential backed by growth in Polish market and international expansion**

# ATTRACTIVE BUSINESS MODEL AND EXPERIENCED MANAGEMENT



## Jakub Czarzasty, CEO

- Master degree in Law, European School of Law and Administration, Warsaw
- MBA graduate, Polish Academy of Sciences and Vienna Institute for International Economics
- CEO at LM PAY since 2010

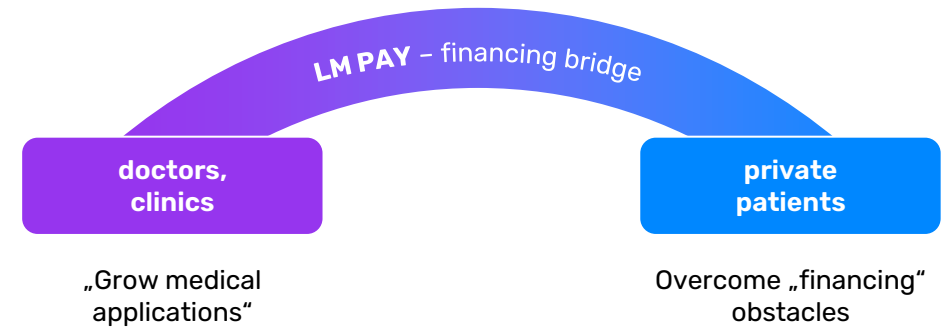


## Slawomir Bielec, CFO

- Master degree in management, University of Katowice (2006)
- Postgraduate studies at Faculty of Applied Mathematics, AGH University Cracow (2009)
- CFO at LM PAY since 2019

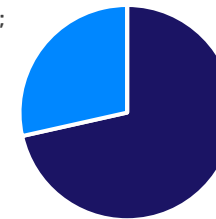
## LM PAY 's business

- offers **B2B-Driven consumer finance** and so-called "care-now-pay later" solutions
- covers (one-off) **costs of medical and dental treatment** (incl. hospitalisation) by pre-financing solutions
- **benefits from interest rates and service fees**

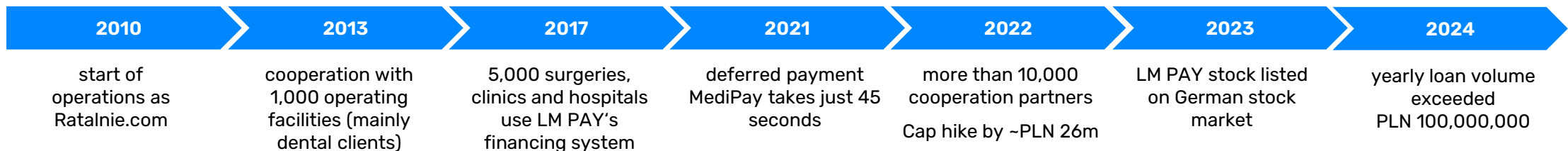


## shareholder structure

Free Float;  
34.27%



Medical Finance Group S.A.,  
Warsaw/Poland); 65.73%



# LM PAY: SIMPLIFYING ACCESS TO CARE THROUGH EMBEDDED FINANCE. PRODUCT DESCRIPTION.

	MediPay	MediRaty
number of loans per month	3860	400
average loan amount (in PLN)	PLN 1,800	PLN 5,600
focus on	all medical treatments	treatments in dental services
creditworthiness/loan decision carried out	at a healthcare facility	by own Call Centre
payment direct to healthcare provider	✓	✓
repayment in instalments	✓	✓
max loan	PLN 9,300	PLN 20,000 (online agreement) / PLN 30,000 (offline agreement)
share of business (in % of sales)	75% of sales	25% of sales

**30 days up to PLN 5,000**

**Care Now, Pay Later ("CNPL"):** (free) financing option providing payment for healthcare expenses and fast loan approval – convenience for patients and providers

# ACTING IN A NICHE MARKET WITH CLEAR COMPETITIVE ADVANTAGES

<b>market</b>	<b>Consumer loan market in Poland</b>	<b>loan market for medical and aesthetical treatments</b>
<b>market situation</b>	<b>fragmented</b>	<b>niche market</b>
<b>competition</b>	<b>intense</b>	<b>limited</b>
<b>market players</b>	<ul style="list-style-type: none"> <li>▪ <b>(corporate) banks</b></li> <li>▪ <b>consumer banks</b></li> <li>▪ <b>credit unions</b></li> <li>▪ <b>online banks</b></li> <li>▪ <b>other online lending providers</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>specialised players</b></li> <li>▪ <b>e.g. LM PAY</b></li> </ul>

## COMPETITIVE ADVANTAGES FOR LM PAY

- ✓ Dedicated, specialized product focus on medical treatment and beauty care
- ✓ First mover-advantage, Care Now, Pay Later pioneer
- ✓ Distribution partners with personal relationship and high reputation
- ✓ Fast digitally-driven credit decision
- ✓ Established sales position in clinics, dental offices, and beauty salons

## UNIQUE FEATURES



Strong position in a niche market with 13,000 medical service providers directly at the point of sale



Lender of choice within the largest network for medical, cosmetic, veterinary and optical treatments

# UNDERLYING TRENDS DRIVE DEMAND FOR LOANS

## New - and more expensive - treatments opportunities

- dental implantology and aesthetic dentistry
- regenerative medicine
- new anti-aging treatments
- injectables and fillers procedures
- new treatments for weight loss

## Trend towards higher beauty awareness driven by...

- higher self-esteem and demand for well-being
- social media activities
- increased accessibility of aesthetic treatments
- desire for higher status within society, higher creditworthiness

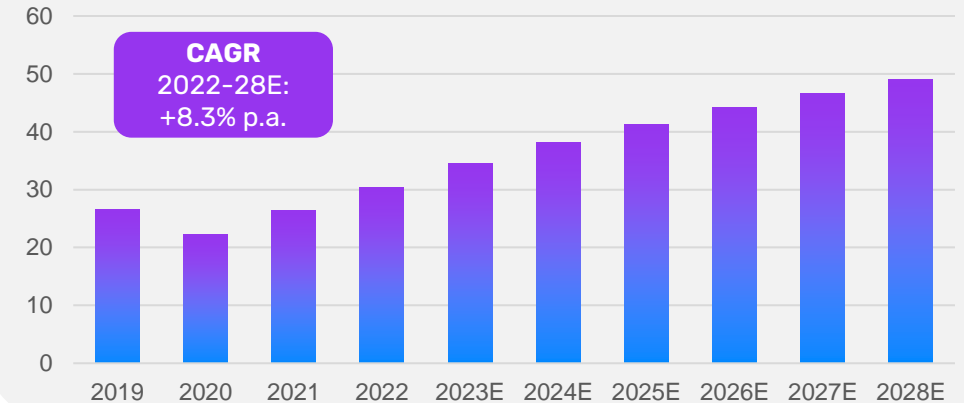
## Recurring character

- minimally invasive procedures (hyaluronic acid fillers, Botox treatments)
- teeth whitening, scaling, sandblasting, fluoridation
- physiotherapy
- veterinary treatments

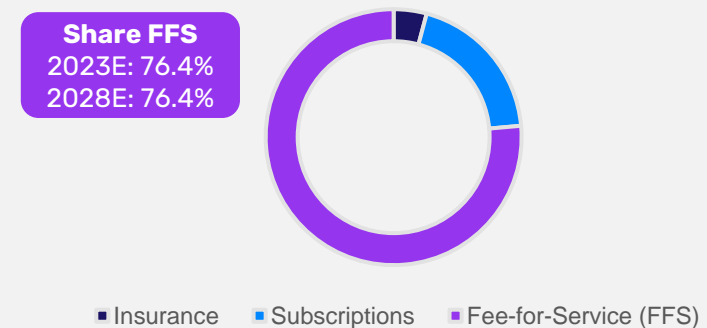
## Pet-boom

- increasing demand and humanization - supported by the pandemic and social media
- regular check-ups and medical treatments for pets
- Increase in spending on animal care

## Private healthcare market (Poland), in PLN bn<sup>1</sup>



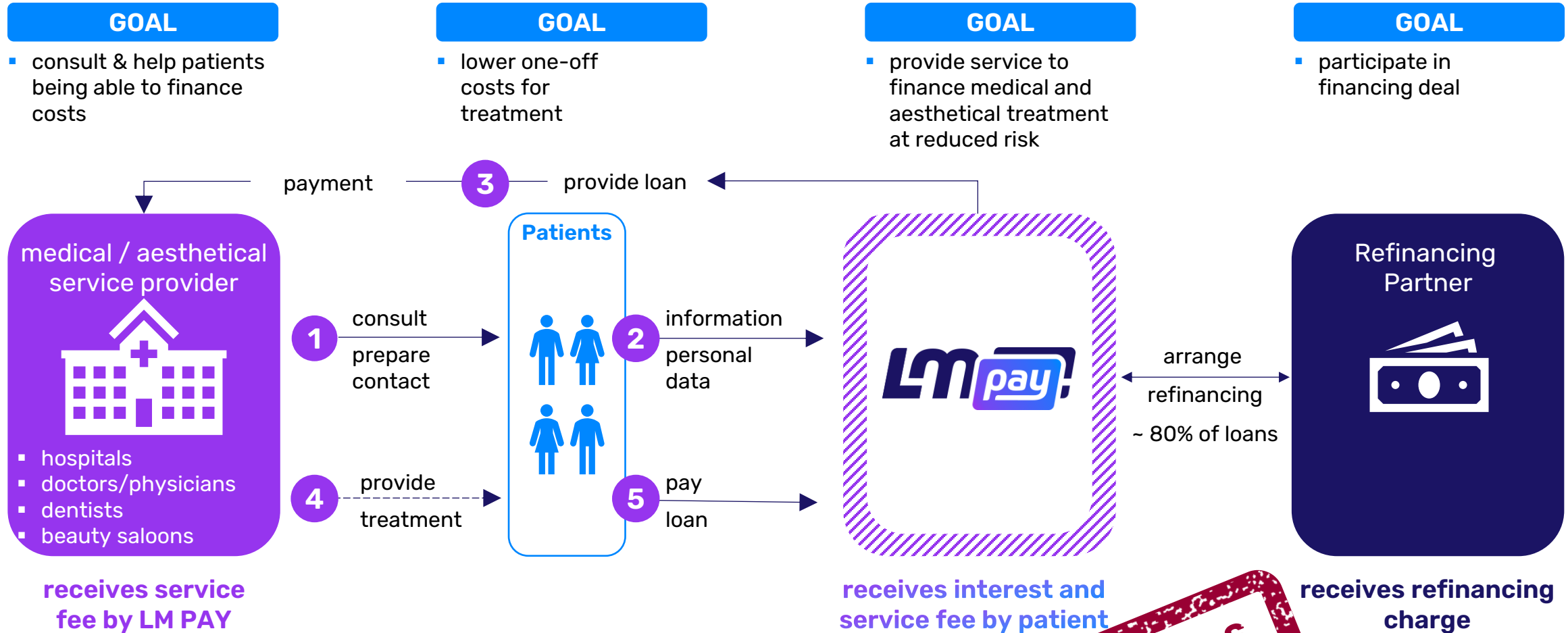
## Private healthcare market (Poland), by segment<sup>2</sup>



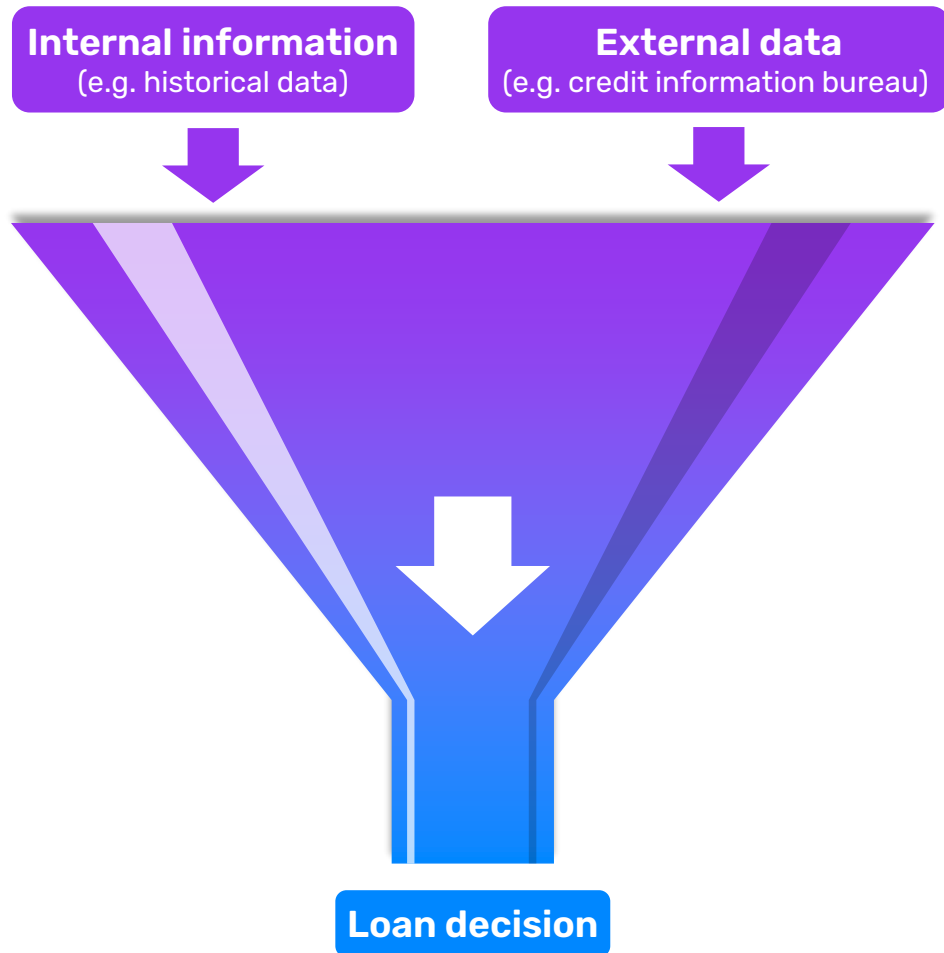
<sup>1</sup> excl. drug and drug spending; source: "The Private Healthcare Market Poland", PMR, 2023.

<sup>2</sup> source: "The Private Healthcare market Poland", PMR, 2023.

# BUSINESS MODEL SUPPORTING NEEDS OF MEDICAL SUPPLIERS AND PATIENTS



# HIGHLY RELIABLE PROPRIETARY SCORING MODEL



**Continuously improved system responding to economical & behavioural environment**



**Constant monitoring of loans over all products and distribution channels**



**High share of well known satisfied customers and repayment patterns**



**Cost of risk significantly reduced – risk level well below risk target of 8% (DPD+90)**



*„...by working with reputable clinics, we reach good customers with better risk profile in a standardized client service process”*

Marcin Tokarek, Head of Risk Division



# MEDICAL SERVICE PROVIDERS - THE PERFECT DISTRIBUTION PARTNER

## What medical service provider mean for patients...

- ✓ close personalised relationship to doctor and medical staff
- ✓ high level of trustworthiness
- ✓ high reputation & credibility
- ✓ recurring relationship



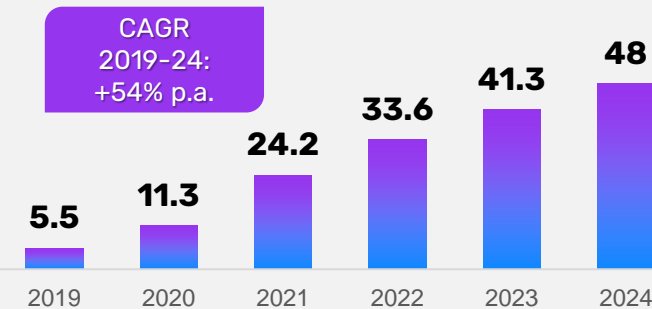
## Benefits for LM PAY...

- strong presence in distribution partners in the niche market of financing medical/aesthetic treatments...
- long-standing cooperation with 12,300 medical service partners using LM PAY's financing tools
- lower client acquisition cost

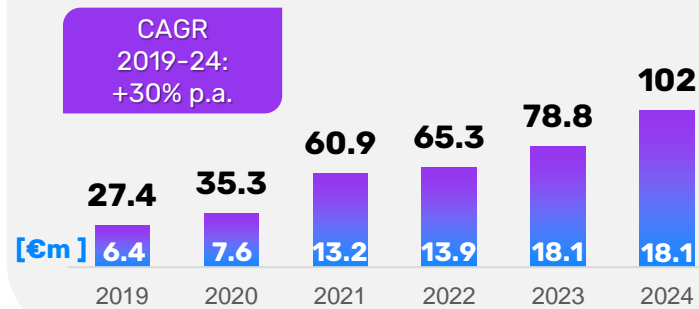


high barriers to entry

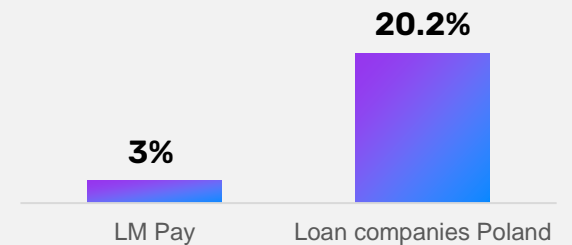
### Number of loans granted by LM PAY (in k, 2019-2023)



### Value of loans granted by LM PAY (in PLN m)



### Default rates (DPD 90+) YTD Q3 2024<sup>1</sup>

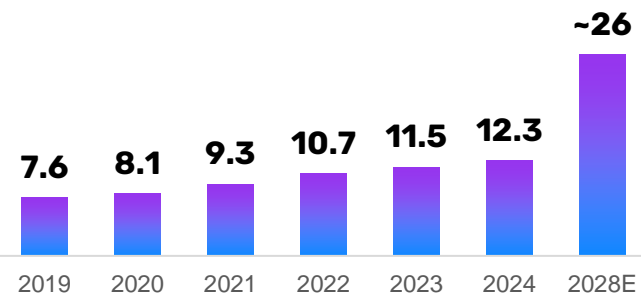


<sup>1</sup>source: [www.bik.pl](http://www.bik.pl) / LM Pay default rate by cohort

# CLEAR FOCUS ON STRONG AND PROFITABLE GROWTH

## Further expansion of affiliated medical affiliated partners

- affiliated partners targeted to grow to ~26,000 in the domestic Polish market by 2028
- additional growth opportunities for existing partners
- beauty, aesthetics, dentistry and insurance as key growth drivers



## Increasing international footprint

- market entry into Romania (2025) – high similarity to domestic market
- Romania characterised by strong growth of credit markets and good private credit scores
- international growth with sense of proportion – focus on organic growth



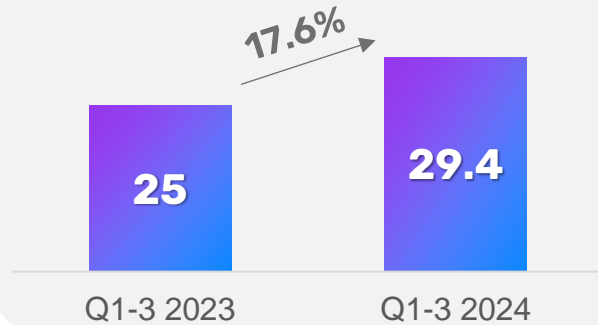
## Offering new payment methods

- new payment methods planned to be offered, e.g. cooperation with Visa
- benefiting from long-term experiences with clients in existing credit business
- potential growth of partners with payment terminals to ~90,000 (incl. not-affiliated)
- automated online acquisition channel



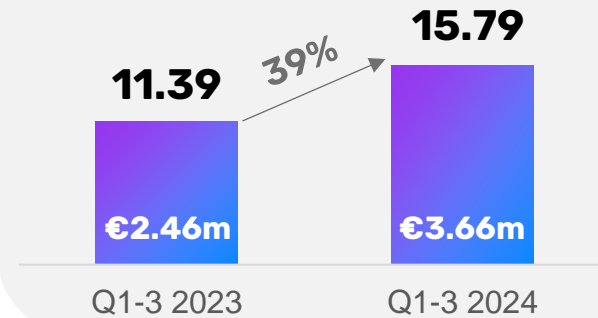
# PRELIMINARY RESULTS Q1-3 2024 – GROWTH DRIVEN BY EMBEDDED FINANCE

## CUSTOMER ACQUISITION (k)



- serviced clients: 29.4k (+17.6% YoY)
- driven by effective customer acquisition and adoption across clinics and salons

## REVENUE (PLNm)



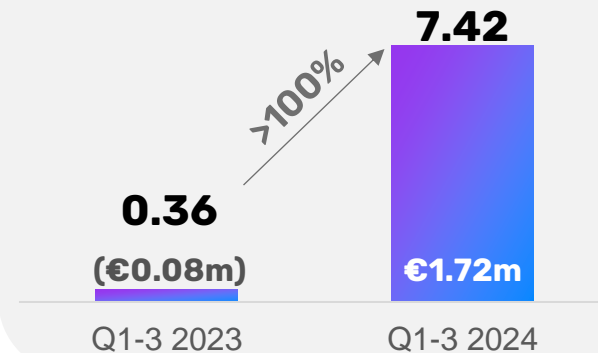
- increased scale of business with stable cost basis
- growth driven by expanding customer base, new partnerships, and rising demand for healthcare and beauty services

## RECURRING CUSTOMERS SHARE (%)



- returning customers stable at 30% in Q1-3 2024
- reflects strong customer loyalty and recurring demand for services

## EBIT (PLNm)



- increase reflects operational growth and absence of 2023 listing costs

# MESSAGE FOR P&L

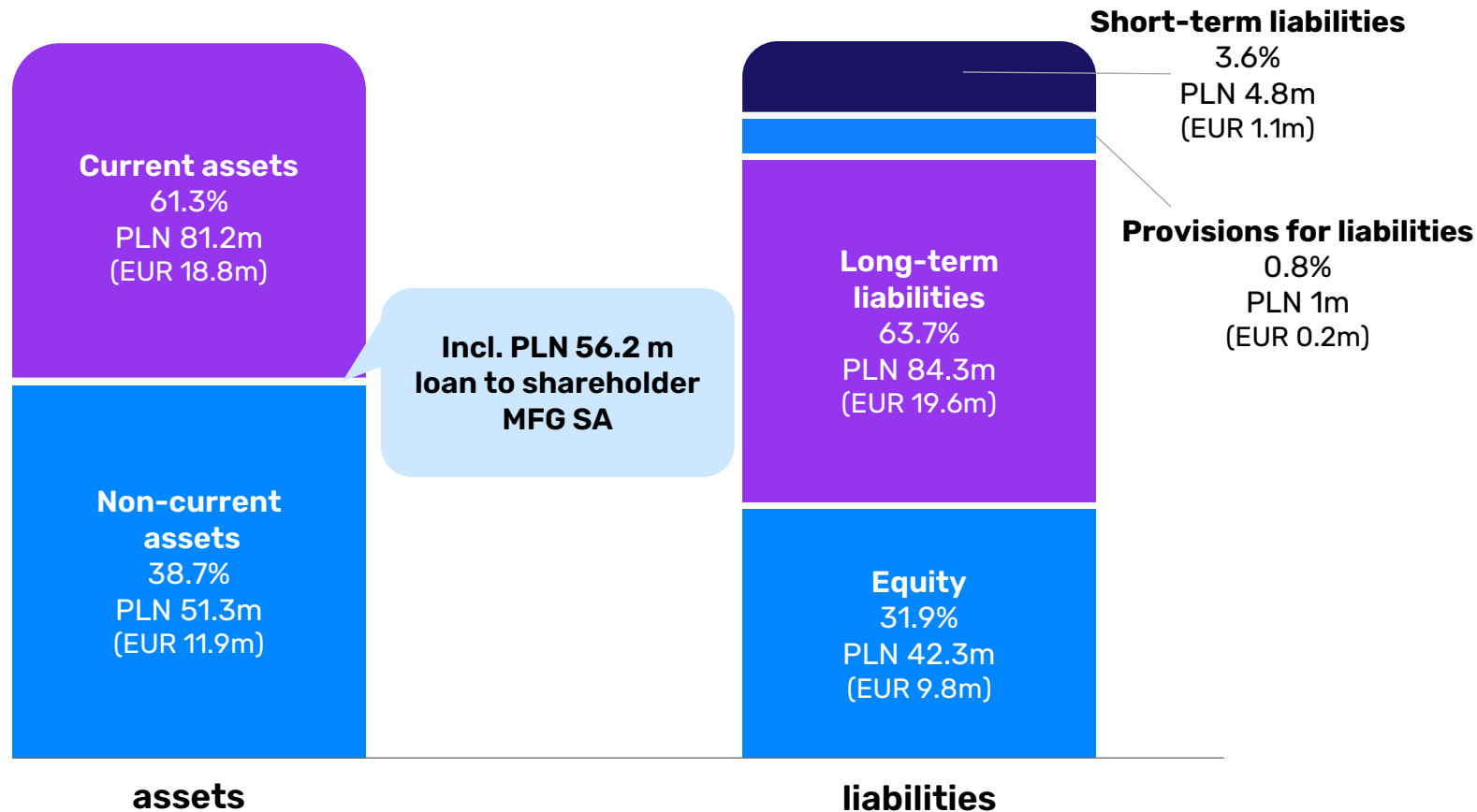
in PLN million [EUR million]	FY 2022	FY 2023	r/r (%)	Q1-3 2023	Q1-3 2024	y-y (%)	Notes
<b>Revenues</b>	<b>15.1</b> [€ 3.2]	<b>17.6</b> [€ 4]	<b>17%</b>	<b>11.4</b> [€ 2.5]	<b>15.8</b> [€ 3.7]	<b>39%</b>	Dynamic sales growth.
Operating expenses	9.4	16.8	79%	11.0	11.3	2%	Operating costs remain stable in Q1-3 2004 YoY .
o/w third-party expenses	6.7	11.2	67%	7,4	7.2	-2%	Marginal decrease in Q1-3 2004 YoY through third-party expenses optimization. An increase in 2023/2022 due to higher outsourcing expenses, including costs related to securing refinancing fund, listing on the German stock exchange, and product development.
Personnel cost	1.4	2.1	50%	1.3	1.8	15%	Moderate growth due to employee hiring and salary increases related to business expansion in Q1-3 2004 YoY.
Other operating expenses	0.7	2.0	185%	1.4	1.1	-21%	Lower operating costs (advertising and representation) Q1-3 2024 YoY.
<b>EBIT</b>	<b>3.7</b> [€ 0.8]	<b>0.19</b> [€ 0.04]	<b>-95%</b>	<b>0.4</b> [€ 0.08]	<b>7.4</b> [€ 1.7]	<b>&gt;100%</b>	Significant improvement in core business performance in Q1-3 2024 YoY compared to the decline in EBIT in 2023 (one-time costs).
Financial revenue	5.7	5.3	-7%	4.1	3.6	-12%	A slight decrease in financial income due to the partial repayment of a loan by the parent company.
Financial cost	9.2	8.4	-8%	6.1	11.1	80%	An increase in financial costs by 80% YoY in Q1-3 2024 due to a reclassification of certain expenses related to financing, previously recorded as operating costs in 2023.
EBT	0.2	- 2.9	-	-1.7	-0.2	88%	Significant improvement in pre-tax profit, narrowing losses from PLN - 1.66M in Q1-3 2023 to near breakeven at PLN -22.8k in Q1-3 2024.
Net profit	0.1 [€ 0.02]	- 2.4 [€ 0.6]	-	-1.7 [€ -0.4]	1.3 [€ 0.3]	>100%	LM PAY generated a net profit after 9 months of 2024, in contrast to the loss in 2023 YoY, which was caused by one-time costs related to the stock exchange listing, securing refinancing funds, and the development of new products.

## Current trends

- revenue growth of **39%** after 9 months of 2024 (YoY)
- In Q1-3 2024, LM PAY reports a **net profit** of **PLN 1.3 million** and an **EBIT** of **PLN 7.4 million**
- despite one-off challenges in **FY2023**, including the conclusion of a new refinancing agreement and the costs associated with the listing of the shares, LM PAY remained profitable at **EBIT PLN 0.19 m.**

# SOLID BALANCE SHEET

Balance Sheet structure (1-9.2024)



## Comments

- **capital light business model:** No significant capex, R&D expenses typically fully expensed
- **no goodwill** on the balance sheet
- **fixed assets well below 1%** of total assets
- loan to shareholder MFG (PLN 57 m) without fixed maturity - planned to be repaid in FY 2025-2026
- current assets consist mainly of loans to customers
- **equity ratio at the level of 31,9%**

# OUTLOOK/GUIDANCE – STRONG PROFITABLE GROWTH SET TO CONTINUE

PLN million (€ million)		Guidance		Comments
KPI	FY 2023 (audited)	FY 2024		
Loan volume	PLN 78.8 (€17.3)	PLN 93-110 (€21.4-25.3)		<ul style="list-style-type: none"><li>▪ Intensified sales with new clinics</li><li>▪ Extended cooperation with existing clinics</li><li>▪ Increased scale of business with stable cost basis</li><li>▪ No one-off cost in 2024 expected</li></ul>
Revenue	PLN 17.6 (€4.0)	PLN 21-25 (€4.8-5.8)		
EBIT	PLN 0.19 (€0.04)	PLN 5-7 (€1.2-1.6)		

Note: at constant currency, no major volatilities in the credit market

# CONTACT DATA & FINANCIAL CALENDAR



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