

# VIGO Photonics

## 1Q26 Results Review

**Opinion. Supportive.** *The results are better than expected due to good opex discipline and stable gross margin on sales despite lower sales volumes. We expect sales improvement in coming quarters driven by new orders from Safran as well as new industry projects (USA, affordable detector sales China).*

VIGO Photonics 1Q26 revenues arrived at PLN 19.3m (in line with our forecast and preliminary data), norm. EBITDA at PLN 3.3m (vs. our forecast of PLN 1.1m), EBIT at PLN -1.7m (vs. our forecast of PLN -3.5m) and norm. net loss at PLN 0.4m (vs. our forecast of PLN 3.4m loss).

**2026 outlook.** Based on the current backlog the company expected moderate sales growth in industry and military segments. The management reiterated that it expect y/y sales increase in 1H26, following to sluggish 1Q26. The company expect major sales of IR Arrays in 2027 (expected start of deliveries to PCO). As of end of April 2026 the total backlog arrived at PLN 51.5m, up 29% y/y (order intake PLN 36.6m, down 2% y/y), without including acquired Infrared Associates.

**Revenues.** The company's sales revenues for 1Q26 amounted to PLN 19.3m, representing a decrease of 13% y/y and 29% q/q. The decline was driven mainly by the military segment (-30% y/y, following the exceptionally strong 4Q25 supported by Safran orders) and the industrial segment (-17% y/y). On the other hand, the transport segment increased by 163% y/y and 281% q/q. Sales of photonics materials increased by 24% y/y, while medicine and science revenues declined by 41% y/y. The company highlighted that sales level was affected by postponing orders from foreign client from military segment as well as industrial orders (analysis of gases) for the following quarters, as well as increased demand for detectors from European client (railway sector).

**Gross margin.** Gross margin arrived at 49.9%, compared with 46.5% in 1Q25 and 49.8% in 4Q25.

**SG&A.** SG&A cost arrived at PLN 14.2m, up 11% y/y. Selling cost decreased by 28% y/y and 16% q/q to PLN 2.9m, whereas G&A arrived at PLN 11.3m, up 30% y/y and 8% q/q, driven by one-time cost related to Infrared Associates acquisition.

**EBITDA.** VIGO's adj. EBITDA arrived at PLN 3.3m (vs. our forecast of PLN 1.1m), compared with PLN 2.4m in 1Q25 and PLN 5.4m in 4Q25. Reported EBITDA amounted to PLN 1.8m (vs. our forecast of PLN -0.1m). EBIT arrived at PLN -1.7m (vs. our forecast of PLN -3.5m).

**Net profit.** Norm. net loss arrived at PLN 0.4m, compared with our forecast of PLN 3.4m loss. The company reported a negative financial result of PLN 0.7m and a PLN 0.1m negative result from the valuation of shares using the equity method. Reported net loss amounted to PLN 2.8m.

**Operating cash flow.** OCF arrived at PLN 7.2m (vs. PLN 0.3m in 4Q25 and PLN -1.5m in 1Q25), supported by favorable working capital movements.

**Capex.** Investment cash outflow amounted to PLN 32.6m, compared with PLN 2.2m in 4Q25. The increase was driven by PLN 30.5m acquisition expenditure (Infrared). The company did not receive any grants in 1Q26 (vs. PLN 5.4m in 4Q25).

**Net debt.** Net debt arrived at PLN 41.5m versus PLN 13.8m quarter ago and PLN 8.1m in 1Q25, driven by funding of Infrared Associates' acquisition in the quarter.

TMT | Technology

## VIGO Photonics

BUY

FV PLN 670.00

14% upside

Price as of 29 May 2026 PLN 586.00

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Figure 1. VIGO Photonics 1Q26 results review

P&L (PLN m)	1Q25	2Q25	3Q25	4Q25	1Q26	y/y	q/q	1Q26E	vs. IPOP
<b>Sales revenues</b>	<b>22.1</b>	<b>20.3</b>	<b>23.3</b>	<b>27.4</b>	<b>19.3</b>	<b>-13%</b>	<b>-29%</b>	<b>19.3</b>	<b>0%</b>
Industry	10.5	8.1	8.9	10.8	8.8	-17%	-19%	8.8	0%
Military	6.6	4.8	6.1	11.4	4.6	-30%	-59%	4.6	0%
Transport	1.1	3.6	4.2	0.7	2.8	163%	281%	2.8	0%
Medicine and science	2.7	1.9	1.5	1.8	1.6	-41%	-12%	1.6	0%
Other	0.0	0.1	0.0	0.1	0.0	na	na	0.0	0%
Materials for photonics	1.2	1.8	2.6	2.6	1.5	24%	-43%	1.5	0%
COGS	-11.8	-10.0	-11.6	-13.7	-9.7	-18%	-30%		
<b>gross profit/(loss) on sales</b>	<b>10.3</b>	<b>10.3</b>	<b>11.7</b>	<b>13.6</b>	<b>9.6</b>	<b>-6%</b>	<b>-29%</b>		
Other operating revenues	3.6	3.6	3.3	3.7	3.6	1%	0%		
Selling costs	-4.1	-3.5	-3.4	-3.5	-2.9	-28%	-16%		
G&A costs	-8.7	-11.9	-11.3	-10.5	-11.3	30%	8%		
Other operating costs	-1.3	-1.4	-2.1	-2.5	-0.8	-43%	-69%		
<b>EBITDA</b>	<b>3.1</b>	<b>0.5</b>	<b>1.6</b>	<b>4.2</b>	<b>1.8</b>	<b>-41%</b>	<b>-56%</b>	<b>-0.1</b>	<b>-2007%</b>
<b>EBITDA znorm.</b>	<b>2.4</b>	<b>0.6</b>	<b>2.8</b>	<b>5.4</b>	<b>3.3</b>	<b>37%</b>	<b>-40%</b>	<b>1.1</b>	<b>186%</b>
<b>EBIT</b>	<b>-0.3</b>	<b>-2.9</b>	<b>-1.8</b>	<b>0.8</b>	<b>-1.7</b>	<b>567%</b>	<b>na</b>	<b>-3.5</b>	<b>na</b>
Net financial revenues	-1.3	-1.3	-0.2	-0.4	-0.7	-46%	84%		
Result from the valuation of shares using the equity method	-0.2	3.5	-0.2	-2.7	-0.1	-32%	-95%		
<b>Profit (loss) before tax</b>	<b>-1.7</b>	<b>-0.6</b>	<b>-2.2</b>	<b>-2.3</b>	<b>-2.5</b>	<b>47%</b>	<b>10%</b>		
income tax	0.0	-0.3	0.7	-8.7	-0.3	na	-97%		
Net profit	-1.7	-1.0	-1.4	-11.0	-2.8	63%	-75%	-5.4	na
<b>Norm. net profit</b>	<b>-1.7</b>	<b>0.3</b>	<b>-0.3</b>	<b>-0.4</b>	<b>-0.4</b>	<b>-78%</b>	<b>7%</b>	<b>-3.4</b>	<b>na</b>
<b>Profitability ratios</b>	<b>1Q25</b>	<b>2Q25</b>	<b>3Q25</b>	<b>4Q25</b>	<b>1Q26</b>	<b>y/y</b>	<b>q/q</b>		
Gross margin on sales	46.5%	50.5%	50.2%	49.8%	49.9%	3.3 pp	0.1 pp		
EBITDA margin	14.2%	2.6%	6.8%	15.3%	9.5%	-4.6 pp	-5.8 pp		
EBIT margin	-1.2%	-14.2%	-7.6%	2.9%	-8.8%	-7.7 pp	-11.7 pp		
Norm. net profit margin	-7.8%	1.3%	-1.2%	-1.3%	-2.0%	5.8 pp	-0.7 pp		
<b>Cash Flow Statement (PLN m)</b>	<b>1Q25</b>	<b>2Q25</b>	<b>3Q25</b>	<b>4Q25</b>	<b>1Q26</b>	<b>y/y</b>	<b>q/q</b>		
<b>Net cash flow from operations</b>	<b>0.3</b>	<b>-4.3</b>	<b>-3.8</b>	<b>0.3</b>	<b>7.2</b>	<b>2549%</b>	<b>2262%</b>		
<b>Net cash flow from investment activities</b>	<b>-4.0</b>	<b>-1.2</b>	<b>1.0</b>	<b>3.3</b>	<b>-32.6</b>	<b>716%</b>	<b>na</b>		
Grants	1.1	1.1	3.7	5.4	0.0	-100%	-100%		
Gross capital expenditures	-5.1	-2.3	-2.7	-2.2	-32.6	539%	1411%		
<b>Net cash flows from financial activities</b>	<b>-2.8</b>	<b>-2.3</b>	<b>3.6</b>	<b>-1.1</b>	<b>25.6</b>	<b>na</b>	<b>na</b>		
Total net cash flow	<b>-6.5</b>	<b>-7.9</b>	<b>0.7</b>	<b>2.5</b>	<b>0.2</b>	<b>na</b>	<b>-92%</b>		
<b>Net Debt/ (Net cash)</b>	<b>8.1</b>	<b>14.1</b>	<b>17.2</b>	<b>13.8</b>	<b>41.5</b>	<b>415%</b>	<b>200%</b>		

Source: Company, IPOPEMA Research

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analysis is needed (for either/both operational items or valuation parameters). The weak points of DCF method include the susceptibility to a change of a specific forecasts assumptions in the model, and the fact that it present only one discretionary future scenario.

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AGM/EGM – annual/extraordinary general meeting of shareholders.

BVPS – book value per share - the book value of the company's shareholders equity divided by the number of shares outstanding without treasury shares at the end of period.

CAGR – compound annual growth rate.

CFO – net cash flow from operations.

Cost/Income – operating expenses divided by total banking revenue.

D&A – depreciation and amortization.

DCF – discounted cash flow model – a valuation method based on the sum of discounted future cashflows with appropriate adjustments (such as net debt, etc., if applicable).

DDM – dividend discount model – a valuation method of based on the sum of discounted future dividends.

DPS – dividend per share – dividend of a given year divided by the number of shares outstanding without treasury shares at the moment of distribution.

DY – dividend yield – total DPS of a given financial year divided by share price.

EBIT – earnings before interests and tax.

EBITDA – earnings before interests, tax, depreciation and amortization.

EPS – earnings per share – the net income (or adjusted net income) divided by the number of shares outstanding without treasury shares at the end of period.

EV – enterprise value – market cap adjusted by treasury shares, plus gross debt, less cash and equivalents, less associates, plus minorities.

EV/EBITDA – EV divided by EBITDA.

EV/S, or EV/revenues – EV divided by revenues (sales).

FCFE – free cash flow to the equity.

FCFF – free cash flow to the firm.

FV – fair value – fair value price of the company calculated based on valuation methods outlined in the document.

LLP – loan loss provisions – an expense set aside as an allowance for bad loans.

ND – net debt – gross debt and leases (depending on accounting standard) less cash and equivalents.

Net F&C – net fee and commission income – fee and commission income minus fee and commission expense.

NII – net interest income – interest income minus interest expense.

NPL – non-performing loan – loans that are in default or close to be in default.

P/BV – price to book value - price divided by the BVPS.

P/E – price to earnings ratio – price divided by earnings per share.

PEG – P/E ratio divided by the annual EPS growth, usually over a certain period of time.

ROA – return on assets – net income (or adjusted net income) divided by the average assets.

ROE – return on equity – net income (or adjusted net income) divided by the average shareholders' equity.

ROIC – return on invested capital – EBIT \* (1 – tax rate) divided by average invested capital.

uFCF – underlying free cash flow – IPOPEMA's measure reflecting the amount of potential cash flow generation available for distribution before outflow on discretionary purposes (such as shareholders' distribution, unannounced M&A, financial assets, etc.), calculated as follows: net cash from operations less net CAPEX on PP&E, intangibles and subsidiaries (related to announced deals), less net interest paid on debt, leases and granted loans, less lease payment, less dividends paid to minorities, plus received dividends, plus other items if necessary depending on company's specifics/presentation.

uFCFps – uFCF per share.

WACC – weighted average cost of capital.

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<b>IPOPEMA Research - Distribution by rating category (1 January – 31 March 2026)</b>	Number	%
Buy	6	46%
Hold	6	46%
Sell	1	8%
Total	13	100%

#### **Rating History – VIGO Photonics**

Date	Recommendation	Fair Value	Price at recommendation	Author
24.08.2022	BUY	660.0	556.0	Michał Wojciechowski
28.03.2023	HOLD	600.0	566.0	Michał Wojciechowski
19.06.2023	UNDER REVIEW	-	652.0	Michał Wojciechowski
19.02.2024	BUY	600.0	484.0	Michał Wojciechowski
21.06.2024	BUY	600.0	540.0	Michał Wojciechowski
12.02.2025	BUY	500.0	428.0	Michał Wojciechowski
13.05.2025	BUY	640.0	508.0	Michał Wojciechowski
16.10.2025	BUY	610.0	522.0	Michał Wojciechowski
14.05.2026	BUY	670.0	554.0	Michał Wojciechowski