

DN AGRAR (DN)

BUY

Preliminary Annual Report – 2025

Target price: 5,28 lei (+42,2%)

- **We propose a new target price of RON 5.28 per share**, implying an upside potential of 42.2% compared to the reference price as of 24.02.2026, based on the average of three valuations: DCF (RON 6.44/share), residual income (RON 5.72/share), and relative valuation (RON 3.67/share).
- In 2025, **DN AGRAR recorded a 21% increase in turnover compared to 2024**, driven by a 13% rise in delivered milk volume and a 12% increase in the average selling price. The expansion of the herd to 18,000 animals supported the growth in milk production, thereby contributing to the company's positive business performance.
- In 2025, DN AGRAR's subsidy revenues increased by 22% compared to 2024, driven **by the operationalization of the Straja farm and higher payments for animal welfare**. Out of 13,501 eligible animals, the company receives subsidies for only 8,802 heads (65%). Additionally, there is a surplus of approximately 10,000 tons of milk compared to the 2018 reference level, reducing revenues by around 500.000 EUR, as subsidies are not updated annually based on actual production.
- In 2023, the new PNRR regulations set 2018 as the reference year for calculating transitional national aid for milk and livestock, instead of 2013 as previously. **Subsidies for the Straja farm will be granted based on the herd size on March 1, 2026, and milk production from March to December 2026**. In 2025, an additional 1,000 dairy cows are considered due to the operationalization of the Straja farm, and the subsidy for dairy cow welfare increased to 174 EUR per head, compared to 130 EUR per head in 2024.
- In 2025, **DN AGRAR made significant investments**: RON 27 million in the Straja farm, RON 7 million in the Lacto Agrar composting line, RON 8.25 million in agricultural equipment, RON 7.5 million in solar panels, and RON 1.25 million at Gârbova. The milk processing plant project (RON 1 million) was launched, and 3,000 dairy cows were integrated. Current assets increased by 25% to RON 145 million, inventories by 38%, receivables by 15%, while wage liabilities rose by 34% due to the removal of tax facilities.
- In 2025, the entry of institutional investors into the shareholding confirmed DN AGRAR's vision and the "2025–2030 Development Strategy," which aims to double EBITDA and supports the company's **goal of transferring to the Main Market of the Bucharest Stock Exchange in the first half of 2027**.

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Sector: Agriculture

Share information

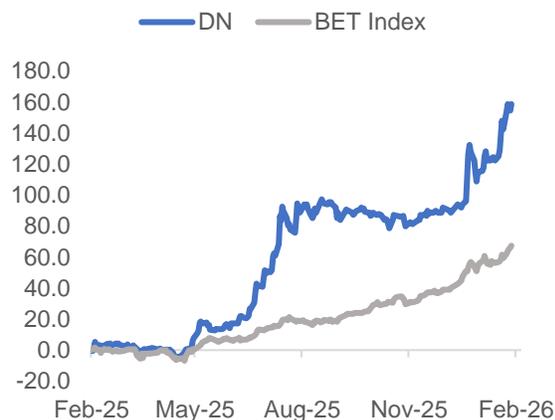
Min/max price, 52 weeks	1,405-3,96
Dividend/share	0,0
Total shares (mln.)	159,09
Capitalization (mil. RON)	590,2
52 weeks liquidity (mil. RON)	106,8

Shareholder structure

	%
A.M. ADVIES B.V. loc. Koekange NL	66,48
Individuals	29,68
Legal entities	3,84

1 year performance

	%
DN	+149,8
Vs BET Index	+67,4



source: Bloomberg

2025 preliminary annual results

In 2025, the regional milk market showed mixed trends. Hungary remains strongly focused on the conventional segment, with organic milk accounting for only about 0.4% of total collection. Bulgaria experienced one of the steepest declines in the European Union, with a 10.4% drop in collection in November 2025 compared to the same month in 2024. In contrast, average raw milk prices increased across all three analyzed markets: in Poland by about 7% (to 52.8 EUR/100 kg), in Hungary by 15.6% (to 50.4 EUR/100 kg), and in Bulgaria by approximately 7% (to 47.8 EUR/100 kg).

In Romania, milk collection from January to November 2025 increased by approximately 25% compared to 2024, while raw milk imports rose by 13%. Dairy production grew across most categories, with the largest increase in butter (+19%). However, the average raw milk price stood at 44.9 EUR/100 kg, 14% below the European average and slightly lower than in 2024. Dairy cow numbers remained relatively stable, rising by less than 1%, while the number of heifers increased by 2%. On the demand side, average monthly milk consumption per person fell significantly, down 18% in Q3 2025 versus Q3 2024 and 10% over the first nine months of 2025 compared to the same period in the previous year.

In 2025, DN AGRAR achieved strong performance, delivering over 70 million liters of milk, up 13% compared to the previous year, exceeding the target of +10% versus 2024. The growth pace accelerated in December, when deliveries rose by more than 20% compared to the same period in 2024. This positive trend was supported by the expansion of the herd to approximately 18,000 animals by year-end, 11% higher than at the end of the previous year, confirming the effectiveness of the company's development strategy.

In 2025, DN AGRAR recorded strong financial performance, with turnover increasing by 21% compared to 2024, supported by a 13% rise in delivered milk volume and a 12% increase in the average selling price. Subsidy revenues grew by 22%, driven by the operationalization of the Straja farm and higher support for animal welfare. However, out of 13,501 animals eligible for subsidies, the company actually receives support for only 8,802 heads (65%), and a surplus of approximately 10,000 tons of milk above the 2018 reference level results in an estimated negative impact of around 500.000 EUR in uncollected funds.

Personnel expenses increased by 29% due to the removal of tax benefits in the agricultural sector and salary adjustments in line with inflation and labor market conditions. Despite cost pressures, net profit rose by 65%, reaching 52 mln. RON, supported by improved operating margins and greater efficiency in core activities. Corporate income tax increased to 9 mln. RON, but at a slower pace than gross profit, due to differences between accounting profit and the taxable base, as well as the application of deductions and tax incentives, resulting in a lower effective tax rate and supporting higher net profitability.

In 2025, DN AGRAR made total investments of approximately 52 mln. RON, directed toward strategic projects aimed at supporting the development and efficiency of operations. The largest allocation was for the construction of the Straja farm (27 mln. RON), followed by the development of the composting line at Lacto Agrar (7 mln. RON), installation of solar panels (7,5 mln. RON), and the acquisition of agricultural equipment (8,25 mln. RON). Investments



were also made in concrete platforms at the Apold farm (1,25 mln. RON), and the milk processing plant project was launched (1 mln. RON). This extensive investment program was partially supported by external financing, resulting in a roughly 19% increase in long-term debt compared to 2024.

ths RON, consolidated	2024	2025P	Change %
Total revenues	264,320	334,731	26.6%
Net sales	175,699	213,290	21.4%
COGS (Cost of goods sold)	(127,490)	(153,974)	20.8%
Operating Result	48,209	59,316	23.0%
Net general expenses	(52,899)	(64,977)	22.8%
EBITDA	70,722	96,639	36.6%
Other operating income	88,621	121,441	37.0%
EBIT	45,404	66,882	47.3%
Net interest expenses	(7,288)	(5,338)	-26.7%
Other financial income/expenses	(1,186)	(4,914)	314.5%
Profit before tax	38,116	61,544	61.5%
Income tax	6,376	9,189	44.1%
Net profit	31,740	52,355	64.9%

source: DN, own estimates

DCF Valuation

We value the company at RON 6.44 per share (73.6% upside potential) using the DCF (Discounted Cash Flow) method, with revenues projected through 2031. Regarding the “2025–2030 Strategy”, considering DN Agrar’s track record of successfully achieving objectives, we assumed that all investment projects will proceed according to plan, and that the average milk price in the European Union will be EUR 0.45/kg in 2026, stabilizing at EUR 0.47/kg in subsequent years, still below the 2025 European average of EUR 0.52/kg. We applied a long-term constant growth rate of 1.5% and a WACC (Weighted Average Cost of Capital) of 9.9%.

For calculating the cost of equity, we used a 12,6% based on the 10-year government bond yield of 6,3% and a risk premium of 11,4%. Beta was calculated through a linear regression against the BET index and estimated at 0,72. The primary data used were extracted from the Bloomberg Professional terminal.

ths. RON, consolidated DCF Model	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030	Forecast 2031	Forecast TV
Net Sales	205,411	231,825	381,278	560,231	615,651	640,966	
% var	-3.7%	12.9%	64.5%	46.9%	9.9%	4.1%	
EBITDA	85,339	99,407	168,747	255,916	281,232	292,796	
EBITDA m	41.5%	42.9%	44.3%	45.7%	45.7%	45.7%	
EBIT	55,885	66,401	114,973	177,855	195,449	203,486	203,486
EBIT m	27.2%	28.6%	30.2%	31.7%	31.7%	31.7%	
Tax rate	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
EBIT*(1- Tax Rate)	46,943	55,777	96,578	149,398	164,177	170,928	170,928
D&A	27,956	31,551	51,892	76,247	83,790	87,235	87,235
WCC	-10,435	1,749	9,894	11,847	3,669	1,676	1,676
CAPEX	-43,366	-48,943	-80,495	-118,276	-129,976	-135,321	-135,321
FCFF	21,098	40,134	77,868	119,216	121,659	124,518	124,518
discount factor	0.92	0.84	0.77	0.70	0.63	0.58	0.58
NPV FCFF	19,502	33,754	59,588	83,010	77,078	71,780	
PV FCFF	344,712						
PV Terminal Value	867,020						
g	2%						
Firm Value	1,211,732						
Net Debt	186,959						
Minorities	-						
Equity Value	1,024,773						
No. Shares Out	159,094						
Price/share	6.44						
Market price	3.71						
Upside/Downside	73.6%						

source: DN, own estimates

Residual Income Valuation

Based on our residual income model, we obtain a price per share of 5,72 RON (+54,2% upside), using the same revenue forecast as in the DCF model, with the only difference being the long-term ROE used in calculating the terminal value. The terminal ROE used is 20%.

Residual Income Model	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030	Forecast 2031	Terminal Value
EPS	0.25	0.30	0.51	0.79	0.92	1.01	
BVS	1.62	1.91	2.42	3.22	4.14	5.14	
DPS	0.00	0.00	0.00	0.00	0.00	0.00	
ROE	15.3%	15.4%	21.1%	24.6%	22.2%	19.6%	20.0%
Cost of equity	0.20	0.24	0.30	0.40	0.52	0.65	
Residual Income	0.05	0.06	0.21	0.39	0.40	0.36	3.46
discount factor	0.91	0.81	0.72	0.64	0.56	0.50	1.00
NPV Residual Income	0.04	0.04	0.15	0.25	0.23	0.18	3.46
Equity Value	5.72						
Market price	3.71						
Upside/Downside	54%						

source: DN, own estimates

Multiples Valuation

We value the company at RON 3.67 per share, implying a downside potential of 1.1% compared to the current market price, based on the average of three valuation multiples. DN is trading at a P/E of 11.27x, compared to the industry average of 15.01x (peer selection conducted via Bloomberg among comparable companies in the EU & UK).

It is worth noting that the listed comparable companies identified as “peers” are significantly more mature (e.g., 118 years for Acom NV) and exhibit a much lower average growth rate than DN. As a result, the target price derived using the multiples method is significantly lower than the values obtained from the other two valuation approaches. Nevertheless, we chose to include this method in the final target price calculation, given many investors’ preference to rely primarily on price multiples.

Multiples	2026e	2026e	DN	Peers
Target price @ EV/EBITDA	2.13	PE	11.27	15.01
Target price @ P/E	4.94	EV/EBITDA	7.44	5.75
Target price @ P/B	3.94	PB	2.71	0.92
		PB ROE adj.	2.88	
Average Target Price	3.67	ROE	32.9%	10.5%
DN Market Price	3.71			
Upside/Downside	-1.1%			

source: Bloomberg, own estimates

Financial statements

P&L statement - simplified

ths RON, consolidated	2021	2022	2023	2024	2025P
Net sales	46,952	150,789	150,886	175,699	213,290
Other operating income	6,967	1,380	1,353	617	3,700
Total revenues	64,662	205,422	234,725	264,320	334,731
Operating expenses	53,809	181,580	200,189	218,863	263,452
EBITDA	16,893	43,938	54,647	70,722	96,639
EBITDA Margin	36.0%	29.1%	36.2%	40.3%	45.3%
EBIT	10,933	24,762	33,757	45,404	66,882
EBIT Margin	23.3%	16.4%	22.4%	25.8%	31.4%
Financial result	(1,078)	(6,314)	(7,738)	(7,341)	(9,735)
Profit before tax	9,775	17,528	26,798	38,116	61,544
Current income tax	848	3,255	3,731	6,376	9,189
Net profit	8,889	13,940	22,673	31,740	52,355
Net margin	13.7%	6.8%	9.7%	12.0%	15.6%

source: DN, own estimates

Balance sheet - simplified

ths RON, consolidated	2021	2022	2023	2024	2025P
Fixed assets	96,416	160,654	212,141	243,511	292,742
Current assets	49,426	72,472	94,363	115,785	144,725
Prepaid expenses	1,133	1,429	1,441	2,370	3,590
Total assets	146,976	234,556	307,945	361,666	441,058
Short-term liabilities	41,794	59,676	76,398	84,139	89,429
Long-term liabilities	39,325	92,906	95,955	110,433	131,866
Provisions	200	306	386	386	382
Subsidies	198	2,006	1,867	1,728	1,588
Total debt	81,518	154,894	174,605	196,686	223,266
Share capital	10,606	31,819	31,986	32,419	32,876
Share premium	21,947	734	734	734	734
Reserves	143	407	826	1,513	1,798
Treasury stock	22	65	265	(65)	(65)
Retained earnings	23,584	32,364	46,089	67,942	99,272
Profit/loss for the period	8,889	13,940	22,673	31,740	52,355
Profit distribution	92	223	420	(704)	(286)
Minority interest	403	685	0	0	0
Shareholders' equity	65,458	79,661	133,340	164,980	217,792

source: DN, own estimates

Legal Disclaimer

Recommendation System:

Buy: The financial instrument is expected to generate a return of more than 15% over the next 12 months, based on the target price

Hold: The financial instrument is expected to generate a return between -15% and +15% over the next 12 months, based on the target price

Sell: The financial instrument is expected to generate a negative return of more than -15% over the next 12 months, based on the target price

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DN Agrar Group	DN	5, 7, 8, 10, 11

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