

IMS *summary of report*

buy

media

previous recommendation: buy

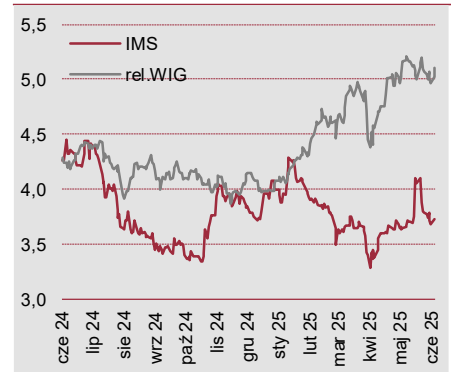
Market price*: 3.73

Target price: 4.50

A year of investment?

The results of 1Q'25 surprised us negatively due to a noticeable deterioration in profitability. The increase in costs resulted from the strengthening of the sales team, which we interpret as the company's response to last year's weak results in terms of revenues. Although we expected pressure on profitability, but starting next year, due to the planned increase in marketing expenses. In principle, we do not change these assumptions. However, we are slightly revising our expectations for the current year, which may be marked by the entire group's investment in people to increase the sales volume. In this context, we would not be surprised if IMS returned to the acquisitions known from previous years. Although the possibilities in this area are limited on the Polish market, one cannot rule out the desire to go beyond the country's borders, where the group of potential candidates is not small. As a result, we are lowering our assumptions this year regarding the company's profitability and slightly increasing the revenue forecasts for the following years. These revisions translate into a slight reduction of the target price for IMS shares to PLN 4.50 per share (previously PLN 4.60). At the same time, we maintain our "buy" recommendation.

Share price vs index



Sales growth as a target for 2025

The negative surprise at the turn of 2023 and 2024 was the poor performance of the advertising segment, which was addressed by the company with a reorganization of the department. It seems that this year the company wants to draw similar conclusions after last year's unsatisfactory sales results for the entire group. Thus, in Q1'25 IMS incurred significantly higher expenses on human resources, primarily in the area of sales in the subscription and advertising segments. This is mainly about strengthening the sales team, which would translate into an increase in revenues this year and in subsequent years. The company expects the effects of the investments already in Q2'25, although we realistically assume that only the second half of the year, with the seasonally best last fourth quarter, will be the "test" period for the new strategy. We are not changing our revenue assumptions for this year, because they previously assumed a healthy 10% growth. However, we are slightly raising the forecasts for the following years.

Record number of new subscription locations expected

In the 1Q'25 results, another surprise for us was the weak revenue growth in the audio and video subscription segment. We believe that it could have resulted from the discounts granted by the company to acquire new subscription locations. In 1Q alone, there were almost 300 of them, which is not a bad result for the seasonally weakest quarter. The company informs that this year it expects a record number of organically acquired subscription locations (more than 4000 new subscriptions). This is an ambitious goal, but it also shows a change in emphasis on growth at the expense of profitability.

Max/min 52 weeks (PLN)	4,75 / 3,15		
Shares issued (m)	35,1		
Market cap. (m PLN)	131		
EV (m PLN)	110		
Free float (m PLN)	53		
Average turnover (t PLN)	69,7		
Main shareholders	Michał Kornacki 18,19%, 18,19%		
% of shares, % of votes	Dariusz Lichacz 18,15%, 18,15%		
	1 m	3 m	12 m
Price change	2,5%	2,8%	-19,4%
Change rel. WIG	-1,0%	10,8%	20,4%

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	Sales	EBIT	EBITDA (non MSSF16)	Profit before tax	Net profit	EPS	CEPS	BVPS	P/E	P/BV	DY (%)	EV /EBIT	EV /EBITDA	ROE (%)
2024	66,4	15,1	19,5	13,6	10,6	0,30	0,43	1,2	12,3	3,1	11,5	7,7	6,0	25,0
2025f	73,0	14,5	19,7	12,7	10,3	0,29	0,44	1,4	12,8	2,7	0,0	8,0	5,9	21,5
2026f	82,2	15,2	20,6	13,5	10,9	0,31	0,47	1,4	12,0	2,6	3,3	7,2	5,3	21,9
2027f	89,5	17,5	23,1	15,9	12,9	0,37	0,53	1,5	10,2	2,5	3,9	6,3	4,7	24,5

f - forecasts; BM Bank Millennium; mln 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 June 10, 2025 17:00

BM Banku Millennium recommendation for the last 12 months

Company	Recommendation	Date of the recommendation	Market 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 Żołyniak
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 Żołyniak
IMS	Buy	21/05/2025	3,75	4,60	Łukasz Bugaj
IFIRMA	Accumulate	29/05/2025	26,35	29,70	Seweryn Żołyniak
Ambra	Accumulate	29/05/2025	20,90	24,90	Grzegorz Gawkowski

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	5	45%
Accumulate	5	45%
Neutral	1	9%
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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Explanation of the professional terminology used in the report

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

The scale of recommendation used in Biurow Maklerskie Banku Millennium S.A.

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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DCF method (model of discounted cash flows) - the method considered to be the most suitable for enterprise valuation. The disadvantage of the DCF method is the sensitivity of the valuation obtained in this way to the assumptions made regarding both the company itself and its macroeconomic environment.

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.

ROE-P/BV method (a model that makes the appropriate P/BV ratio dependent on the company's profitability) - a method considered the most appropriate for the valuation of banks. The disadvantage of this method is the sensitivity of the valuation obtained in this way to the assumptions made regarding both the company itself (profitability, effectiveness) and its macroeconomic environment.

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Work related to the preparation of the report was completed on June 11, 2025, at 7:15, and the date of the first dissemination of the report is June 11, 2025. 7:25.

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