VRG – post-results commentary for 3Q'25

14.11.2025

VRG - consolidated quarterly results

	3Q'23	4Q'23	1Q'24	2Q'24	3Q'24	4Q'24	1Q'25	2Q'25	3Q'25	y/y
Sales revenue	297,1	402,3	278,2	340,8	311,5	444,6	293,6	377,5	345,9	11,1%
Gross profit	161,0	218,7	149,4	191,7	167,0	254,7	159,3	214,9	188,2	12,7%
Gross profit margin	*54,2%*	*54,4%*	*53,7%*	*56,3%*	*53,6%*	*57,3%*	*54,3%*	*56,9%*	*54,4%*	*+0,8 p.p.*
SG&A	140,1	169,5	145,5	155,0	153,8	185,6	154,5	166,8	163,9	6,6%
SG&A costs as % of revenue	*47,1%*	*42,1%*	*52,3%*	*45,5%*	*49,4%*	*41,8%*	*52,6%*	*44,2%*	*47,4%*	*-2 p.p.*
profit on sales	21,0	49,2	4,0	36,7	13,2	69,1	4,9	48,1	24,2	84,0%
Pozostałe	-1,3	-4,8	-1,3	4,2	-0,4	1,5	-1,2	-2,5	-0,9	-
EBIT	19,7	44,4	2,7	40,8	12,8	70,6	3,7	45,6	23,3	83,0%
EBIT margin	*6,6%*	*11,0%*	*1,0%*	*12,0%*	*4,1%*	*15,9%*	*1,3%*	*12,1%*	*6,7%*	*+2,7 p.p.*
EBITDA	51,6	77,4	36,1	73,9	45,9	105,2	37,9	79,2	57,3	24,8%
EBITDA margin	*17,4%*	*19,2%*	*13,0%*	*21,7%*	*14,7%*	*23,7%*	*12,9%*	*21,0%*	*16,6%*	*+1,8 p.p.*
net profit	0,9	49,9	2,2	28,2	10,1	47,2	6,0	28,6	12,4	22,2%
Net profit margin	*0,3%*	*12,4%*	*0,8%*	*8,3%*	*3,3%*	*10,6%*	*2,0%*	*7,6%*	*3,6%*	*+0,3 p.p.*
Operating Cash Flow	25,9	144,1	-46,2	23,3	-19,9	141,1	-45,4	71,7	17,8	-
Investing Cash Flow	-5,8	-13,6	-11,5	-5,3	-8,5	-13,0	-7,1	-8,8	-12,6	48,8%
Financing Cash Flow	-24,7	-167,3	-5,2	-11,7	18,7	-122,9	48,5	-58,9	-7,8	-
number of stores	517	513	513	502	496	496	476	478	478	-3,6%
store area (thousand m²)	52,6	52,5	52,4	51,0	50,5	50,6	48,6	48,9	48,9	-3,2%

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Source: VRG, BM Banku Millennium

VRG in 3Q'25 recorded a significant improvement in results compared to the same quarter of the previous year. The results were better than both the consensus and our forecasts, which were slightly above consensus. The apparel segment delivered a positive surprise, posting a significantly smaller operating loss in 3Q'25 (a loss in this segment during 3Q is normal due to seasonality). As a result, the Group's EBIT in the past quarter was 83% higher y/y, and IFRS16 EBITDA was up 24.8% y/y. Net profit increased by 22.2% y/y, with slower growth mainly due to negative exchange rate differences. The Management Board is optimistic about the ongoing 4Q'25, which is the most important quarter of the year for VRG in terms of results.

The jewelry segment in 3Q'25 recorded revenue growth of 10.9% y/y, with sales per m² higher by 1.8% and an 8% increase in space y/y. The low increase in sales per m² is not surprising – W.KRUK has been opening space in less attractive locations in Poland (due to high saturation of stores in top locations) and in a relatively young market, i.e., Hungary. The increase in sales per m² in older stores was "high single-digit." The Group notes an improvement in jewelry sales, with only slight dynamics in watch sales. Despite rising gold prices, VRG reports increased interest in gold jewelry. The gross margin of the jewelry segment has been very stable for years, and in 3Q'25 it amounted to 52.4% (+0.2 pp y/y). SG&A costs in 3Q'25 grew faster than revenues, by 14.8% y/y. Their faster growth results from a significant level of new store openings that do not yet generate the expected sales and development in Hungary, where the number of stores is not yet at target level, but the cost base to handle a larger number of stores has already been built. The EBIT result of the segment was 4.1% better y/y, and the net result slightly worse (-3.2%), mainly due to a less favorable y/y balance of exchange rate differences.

The apparel segment in 3Q'25 recorded revenue growth of 11.3% y/y, with sales per m² higher by 20.5% and a 7.6% decrease in space y/y. The decrease in space results from closures of unprofitable areas and closures initiated by franchisees. The significant improvement in revenues per m², apart from closing the worst locations, is mainly due to a clear improvement in collections and inventory. Thanks to closures and other savings, SG&A costs were stable y/y, which allowed the segment to record a significantly lower operating loss (-PLN 5.3m in 3Q'25 vs. -PLN 14.8m in 3Q'24). The improvement at the net result level was smaller, mainly due to the aforementioned less favorable balance of exchange rate differences y/y.

The Management Board is positively inclined toward the result in 4Q'25 and assumes an improvement in operating profit y/y, despite the strong base of the previous year. Sales dynamics in the last month of the previous quarter, i.e., September, were very strong (+20.1% y/y in the jewelry segment and +16.9% y/y in apparel), and according to information provided at the conference, October was also a good month. The new apparel collection was well received by customers, and VRG also assumes achieving better margins in the segment. The Group maintained its plan to improve operating profit in both segments in 2025, which means that in the jewelry segment in 4Q'25 the Group assumes an EBIT increase of at least PLN 1.8m, with assumed stable margins. Considering trends and Management Board communication, we assume a stronger improvement in the apparel segment.

The Group also presented goals for 2026. It plans to open 20 new stores in the jewelry segment – slightly above our assumptions and the pace of openings in the current year (+17). These goals do not include plans for the Lilou network, which we have not yet learned. The network is scheduled to be acquired in 1Q'26. Further, though slower, optimization in the apparel segment is planned (-11 locations, close to our assumptions). In the coming years, the apparel segment's space may still slightly decrease, though at an even slower pace. Next year, the Group plans to improve gross margin and operating profitability, with higher sales in both segments. The VRG Management Board does not assume that the jewelry business in Hungary will reach break-even in 2026 due to planned further development in this market and the network's low maturity.

The Group is looking for a buyer for the Deni Cler brand and, in the longer term, does not rule out further acquisitions in the jewelry segment.

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VRG - segmenty

	3Q'23	4Q'23	1Q'24	2Q'24	3Q'24	4Q'24	1Q'25	2Q'25	3Q'25	r/r
Segment jubilerski										
Przychody	169,8	229,3	156,0	178,1	180,3	256,4	163,7	201,6	200,0	10,9%
Zysk brutto ze sprzedaży	89,5	120,6	82,1	93,2	94,1	138,1	85,1	106,2	104,9	11,4%
Marża brutto ze sprzedaży	*52,7%*	*52,6%*	*52,6%*	*52,3%*	*52,2%*	*53,9%*	*52,0%*	*52,7%*	*52,4%*	*+0,2 p.p.*
Koszty SG&A	56,3	77,3	57,4	64,5	66,3	88,8	67,2	73,5	76,1	14,8%
Koszty SG&A jako% przychodów	*33,2%*	*33,7%*	*36,8%*	*36,2%*	*36,8%*	*34,6%*	*41,0%*	*36,5%*	*38,1%*	*+1,3 p.p.*
Zysk ze sprzedaży	33,2	43,4	24,7	28,6	27,8	49,3	17,9	32,7	28,7	3,2%
Pozostałe	-0,2	0,3	-0,4	0,3	-0,3	0,6	-0,3	0,0	0,0	-
EBIT	33,0	43,6	24,3	28,9	27,6	49,9	17,6	32,6	28,7	4,1%
Marża EBIT	*19,4%*	*19,0%*	*15,6%*	*16,2%*	*15,3%*	*19,5%*	*10,8%*	*16,2%*	*14,3%*	*-0,9 p.p.*
zysk netto razem	19,8	41,1	19,9	21,4	22,0	36,2	18,2	20,2	21,3	-3,2%
Marża zysku netto	*11,7%*	*17,9%*	*12,8%*	*12,0%*	*12,2%*	*14,1%*	*11,1%*	*10,0%*	*10,7%*	*-1,6 p.p.*
Liczba sklepów	159	163	167	171	174	177	179	183	186	6,9%
Powierzchnia sklepów (tys. m2)	12,7	13,0	13,4	13,9	14,2	14,5	14,7	15,1	15,3	8,0%
Segment odzieżowy										
Przychody	127,3	173,0	122,2	162,6	131,1	188,2	129,9	175,9	146,0	11,3%
Vistula	51,8	63,0	46,9	63,7	50,7	70,2	50,0	70,9	56,3	11,0%
Bytom	38,9	52,8	34,6	54,2	41,9	59,6	39,4	60,5	47,0	12,2%
Wólczanka	20,3	35,9	25,2	30,1	24,5	38,8	24,4	29,3	25,2	2,9%
Deni Cler	12,4	17,2	13,7	13,0	11,8	17,0	13,6	13,3	12,8	8,5%
Pozostałe	3,9	4,1	1,8	1,6	2,2	2,6	2,5	1,9	4,7	107,7%
Zysk brutto ze sprzedaży	71,5	98,0	67,3	98,5	72,9	116,6	74,2	108,7	83,3	14,3%
Marża brutto ze sprzedaży	*56,2%*	*56,7%*	*55,1%*	*60,6%*	*55,6%*	*62,0%*	*57,1%*	*61,8%*	*57,1%*	*+1,5 p.p.*
Koszty SG&A	83,7	92,2	88,1	90,5	87,5	96,8	87,2	93,3	87,8	0,3%
Koszty SG&A jako% przychodów	*65,7%*	*53,3%*	*72,1%*	*55,6%*	*66,7%*	*51,4%*	*67,2%*	*53,0%*	*60,2%*	*-6,6 p.p.*
Zysk ze sprzedaży	-12,2	5,8	-20,7	8,0	-14,7	19,8	-13,1	15,4	-4,5	-69,3%
Pozostałe	-1,0	-5,1	-0,9	3,9	-0,1	0,8	-0,9	-2,4	-0,8	
EBIT	-13,2	0,7	-21,6	11,9	-14,8	20,6	-13,9	13,0	-5,3	-64,0%
Marża EBIT	*-10,4%*	*0,4%*	*-17,7%*	*7,3%*	*-11,3%*	*11,0%*	*-10,7%*	*7,4%*	*-3,7%*	*+7,6 p.p.*
zysk netto razem	-18,9	8,7	-17,7	6,8	-11,9	11,0	-12,2	8,5	-8,9	-25,0%
Marża zysku netto	*-14,8%*	*5,1%*	*-14,5%*	*4,2%*	*-9,1%*	*5,8%*	*-9,4%*	*4,8%*	*-6,1%*	*+3 p.p.*
Liczba sklepów	358	350	346	331	322	319	297	295	292	-9,3%
Powierzchnia sklepów (tys. m2)	39,8	39,5	39,0	37,1	36,3	36,1	33,9	33,8	33,5	-7,6%

mln PLN

Źródło: VRG, BM Banku Millennium

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