VIGO Photonics

IR Arrays and acquisition to drive growth momentum

The Infrared Associates acquisition, improving market momentum, and the upcoming introduction of military IR Arrays are likely to be the key catalysts bringing VIGO back onto a growth path. The acquisition of Infrared has already contributed to record 2Q26 sales, and we expect it to add PLN 25m in sales and PLN 4m in normalized EBIT in 2026E (with 9M consolidation). The expected cost and revenue synergies (including cross-selling opportunities and the elimination of Infrared's production bottlenecks through the use of VIGO's available capacity) appear achievable, supporting the company's future growth trajectory. The acquisition provides VIGO with strong exposure to the US market, including a local production base, which is an important strategic advantage. We reiterate the attractive valuation of the acquisition, completed at only 0.95x 2025 sales and 5.6x 2025 EBIT. Moreover, the company reported a record backlog (PLN 93m, up 3x y/y) and record 2Q26E sales of PLN 35m, up 71% y/y (the best Q2 in the company's history), confirming the recovery of market demand. Last but not least, IR Arrays for military applications are expected to be launched in 2027E, with our forecast of PLN 10m/31m/42m in 2027E/28E/29E sales from the Polish market. Considering the current record-high demand in the European defence industry and the limited number of IR Array producers based in Europe, future international sales expansion could become a key catalyst for the company. VIGO remains in the process of reviewing strategic options, potentially including a decision regarding the future of the HyperPIC project. We currently do not include HyperPIC in our valuation due to the lack of secured funding. In 2026E/27E, we forecast VIGO to generate PLN 129m/162m in sales (up 39%/25% y/y, including the consolidation of Infrared for 3 quarters of 2026) and adjusted EBITDA of PLN 27m/40m (up 124%/47% y/y). Based on our forecasts, VIGO trades at 2026E/27E EV/EBITDA multiples of 17.4x/12.5x. We maintain our BUY recommendation, with a TP of PLN 650.0.

2Q26E Results Preview. The company has already reported sales of PLN 34.7m (up 71% y/y and 80% q/q), including record quarterly standalone sales for VIGO of PLN 26.3m (up 30% y/y) and an additional PLN 8.4m contribution from the consolidation of Infrared Associates. We estimate gross margin at 48%, reflecting lower profitability at Infrared. With SG&A est. at PLN 16.2m (up 5% y/y), we forecast PLN 3.3m in EBIT (including approximately PLN 1m impact from Infrared) and PLN 2.8m in net income.

2026-27E forecasts. In 2026E, we forecast the company to generate PLN 129m in sales, including PLN 25m consolidated from Infrared, and PLN 104m of organic sales (up 12% y/y). Standalone sales growth should be driven by the industrial segment (PLN 50m, up 30% y/y) and military segment (PLN 24m, down 18% y/y). Thanks to sales growth and OPEX discipline, we expect VIGO to improve its EBITDA margin to 21%, up from 13% in 2025. In 2027E, we expect the military segment to become the key growth driver (PLN 43m, up 79% y/y, including estimated PLN 10m from IR Arrays), alongside the industrial segment (PLN 53m, up 6% y/y). We expect further EBITDA margin recovery towards 24%.

Figure 1. Summary of financial data (PLN m)*

	2023	2024	2025	2026E	2027E	2028E
Revenues	75.4	78.3	93.0	129.3	161.9	199.3
Norm. EBITDA	15.0	5.5	12.0	26.9	39.6	56.6
Norm. net profit	9.0	-3.6	-6.8	11.4	15.2	32.6
EV/EBITDA (x)	26.3	73.0	32.2	17.4	12.5	8.2
P/E (x)	39.7	na	na	42.9	32.1	15.0

*Source: Company, IPOPEMA Research *HyperPIC project is not included in our detailed forecasts and valuation for VIGO Photonics as for now the project has no clear financing path.*

TMT | Technology

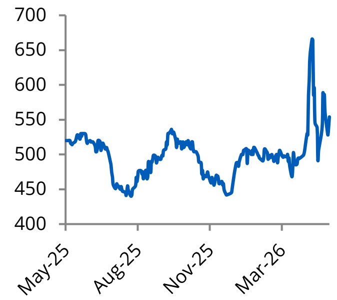
VIGO PHOTONICS

BUY
TP PLN 650.0

34% upside

Price as of 27 July 2026 PLN 485.0

Maintained



Share data

Number of shares (m)	0.87
Market cap (EUR m)	112
12M avg daily volume (k)	0.9
12M avg daily turnover (EUR m)	0.1
12M high/low (PLN)	674 / 428
WIG weight (%)	0.04%
Reuters	VGOP.WA
Bloomberg	VGO PW

Total performance

1M	-7%
3M	-5%
12M	6%

Shareholders

Józef Piotrowski	9.4%
Allianz OFE	6.7%
PZU TFI	6.5%
Investors TFI	5.9%
Janusz Kubrak	5.5%
Others	66.0%

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VIGO Photonics*

BUY **TP PLN 650**

Mkt Cap EUR 92.6m upside +34%

Valuation multiples	2024	2025	2026E	2027E	2028E
P/E (x)	na	na	42.9	32.1	15.0
EV/EBITDA (x)	73.0	32.2	17.4	12.5	8.2
EV/Sales (x)	5.1	4.2	3.6	3.1	2.3
P/BV (x)	2.4	2.5	2.1	2.0	1.8
FCF yield (%)	-1.2%	-1.9%	-8.0%	-3.0%	11.4%
DY (%)	0.0%	0.0%	0.0%	0.0%	0.0%

Per share	2024	2025	2026E	2027E	2028E
No. of shares (m units)	0.9	0.9	1.0	1.0	1.0
norm. EPS (PLN)	-4.2	-7.8	11.3	15.1	32.4
BVPS (PLN)	194.9	179.7	226.1	241.3	273.7
FCFPS (PLN)	-5.4	-8.3	-37.1	-14.8	52.8
DPS (PLN)	0.0	0.0	0.0	0.0	0.0

Change y/y (%)	2024	2025	2026E	2027E	2028E
Revenues	3.9%	18.8%	39.0%	25.3%	23.1%
Norm. EBITDA	-63.4%	118.9%	124.1%	47.1%	43.0%
EBIT	na	na	-474.0%	29.1%	89.1%
Norm. net profit	na	na	-267.4%	33.6%	114.3%

Leverage and return	2024	2025	2026E	2027E	2028E
Gross margin (%)	50.5%	49.3%	54.6%	53.8%	56.9%
Norm. EBITDA mar. (%)	7.0%	12.9%	20.8%	24.4%	28.4%
EBIT margin (%)	-5.9%	-4.4%	11.9%	12.3%	18.9%
Norm. net margin (%)	-4.6%	-7.3%	8.8%	9.4%	16.4%
Net debt / EBITDA (x)	0.4	1.0	0.0	0.6	0.0
Net debt / Equity (x)	0.0	0.1	0.0	0.1	0.0
Net debt / Assets (x)	0.0	0.1	0.0	0.1	0.0
ROE (%)	-2.1%	-4.2%	5.9%	6.5%	12.6%
ROA (%)	-1.5%	-3.2%	4.2%	4.6%	9.5%
ROIC (%)	-4.0%	-4.2%	6.3%	6.8%	12.7%

P&L (PLN m)	2023	2024	2025	2026E	2027E	2028E
Revenues	75.4	78.3	93.0	129.3	161.9	199.3
COGS	-35.8	-38.7	-47.2	-58.7	-74.7	-86.0
Gross profit	**39.6**	**39.6**	**45.8**	**70.5**	**87.2**	**113.3**
Selling costs	-9.4	-13.5	-14.4	-16.8	-21.4	-26.7
G&A costs	-33.7	-35.9	-42.4	-45.5	-53.3	-56.7
Other operating income net	11.9	5.2	6.8	7.2	7.4	7.7
EBITDA	**18.8**	**8.8**	**9.4**	**29.9**	**42.6**	**59.8**
Norm. EBITDA **	**15.0**	**5.5**	**12.0**	**26.9**	**39.6**	**56.6**
EBIT	**8.5**	**-4.6**	**-4.1**	**15.4**	**19.9**	**37.6**
Financial income (cost) net	-0.1	-1.0	-3.1	-4.0	-3.9	-3.3
Pre-tax profit	**9.0**	**-3.6**	**-6.8**	**11.4**	**16.0**	**34.3**
Income tax	-14.3	-0.4	-8.3	-2.2	-0.8	-1.7
Net profit	-5.3	-4.1	-15.1	9.2	15.2	32.6
Norm. net profit***	9.0	-3.6	-6.8	11.4	15.2	32.6

BALANCE SHEET (PLN m)	2023	2024	2025	2026E	2027E	2028E
Non-current assets	**163.5**	**166.2**	**159.6**	**208.7**	**226.1**	**219.0**
Goodwill and intangible assets	12.3	15.0	15.7	37.9	35.0	33.2
Expenditures on R&D	15.0	16.9	22.5	28.5	32.3	36.5
Investments in associates	12.6	17.8	19.0	19.0	19.0	19.0
tangible assets	111.9	104.8	97.5	118.4	134.8	125.3
Deferred tax assets	7.8	7.5	0.0	0.0	0.0	0.0
Other non-current assets	3.9	4.2	5.0	5.0	5.0	5.0
Current assets	**96.6**	**53.7**	**51.3**	**125.8**	**107.3**	**135.8**
Inventories	11.8	15.8	16.5	21.4	25.5	29.7
Trade receivables	15.9	16.9	21.8	25.8	31.9	38.7
Cash and equivalents	2.8	17.3	6.0	71.5	42.8	60.1
Other current assets	66.1	3.8	3.0	3.0	3.1	3.2
Total assets	**260.1**	**219.9**	**210.9**	**334.5**	**333.4**	**354.8**
Equity	**176.2**	**170.5**	**157.2**	**227.5**	**242.7**	**275.3**
Non-current liabilities	**40.3**	**27.2**	**27.0**	**78.5**	**60.4**	**47.9**
Loans and borrowings	19.7	11.9	7.7	58.3	56.3	46.3
Other non-current liabilities	20.6	15.3	18.5	20.2	4.1	1.6
Current liabilities	**43.6**	**22.2**	**26.7**	**28.5**	**30.3**	**31.6**
Trade payables	2.8	4.6	5.8	6.8	8.6	9.9
Loans and borrowings	32.5	8.8	12.1	12.5	12.0	11.5
Other current liabilities	8.3	8.8	8.8	9.2	9.7	10.1
Equity & liabilities	**260.1**	**219.9**	**210.9**	**334.5**	**333.4**	**354.8**
Cash conversion cycle (days)	101.8	105.9	99.1	91.1	87.1	83.1
Gross debt (PLN m)	51.3	19.5	17.7	70.8	68.3	57.8
Net debt (PLN m)	**48.5**	**2.2**	**11.8**	**-0.7**	**25.6**	**-2.3**

CASH FLOW (PLN m)	2023	2024	2025	2026E	2027E	2028E
Operating cash flow	**-1.6**	**-7.6**	**-7.6**	**13.4**	**22.8**	**38.2**
Pre-tax profit	9.0	-3.6	-6.8	11.4	16.0	34.3
D&A	10.3	13.4	13.6	14.5	22.8	22.2
Change in WC	0.3	-3.2	-4.2	-8.1	-8.4	-9.9
Other	-20.7	-14.2	-10.1	-4.4	-7.5	-8.4
Investment cash flow	**-0.4**	**-6.0**	**-1.0**	**-56.1**	**-45.2**	**-7.1**
Grants	14.7	8.3	11.2	7.5	-5.0	7.9
CAPEX excl. R&D	-4.9	-2.3	-2.5	-15.9	-29.4	-3.6
CAPEX on R&D	-4.9	-8.8	-9.0	-16.7	-10.7	-11.4
Net investment in subsidiaries	-5.3	-3.3	-0.8	-31.0	0.0	0.0
other	-0.1	0.0	0.0	0.0	0.0	0.0
Financial cash flow	**2.6**	**28.2**	**-2.6**	**108.2**	**-6.4**	**-13.8**
Change in equity	0.0	61.5	0.0	61.1	0.0	0.0
Change in debt	4.9	-31.3	-1.6	51.1	-2.5	-10.5
Interest paid	-2.3	-2.1	-1.1	-4.0	-3.9	-3.3
Dividend	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
Change in cash	**0.6**	**14.6**	**-11.2**	**65.5**	**-28.7**	**17.3**
Cash as of eop	**2.8**	**17.3**	**6.0**	**71.5**	**42.8**	**60.1**

*Source: Company (2021-23 data), IPOPEMA Research * The presented data does not consolidate HyperPIC project*

***EBITDA normalized by the non-cash settlement of grants and subsidies to tangible assets; ***net profit normalized by non-cash change in deferred tax*

CONTENTS

Valuation

Figure 2. VIGO Photonics – Valuation summary (PLN)

Valuation method	Weight (%)	TP (PLN/share)
DCF	100%	650.0
Peers comparison	0%	516.0
Target Price 12M		**650.0**
Current price		485.0
Upside/downside		**34%**

Source: IPOPEMA Research

Figure 3. VIGO Photonics - DCF Valuation (PLN m)

	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	TV
Revenues	75.4	78.3	93.0	129.3	161.9	199.3	237.8	268.8	296.9	310.3
- change y/y	*11%*	*4%*	*19%*	*39%*	*25%*	*23%*	*19%*	*13%*	*10%*	
EBITDA reported	15.0	5.5	12.0	26.9	39.6	56.6	72.1	79.2	85.3	89.1
- EBITDA margin	*19.9%*	*7.0%*	*12.9%*	*20.8%*	*24.4%*	*28.4%*	*30.3%*	*29.5%*	*28.7%*	*28.7%*
- change y/y	*0%*	*-63%*	*119%*	*124%*	*47%*	*43%*	*27%*	*10%*	*8%*	
EBIT norm.*	4.7	-7.9	-7.0	12.4	16.8	34.4	50.2	57.3	63.2	66.0
Tax rate	*0%*	*-12%*	*-122%*	*0%*	*5%*	*5%*	*5%*	*5%*	*5%*	*9%*
NOPAT	4.7	-8.9	-15.6	12.4	16.0	32.7	47.7	54.5	60.0	60.1
- change y/y	*-13%*	*-290%*	*76%*	*-179%*	*29%*	*105%*	*46%*	*14%*	*10%*	
D&A	10.3	13.4	13.6	14.5	22.8	22.2	21.9	21.9	22.1	22.1
Change in WC	0.3	-3.2	-4.2	-8.1	-8.4	-9.9	-11.1	-8.2	-7.2	-7.0
CAPEX (net, less grants)	-0.4	-6.1	-1.0	-56.1	-45.2	-7.1	-7.7	-8.2	-8.8	-22.1
FCF	14.9	-4.7	-7.3	-37.3	-14.9	37.9	50.8	59.9	66.2	53.1
Equity risk premium				5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Risk free rate				5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	4.5%
Levered beta				1.6	1.6	1.5	1.4	1.3	1.3	1.3
Cost of Equity				14.2%	14.1%	13.6%	13.1%	12.8%	12.6%	11.6%
After tax cost of debt				5.5%	5.2%	5.2%	5.2%	5.2%	5.2%	5.0%
WACC				12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	11.2%
Discount factor (%)				93%	83%	74%	66%	59%	52%	
FCF PV (PLN m)				-34.6	-12.3	28.0	33.5	35.3	34.7	
FCF PV 2026E-31E (PLN m)	84.5									
Residual growth rate (%)	4.5%									
Discounted residual value (PLN m)	436.3									
EV (PLN m)	520.8									
Investments in associates	19.0									
Others	61.1									
Net debt (PLN m, 4Q25)	11.8									
Equity value (PLN m)	**589.2**									
Number of shares (diluted, m)	1.006									
TP (PLN)	**650.0**									
Current price	485.0									
Upside/downside potential	**34%**									

*Source: IPOPEMA Research, valuation excluding HyperPIC project, *EBIT normalized by the non-cash settlement of grants and subsidies to tangible assets.*

Figure 4. DCF valuation sensitivity analysis

Residual growth rate (%)	WACC (%)				
	10.2%	**10.7%**	**11.2%**	**11.7%**	**12.2%**
3.5%	635	605	579	556	536
4.0%	679	643	613	586	563
4.5%	729	686	650	620	593
5.0%	790	738	695	659	627
5.5%	863	799	747	704	666

Source: IPOPEMA Research

Figure 5. VIGO Photonics – Peers comparison

COMPANY	Market Cap USD m	P/E (x) 2026E	P/E (x) 2027E	P/E (x) 2028E	EV/EBITDA (x) 2026E	EV/EBITDA (x) 2027E	EV/EBITDA (x) 2028E	DY 2026E	Revenues CAGR 2024-27E	NI CAGR 2024-27E	ROE 2025E
HAMAMATSU PHOTONICS	4,543	39.5	34.0	29.3	16.5	13.6	12.4	0.2%	*-8.0%*	*1.9%*	*5.3%*
TELEDYNE TECHNOLOGIES	30,170	26.6	24.7	23.0	19.1	17.0	14.9	0.2%	*10.2%*	*8.5%*	*10.3%*
NIPPON CERAMIC	609	14.8	13.6	13.3	n.a.	n.a.	n.a.	0.3%	*11.3%*	*9.3%*	*10.9%*
OPTEX GROUP	818	17.8	15.6	13.5	n.a.	n.a.	n.a.	0.1%	*16.7%*	*15.3%*	*11.9%*
VISUAL PHOTONICS	1,905	61.3	36.2	24.4	40.0	25.8	17.7	0.3%	*35.7%*	*27.8%*	*27.0%*
IPG PHOTONICS	4,094	64.9	47.6	36.3	23.1	17.0	n.a.	0.0%	*-179.2%*	*-188.5%*	*2.8%*
MEDIAN		33.0	29.3	23.7	21.1	17.0	14.9	0.2%	10.7%	8.9%	10.6%
VIGO PHOTONICS	116	42.9	32.1	15.0	17.4	12.5	8.2	0.0%	*27.4%*	-	*5.9%*
premium/discount to all peers (median)		*30%*	*9%*	*-37%*	*-17%*	*-27%*	*-45%*				
Weight		25%	25%	0%	25%	25%	0%				
Implied Price (PLN)		516.0									

Source: IPOPEMA Research, Bloomberg

Figure 6. VIGO Photonics – change in forecasts 2026E-28E

	2026E New	2026E Previous	Change (%)	2027E New	2027E Previous	Change (%)	2028E New	2028E Previous	Change (%)
Revenues	129.3	132.2	-2%	161.9	174.6	-7%	199.3	221.4	-10%
EBITDA	29.9	28.8	4%	42.6	46.4	-8%	59.8	69.0	-13%
EBIT	15.4	15.3	0%	19.9	25.8	-23%	37.6	49.1	-23%
Norm. net income	11.4	11.3	1%	15.2	20.8	-27%	32.6	43.6	-25%

Source: IPOPEMA Research

2Q26E results preview

Figure 7. VIGO Photonics 2Q26E results preview

P&L (PLN m)	2Q25	3Q25	4Q25	1Q26	2Q26E	*y/y*	*q/q*
Sales revenues	**20.3**	**23.3**	**27.4**	**19.3**	**34.7**	***71%***	***80%***
Industry	8.1	8.9	10.8	8.8	19.3	*138%*	*120%*
Military	4.8	6.1	11.4	4.6	3.8	*-21%*	*-18%*
Transport	3.6	4.2	0.7	2.8	6.2	*71%*	*118%*
Medicine and science	1.9	1.5	1.8	1.6	1.6	*-13%*	*3%*
Other	0.1	0.0	0.1	0.0	0.0	*na*	*na*
Materials for photonics	1.8	2.6	2.6	1.5	3.8	*110%*	*154%*
COGS	-10.0	-11.6	-13.7	-9.7	-18.0	*80%*	*86%*
gross profit/(loss) on sales	**10.3**	**11.7**	**13.6**	**9.6**	**16.6**	***62%***	***73%***
Other operating revenues	3.6	3.3	3.7	3.6	3.6	*0%*	*0%*
Selling costs	-3.5	-3.4	-3.5	-2.9	-3.9	*14%*	*34%*
G&A costs	-11.9	-11.3	-10.5	-11.3	-12.3	*3%*	*9%*
Other operating costs	-1.4	-2.1	-2.5	-0.8	-0.8	*-45%*	*0%*
EBITDA	**0.5**	**1.6**	**4.2**	**1.8**	**6.9**	***1224%***	***272%***
EBITDA znorm.	**0.6**	**2.8**	**5.4**	**3.3**	**6.9**	***1025%***	***109%***
EBIT	**-2.9**	**-1.8**	**0.8**	**-1.7**	**3.3**	***na***	***na***
Net financial revenues	-1.3	-0.2	-0.4	-0.7	-0.5	*-61%*	*-28%*
Net financial revenues	3.5	-0.2	-2.7	-0.1	0.0	*-100%*	*-100%*
Profit (loss) before tax	**-0.6**	**-2.2**	**-2.3**	**-2.5**	**2.8**	***na***	***na***
income tax	-0.3	0.7	-8.7	-0.3	0.0	*-100%*	*-100%*
Net profit	-1.0	-1.4	-11.0	-2.8	2.8	*na*	*na*
Norm. net profit	**0.3**	**-0.3**	**-0.4**	**-0.4**	**2.8**	***993%***	***na***

Source: Company, IPOPEMA Research

Appendix 1: Risks to our forecasts and valuation

Between critical in our opinion risks for operations and results of VIGO Photonics we include:

The risk of decrease of demand for company's products. The market of MID-Infrared detectors on which VIGO operates is currently dynamically developing part of photonics. Nevertheless, there is a risk, that due to different factors (including macroeconomic, political or technological) the demand for detectors will drop significantly and the market would not grow with actual, high dynamic.

The risk of key client loss. In 2024 42% of revenues were generated from the contracts with 4 clients (vs. in 2023 40%). The end of collaboration with each of these, or the decrease of contracts value could significantly affect the dynamic of VIGO revenues growth. However we note that the competition on the IR detectors market is low (high entry barriers) and there is high cost of technology replacement (which is also the barrier for VIGO and means that acquisition of new partners is harder).

The risk of competition. Due to high concentration on the market (only few producers) and high entry barriers (complicated technology) we assume that competition risk is quite low. Nonetheless with further dynamic growth of the market and popularization of applications of MID-infrared detectors there is a risk that leading technological companies will decide to enter the market. Another risk is the fast development of technology and short life cycle of the product (there is a risk of obtaining technological advantage by one of the competitors).

Risk of key projects failure. We highlight that performance of main new projects like investment in semiconductor materials segment, IR Arrays of PIC technology may result in failure and therefore not generated expected profits for the company or generated higher than anticipated capital expenditures, which may negatively affect financial results and valuation.

The risk of losing key employees. Production of infrared detectors is a process which require highly specialized workers, which supply on the market is very limited. At the same time high qualifications of the staff is perceived by the board as one of the advantages of VIGO.

The risk of alternative technology. There is a risk that other alternative technology could appear on the market and replace VIGO products with better parameters and/or lower price.

The risk of equipment breakdown. The equipment used by VIGO is highly advanced and is not vastly available on the market. In the case of breakdown, the company could have a problem with the production delays. The costs of replacement/repair of machines could be also significant.

Risk of lower subventions/grants in the future. To keep high level of subventions to expenditures on R&D the company needs to meet many criterions. The loss of subvention, or lower level of subvention in the future would result in the necessity of higher company's own spending on R&D or higher debt level.

The Currency risk. The most of the VIGO revenues is generated in EUR, while the cost (based on salaries and other employees' benefits) are mainly in PLN, which result in exposure for currency risk. VIGO is not using currency hedging instruments.

Risk of restricting access to materials as a result of legislation. According to EU ROHS directive some substances which are currently used for VIGO's detectors production will be no longer available for use in the future due to their hazardous nature.

Appendix 2: ESG

Below we present our ESG analysis of VIGO Photonics operations:

Environmental. VIGO's detectors are used for analysis and detection of harmful gases, and thus they are used in the environment protection sector as well as in industrial applications, where they could materially contribute to the policy of reducing harmful gas emissions.

The R&D projects conducted by consortiums with VIGO's active participation (which are a part of the Horizon 2020 European program) are aimed at developing new technologies and devices for water quality control. VIGO is participating in project Waterspy, which targets the development of mobile devices for water quality control (analyzing for bacterial contamination) in important points of water distribution networks. The second project – AQUARIUS – aims to develop a device for spectroscopy for monitoring of oil pollution in transmission networks of drinkable and industrial water, especially in the petrochemical industry. In our opinion, both projects could help to reduce the level of pollution and decrease the number of diseases, especially in developing countries.

VIGO is also investing in the development of detector technology (investment in a new production hall and new clean room), which results in optimization of the production process and lower consumption of materials and energy (affordable detector) and higher yield (with the new clean room). VIGO is currently developing detectors from A(III)B(V) materials, which are expected to replace products based on HgCdTe compounds (include mercury, which according to the UE ROHS directive will be withdrawn from commercial applications in coming years). VIGO has not decided yet when HgCdTe detectors will be removed from its offer, but it is intensively working on substitutes without dangerous compounds (including an affordable detection module).

Water consumption for production is monitored on a daily basis. The company does not use any fossil fuels for heating. It does not have its own heating furnaces. Analyses are carried out once a quarter on the physical and chemical quality of wastewater. So far, no excesses have been recorded. The group generates municipal waste, hazardous waste and outside the installation, as well as other waste related to its activity. Records are kept for the waste specified in the Act.

Social responsibility. VIGO's detectors are used for military purposes, mainly in artillery applications (smart munitions, reduction in number of accidental victims due to better aiming) and for tracking warning systems. Currently applications in drug and explosive detection are being analyzed.

Governance. From 21 November 2014 when VIGO Photonics shares were admitted to trading on the WSE, the company has accepted and complied with WSE governance policy rules. We have positive feedback about VIGO's corporate governance due to: 1) lack of transactions with related parties; 2) market-based salaries of the board; 3) a transparent dividend policy; 4) solid and clear accounting standards and policy, along with high quality presented financial data; and 5) reporting of sales data at the end of each quarter and respecting deadlines for financial reporting. Another good practice of the company is also presenting the strategy with mid-term financial targets, though its realization was several times postponed in the past years. We like the long-term involvement of the board and its professional qualifications. The company also holds regular meetings with investors after the publication of quarterly earnings, when the board is ready to answer shareholders' questions.

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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.
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.
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uFCFps – uFCF per share.
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IPOPEMA Research - Distribution by rating category (1 January – 31 March 2026)	Number	%
Buy	14	48%
Hold	0	0%
Sell	11	38%
Total	4	14%

Rating History – VIGO Photonics

Date	Recommendation	Fair Value/Target Price	Price at recommendation	Author
24.08.2022	BUY	660.0	556.0	Michał Wojciechowsk
28.03.2023	HOLD	600.0	566.0	Michał Wojciechowsk
19.06.2023	UNDER REVIEW	-	652.0	Michał Wojciechowsk
19.02.2024	BUY	600.0	484.0	Michał Wojciechowsk
21.06.2024	BUY	600.0	540.0	Michał Wojciechowsk
12.02.2025	BUY	500.0	428.0	Michał Wojciechowsk
13.05.2025	BUY	640.0	508.0	Michał Wojciechowsk
16.10.2025	BUY	610.0	522.0	Michał Wojciechowsk
14.05.2026	BUY	670.0	554.0	Michał Wojciechowsk
31.07.2026	BUY	650.0	485.0	Michał Wojciechowsk