

# VRG *summary of report*

**buy**

retail

previous recommendation: buy

Market price<sup>1</sup>: 5,00

Target price: 6,27

## The apparel segment surprises positively again

VRG delivered strong results in 3Q'25, with the apparel segment being the main positive surprise. In 3Q'25, this segment posted a significantly smaller operating loss (which is typical for the season). Moreover, customers responded very well to the new autumn-winter collection, and management remains optimistic about 4Q'25, expecting an improvement in operating profit year-on-year despite a strong base in the previous year. In the much more significant jewelry segment, results were in line with our expectations—slightly better year-on-year—and we anticipate continued stable improvement in 4Q'25 and beyond.

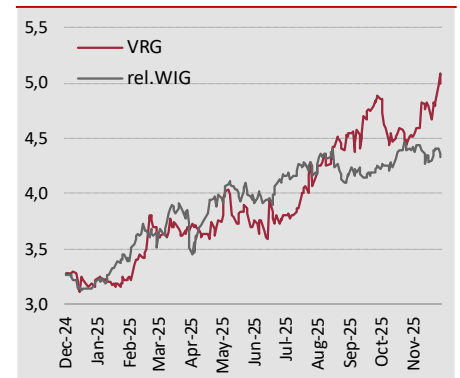
Given the better-than-expected 3Q'25 results, management's communicated outlook for a strong 4Q'25, and the 2026 targets, we have revised our forecasts for 2025 and subsequent years. Since the previous valuation, peer multiples have increased and government bond yields—used as the basis for our discount rate—have declined. As a result, we raise our target price for VRG shares from PLN 5.57 to PLN 6.27 and maintain our “Buy” recommendation.

During the quarterly results presentation, VRG's Management also outlined targets for 2026. The company expects sales growth in both segments and an improvement in gross margin while keeping operating costs under control. At the segment level, the Group plans to improve profitability in apparel and increase nominal operating profit in jewelry. This may lead to a slight decline in jewelry margins, which is not surprising given the rapid expansion into weaker locations (due to saturation of W.KRUK stores in prime spots). Next year, VRG plans to open 20 new jewelry stores (vs. 17 this year) and close 11 apparel stores (vs. 33 closures this year).

The performance targets were not surprising, but in the context of network development plans, we view them slightly positively. Jewelry expansion is expected to accelerate modestly, while the pace of apparel store closures will slow significantly. Moreover, in the coming years, the apparel segment's footprint should no longer see major reductions, only minor adjustments.

Both in 4Q'25 and in subsequent years, the company will benefit from a favorable macroeconomic environment, including a significant rise in consumption.

Our valuation still does not include the acquisition of Lilou, as plans for this network remain unclear; the takeover is scheduled for 1Q'26. In our view, this acquisition offers potential for an upward revision of VRG's valuation in the future.



Max/min 52 weeks (PLN)	5,10 / 3,00		
Shares issued (m)	234,456		
Market cap. (m PLN)	1 172,3		
EV (m PLN)	1 318,3		
Free float (m PLN)	281,5		
Average turnover (m PLN)	0,34		
Main shareholder	Shareholders' Agreement: Jan Kolański Colian Holding sp. z o.o. Colian Developer sp. z o.o. Colian sp. z o.o. Kolański Foundation Fundacja Rodzinna		
% of shares, % of votes	42,58%; 42,58%		
	<b>1 m</b>	<b>3 m</b>	<b>12 m</b>
Price change	10,4%	10,6%	53,4%
WIG change	-1,3%	3,7%	32,8%

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	Sales	EBIT	EBITDA (MSSF16)	adjusted EBITDA*	Profit before tax	Net profit	EPS	CEPS	BVPS	P/E	P/BV	DY (%)	EV**/adjusted EBITDA*	ROE (%)
2024	1 375,0	125,9	260,1	143,0	111,0	86,9	0,37	0,51	4,53	13,49	1,10	1,8%	10,5	8,4%
2025f	1 494,1	149,2	286,6	165,4	133,7	106,8	0,46	0,63	4,99	10,98	1,00	0,0%	8,8	9,6%
2026f	1 616,8	165,1	311,0	184,2	149,0	120,7	0,51	0,70	5,41	9,72	0,92	1,8%	8,0	9,9%
2027f	1 751,7	174,3	326,2	196,0	161,6	130,9	0,56	0,75	5,87	8,95	0,85	2,1%	7,6	9,9%

f – consolidated forecasts by BM Bank Millennium PLN million

\* – EBIT increased by depreciation excluding amortization of right-of-use assets (IFRS 16 impact) and reduced by financial costs related to leasing retail and office space (IFRS 16 impact).

\*\* – debt for EV purposes excluding liabilities from leasing retail and office space

1 - market price for December 3, 2025 17:00

**BM Banku Millennium recommendation for the last 12 months**

Company	Recommendation	Date of the recommendation	Market price on the recommendation issue day	Target price	Author
Mostostal Zabrze	Buy	06-Dec-24	5,10	6,10	Adam Zajler
Ambra	Accumulate	12-Mar-25	22,70	25,90	Grzegorz
Mostostal Zabrze	Buy	27-Mar-25	5,68	6,80	Adam Zajler
IFIRMA	Accumulate	09-Apr-25	22,90	25,40	Seweryn Żołyński
IMS	Buy	21-May-25	3,75	4,60	Łukasz Bugaj
IFIRMA	Accumulate	29-May-25	26,35	29,70	Seweryn Żołyński
Ambra	Accumulate	29-May-25	20,90	24,90	Grzegorz
IMS	Buy	11-Jun-25	3,73	4,50	Łukasz Bugaj
Mostostal Zabrze	Buy	18-Jun-25	5,96	7,60	Adam Zajler
VRG	Buy	12-Sep-25	4,45	5,57	Seweryn Żołyński
Shoper	Accumulate	15-Sep-25	52,00	57,60	Seweryn Żołyński
11 bit studios	Accumulate	12-Sep-25	179,50	213,50	Grzegorz
Mostostal Zabrze	Buy	30-Sep-25	6,25	8,40	Adam Zajler
IMS	Buy	07-Oct-25	2,97	4,00	Łukasz Bugaj
Ambra	Accumulate	07-Oct-25	19,74	22,30	Grzegorz
VRG	Buy	04-Dec-25	5,00	6,27	Seweryn Żołyński

Source: BM Bank Millennium recommendations issued by BM Bank Millennium are valid for 6 months from the date of issue, unless they are updated beforehand. Ambra, Mostostal Zabrze, IFIRMA, IMS, VRG, Shoper and 11 bit studios participate in the analytical support program of the Warsaw Stock Exchange, and Agora and Korporacja KGL participated in the program until June 30 2023 and for which BM Bank Millennium receives or was receiving remuneration from the Warsaw Stock Exchange.

**Structure of BM Banku Millennium recommendation for the last 12 months**

	Number of recommendations	Share
Buy	9	56%
Accumulate	7	44%
Neutral	0	0%
Reduce	0	0%
Sell	0	0%

**The structure of recommendations for companies for which BM Banku Millennium provided investment banking services\***

No recommendations were issued for companies for which BM Banku Millennium provided services in the field of

\*last 12 months, including companies for which BM Banku Millennium is a market maker

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EV - market valuation of the company + net interest debt

EBIT - operating profit

EBITDA - operating profit + depreciation

WNB - result on banking activity

P/E - ratio of the share price to the net profit per share

P/BV - ratio of the share price to the book value per share

ROE - return on equity

ROA - return on assets

EPS - net profit per share

CEPS - net profit and depreciation per share

BVPS - book value per share

DPS - dividend per share

NPL - non performing loans

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BUY - we believe that the company's shares have more than 20% upside potential

ACCUMULATE - we believe that the company's shares have more than 10% upside potential

NEUTRAL - we believe that the price of the company's shares will remain stable (+/- 10%)

REDUCE - we think that the company's shares are overvalued by 10-20%

SELL - we believe that the company's shares are overvalued by over 20%

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Comparative method (comparison of macro market indicators at which the company is listed with similar indicators for other companies from the same industry or related industries) - better than the DCF method, it reflects the perception of the industry in which the company operates by investors. The disadvantage of the comparative method is the sensitivity to the selection of the adopted comparative group and the compared ratios, as well as high volatility of the valuation depending on the market situation.

ROE-P/BV method (a model that makes the appropriate P/BV ratio dependent on the company's profitability) - a method considered the most appropriate for the valuation of banks. The disadvantage of this method is the sensitivity of the valuation obtained in this way to the assumptions made regarding both the company itself (profitability, effectiveness) and its macroeconomic environment.

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Work related to the preparation of the report was completed on December 4, 2025, at 16:30, and the date of the first dissemination of the report is December 4, 2025 16:45.

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