

# IMS *summary of report*

**buy**

media

previous recommendation: buy

Market price\*: 3.75

Target price: 4.60

## In search of growth catalysts

The past year was quite specific for the entire IMS group, as it experienced a decline in revenue. This is an unusual sight, which previously only occurred in the very difficult 2020, marked by the COVID-19 pandemic. However, we believe that the observed set back does not undermine the long-term positive prospects of the group. Additionally, IMS has carried out some optimization activities, thanks to which it managed to improve its margin. It therefore seems that it is quite well prepared for the possibility of positive factors, such as the potential start of cooperation with STOART, servicing another larger client after acquiring Rossmann, or growth in the advertising services segment. We therefore assume that in the current year the group will return to growth, while maintaining increased profitability. In the next three years, margins may decrease as a result of increased marketing expenses in Closer Music. However, we believe that the decline in profitability will quickly be compensated by the increase in the scale of operations. The positive revision of our short-term assumptions and the preserved conservatism in the longer term horizon translates into a slight increase of the target price for IMS shares to PLN 4.60 per share (previously PLN 4.50). At the same time, we maintain our "buy" recommendation.

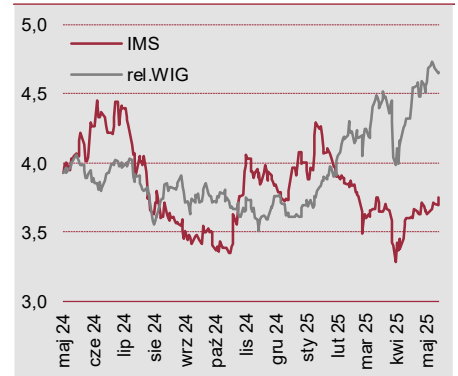
## Closer Music is looking forward to another milestone

Like the entire group, Closer Music also experienced a drop in revenue last year. This year the picture should improve because the company will be reporting revenue from Rossmann, acquired a year ago, from the very beginning of the year. We believe that acquiring another large client cannot be ruled out, as the ever-growing library of its own music remains attractive to larger entities interested in a comprehensive range of music services. Additionally, the company sued STOART for payment of approximately PLN 4.1 million in overdue royalties. We do not include this amount in our forecasts for this year, but we assume that in the long term, Closer Music will start cooperation with the last collective management organization that has not yet been collaborating.

## Advertising with the ambition to use the potential of Digital Signage

Last year was marked by the reorganization of the advertising department, which had a negative impact on the results of the entire segment. However, at the end of 2024, the first signs of improvement could be seen, and the company assumes the continuation of positive trends in the coming years with ambitious growth goals. We believe that there is considerable and previously untapped potential in this segment. About 2/3 of revenues are generated by attractive advertising on Digital Signage media. It seems that the company has had difficulties in utilizing this potential so far, and the implemented changes are intended to provide an opportunity to harness it.

### Share price vs index



|                          |                                  |       |        |
|--------------------------|----------------------------------|-------|--------|
| Max/min 52 weeks (PLN)   | 4,75 / 3,15                      |       |        |
| Shares issued (m)        | 35,1                             |       |        |
| Market cap. (m PLN)      | 132                              |       |        |
| EV (m PLN)               | 110                              |       |        |
| Free float (m PLN)       | 53                               |       |        |
| Average turnover (t PLN) | 63,3                             |       |        |
| Main shareholders        | Michał Kornacki<br>18,19%,18,19% |       |        |
| % of shares, % of votes  | Dariusz Lichacz<br>18,15%,18,15% |       |        |
|                          | 1 m                              | 3 m   | 12 m   |
| Price change             | 4,2%                             | -3,1% | -16,7% |
| Change rel. WIG          | 7,8%                             | 10,3% | 14,7%  |

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|       | Sales | EBIT | EBITDA<br>(non MSSF16) | Profit<br>before<br>tax | Net<br>profit | EPS  | CEPS | BVPS | P/E  | P/BV | DY (%) | EV<br>/EBIT | EV<br>/EBITDA | ROE<br>(%) |
|-------|-------|------|------------------------|-------------------------|---------------|------|------|------|------|------|--------|-------------|---------------|------------|
| 2024  | 66,4  | 15,1 | 19,5                   | 13,6                    | 10,6          | 0,30 | 0,43 | 1,2  | 12,4 | 3,1  | 11,5   | 7,8         | 6,0           | 25,0       |
| 2025f | 73,0  | 16,1 | 21,3                   | 14,2                    | 11,5          | 0,33 | 0,48 | 1,4  | 11,4 | 2,7  | 0,0    | 7,3         | 5,5           | 23,5       |
| 2026f | 80,7  | 14,9 | 20,4                   | 13,2                    | 10,7          | 0,31 | 0,46 | 1,5  | 12,3 | 2,6  | 3,3    | 7,4         | 5,4           | 20,9       |
| 2027f | 88,0  | 17,2 | 22,8                   | 15,6                    | 12,6          | 0,36 | 0,52 | 1,5  | 10,4 | 2,5  | 3,8    | 6,4         | 4,8           | 23,5       |

f - forecasts; BM Bank Millennium; mIn PLN

The report was prepared by Biuro Maklerskie Banku Millennium S.A. on the order of the Warsaw Stock Exchange S.A. within the Program of Analytical Coverage Support Information regarding the links between Bank Millennium with the company being the subject of this report and other required information were placed on the last page of the report.

\* - market price for May 20, 2025 17:00

**BM Bank Millennium recommendation for the last 12 months**

| Company          | Recommendation | Date of the recommendation | Applicable price on the day the recommendation issue | Target price | Author             |
|------------------|----------------|----------------------------|------------------------------------------------------|--------------|--------------------|
| Mostostal Zabrze | Buy            | 01/07/2024                 | 4,46                                                 | 5,90         | Adam Zajler        |
| IFIRMA           | Neutral        | 24/09/2024                 | 22,80                                                | 20,80        | Seweryn Żołyński   |
| Ambra            | Accumulate     | 01/10/2024                 | 26,10                                                | 30,40        | Grzegorz Gawkowski |
| IMS              | Buy            | 07/10/2024                 | 3,54                                                 | 4,50         | Łukasz Bugaj       |
| Mostostal Zabrze | Buy            | 06/12/2024                 | 5,10                                                 | 6,10         | Adam Zajler        |
| Ambra            | Accumulate     | 12/03/2025                 | 22,70                                                | 25,90        | Grzegorz Gawkowski |
| Mostostal Zabrze | Buy            | 27/03/2025                 | 5,68                                                 | 6,80         | Adam Zajler        |
| IFIRMA           | Accumulate     | 09/04/2025                 | 22,90                                                | 25,40        | Seweryn Żołyński   |

Source: BM Bank Millennium, recommendations issued by BM Bank Millennium are valid for 6 months from the date of issue, unless they are updated beforehand. Ambra, Mostostal Zabrze, IFIRMA and IMS participate in the analytical support program of the Warsaw Stock Exchange, and Agora and Korporacja KGL participated in the program until June 30 2023 and for which BM Bank Millennium receives or was receiving remuneration from the Warsaw Stock Exchange.

**Structure of BM Banku Millennium recommendation for the last 12 months**

|            | Number of recommendations | Share |
|------------|---------------------------|-------|
| Buy        | 4                         | 50%   |
| Accumulate | 3                         | 38%   |
| Neutral    | 1                         | 13%   |
| Reduce     | 0                         | 0%    |
| Sell       | 0                         | 0%    |

**The structure of recommendations for companies for which BM Banku Millennium provided investment banking services\***

No recommendations were issued for companies for which BM Banku Millennium provided services in the field of investment banking\*

\*last 12 months, including companies for which BM Banku Millennium is a market maker

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EV - market valuation of the company + net interest debt

EBIT - operating profit

EBITDA - operating profit + depreciation

WNB - result on banking activity

P/E - ratio of the share price to the net profit per share

P/BV - ratio of the share price to the book value per share

ROE - return on equity

ROA - return on assets

EPS - net profit per share

CEPS - net profit and depreciation per share

BVPS - book value per share

DPS - dividend per share

NPL - non performing loans

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BUY - we believe that the company's shares have more than 20% upside potential

ACCUMULATE - we believe that the company's shares have more than 10% upside potential

NEUTRAL - we believe that the price of the company's shares will remain stable (+/- 10%)

REDUCE - we think that the company's shares are overvalued by 10-20%

SELL - we believe that the company's shares are overvalued by over 20%

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Comparative method (comparison of relevant market indicators at which the company is listed with similar indicators for other companies from the same industry or related industries) - better than the DCF method, it reflects the perception of the industry in which the company operates by investors. The disadvantage of the comparative method is the sensitivity to the selection of the adopted comparative group and the compared ratios, as well as high volatility of the valuation depending on the market situation.

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