

VIGO Photonics

IR Arrays and acquisition to drive growth momentum

Following the acquisition of Infrared Associates and supported by improving market momentum, VIGO is on track to deliver 33% y/y revenue growth and more than double its adj. EBITDA in 2026E. After a challenging 2024–25, VIGO appears to be back on track, although its most significant growth opportunities still lie ahead, particularly in the defence sector and the emerging infrared array technology. We expect IR Arrays to complete validation in the coming months, paving the way for commercial sales from late 2027E. We forecast cumulative domestic IR Arrays revenues of PLN 225m over 2027–32E, compared with a Polish market opportunity estimated by the company at c. PLN 1bn over c. 10 years. Additionally, we project PLN 92m in cumulative IR Arrays export revenues over the same period, with sales commencing in 2028E. However, we see potential for initial export contracts, and possibly even first deliveries under an upside scenario, as early as 2027E. Beyond IR Arrays, we expect sustained growth in VIGO's core business, supported by synergies from the Infrared Associates acquisition. We forecast Infrared Associates' revenues to increase by 10% y/y to PLN 35m in 2027E. Meanwhile, VIGO continues to review its strategic options, potentially including a decision on the future of the HyperPIC project (We exclude HyperPIC from our valuation due to the lack of financing; a potential cancellation would have no direct impact on our valuation and should have a limited effect on VIGO's financials). For 2026E/27E, we forecast revenues of PLN 124m/156m (up 33%/26% y/y, including nine months of Infrared Associates consolidation in 2026E) and adjusted EBITDA of PLN 26m/35m (up 118%/36% y/y). Based on our estimates, VIGO trades at 2027E/28E EV/EBITDA multiples of 15.9x/9.4x. We reiterate our BUY recommendation with a TP of PLN 685.0.

3Q26E results preview. VIGO reported preliminary 3Q26 revenues of PLN 34.5m (+48% y/y, flat q/q), including record quarterly standalone revenues of PLN 26.0m (+12% y/y, flat q/q) and an PLN 8.5m contribution from Infrared Associates. We estimate the gross margin at 48%, in line with the previous quarter. Assuming SG&A expenses of PLN 13.9m (-5% y/y), we forecast EBIT of PLN 4.6m, including a contribution of approx. PLN 1m from Infrared, and net profit of PLN 3.9m.

2026–27E forecasts. We lower our 2026E revenue forecast by 4% to PLN 124m (+33% y/y), reflecting our expectation of only modest q/q growth in 4Q26E following solid 2Q–3Q26 performance. We anticipate a sequential q/q slowdown in defence and transport revenues, alongside broadly stable sales in materials for photonics. For 2027E, we forecast revenues of PLN 156m (+26% y/y), also 4% below our previous estimate, reflecting a reduction in IR Arrays revenues under the PCO contract to PLN 5m from PLN 10m. Given that the technology has yet to complete validation, we see a risk of delays in its commercial rollout. We expect the defence and military segments to remain the key organic growth drivers, with revenue growth of 18%/31% y/y, respectively, excluding contributions from Infrared and IR Arrays. At the same time, we expect continued operating cost discipline to support an improvement in the adj. EBITDA margin to 21%/23% in 2026E/27E, from 13% in 2025. This translates into adj. EBITDA of PLN 26.1m/35.5m (+118%/36% y/y).

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

	2023	2024	2025	2026E	2027E	2028E
Revenues	75.4	78.3	93.0	124.0	155.7	198.7
Norm. EBITDA	15.0	5.5	12.0	26.1	35.5	57.2
Norm. net profit	9.0	-3.6	-6.8	10.3	14.0	35.1
EV/EBITDA (x)	26.3	73.0	32.2	20.6	15.9	9.4
P/E (x)	39.7	na	na	54.0	39.7	15.9

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

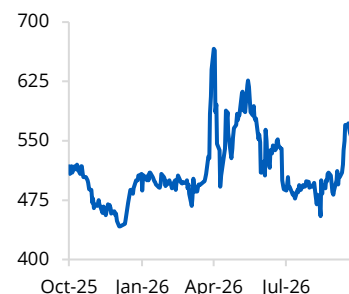
BUY

TP PLN 685.0

24% upside

Price as of 19 October 2026 PLN 554.0

Maintained



Share data

Number of shares (m)	1.00
Market cap (EUR m)	107
12M avg daily volume (k)	1.2
12M avg daily turnover (EUR m)	0.1
12M high/low (PLN)	674 / 428
WIG weight (%)	0.05%
Reuters	VGOP.WA
Bloomberg	VGO PW

Total performance

1M	+15%
3M	+15%
12M	+8%

Shareholders

Józef Piotrowski	8.5%
Allianz OFE	7.1%
PZU TFI	5.9%
Investors TFI	5.6%
Janusz Kubrak	72.8%
Others	8.5%

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VIGO Photonics*

BUY

TP PLN 685

Mkt Cap EUR 106.5m

upside +24%

Valuation multiples	2024	2025	2026E	2027E	2028E
P/E (x)	na	na	54.0	39.7	15.9
EV/EBITDA (x)	73.0	32.2	20.6	15.9	9.4
EV/Sales (x)	5.1	4.2	4.3	3.6	2.7
P/BV (x)	2.4	2.5	2.5	2.3	2.0
FCF yield (%)	-1.2%	-1.9%	-7.1%	-3.2%	11.7%
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	10.3	13.9	34.9
BVPS (PLN)	194.9	179.7	223.4	237.4	272.3
FCFPS (PLN)	-5.4	-8.3	-37.7	-18.1	62.4
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%	33.3%	25.6%	27.6%
Norm. EBITDA	-63.4%	118.9%	117.6%	35.9%	61.1%
EBIT	na	na	-369.3%	68.0%	115.9%
Norm. net profit	na	na	-251.8%	35.8%	150.3%

Leverage and return	2024	2025	2026E	2027E	2028E
Gross margin (%)	50.5%	49.3%	47.5%	45.9%	50.0%
Norm. EBITDA mar. (%)	7.0%	12.9%	21.1%	22.8%	28.8%
EBIT margin (%)	-5.9%	-4.4%	8.9%	12.0%	20.2%
Norm. net margin (%)	-4.6%	-7.3%	8.3%	9.0%	17.7%
Net debt / EBITDA (x)	0.4	1.0	0.0	0.7	-0.1
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%	5.4%	6.0%	13.7%
ROA (%)	-1.5%	-3.2%	3.8%	4.2%	10.1%
ROIC (%)	-4.0%	-4.2%	4.2%	6.4%	13.8%

Cost by type	2024	2025	2026E	2027E	2028E
Salaries, other benefits	-46.5	-51.5	-56.2	-68.1	-77.0
Materials and energy	-22.1	-22.8	-33.9	-36.8	-48.1
D&A	-13.3	-13.3	-15.2	-20.0	-20.1
Services and other	-14.4	-19.5	-21.9	-25.0	-27.6

P&L (PLN m)	2023	2024	2025	2026E	2027E	2028E
Revenues	75.4	78.3	93.0	124.0	155.7	198.7
COGS	-35.8	-38.7	-47.2	-65.1	-84.3	-99.4
Gross profit	39.6	39.6	45.8	58.9	71.4	99.3
Selling costs	-9.4	-13.5	-14.4	-10.2	-12.5	-16.3
G&A costs	-33.7	-35.9	-42.4	-46.2	-49.1	-52.0
Other operating income net	11.9	5.2	6.8	8.5	8.8	9.2
EBITDA	18.8	8.8	9.4	26.4	38.6	60.3
Norm. EBITDA **	15.0	5.5	12.0	26.1	35.5	57.2
EBIT	8.5	-4.6	-4.1	11.1	18.6	40.2
Financial income (cost) net	-0.1	-1.0	-3.1	-2.8	-3.9	-3.3
Pre-tax profit	9.0	-3.6	-6.8	7.8	14.8	36.9
Income tax	-14.3	-0.4	-8.3	-1.3	-0.7	-1.8
Net profit	-5.3	-4.1	-15.1	6.5	14.0	35.1
Norm. net profit***	9.0	-3.6	-6.8	10.3	14.0	35.1

BALANCE SHEET (PLN m)	2023	2024	2025	2026E	2027E	2028E
Non-current assets	163.5	166.2	159.6	208.7	228.9	223.9
Goodwill and intangible assets	12.3	15.0	15.7	37.9	37.8	38.1
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	134.7	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	123.7	104.7	136.3
Inventories	11.8	15.8	16.5	20.5	24.5	29.6
Trade receivables	15.9	16.9	21.8	24.8	30.7	38.6
Cash and equivalents	2.8	17.3	6.0	71.3	42.4	60.8
Other current assets	66.1	3.8	3.0	3.0	3.1	3.2
Total assets	260.1	219.9	210.9	332.5	333.6	360.1
Equity	176.2	170.5	157.2	224.8	238.8	273.9
Non-current liabilities	40.3	27.2	27.0	78.5	63.3	53.0
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	7.0	6.7
Current liabilities	43.6	22.2	26.7	29.1	31.5	33.2
Trade payables	2.8	4.6	5.8	7.5	9.7	11.5
Loans and borrowings	32.5	8.8	12.1	12.5	12.0	11.5
Other current liabilities	8.3	8.8	8.8	9.1	9.7	10.2
Equity & liabilities	260.1	219.9	210.9	332.5	333.6	360.1
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	-0.5	26.0	-2.9

CASH FLOW (PLN m)	2023	2024	2025	2026E	2027E	2028E
Operating cash flow	-1.6	-7.6	-7.6	13.3	22.6	39.3
Pre-tax profit	9.0	-3.6	-6.8	7.8	14.8	36.9
D&A	10.3	13.4	13.6	15.3	19.9	20.1
Change in WC	0.3	-3.2	-4.2	-5.4	-7.7	-11.4
Other	-20.7	-14.2	-10.1	-4.4	-4.4	-6.4
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	65.3	-29.0	18.4
Cash as of eop	2.8	17.3	6.0	71.3	42.4	60.8

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

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Valuation

Figure 2. VIGO Photonics – Valuation summary (PLN)

Valuation method	Weight (%)	TP (PLN/share)
DCF	100%	685.0
Peers comparison	0%	402.0
Target Price 12M		685.0
Current price		554.0
Upside/downside		24%

Source: IPOPEMA Research

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

	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	TV
Revenues	78.3	93.0	124.0	155.7	198.7	237.2	271.8	303.1	333.5	348.5
- change y/y	4%	19%	33%	26%	28%	19%	15%	12%	10%	
EBITDA reported	5.5	12.0	26.1	35.5	57.2	71.6	80.7	88.1	95.1	101.3
- EBITDA margin	7.0%	12.9%	21.1%	22.8%	28.8%	30.2%	29.7%	29.1%	28.5%	29.1%
- change y/y	-63%	119%	118%	36%	61%	25%	13%	9%	8%	
EBIT norm.*	-7.9	-7.0	8.3	15.5	37.0	51.2	60.0	67.0	73.5	77.0
Tax rate	-12%	-122%	0%	5%	5%	5%	5%	5%	5%	9%
NOPAT	-8.9	-15.6	8.3	14.8	35.2	48.6	57.0	63.6	69.8	70.1
- change y/y	-290%	76%	-153%	78%	138%	38%	17%	12%	10%	
D&A	13.4	13.6	15.3	19.9	20.1	20.4	20.7	21.1	21.6	21.6
Change in WC	-3.2	-4.2	-5.4	-7.7	-11.4	-10.7	-9.0	-7.8	-7.4	-7.3
CAPEX (net, less grants)	-6.1	-1.0	-56.1	-45.2	-7.1	-7.7	-8.2	-8.8	-9.4	-21.6
FCF	-4.7	-7.3	-37.9	-18.2	36.8	50.7	60.6	68.2	74.6	62.8
Equity risk premium			5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Risk free rate			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	5.0%
Levered beta			1.6	1.6	1.5	1.4	1.3	1.3	1.3	1.3
Cost of Equity			14.7%	14.6%	14.1%	13.6%	13.3%	13.1%	13.0%	12.1%
After tax cost of debt			5.5%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.0%
WACC			12.5%	12.5%	12.5%	12.5%	12.6%	12.6%	12.6%	11.6%
Discount factor (%)			98%	87%	77%	69%	61%	54%	48%	
FCF PV (PLN m)			-37.0	-15.8	28.4	34.7	36.9	36.9	35.9	
FCF PV 2027E-32E (PLN m)	156.9									
Residual growth rate (%)	4.5%									
Discounted residual value (PLN m)	441.7									
EV (PLN m)	598.6									
Investments in associates	19.0									
Others	0.0									
Net debt (PLN m, 4Q26E)	-0.5									
Equity value (PLN m)	618.2									
Number of shares (diluted, m)	1.006									
TP (PLN)	685.0									
Current price	554.0									
Upside/downside potential	24%									

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 (%)				
	10.6%	11.1%	11.6%	12.1%	12.6%
3.5%	669	641	616	594	576
4.0%	710	678	649	623	601
4.5%	758	719	685	656	631
5.0%	814	768	728	693	663
5.5%	882	825	777	737	702

Source: IPOPEMA Research

Figure 5. VIGO Photonics – Peers comparison

COMPANY	Market Cap USD m	P/E (x)			EV/EBITDA (x)			DY	Revenues CAGR	NI CAGR	ROE
		2026E	2027E	2028E	2026E	2027E	2028E				
HAMAMATSU PHOTON	4,211	34.5	30.5	25.1	14.5	12.0	10.8	35.6%	-8.0%	1.9%	1.9%
TELEDYNE TECH	28,715	25.0	23.1	21.6	18.1	16.0	14.2	30.5%	10.2%	8.5%	0.0%
NIPPON CERAMIC	635	14.8	13.9	13.6	n.a.	n.a.	n.a.	14.3%	11.3%	9.3%	4.5%
OPTEX GROUP CO L	755	13.8	12.8	10.9	n.a.	n.a.	n.a.	14.5%	16.7%	15.3%	2.4%
VISUAL PHOTONICS	2,782	83.1	44.8	27.6	54.9	31.9	20.5	117.9%	35.7%	27.8%	1.0%
IPG PHOTONICS	3,020	41.4	30.2	22.7	14.2	10.8	n.a.	48.4%	-179.2%	-188.5%	0.0%
MEDIANA		29.8	26.6	22.1	16.3	14.0	14.2	33.1%	10.7%	8.9%	1.4%
VIGO Photonics	116	54.0	39.7	15.9	20.6	15.9	9.4	0.0%	25.7%	-	5.4%
premia/dyskonto (do mediany)		81%	49%	-28%	26%	14%	-34%				
Waga		25%	25%	0%	25%	25%	0%				

Wycena na akcję (PLN) 402.0

Source: IPOPEMA Research, Bloomberg

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

	2026E		Change (%)	2027E		Change (%)	2028E		Change (%)
	New	Previous		New	Previous		New	Previous	
Revenues	124.0	129.3	-4%	155.7	161.9	-4%	198.7	199.3	0%
EBITDA	26.4	29.9	-12%	38.6	42.6	-10%	60.3	59.8	1%
EBIT	11.1	15.4	-28%	18.6	19.9	-6%	40.2	37.6	7%
Norm. net income	10.3	9.2	12%	14.0	15.2	-8%	35.1	32.6	8%

Source: IPOPEMA Research

3Q26E results preview

Figure 7. VIGO Photonics 3Q26E results preview

P&L (PLN m)	3Q25	4Q25	1Q26	2Q26	3Q26E	y/y	q/q
Sales revenues	23.3	27.4	19.3	34.7	34.5	48%	0%
Industry	8.9	10.8	8.8	19.3	20.4	129%	6%
Military	6.1	11.4	4.6	3.8	8.2	35%	116%
Transport	4.2	0.7	2.8	6.2	2.3	-45%	-62%
Medicine and science	1.5	1.8	1.6	1.6	1.6	8%	-2%
Other	0.0	0.1	0.0	0.0	0.0	na	na
Materials for photonics	2.6	2.6	1.5	3.8	2.0	-24%	-47%
COGS	-11.6	-13.7	-9.7	-18.3	-18.0	55%	-2%
gross profit/(loss) on sales	11.7	13.6	9.6	16.4	16.6	42%	1%
Other operating revenues	3.3	3.7	3.6	3.2	3.2	-4%	0%
Selling costs	-3.4	-3.5	-2.9	-2.4	-2.4	-29%	0%
G&A costs	-11.3	-19.0	-7.4	-7.5	-7.5	-34%	0%
R&D costs			-3.9	-4.0	-4.0	na	0%
Other operating costs	-2.1	-2.5	-0.8	-1.3	-1.3	-38%	0%
EBITDA	1.6	-4.4	1.8	8.3	8.5	435%	2%
EBITDA znorm.	2.8	-3.1	3.3	8.0	7.8	180%	-2%
EBIT	-1.8	-7.8	-1.7	4.4	4.6	na	5%
Net financial revenues	-0.2	-0.4	-0.7	-0.9	-0.6	235%	-33%
Net financial revenues	-0.2	-2.7	-0.1	-0.1	-0.1	-43%	0%
Profit (loss) before tax	-2.2	-10.8	-2.5	3.4	3.9	na	15%
income tax	0.7	-8.7	-0.3	-0.4	-0.4	na	10%
Net profit	-1.4	-19.6	-2.8	3.0	3.5	na	15%
Norm. net profit	-0.3	-8.9	-0.4	3.7	3.9	na	4%

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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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.

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.

TP – target price – the estimated fair value of a financial instrument over a 12-month investment horizon from the publication date of the report, determined on the basis of the valuation methodologies.

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uFCFps – uFCF per share.

WACC – weighted average cost of capital.

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IPOPEMA Research - Distribution by rating category (1 July– 30 September 2026)		Number	%
Buy		43	48%
Accumulate		17	19%
Hold		11	12%
Sell		19	21%
Total		90	100%

Rating History – VIGO Photonics				
Date	Recommendation	Fair Value/Target Price	Price at recommendation	Author
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
31.07.2026	BUY	650.0	485.0	Michał Wojciechowski
23.10.2026	BUY	685.0	554.0	Michał Wojciechowski