VIGO Photonics

2Q26 Results Review

Opinion. Positive. *The first full results post Infrared Associates acquisition presents decent profitability level, which might be expected to be maintained in following quarters (as the Opex base is likely to remain stable according to management and sales momentum is strong, considering backlog growth). We expect solid 2H26 performance as well with 2027 supported by PLN 10m+ sales from IR Arrays driving further growth for the company. Effectively it means that the company is back on track following couple of years with negative profitability and cash flow.*

At the same time IR Arrays are expected to complete final R&D tests in late 2026 and confirmation of its completion will be another positive signal, opening the option for expanding current contract with PCO for another vehicle platforms (potential for current PLN 192m contract multiplication to PLN 1bn across years only from Polish market). In our view one of the key growth opportunities is export of IR Arrays to European partners. We believe such contracts might be signed in 2027 already.

VIGO Photonics 2Q26 revenues arrived at PLN 34.7m (in line with preliminary), norm. EBITDA at PLN 8.0m (16% above our forecast), EBIT at PLN 4.4m (32% above our forecast) and norm. net profit at PLN 3.7m (33% above our forecast).

2026 outlook. The management reiterated expectations for moderate sales growth in industry and military segments. The company expect major sales of IR Arrays in 2027 (expected start of deliveries to PCO). As of end of August 2026 the total backlog arrived at PLN 87.5m, up 43% y/y (order intake PLN 102m, up 25% y/y, higher already than total 2025 order intake at PLN 101.4m), without including acquired Infrared Associates.

Revenues. The company's sales revenues for 2Q26 amounted to PLN 34.7m, representing an increase of 71% y/y and 80% q/q. The strong growth was driven mainly by the industrial segment, which increased by 138% y/y and 120% q/q to PLN 19.3m. Transport revenues increased by 71% y/y and 118% q/q to PLN 6.2m, while sales of photonics materials increased by 110% y/y and 154% q/q to PLN 3.8m. On the other hand, military revenues declined by 21% y/y and 18% q/q to PLN 3.8m (driven by lower orders from European client), while medicine and science revenues were down 13% y/y to PLN 1.6m.

Gross margin. Gross margin arrived at 47.3%, compared with 50.5% in 2Q25 and 49.9% in 1Q26. The 3.3pp y/y decline and 2.6pp q/q decrease is related with inclusion of Infrared Associates.

SG&A. Selling costs decreased by 30% y/y and 18% q/q to PLN 2.4m, while G&A costs amounted to PLN 7.5m, up 22% y/y and 2% q/q. R&D costs amounted to PLN 4.0m, down 31% y/y and broadly flat q/q. The management expects relatively flat opex in following quarters vs. Q2 levels.

EBITDA. VIGO's norm. EBITDA arrived at PLN 8.0m (16% above our forecast), compared with PLN 0.6m in 2Q25 and PLN 3.3m in 1Q26. Reported EBITDA amounted to PLN 8.3m (vs. our forecast of PLN 6.9m). EBIT arrived at PLN 4.4m (vs. our forecast of PLN 3.3m), compared with PLN -2.9m in 2Q25 and PLN -1.7m in 1Q26. The company has book PLN 0.1m additional M&A costs (vs. PLN 2.2m in 1Q26), related to Infrared Associates acquisition.

Net profit. Norm. net profit arrived at PLN 3.7m, compared with our forecast of PLN 2.8m. The company reported a negative financial result of PLN 0.9m and a

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BUY
FV PLN 650.00

29% upside

Price as of 25 September 2026 PLN 504.00

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PLN 0.1m negative result from the valuation of shares using the equity method. Reported net profit amounted to PLN 3.0m.

Operating cash flow. OCF arrived at PLN 1.7m, compared with PLN -4.3m in 2Q25 and PLN 7.2m in 1Q26, driven by significant increase in working capital.

Capex. Investment cash outflow amounted to PLN 3.2m, compared with PLN 32.6m in 1Q26 (driven by PLN 30.5m spent on acquisition).

Net debt. Net debt arrived at PLN 44.2m versus PLN 41.5m a quarter ago and PLN 14.1m in 2Q25, increasing by PLN 2.7m q/q.

Figure 1. VIGO Photonics 2Q26 results review

P&L (PLN m)	2Q25	3Q25	4Q25	1Q26	2Q26	y/y	q/q	2Q26E	vs. IPOP
Sales revenues	**20.3**	**23.3**	**27.4**	**19.3**	**34.7**	***71%***	***80%***	**34.7**	**0%**
Industry	8.1	8.9	10.8	8.8	19.3	*138%*	*120%*	19.3	0%
Military	4.8	6.1	11.4	4.6	3.8	*-21%*	*-18%*	3.8	0%
Transport	3.6	4.2	0.7	2.8	6.2	*71%*	*118%*	6.2	0%
Medicine and science	1.9	1.5	1.8	1.6	1.6	*-13%*	*3%*	1.6	0%
Other	0.1	0.0	0.1	0.0	0.0	*na*	*na*	0.0	na
Materials for photonics	1.8	2.6	2.6	1.5	3.8	*110%*	*154%*	3.8	0%
COGS	-10.0	-11.6	-13.7	-9.7	-18.3	*82%*	*89%*		
gross profit/(loss) on sales	**10.3**	**11.7**	**13.6**	**9.6**	**16.4**	***60%***	***70%***		
Other operating revenues	3.6	3.3	3.7	3.6	3.2	*-12%*	*-12%*		
Selling costs	-3.5	-3.4	-3.5	-2.9	-2.4	*-30%*	*-18%*		
G&A costs	-6.2	-11.3	-19.0	-7.4	-7.5	*22%*	*2%*		
R&D costs	-5.8			-3.9	-4.0	*-31%*	*1%*		
Other operating costs	-1.4	-2.1	-2.5	-0.8	-1.3	*-6%*	*72%*		
EBITDA	**0.5**	**1.6**	**-4.4**	**1.8**	**8.3**	***1483%***	***350%***	**6.9**	**21%**
EBITDA znorm.	**0.6**	**2.8**	**-3.1**	**3.3**	**8.0**	***1193%***	***142%***	**6.9**	**16%**
EBIT	**-2.9**	**-1.8**	**-7.8**	**-1.7**	**4.4**	***na***	***na***	**3.3**	**32%**
Net financial revenues	-1.3	-0.2	-0.4	-0.7	-0.9	*-29%*	*29%*		
Result from the valuation of shares using the equity method	3.5	-0.2	-2.7	-0.1	-0.1	*na*	*-9%*		
Profit (loss) before tax	**-0.6**	**-2.2**	**-10.8**	**-2.5**	**3.4**	***na***	***na***		
income tax	-0.3	0.7	-8.7	-0.3	-0.4	*8%*	*36%*		
Net profit	-0.9	-1.4	-19.6	-2.8	3.0	*na*	*na*	2.8	7%
Norm. net profit	**0.3**	**-0.3**	**-8.9**	**-0.4**	**3.7**	***1317%***	***na***	**2.8**	**33%**

Profitability ratios	2Q25	3Q25	4Q25	1Q26	2Q26	y/y	q/q
Gross margin on sales	50.5%	50.2%	49.8%	49.9%	47.3%	*-3.3 pp*	*-2.6 pp*
EBITDA margin	2.6%	6.8%	-15.9%	9.5%	23.9%	*21.3 pp*	*14.4 pp*
EBIT margin	-14.2%	-7.6%	-28.4%	-8.8%	12.6%	*26.8 pp*	*21.5 pp*
Norm. net profit margin	1.3%	-1.2%	-32.5%	-2.0%	10.7%	*9.5 pp*	*12.7 pp*

Cash Flow Statement (PLN m)	2Q25	3Q25	4Q25	1Q26	2Q26	y/y	q/q
Net cash flow from operations	**-4.3**	**-3.8**	**-8.2**	**7.2**	**1.7**	***na***	***-77%***
Net cash flow from investment activities	**-1.2**	**1.0**	**3.3**	**-32.6**	**-3.2**	***164%***	***-90%***
Grants	1.1	3.7	5.4	0.0	0.0	*-100%*	*#DZIEL/0!*
Gross capital expenditures	-2.3	-2.7	-2.2	-32.6	-3.2	*42%*	*-90%*
Net cash flows from financial activities	**-2.3**	**3.6**	**-1.1**	**25.6**	**5.3**	***na***	***-79%***
Total net cash flow	**-7.9**	**0.7**	**-6.1**	**0.2**	**3.8**	***na***	***1742%***
Net Debt/ (Net cash)	14.1	17.2	13.8	41.5	44.2	*213%*	*6%*

Source: Company, IPOPEMA Research

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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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IPOPEMA Research - Distribution by rating category (1 April – 30 June 2026)	Number	%
Buy	14	48%
Hold	11	38%
Sell	4	14%
Total	29	100%

Rating History – VIGO Photonics

Date	Recommendation	Target Price/ Fair Value	Price at recommendation	Author
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
31.07.2026	BUY	650.0	485.0	Michał Wojciechowski