

(numeral values in k of PLN)	6 month period ended		IH 2023 vs IH 2022 change
	on 30 July 2023	on 30 July 2022	
Net income from sales	30,460	24,658	24%
EBIT	5,955	4,556	31%
EBITDA (Operating result + depreciation)	9,732	7,791	25%
ALIGNED EBITDA = EBITDA + OPTION INCENTIVE PROGRAMME COSTS	11,795	9,088	30%
Net profit attributable to shareholders of the parent unit	4,015	3,611	11%
ALIGNED NET PROFIT ATTRIBUTED TO PARENT SHAREHOLDERS = NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT + OPTION INCENTIVE PROGRAMME COSTS	6,078	4,908	24%
<i>ADJUSTMENTS TO ADJUSTED EBITDA AND ADJUSTED NET PROFIT ATTRIBUTABLE TO PARENT SHAREHOLDERS :</i>			
<i>- Share Incentive Scheme at IMS S.A.</i>	<i>(1,380)</i>	<i>(1,284)</i>	<i>7%</i>
<i>- Share Incentive Scheme at Closer Music Sp. z o.o.</i>	<i>(683)</i>	<i>(13)</i>	<i>5,367%</i>

The IMS Group achieved revenues in H1 2023 of 5,802 PLN k, i.e. 24% higher than in the same period last year. The PLN 30.5 million revenue is a record result in the 23-year history of the Company and the Group. Before, the best result had not exceeded the level of PLN 28 million. EBITDA for the first half of this year increased by PLN 1,941 k, or 25%. The level of EBITDA for the first half of 2023, amounting to nearly PLN 10 million, is - like revenues - also a record. An EBITDA for H1 of PLN 8 million has never been achieved in the past. Aligned EBITDA, i.e. EBITDA after eliminating non-cash costs of two option programs based on IMS S.A. shares and Closer Music Sp. z o.o. shares, in turn reached nearly PLN 12 million. Several factors contributed to these excellent results. Very good results were recorded in all sales segments - each segment increased compared to H1 2022. Special attention should be paid to subscription revenues and advertising services. In the last 12 months, i.e. July 2022-June 2023, the IMS Group acquired nearly 4,000 subscription locations, and their balance as of 30/06/2023 was 34,000 subscriptions. Both values are absolute record highs. This has translated into the highest subscription revenues achieved in any first half of the year to date. Advertising revenues are also the best ever, and there are many indications that all of 2023 will be a record year in this regard. Another important factor affecting the result is Closer Music's settlements with copyrights management organizations ("OZZs"). These look as follows:

- a) ZAiKS. Settlement with this largest OZZ in Poland takes place under the Agreement and Memorandum of Understanding concluded on May 11 this year. The settlement for most of the period 2020- 2022 is included in the income and profits reported in H1 2023. Part of the settlement for the 2020- 2022 period, according to the Agreement, will be settled in subsequent periods. On the other hand, the settlement for H1 2023 will be recognized in Q3 2023, and H2 2023 will be recognized in Q4 2023. The settlement for 2024 and subsequent years will be the same as in 2023. In the coming quarters and years, Closer Music and the IMS Group expect even higher revenues and profits from the cooperation with ZAiKS due to the growth of Closer Music's repertoire in playlists, the increase in the number of commercial locations and the planned expansion of the cooperation with ZAiKS worldwide.
- b) ZPAV. Settlement with ZPAV occurred on an ongoing basis in previous periods. The vast majority of settlements for 2020 - 2022 were recognized before 2023 and thus did not affect the results reported in H1 2023. A very small part of the settlement for 2023 was recognized in H1 2023. This much larger portion will be recognized in the third and fourth quarters of this year. As in the case of ZAiKS, Closer Music and the IMS Group expect even higher revenues and profits from the cooperation with ZPAV in the following quarters and years due to the growth of Closer Music's repertoire in playlists and the increase in the number of commercial locations.
- c) STOART. This organization, contrary to current regulations, does not make settlements with Closer Music. STOART's activities are, in the opinion of the Company and the copyright law firms cooperating with the IMS Group, against the law. Closer Music's board of directors has taken legal action against the organization's management.

Writing about Closer Music, it's worth mentioning the constant expansion of high-quality music content. In the last 12 months, i.e. July 2022-June 2023, 2,400 music tracks were produced by Closer Music. At the end of the first half of this year. Closer Music had nearly 5,200 thousand high-quality music tracks, while as of the date the report was approved for publication, it already had nearly 5,500 thousand tracks.

In the opinion of the Management Board, a very important factor influencing the results achieved by the IMS Group is the Group's share-based Incentive Program IV. The share packages go to a very wide range of managers, salespeople and many other people important to the functioning of the entire organization, providing a great incentive to achieve above-average results. It is worth noting that of the three share-based incentive programs implemented to date and the fourth in progress (last year), about 70% of IMS Group personnel have become owners of the allocated shares. In the opinion of the Board of Directors, such a wide distribution of shares to board members, managers, employees and associates of IMS Group companies will have a strong motivational effect in the coming years as well. Accordingly, the Management Board of IMS S.A. will

not recommend to the Supervisory Board or the General Meeting of Shareholders the adoption of further share-based incentive programs in future years. In the absence of incentive programs in the following years, starting from 2024, non-cash costs related to the share-based program will disappear from the income statement. It is worth noting that the costs of Incentive Program IV were charged to the IMS Group's income statement in 2021 in the amount of PLN 2,472 k, in 2022 in the amount of PLN 3,488 k, and the estimate of these costs for the entire year 2023 is PLN 2,760 k.

Table: Change i number of subscription locations in the IMS Capital Group

	6 month period ended		growth ratio IH 2023 / IH 2022	
	30 June 2023	30 June 2022	numeral	percentage
Number of commercial locations (audio and video subscriptions), including:	30,407	26,639	3,768	14%
- audiomarketing economic segment locations	15,631	14,450	1,181	8%
Number of commercial locations (aroma subscriptions)	3,619	3,438	181	5%
Total number o subscription locations	34,026	30,077	3,949	13%

Diagram: Structure of net sales revenues by sales category in H1 2023 (in k of PLN)

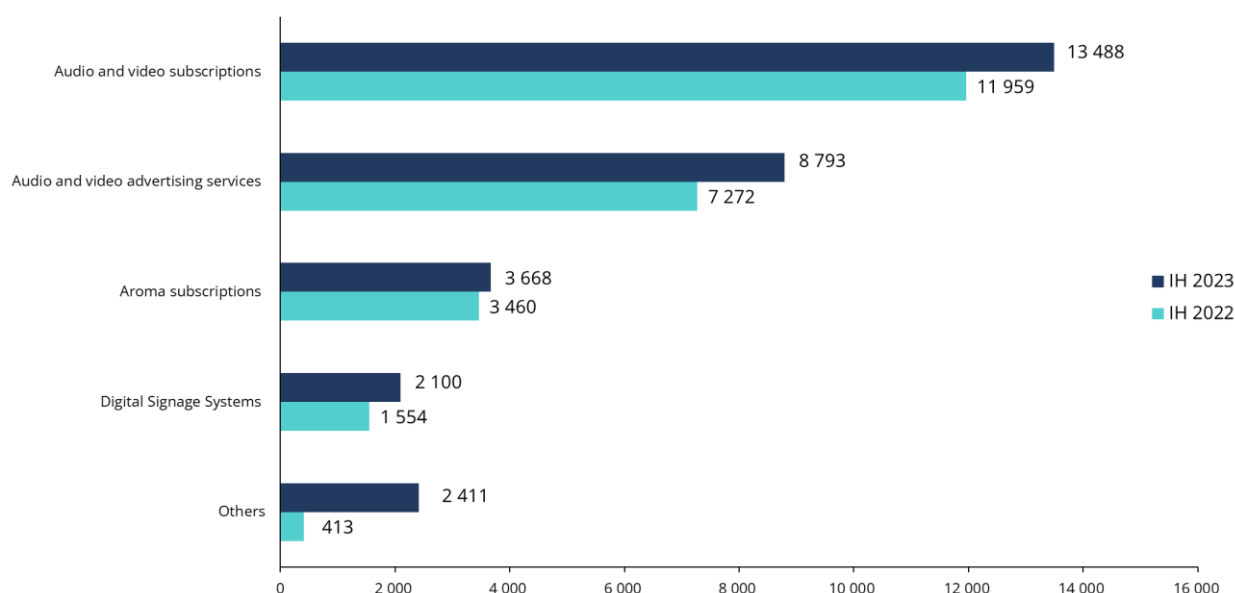


Diagram: Growth in the number of subscription locations in the IMS Group during the period 2000 - 30.06.2023

