



IMS Capital Group

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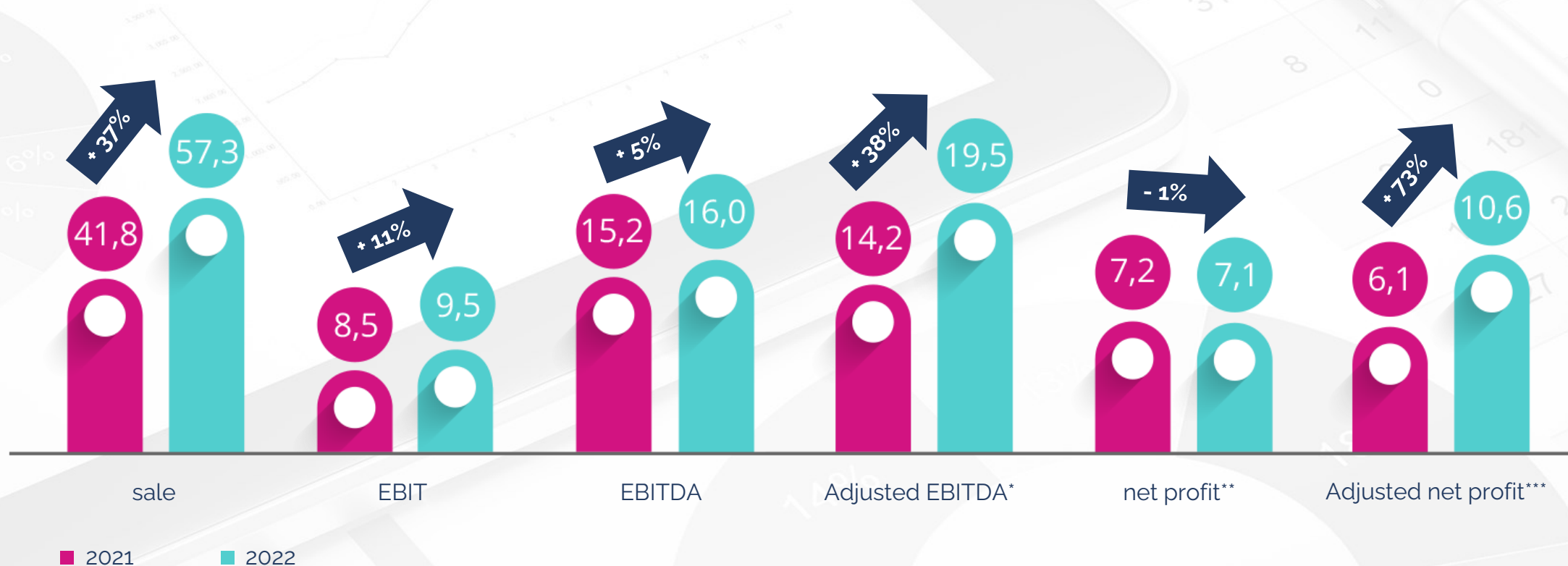


@imssensory



Financial results of the IMS Group for 2022

Selected financial data (in PLN million)



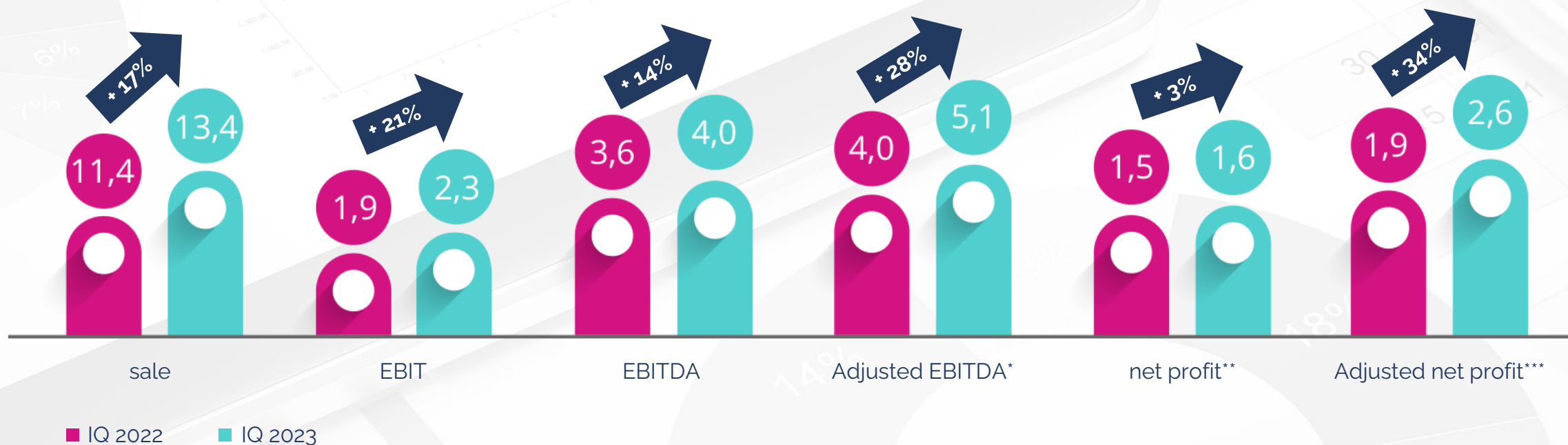
* Adjusted EBITDA = EBITDA + option incentive program costs - Subsidies

** The term "net profit" means the net profit attributable to the shareholders of the parent company

*** Adjusted net income = net income attributable to shareholders of the parent + option incentive program costs - subsidies

Financial results of the IMS Group for Q1 2023

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Financial results of the IMS Group for Q1 2023

| (PLN thousands) | 3-month period ended | | |
|--|----------------------|---------------|--------------|
| | 31.03.2023 | 31.03.2022 | 31.03.2021 |
| Net revenues from sales | 13 360 | 11 379 | 7 159 |
| EBIT | 2 286 | 1 890 | 110 |
| <i>EBIT profitability</i> | 17,1% | 16,6% | 1,5% |
| EBITDA (Operating result + depreciation) | 4 035 | 3 554 | 1 746 |
| <i>EBITDA profitability</i> | 30,2% | 31,2% | 24,4% |
| Adjusted EBITDA = EBITDA + option incentive program costs - Subsidies | 5 073 | 3 972 | 1 878 |
| <i>Adjusted EBITDA % (Adjusted EBITDA/sale net profit)</i> | 38,0% | 34,9% | 26,2% |
| Net profit (loss) attributable to shareholders of the parent company | 1 577 | 1 531 | (45) |
| <i>Net profitability</i> | 11,8% | 13,5% | (0,6%) |
| Adjusted net income attributable to shareholders of the parent company = net income attributable to shareholders of the parent company + option incentive program costs – subsidies | 2 615 | 1 949 | 87 |
| <i>Adjusted net profit attributable to shareholders of the parent company %= Adjusted net profit attributable to shareholders of the parent company/Net sales revenue</i> | 19,6% | 17,1% | 1,2% |
| | | | |
| Revisions to Adjusted EBITDA and Adjusted net income attributable to shareholders of the parent company, including: | (1 038) | (418) | (132) |
| - Stock Incentive Program at IMS S.A. | (690) | (412) | (412) |
| - Incentive Program at Closer Music Ltd. | (348) | (6) | (16) |
| - Subsidies | - | - | 296 |

Sales revenues by business segments for Q1 2023

| (PLN thousands) | 3-month period ended | | % growth Q1 2023 vs. Q1 2022 |
|--------------------------------------|----------------------|---------------|------------------------------------|
| | 31.03.2023 | 31.03.2022 | |
| Audio & Video Subscriptions | 6 595 | 5 708 | 16% |
| Audio and Video Advertising Services | 3 664 | 3 106 | 18% |
| Aroma Subscriptions | 1 849 | 1 726 | 7% |
| Digital Signage Systems | 937 | 720 | 30% |
| Other sales | 315 | 120 | 162% |
| TOTAL net sales | 13 360 | 11 379 | 17% |

Subscription locations of the IMS Group

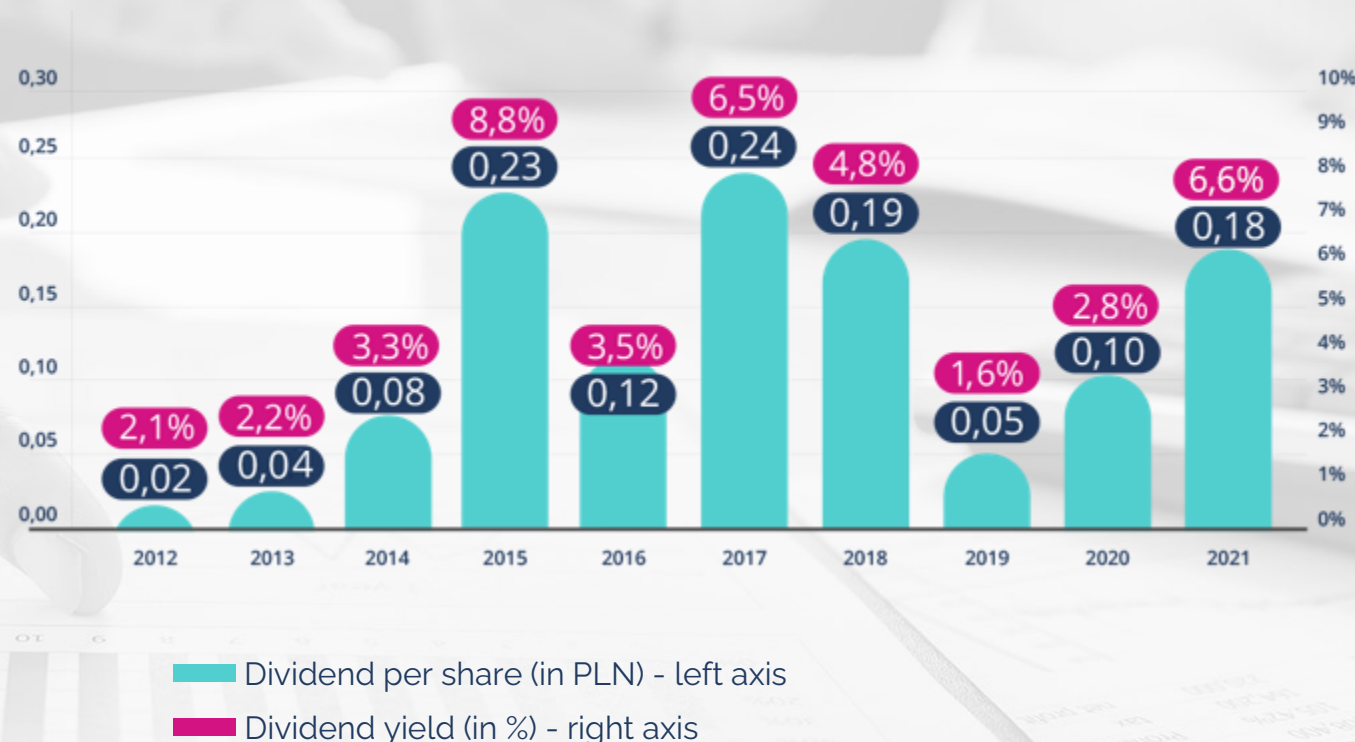


| In pcs. | As of | | Number growth Q1 2023 vs. Q1 2022 |
|--|---------------|---------------|---|
| | 31.03.2023 | 31.03.2022 | |
| Audio and Video Subscription Locations Including: | 29 912 | 25 822 | 4 090 |
| <i>audio economy segment</i> | <i>15 273</i> | <i>14 244</i> | <i>1 029</i> |
| Aroma Subscription Locations | 3 608 | 3 526 | 82 |
| TOTAL | 33 520 | 29 348 | 4 172 |

The IMS Group acquired nearly 4,200 subscription locations between 01.04.2022 and 31.03.2023.

Regular payment of dividends

- The IMS S.A. Board will present to the Ordinary General Meeting a recommendation on the payment of dividends for 2022, on the day the AGM is convened or a few days before the convening
- Company has been paying uninterrupted dividends for 10 years
- The Company changed its dividend policy in May 2016, raising the minimum dividend level from 30% to 60% of the net profit earned by the IMS Group
- The remaining profit is allocated to investments in the most profitable business segments and new projects that increase the Group's revenues and profits



IMS S.A. paid a total of PLN **40.576** million for 2012-2021
In the form of dividends (i.e., PLN **1.25** dividend per share)



CLOSER MUSIC

The future of music in **your business:**
Direct Music License



Meet the Closer Music!

Closer Music is a **global-tech company** founded in 2019 by high-class executives experienced in building successful brands in the **media** and **music** industry.

We are one of the first in the world to offer **music** catalogs in the **Direct Music Licensing** model!

Our music is the **perfect destination** for **content** creators and brands to license **soundtracks** without complexity

We are **disrupting the limitations** imposed by traditional music **licensing**.

Our customers rely on our tracks to **set the tone** for their business.

Our music is **heard** through leading businesses, and we continue to break down barriers to create, find and use music.

100% of copywrites ownership

is the main competitive advantage of Closer Music!
Even major players such as *Universal, Sony, Warner* etc. don't have 100% copyrights.

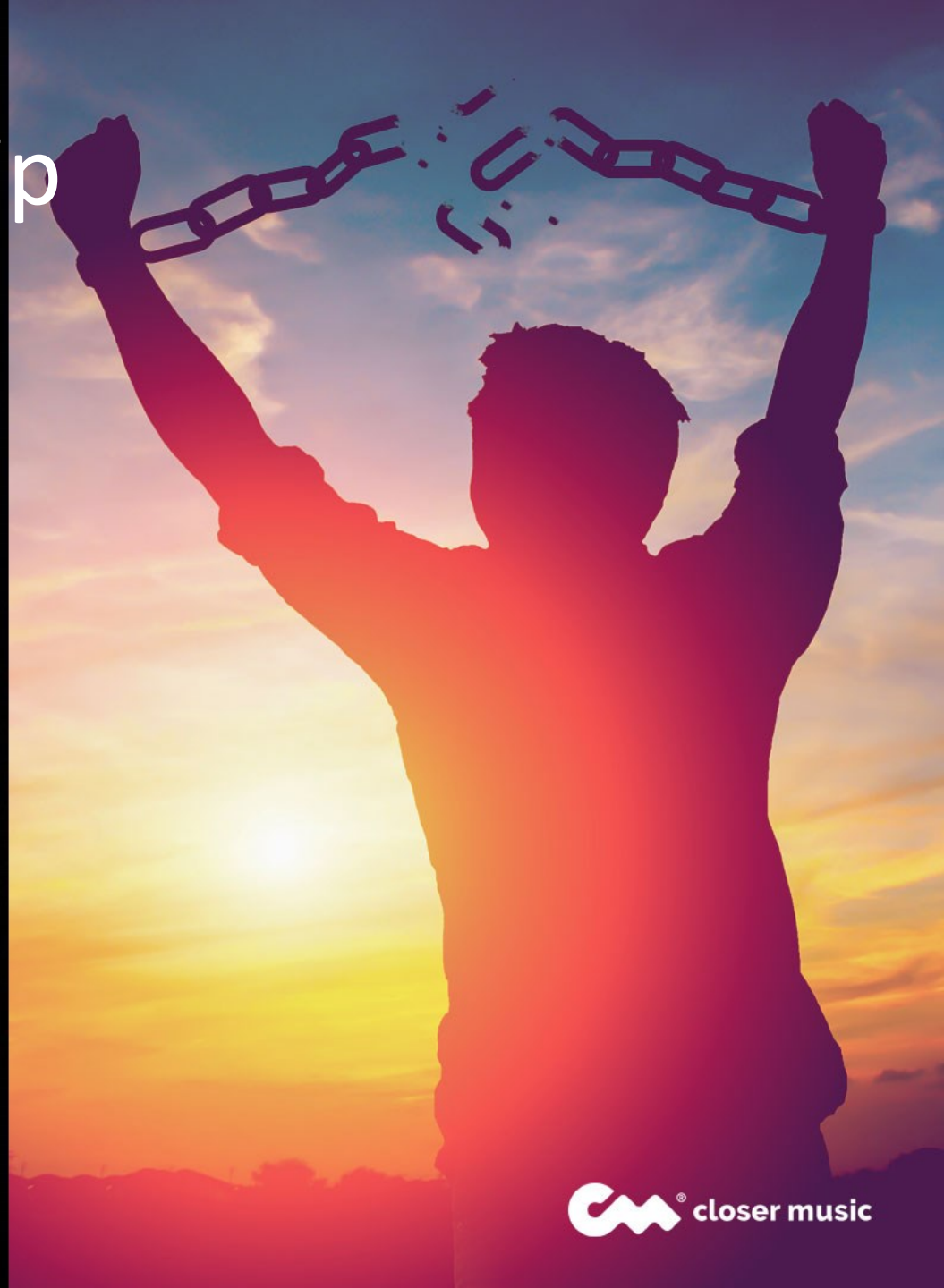
All copywrites ownership means:

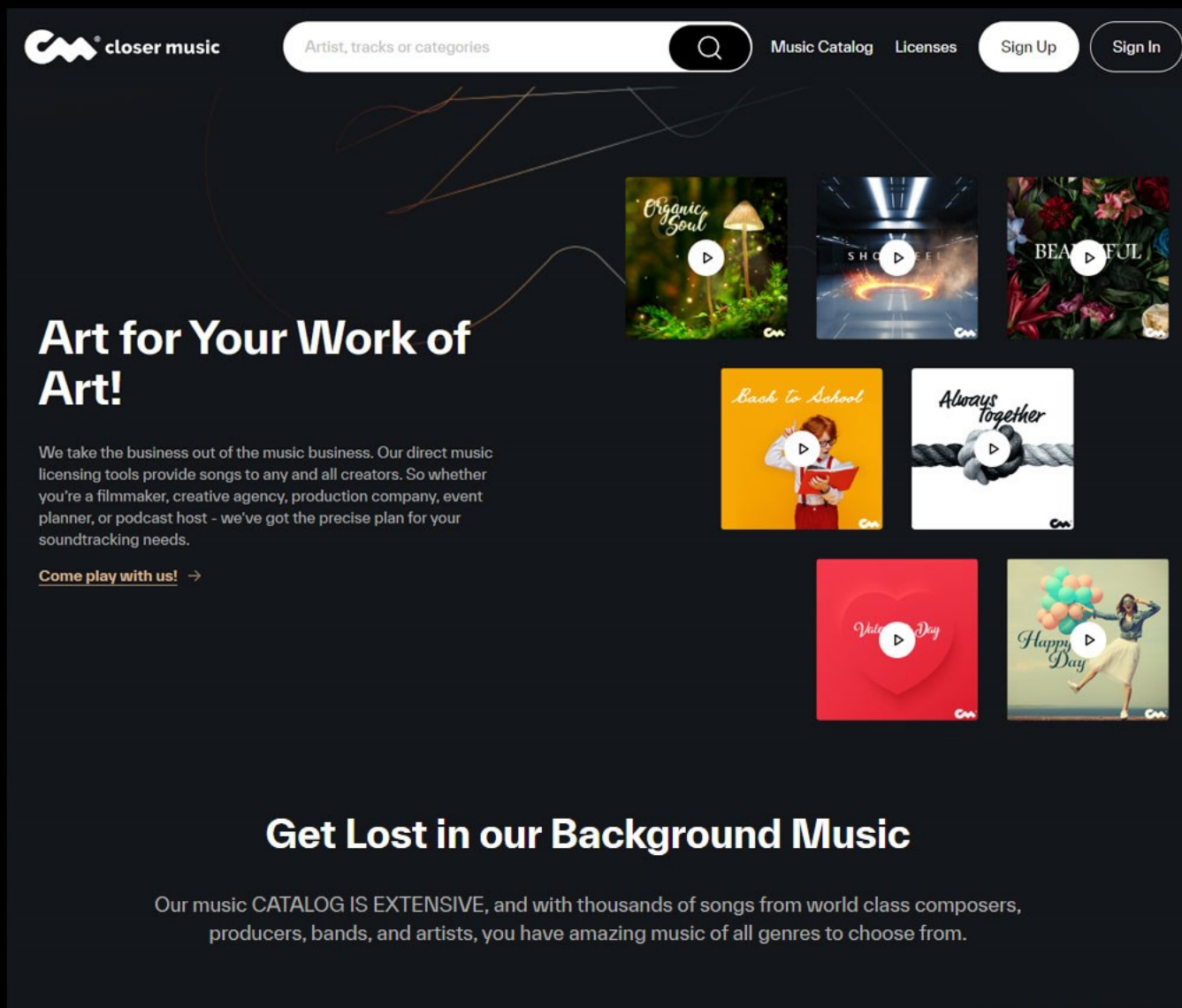
- Mechanical Rights Included.
- Sync Rights Included.
- Global Rights Included Forever.
- Public Performance Rights Included.

Each song in Closer Music's library is free of royalties, related rights fees and Collective Management Organization fees.

Our tracks are produced by professional musicians, composers and producers from the best recording studios, including in the USA, Great Britain and Denmark.

Closer Music's catalog currently contains 4,898 tracks and it's growing by ~150 track per month.



The image shows a screenshot of the 'closer music' website. At the top, there is a navigation bar with the 'closer music' logo on the left, a search bar with the placeholder text 'Artist, tracks or categories' and a magnifying glass icon, and links for 'Music Catalog', 'Licenses', 'Sign Up', and 'Sign In' on the right. The main content area features a large heading 'Art for Your Work of Art!' on the left. Below it, a paragraph explains their direct music licensing tools for filmmakers, creative agencies, production companies, event planners, and podcast hosts. A link 'Come play with us! →' is provided. To the right of the text is a grid of six music preview cards, each with a play button icon. The cards are titled: 'Organic Soul' (forest scene), 'SHG' (space scene), 'BEAUFUL' (flowers), 'Back to School' (child with book), 'Always Together' (hands holding a rope), 'Valentine's Day' (red heart), and 'Happy Day' (woman with balloons). At the bottom, a section titled 'Get Lost in our Background Music' states that their catalog is extensive, with thousands of songs from world-class composers, producers, bands, and artists.

closer music





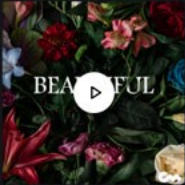


Artist, tracks or categories

Music Catalog Licenses Sign Up Sign In

Art for Your Work of Art!

We take the business out of the music business. Our direct music licensing tools provide songs to any and all creators. So whether you're a filmmaker, creative agency, production company, event planner, or podcast host - we've got the precise plan for your soundtracking needs.

[Come play with us! →](#)



Get Lost in our Background Music

Our music CATALOG IS EXTENSIVE, and with thousands of songs from world class composers, producers, bands, and artists, you have amazing music of all genres to choose from.

We are ready to rock the world!

We commercialize our music base in several different fields:

- Playback in public places around the world (audio marketing)
- Synchronization - in video productions (e.g. videos in social media, advertisements, games, cinema films) via the e-commerce platform
- Sale in digital stores (streaming and download)
- Playlists to listen to on streaming (service fee for 1 listen)
- "Traditional" commercial promotion for songs with the highest sales potential (Radio/Streaming)

One Stop Shop – Closer Music platform

In June 2023, the e-commerce platform www.closermusic.com will go online, which will give users from all over the world access to nearly 5,000 top-quality tracks that they can use in all kinds of content - and more!

1

3 types of subscriptions tailored to the real needs of users and businesses.



Beautiful



Always Together



Back To School



Valentine's Day

2

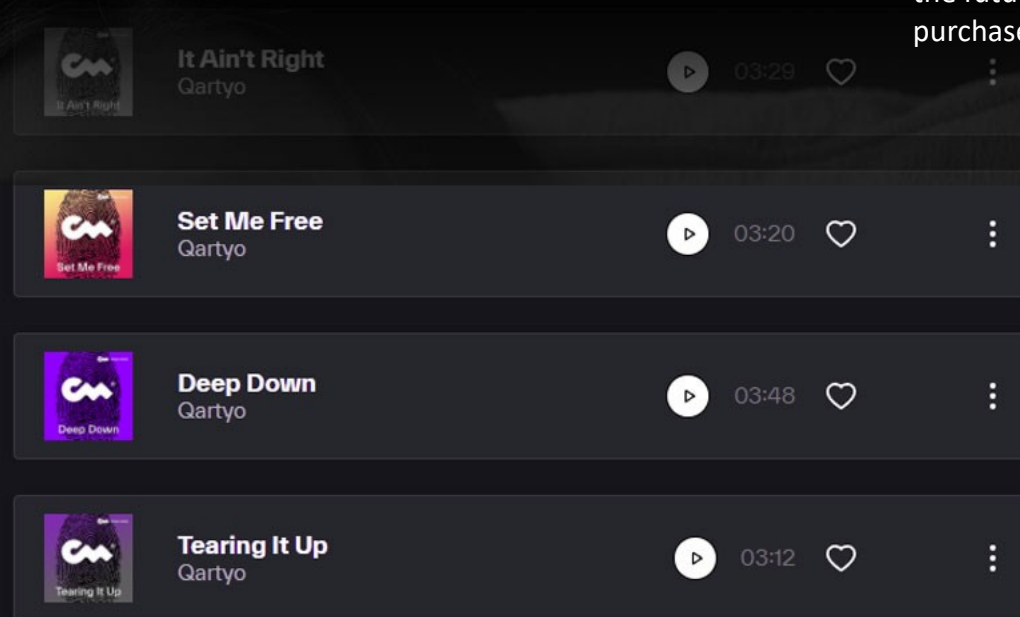
The intuitive interface combined with advanced search filters will allow users to quickly find music that will add emotion to their content.

3

Downloading song stems, playlists adapted to the Reels format, or sharing playlists created by yourself - our platform is adapted to the real needs of users!

4

A mobile application for iOS and Android platforms, thanks to which the user's videos will receive the highest quality audio track in a few simple moments. In the future, the app will also allow you to purchase subscriptions and single tracks.



Free Closer Music app available on Apple Store (iOS) and Google Play (Android)

#Let's Play Together



Cooperation with ZAiKS

11/05/2023 Closer Music signed a pioneering agreement with ZAiKS on copyright management.

It means:

- Registration of works for the purpose of collecting royalties from public performances and broadcasts.
- Security of music licensing through regular cooperation with ZAiKS
- Unlimited distribution and monetization of our music catalog.
- Cooperation in the export of Polish art outside Poland.

zaiks

sprzyjamy wyobraźni



Partnership with Songtradr

Songtradr is one of the world's largest music distributors. Thanks to close cooperation, Closer Music has obtained:

- Distribution of music databases to streaming platforms and social media around the world
- Security of files
- In-house sync license management team
- 100% royalties from listening to our songs on the platforms
- Introduction of the DML music database for use on the TikTok platform! Songtradr on May 18, 2023 announced they acquired the badge of TikTok Marketing Partner in the Sound.



Selected Strategic Goals

Business:

1. By the end of 2024, reach the milestone number of subscriptions and playback points (5000/5000).
2. By the end of 2024, produce and add 2,000 new music tracks to the database.

Image:

1. Building the Closer Music brand image as a label that has 100% safe DML music catalogs.
2. We want to be perceived as music "people", not only creating music for the "internet", in the subscription model, but also for larger projects. (on the example of cooperation with the Manana studio).



Global Music Market in 2022

\$ 26,2 billion

TOTAL income

+9%

Growth compared to the previous year. This is 8 years of continuous growth.

+11,5%

increase in the value of the streaming services themselves.

TOP 10 Music Markets in 2022:

1. USA
2. Japan
3. Great Britain
4. Germany
5. China
6. France
7. South Korea
8. Canada
9. Brazil
10. Australia

The Closer Music platform will serve native users of 4 English-language markets from the launch day.

By the end of 2023, we plan to introduce French, Spanish and German language support.

At the end of the first quarter of 2024, all users of the most important markets will have access to the platform in their native language.

Market potential in particular segments

Thanks to its unique business model, Closer Music is able to capture large portion of music industry value chain.

SYNRCHRONIZACJA (2022: \$ 640 mln)

Synchronisation revenues – the use of music in advertisements, films, games and broadly understood media in 2021, amounted to 2.1% of global revenues (\$549.1 million), and in 2022 they increased to 2.4% (\$640 million).

The global user - generated content platform market size was valued at **\$ 2.97 billion** in 2020 and is expected to expand at a compound annual growth rate (CAGR) of 26.6% from 2021 to 2028.

STREAMING (2022: \$ 17.5 mld)

Global music streaming revenues (on a retail/gross basis) will hit **\$89.3 billion** in 2030 with paid streaming contributing **\$55.6 billion** of that figure and ad-funded streaming contributing **\$33.7 billion**.

Annual music subscriber ARPU (average revenue per user) globally would be at **\$45.8** per annum by 2030 across 1.260 billion paying music streaming subscribers globally.

In 2022, streaming revenues increased by 11.5%, accounting for 67% of the total revenue of the music market (\$17.5 billion).

The number of active subscribers to music platforms was 589 million at the end of 2022.

DML & Commerce

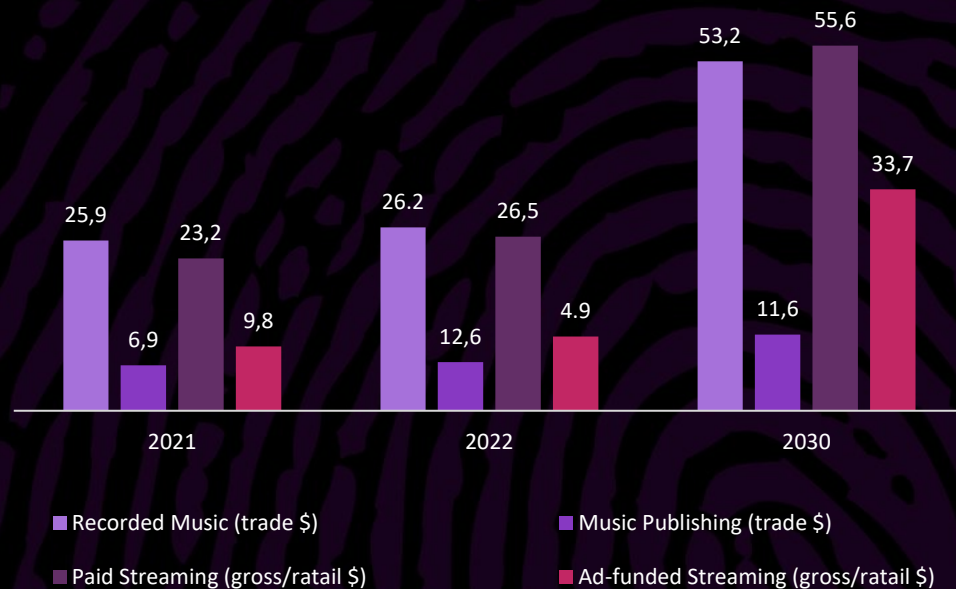
Real **7,5 million locations** (larger than 40sqm) on the global market.

More than **\$ 2,7 billion** value potential.

Global Music Market Forecast

Global music industry annual forecast (\$bn)
till 2030 according to Goldman Sachs

Annual global trade revenues washing into
the music industry are going to grow to **\$154.1. billion**



Closer Music Market Potential in Tsd. USD

| | 2023 | 2024 | 2025 | Total |
|-----------------|-------------|--------------|--------------|--------------|
| DML & Commerce | \$600 000 | \$1 100 000 | \$1 800 000 | \$3 500 000 |
| Synchronization | \$3 611 250 | \$10 340 000 | \$20 132 500 | \$34 083 750 |
| Streaming | \$315 450 | \$466 360 | \$1 143 839 | \$1 925 649 |
| Total | \$4 526 700 | \$11 906 360 | \$23 076 339 | \$39 509 399 |

Confirmed by Professionals

Direct Music Licensing is the future of the industry, which today is not only a standard in our Company, but also the basis of our business model.

More than 400 jurors from all over Europe recognized this, choosing Closer Music as the winner of the 15th edition of the CEE Retail Awards 2023 in the Professional Service Provider category.

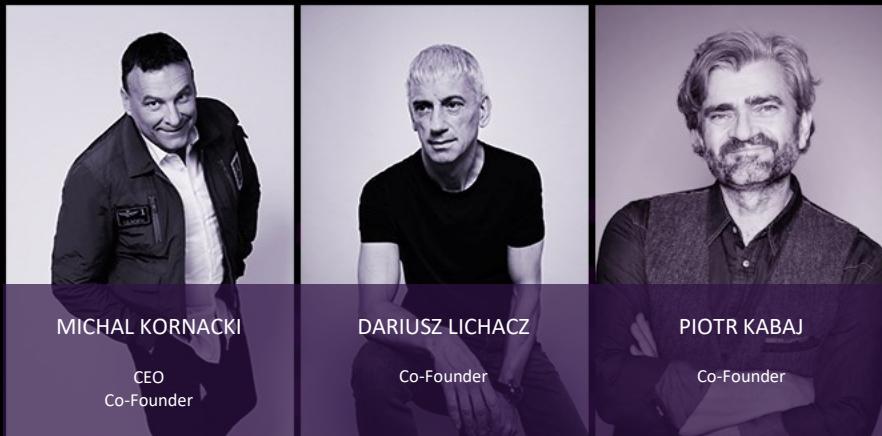
For us, it's just the beginning.



Summary!

Closer Music is one of the first technology companies in the world to operate on the basis of the Direct Music Licensing model:

- 100% copyright on each track.
- ~5000 DML songs in the database, approx. 150 new songs every month
- Pioneering cooperation with ZAiKS
- Strategic cooperation with Songtradr
- Currently, over 20,000 playback points in the world.
- Intuitive e-commerce for purchasing a license
- A modern application (Android/iOS) for music synchronization with Social Media channels



MICHAŁ KORNACKI

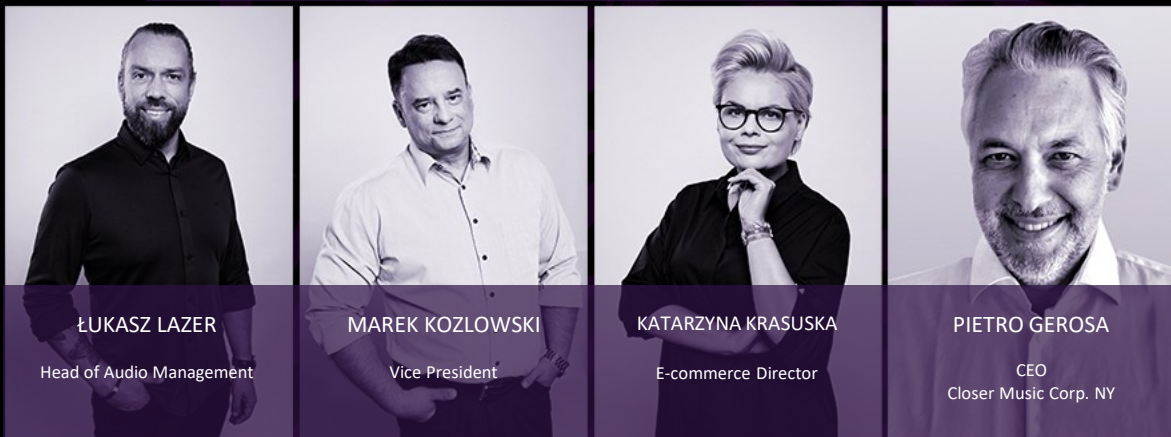
CEO
Co-Founder

DARIUSZ LICHACZ

Co-Founder

PIOTR KABAJ

Co-Founder



ŁUKASZ LAZER

Head of Audio Management

MAREK KOZŁOWSKI

Vice President

KATARZYNA KRASUSKA

E-commerce Director

PIETRO GEROSA

CEO
Closer Music Corp. NY



JULIA BRAZHKO

Office & Communication
Manager

ADRIAN SĘK

Marketing & PR Specialist

SEBASTIAN LENARD

Vice President of the Board
General Managing Director

Human factor

A start-up in the music distribution business,
managed by high-class executives experienced
in building successful brands
in the media and music industry.

Contact us



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Closer Music

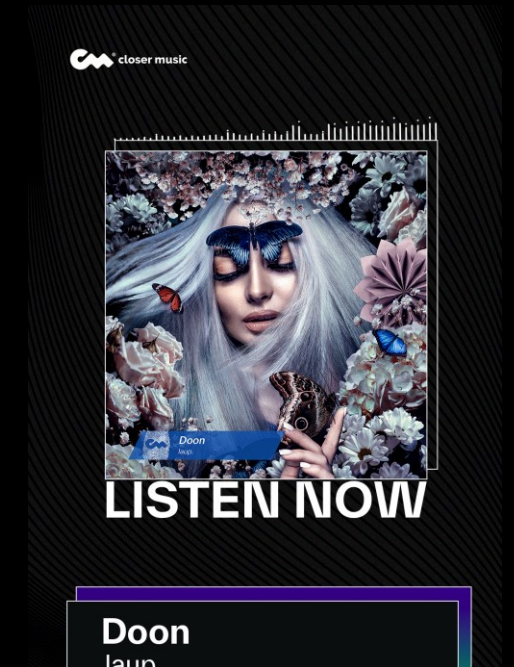
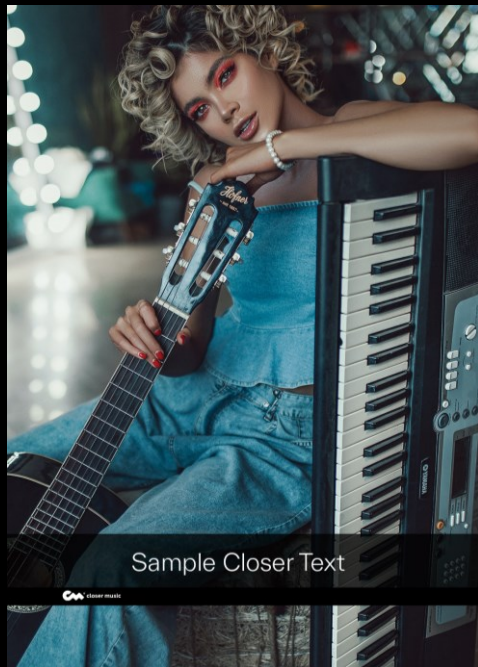
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Thank You!