

Recommendation "ACCUMULATE" for IMS S.A. shares with a target price of PLN 5.00.

On 8th September 2023, an "ACCUMULATE" recommendation for IMS S.A. shares was published by Biuro Maklerskie Banku Millennium S.A. (eng: Brokerage Office of Bank Millennium S.A.) The December 2023 recommendation was updated from a target price of PLN 3.80 per share to a target price of PLN 4.60 per share. The next update was published on 8 May 2024. As a result of the update, the target price for the Issuer's shares was raised from PLN 4.60 per share to PLN 5.00 per share and the recommendation was changed from 'buy' to 'accumulate'.

The updated valuation of IMS was carried out on the basis of the DCF (discounted cash flow) method and the comparative method against mainly foreign advertising and marketing companies. Based on the DCF method, the company's value was set at PLN 183.4 million, or PLN 5.23 per share. Using the comparative method, the company's valuation was PLN 167.8 million (PLN 4.78 per share). The results of the DCF and comparative valuation methods were assigned a weight of 50% each. This resulted in a valuation of the company at PLN 175.6 million, or PLN 5.00 per share. As a result of the valuation obtained, the recommendation for IMS S.A. shares was changed from 'buy' to 'accumulate'.

The recommendation indicated the key investment rationale for potential Shareholders:

- The Closer Music project - a project aimed at producing high quality in-house music databases for exploitation and commercialisation - has significant growth potential from royalties alone. Closer Music continues to grow, although this growth will require capital expenditure.
- semi-annual dividends - change in dividend policy starting with the 2024 dividend - IMS S.A. intends to move to a semi-annual cycle of sharing profits with shareholders while increasing the dividend amount from at least 60% of consolidated net profit attributable to the parent company to no less than 75%.
- subscription model as a stabilizer for revenues - IMS Group's sales are about 50% driven by recurring monthly subscription revenues in the audio, video and aromamarketing segments. The subscription model provides high predictability and recurring revenue;

According to Biuro Maklerskie Banku Millennium S.A., the definition of "ACCUMULATE" means that the company's shares have more than 10% growth potential.

Recommendations issued by Biuro Maklerskie Banku Millennium S.A. are valid for 6 months from the date of issuance, unless updated sooner. Millennium Dom Maklerski S.A. updates the recommendations issued depending on the market situation and the analyst's assessment.

The report was prepared by Biuro Maklerskie Millennium Banku S.A. on behalf of the Warsaw Stock Exchange S.A. under the Analyst Coverage Support Program.

The above information constitutes a summary from an investment recommendation within the meaning of Commission Delegated Regulation (EU) 2016/958 of March 9, 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards on technical measures for the objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and disclosure of vested interests or indications of conflicts of interest, the result of investment advice. Other information required by law, including information on possible possible relationships and circumstances that can reasonably be expected to have a negative impact on the objective presentation of the recommendation, including the interests or conflicts of interest of the persons making the recommendations with respect to financial instruments or the Company are disclosed in the content of the recommendation.

Excerpt from the recommendation

Date the recommendation was made	Date and time of first publication of recommendations	Institution (author)	Type	Target price	Full content of the recommendation
2023.09.08	2023.09.08 At 8:45	Biuro Maklerskie Banku Millennium S.A.	BUY	3,80 PLN	https://www.bankier.pl/static/att/464000/8607728_46269442-20230908-0956-ims-pl-ri.pdf
2023.12.08	2023.12.08 At 08:20	Biuro Maklerskie Banku Millennium S.A.	BUY	4,60 PLN	https://www.millenniumbm.pl/delegate/managedfiles/1908/latest
2024.05.08	2024.05.08 At 08:10	Biuro Maklerskie Banku Millennium S.A.	ACCUMULATE	5,00 PLN	https://www.millenniumbm.pl/delegate/managedfiles/2143/latest