

VRG *summary of report*

buy

retail

previous recommendation: buy¹

Market price²: 4,45

Target price: 5,57

VRG Group is getting back on both feet again

VRG Group comprises five brands across two segments: the jewelry segment represented by W.KRUK, and the apparel segment traditionally associated with men's formal fashion — Vistula, Bytom, Wólczanka — as well as the women's fashion brand Deni Cler. In our view, the jewelry retail chain W.KRUK is by far the most significant source of value for VRG. Not only does it deliver strong financial results, but it also holds further growth potential. This segment is expected to be reinforced soon by the acquisition of the Lilou chain. The apparel segment has been struggling since the outbreak of the pandemic due to weakened demand for formal wear, and in recent years also due to a series of strategic missteps. However, after abandoning the misguided strategy, the clouds are starting to lift and there is now a real chance that this segment will once again contribute positively and sustainably to VRG Group's overall performance.

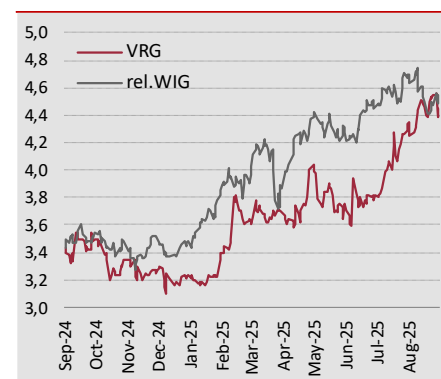
We resume coverage of VRG with a “Buy” recommendation and a target price of PLN 5.57 per share, implying an upside potential of 25.2%.

Although VRG is often associated with its apparel segment, since 2023 the jewelry business has taken the lead in Group sales. In 2024, it accounted for 56% of total revenue, and we expect its share to continue growing — both organically and through the planned acquisition of Lilou. With an extensive physical store network, W.KRUK may soon reach its expansion ceiling in Poland, which prompted its entry into Hungary in 2023. Following the opening of 11 stores, the Management Board plans further expansion, and in the long term, we see potential for entering additional CEE markets.

We initially view the acquisition of Lilou — a 43-store chain targeting younger customers with lower price points — positively. Management sees strong growth potential for the brand, including network expansion. However, due to the early stage of the transaction, we do not yet include it in our valuation. In our view, the deal could justify an upward revision of VRG's valuation in the future.

We do not expect the apparel segment to catch up with the jewelry business. Our forecasts do not assume a return to pre-pandemic performance within the projection horizon. Nevertheless, even a modest but sustainable recovery in apparel, combined with continued growth in jewelry, offers a solid opportunity for VRG's overall results to improve.

Both segments benefit from the current favorable consumer environment. We assume consumer strength will persist, supported by low inflation, rising wages, a strong labor market, and falling interest rates.



Max/min 52 weeks (PLN)	4,60 / 3,00		
Shares issued (m)	234,456		
Market cap. (m PLN)	1 043,3		
EV (m PLN)	1 157,6		
Free float (m PLN)	250,5		
Average turnover (m PLN)	0,38		
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%		
	1 m	3 m	12 m
Price change	4,5%	22,3%	29,4%
WIG change	-3,5%	4,9%	32,1%

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	Sales	EBIT	EBITDA (MSSF 16)	adjusted EBITDA*	Profit before tax	Net profit	EPS	CEPS	BVPS	P/E	P/BV	DY (%)	EV**/adjusted EBITDA*	ROE (%)
2024	1 375,0	126,8	261,1	143,9	111,9	87,8	0,37	0,52	4,53	11,88	0,98	2,0%	9,1	8,5%
2025f	1 484,1	143,0	280,3	158,3	126,3	101,2	0,43	0,60	4,97	10,31	0,90	0,0%	8,1	9,1%
2026f	1 603,3	154,6	298,3	172,9	141,3	114,4	0,49	0,66	5,37	9,12	0,83	1,9%	7,5	9,4%
2027f	1 728,4	164,3	313,9	184,1	152,3	123,4	0,53	0,71	5,80	8,46	0,77	2,2%	7,0	9,4%

f - BM Bank Millennium forecasts, PLN million

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

** Debt for EV purposes excluding lease liabilities related to retail and office space

1 - previous recommendation issued on July 5, 2023

2 - market price for September 11, 2025 17:00

The report was prepared by Biuro Maklerskie Banku Millennium S.A. on the order of the Warsaw Stock Exchange S.A. within the Program of Analytical Coverage Support Information regarding the links between Bank Millennium with the company being the subject of this report and other required information were placed on the last page of the report.

BM Banku Millennium recommendation for the last 12 months

Company	Recommendation	Date of the recommendation	Market price on the day the recommendation	Target price	Author
IFIRMA	Neutral	24-Sep-24	22,80	20,80	Seweryn Żołyniak
Ambra	Accumulate	01-Oct-24	26,10	30,40	Grzegorz
IMS	Buy	07-Oct-24	3,54	4,50	Łukasz Bugaj
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 Żołyniak
IMS	Buy	21-May-25	3,75	4,60	Łukasz Bugaj
IFIRMA	Accumulate	29-May-25	26,35	29,70	Seweryn Żołyniak
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	

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 and Shoper 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	7	54%
Accumulate	5	38%
Neutral	1	8%
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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Explanation of the professional terminology used in the report

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

The scale of recommendation used in Biuro Maklerskie Banku Millennium S.A.

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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Recommendations are based on the following valuation methods (2 out of 3 selected):

DCF method (model of discounted cash flows) - the method considered to be the most suitable for enterprise valuation. The disadvantage of the DCF method is the sensitivity of the valuation obtained in this way to the assumptions made regarding both the company itself and its macroeconomic environment.

Comparative method (comparison of relevant 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 September 12, 2025. at 14:45, and the date of the first dissemination of the report is September 12, 2025 15:00.

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