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Q2 2025 Earnings Call

### August 5, 2025, 5:00 p.m. Eastern Time

### **Presenters:**

- Mark Newcomer Paysign Co-Founder, Chairman, and Chief Executive Officer
- **Jeff Baker** Paysign Chief Financial Officer
- **Matt Turner –** Paysign President of Patient Affordability

## **Q&A Participants:**

- Jacob Stephan Lake Street Capital Markets
- Gary Prestopino Barrington Research
- Peter Heckmann DA Davidson

## **Operator**

Good afternoon. My name is Kevin, and I'll be your conference operator today. At this time, I'd like to welcome everyone to the Paysign, Inc. second quarter 2025 earnings conference call. After the speakers' remarks, there will be a question-and-answer session. You may be placed into question queue by pressing star one on your telephone keypad. As a reminder, this conference call is being recorded. The comments on today's call regarding Paysign's financial results will be on a GAAP basis unless otherwise noted. Paysign's earnings release was disseminated to the SEC earlier today and can be found on the Investor Relations section of our website, paysign.com, which includes reconciliations of non-GAAP measures to GAAP reported amounts. Additionally, as set forth in more detail in our earnings release, I'd like to remind everyone that today's call will include forward-looking statements regarding Paysign's future performance. Actual performance could differ materially from these forward-looking statements. Information about the factors that could affect future performance is summarized at the end of Paysign's earnings release and in our recent SEC filings. Lastly, a replay of this call will be available until November 5, 2025. Please see Paysign's second quarter 2025 earnings call announcement for details on how to access the replay. It's now my pleasure to turn the call over to Mr. Mark Newcomer, President and CEO. Please go ahead.

## Mark Newcomer - Paysign - Co-Founder and Chief Executive Officer

Thank you, Kevin, and good afternoon, everyone. Thank you for joining us as we review our second quarter 2025 results. I'm Mark Newcomer, President and CEO of Paysign. Joining me today is our CFO, Jeff Baker, along with Matt Turner, President of Patient Affordability, and Matt Lanford, our Chief Payments Officer, who will be available for Q&A. This was another standout quarter for Paysign. Earlier today, we reported record revenue of 19.1 million, up 33% compared to the second quarter last year and a meaningful improvement in gross margins, raising 870 basis points to 61.6%. Even with onetime expenses of about \$300,000 related to the onboarding of 123 transitioning



Our patient affordability business is driving much of this momentum. Revenue grew 190% year-over-year to 7.75 million, and revenue per program rose over 83%, reflecting the strong confidence our pharmaceutical partners place in our solutions as claims processed grew by more than 80%. We launched 7 programs this quarter, 21 in the first half of the year, already surpassing last year's pace of 18 programs launched, exiting the quarter with 97 active programs while expecting another 30 to 40 programs prior to year- end.

Our pipeline remains robust with demand accelerating from both new and existing clients where over half are transition programs which ramp very quickly. The fact that existing clients are expanding their programs with us is one of the strongest validations of our ability to scale, deliver results, and solve real industry challenges. In order to meet this growing demand, we are planning to open a new state-of-the-art patient services contact center during the third quarter. This facility will increase our support capacity fourfold, ensuring our ability to effectively scale operations and ensure the highest level of service for both pharmaceutical companies and patients.

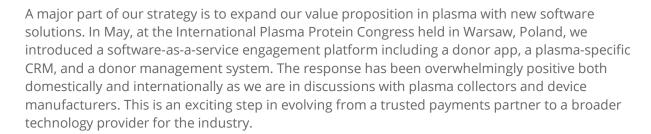
One of our biggest differentiators responsible for this surge in demand is our proprietary dynamic business rules technology. DBR operates in real time during the point-of-sale adjudication process, helping manufacturers and patients overcome tactics used by copay maximizers, ensuring assistance reaches patients as intended. It's innovation where a few people see it inside the transaction itself, and it's making a meaningful difference by generating significant savings for pharmaceutical manufacturers.

Overall, we're not just moving payments. We're reshaping how financial support is delivered within health care, removing financial barriers to treatment, and providing measurable savings to patients in need and pharmaceutical manufacturers. We remain extremely pleased with the performance of our patient affordability business and expect its continued growth trajectory well into the 2026 and beyond. In our plasma compensation business, revenue was 10.7 million, down 4.7% year-over-year but up 14.2% sequentially.

We ended the second quarter with 607 centers, having onboarded 123 of the 132 centers awarded to us in mid-June, bringing our market share to approximately 50%. We expect to onboard an additional 10 to 13 centers in the second half of the year. We were recently informed that a plasma customer will be closing 22 underperforming donation centers as of August 15th. We believe that a majority of those donors will continue to donate at nearby centers. Additionally, an existing client has also informed us of their intention to open six to eight new centers in the next ten months as well as an additional six to eight centers in the following year.

As we previously noted, the plasma business continues to face headwinds driven by an oversupply of sourced plasma and increased collection efficiencies at the center level. While these pressures will likely persist through 2025, we anticipate a return to organic center level growth to start during 2026 as the plasma collection cycle improves. In the meantime, we're confident that addition of 132 newly awarded centers, 123 that went live late June and 9 that went live late July, will return the business to year-over-year revenue growth. This positions us exceptionally well to capture additional upside when the industry enters its next growth cycle.





We look forward to keeping you apprised of our progress in the coming quarters. To close, Q2 was another quarter of strong execution and innovation. We're scaling efficiently to meet the growing demand, expand our presence in both patient affordability and plasma with solutions that are built for impact. I'm incredibly proud of our team's focus and determination, and I'm excited about the opportunities ahead. We remain confident in our trajectory and committed to delivering long-term value for our shareholders. With that, I'll turn it over to Jeff for a closer look at the financials. Jeff?

# Jeff Baker - Paysign - Chief Financial Officer

Thank you, Mark. Good afternoon, everyone. As Mark said, we had an exciting second quarter with a lot of positive activity across both major areas of our business. We had some really nice wins in our patient affordability business that will enable us to continue the momentum we have experienced in the first half of the year into the second half of the year and into 2026. We had the addition of 132 plasma centers, 123 of which went live late in the quarter that should provide additional momentum through the end of this year and into 2026 as the oversupply of inventory levels normalize. We cannot be more excited about the prospects of our business for the remainder of this year and throughout 2026. I encourage everyone to read our 10-Q for more details about our financial results, which is expected to be filed tomorrow morning before the market opens.

Now turning your attention to the results for the second quarter. Results were in line with the guidance we provided last quarter despite unexpected, pleasant upfront costs we absorbed to launch the 123 new plasma centers late in the quarter. These costs far outweigh the slight revenue benefit we received during the quarter, but we expect that to swing the other way in the second half of the year. Second quarter 2025 total revenues of \$19.1 million increased \$4.7 million or 33.1%. Plasma revenue declined 4.7% to \$10.7 million, and our revenue per plasma center declined to \$7,098. We added 123 net plasma centers exiting the quarter with 607 centers. Gross dollars loaded to cards decreased 3.7%, total number of loads decreased 4.6%, and gross spend volume decreased 6.3%.

Moving to our pharma patient affordability business. Second quarter pharma revenues of \$7.8 million was up 190% and accounted for 40.6% of quarterly revenues. This is a significant increase from the 18.7% of revenue that pharma represented during the same period last year. We added seven net programs, exiting the quarter with 97 pharma patient affordability programs, and grew the number of claims processed by over 80% versus the same period last year. Gross profit margin for the quarter was 61.6% versus 52.9% during the same period last year. Our gross profit margin was negatively impacted by the upfront costs that were just mentioned. SG&A for the quarter, excluding depreciation and amortization and stock-based compensation, increased 35.4% to \$7.2 million, with total operating expenses increasing 38.3% to \$10.3 million. Having made significant investments in our employee base over the past year to support the continued growth in our





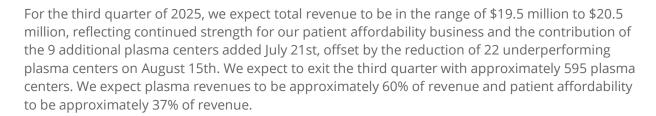
Stock compensation increased \$284,000 while we started seeing the operational benefits from our Gamma transactions as our capitalized software costs declined by \$369,000. Depreciation and amortization expense increased \$680,000 due to the continued enhancements in our technology platform. Net income for the quarter was \$1.4 million or \$0.02 per fully diluted share versus \$697,000 or \$0.01 per fully diluted share for the same period last year. Negatively impacting the per share amount was lower interest income related to the implied interest expense on future cash payments for the Gamma acquisition, lower interest rates and average bank balances, primarily from our plasma customers at our sponsor bank, higher income tax provision of \$655,000 or 32.1%, reflecting the impact of discrete items related to the appreciation of our stock price during the quarter, and higher diluted shares outstanding related to in-the-money options.

Second quarter adjusted EBITDA, which is a non-GAAP measure that adds back stock compensation to EBITDA, was \$4.5 million or \$0.08 per diluted share versus \$2.2 million or \$0.04 per diluted share for the same period last year. The fully diluted share count for the quarter used in calculating per share amounts was 57.9 million and 55.9 million, respectively. Regarding the health of our company, we exited the quarter with \$11.8 million in unrestricted cash and zero debt. The operational benefits of our Gamma acquisition are beginning to show up in our unrestricted cash balances, which increased by just under \$1 million from the end of the year and \$4.9 million from the first quarter. We now expect our annual cash cost savings from this acquisition to be at the high end of the \$4 million to \$5 million guidance we gave at the end of last quarter. And as Mark mentioned, we couldn't be more excited about the early sales momentum we are building from existing and non-existing plasma companies.

Now turning your attention to our revised guidance for 2025, which now incorporates Q2 actual results. We are raising our revenue guidance to be in the range of \$76.5 million to \$78.5 million, reflecting year-over-year growth of 32.7% at the midpoint. Plasma is expected to make up approximately 56% of total revenue, representing flat year-over-year growth, while pharma patient affordability revenue is expected to make up approximately 40.5% of total revenue, representing year-over-year growth of over 145%. Despite the seasonality we typically see in our patient affordability business and industry trends in our plasma business, we now forecast revenue to grow in the second half of the year compared to the first half of the year. Full year gross profit margins are expected to be between 61% and 62% as we bring up a new state-of-the-art patient services contact center during the third quarter to support the growth in our business. We continue to expect operating expenses to be between \$41 million and \$43 million with depreciation and amortization expense of approximately \$8.4 million and stock-based compensation of approximately \$4.4 million.

Interest income is estimated to be approximately \$2.5 million, reflecting the implied interest expense for future Gamma payments and lower bank balances from our plasma customers. Taking all the factors above into consideration, we continue to expect net income to be between \$6 million and \$7 million for the year or \$0.10 to \$0.12 per diluted share, but that may fluctuate depending on our effective tax rate. Adjusted EBITDA is expected to be in the range of \$18 million to \$20 million or \$0.31 to \$0.35 per diluted share. The diluted share count for the year is estimated to be 57.5 million shares.





Gross profit margins are expected to be approximately 59% due to the higher mix of plasma revenue and the launch of the new patient services contact center. Operating expenses are expected to be between \$10.5 million and \$11.5 million, of which depreciation and amortization will be approximately \$2.2 million and stock-based compensation will be approximately \$1.4 million. Adjusted EBITDA is expected to be in the range of \$4.5 million to \$5.0 million or approximately 23.1% to 24.4% of revenue. With that, I would like to turn the call back over to Kevin for questions and answers.

# **Questions & Answers**

### **Operator**

Thank you. We'll now be conducting a question-and-answer session. If you'd like to be placed in the question queue, please press star one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing star one. One moment, please, while we pull for questions. Our first question today is coming from Jacob Stephan from Lake Street Capital Markets. Your line is now live.

## Jacob Stephan - Lake Street Capital Markets

Hey, guys. Congrats on the quarter and solid outlook here. Maybe first for me, can you just touch on the 30 to 40 programs that you expect to onboard in pharma? Maybe help us understand better, are these more existing customers or new customers? Maybe help us kind of think through the dynamics there.

# Matt Turner - Paysign - President of Patient Affordability

Hi. This is Matt Turner. Happy to take that question, and thanks for asking. It represents a mix of new clients that we will be onboarding as well as additional programs from existing clients. It's a pretty good mix between the two. I'd say, about 50-50.

# Jacob Stephan

Okay. And I guess, to Mark's point, are most of these transition programs or are some of them just new drug approvals from existing customers? Or what's the outlook there?

### **Matt Turner**

Yes. So, I'm actually trying to pull up the numbers here specifically, so I can give you a good answer to that. It's close to 50-50 as well as transitions versus launches. And probably -- I would say it's going to lean to heavier on the transition side versus the launch.



## **Jacob Stephan**

Okay. Great. Maybe second one for me, just more of a clarification question. So, on the plasma side, you expect to add kind of 10 to 14 programs through -- centers throughout the remainder of the year. Does that include the 9 that were onboarded after June 30th, or is that in addition to the full 132?

#### **Mark Newcomer**

That does include the 9 that we spoke about in the 132.

## **Jacob Stephan**

Okay. Thanks. And then maybe if you could just kind of provide us an update on the donor management system timeline, FDA approval, anything to kind of -- timeline to look out for there?

#### **Mark Newcomer**

We're targeting currently towards the end of this year. We're expecting that we will be granted approval around that time frame.

## **Jacob Stephan**

Okay. Got it. Maybe one more quick one. The gross margin impact here from the new center opening, I guess, how much of the gross margin impact will be from the new center versus some of these additional costs that you saw in Q2?

### Jeff Baker

Jacob, I haven't run the numbers like down to the percentage under the dollar amounts. I mean, it's about additional \$60,000 a month in cost. Just for the -- that's just for the facility, but we're going to have more bodies, obviously, that we're adding in. Our call center costs are going up because we're having to add more bodies. It's a very good problem to have and should -- I know for a fact that's helped us win more business. We've got customers in that -- in patient the affordability business who definitely look to us for that strength. We're not outsourcing this to third world country or any Al bots or anything like that, which is very important for the pharmaceutical world and the plasma world. They definitely want top-notch.

#### **Jacob Stephan**

Yeah. Okay. Appreciate all the color. Good luck going forward here, guys.

### **Mark Newcomer**

Thank you.

## **Operator**

Thank you. Next question today is coming from Gary Prestopino from Barrington Research. Your line is now live.



## **Gary Prestopino - Barrington Research**

Hi. Good afternoon, everyone. A couple of questions on the plasma side. First of all, the new centers that you're rolling out, how is their average revenue compared to your business that you have in hand right now?

#### **Mark Newcomer**

Well, Gary, we expect them to be pretty much in line. It's an existing customer, so we already have their trends that are in our numbers. We don't see a huge discrepancy across the centers. Sometimes geographic locations will vary that. But these centers -- it's in the average, and we expect that to be reflected in the numbers going forward.

## **Gary Prestopino**

Okay. And then you also mentioned that you expect the closing of these underperforming centers that you will continue to keep these donors with you. What are you doing specifically to do that? And were -- these centers that are closing, are they -- were they just in kind of densely populated areas and it was kind of duplicative and that's why they were underperforming? I just want an idea of how you're going to keep these people within your universe.

## **Mark Newcomer**

Yeah. They were underperforming centers. They did it for many reasons, efficiencies, and the like. Not our decision, obviously. For the donors, the way we're going to retain the donors is the donors that are losing those centers are going to go to centers that are close by with the same client and with other people that we provide services to. And that's why we expect to retain those donors.

## Jeff Baker

And, Gary, remember, with this happened -- this also happened back in, I think it was 2023 last time we had one of our customers shutter a number of centers. I think back then, it was 15, 16 [inaudible] I have to go back and look. And the average revenue per center actually went up. I mean, those centers kind of pulled down the average. But we retained a high number of those donors, again, because there's other centers in the vicinity, and they'll just move to a different center.

### **Gary Prestopino**

Okay. Thank you.

#### Jeff Baker

Yep.

# **Operator**

Thank you. Next question today is coming from Pete Heckmann from DA Davidson. Your line is now live.

### Peter Heckmann - DA Davidson

Good afternoon, everyone. Could you remind me or remind us in terms of how we think about breaking down revenue within pharma, how should we think about design and program design fees versus monthly maintenance versus claims or transaction fees? How do those play in? And I would assume it's different for different types of programs. But when we hear that claims volume is up





80% year-over-year but revenue is up more than double that, how should we think about reconciling the two numbers?

#### **Matt Turner**

Yeah. So, this is Matt. Thanks for the question, Pete. You hit the nail on the head as far as we have program setup fees, we have monthly management fees, and then a variety of different transactional fees across our ecosystem. So, every pharmacy claim that comes in that's a paid claim that generates revenue on that claim. If there are other features or functionality attached to that claim, we talked about dynamic business rules, that's something that rides on top of the claim. There's extra fees for those types of items. So, while we're going to make money on every paid claim when it comes in, there's also other products and services overlaid on top of that claim that will generate additional revenue. So that's why, yeah, you'll see there's an 80% increase in claims and a 200% increase in revenue because we're able to add on these additional services to essentially make us more money along the way and provide more cost savings and efficiencies to our clients.

#### **Mark Newcomer**

And, also, Pete, I was going to tell you because I think you're also asking about kind of the mix. So, the mix changes depending on the time of the year. Obviously, more claims volume first half of the year as well as nonclaim revenue, you'll see a heavier mix of that in the first half of the year versus the monthly management fees and setup fees. As you go to the second half of the year as some of the out-of-pocket maximums are hit and some other things, we see claim volumes typically slow down and some of the other revenue items slow down. Then you'll see more monthly management and setup fees. So, it's kind of like -- it's kind of -- as we grow, it's becoming blended to the tune of about 20% to 30% of revenues coming from claims, 20% to 30% of revenues coming from monthly management setup fees, and the remainder coming from nonclaim revenue. So, we're getting a pretty good balance, especially if you look at it for the entirety of the year.

#### **Peter Heckmann**

Okay. That's great. And then just thinking about the revenue per program in pharma, we've discussed how that's not necessarily the greatest indicator, especially on a small base of programs. But when we look at that number, should we assume that the mix is shifting towards more specialty programs versus just retail?

### **Mark Newcomer**

So, what I was saying is it depends on the time of the year. Earlier in the year, first half of the year, you're going to see more claims versus the second half of the year as maximum out of pockets are reached. And you'll see more monthly management fees -- monthly management and setup fees in the second half of the year usually than the first half of the year. What I was saying is, though, we're growing and getting to such a good-sized portfolio that it's pretty balanced. If you look out over the entirety of the year, it's kind of 20% to 30% in claim revenue, 20% to 30% in monthly management and setup fees, and the rest in nonclaim revenue. And like Matt told you, nonclaim revenue can run the gamut of a lot of stuff that we do for these programs, call center, for example, or number generation or faxes and everything it takes to run a program.

#### **Peter Heckmann**

Got it. Okay. And then my follow-up question, which I think I cut off. But just thinking about the over 90% increase in revenue per pharma program in the first half, should we infer from that that the mix





is shifting towards more specialty or in physician office treatments, or is that an incorrect assumption? Is it just there may be even -- maybe just some bigger retail drugs in there, as well?

### **Matt Turner**

Yeah. I think -- I don't want to say that it's because there's like a push to more in-office or specialty drugs. I would certainly say it's not related to in-office, by the way, because that would be more of a medical benefit product. If you look at the concentration of products that we have or brands that we're running programs for, on the specialty side, we do lean pretty heavy towards oncology, hematology type products, things like that in the specialty realm. We do have a good chunk of retail business, and that's growing. I think the push that you're seeing in the -- kind of in the increase in revenue is the types of programs that we onboarded in Q4 of last year are now fully up and running coming out of Q1 and Q2. And so, some of the add-on products like dynamic business rules will have an impact on the top line revenue numbers for those programs. So, I think that's where you're seeing the -- some of the bigger jumps in numbers is because we have these other products and services that we're able to offer, and that in turn is having a very good impact on our -- or a very good result on our top [inaudible].

#### **Peter Heckmann**

Okay. That makes sense. I appreciate it.

## **Operator**

That you. We reached the end of our question-and-answer session. I'd like to turn the floor back over for any further closing comments.

#### **Mark Newcomer**

Thanks, Kevin. To wrap up, Q2 was a breakout quarter for Paysign with record revenue, stronger margins, and accelerating growth in patient affordability, underscoring the momentum we're building. As we scale to meet rising demand and broaden our reach in the plasma industry and innovative technology, we remain confident in our strategy and excited about what lies ahead. I want to thank the entire Paysign team for their incredible focus and execution and thank you all for joining us today and for your continued interest and support.

## **Operator**

Thank you. That does conclude today's teleconference and webcast. You may disconnect your line at this time and have a wonderful day. We thank you for your participation today.

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