



Preliminary Financial Results

as of 31st December, 2020

Holde Agri Invest S.A.

A company quoted on the MTS-AeRO market
of the Bucharest Stock Exchange.



ISSUER INFORMATION

Information about this financial report

Type of report	Unaudited preliminary financial results
For financial period	01.01.2020 – 31.12.2020
Report publishing date	01.03.2021

Issuer information

Issuer's name	Holde Agri Invest S.A.
Fiscal code	39549730
Trade registry number	J40/9208/2018
Registered office	Splaiul Unirii nr. 16, 1st floor, Room 103, Office 3, Bucharest, Romania

Information about the securities

Subscribed and paid-up share capital	43,069,796 lei
Market on which the securities are traded	MTS AeRO Premium
Key characteristics of the securities issued by the company	43,069,796 shares, of which: 37,242,621 ordinary class "A" shares and 5,827,175 preference class "B" shares
Symbol	HAI

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The interim condensed consolidated financial statements as of December 31st, 2020 presented on the following pages are **unaudited**.

LETTER FROM HOLDE'S CEO

Dear Shareholders,

Today we put at your disposal Holde's 2020 preliminary results. 2020 has been a transformational year for Holde Agri Invest. It was the first year when we registered a full cycle of agricultural activity. It was also the first year when we reached an appropriate scale relevant to our business model. Finally, it also happens to have been the year when our shares floated on the AeRO market.

We ended 2020 with satisfactory results – 46.8 million lei operating revenue and a net profit of 5.3 million lei – slightly above our initial forecasts. So far in 2021, we have generated approximately 3.5 million lei from the sale of remaining 2020 harvest.

We are happy that we managed to overpass our budget estimates in a difficult context. After all, 2020 was a year of a global pandemic, paired with a severe drought in Romania. On top of that, we have significantly expanded our business in the course of the year, growing from 2,800 hectares of land to 9,250 hectares in a span of just a few months. The fact that we managed to integrate new farms into our business and maximize their results is proof of operational performance of Holde's team.

I want to thank the team in particular, I rely on my colleagues, and without them the Holde project would not have been possible so far or beyond.



The results recorded in 2020 finally offer investors a good insight into the actual potential of our business. I mention that because we came to the market with a promise – to become one of the largest farming companies on the local market and, at the same time, to do modern, profitable agriculture. We are already delivering upon this promise.

For those of you who joined us only recently, I would like to mention our evolution timeline: we launched the Holde Agri Invest concept in 2018. In 2019 we operated only the farm in Rosiori, of 2,800 hectares, which, at that time, did not receive any investments. We worked with the machines that we acquired together with the farms before the start of the agricultural season. It was also the first agricultural year for us, and throughout the year, we built our team, set the procedures, and tested our business model in reality. In 2019, we also purchased our first silo, of 10,000 tons, related to the Rosiori farm.

2020 was, therefore, the first year when we could operate as a true modern farm, using the Shared Services Centre and our specific resources smartly. We consider that the fact that we managed to scale so fast and already generate significant profit in a difficult year, in line with our initial estimates, proves that our business model is developing in the right direction.

We are glad to see that the enthusiasm of investors is also growing. Our listing took place at an ideal time for our shareholders, who were thus able to take advantage of the potential, while the risks were low. We believe that the risks to our business will continue to decline, given that we are no longer a start-up, and we believe that this trend is confirmed by our investors. Their enthusiasm was visible because, since the beginning of 2021, our daily liquidity has reached approximately 160,000 lei, increasing compared to the average value of 100,000 lei traded daily in 2020. This liquidity has also supported a price increase – year to date, HAI shares have appreciated almost 50%.

We thank all the investors for trusting Holde!

For 2021, we have ambitious plans. We want the 3 farms we operate to perform even better. We propose a turnover of 52 million lei and an EBIT margin of 20.3%.

We are convinced that the investment projects we are currently carrying out, in the equipment of the Frumușani farm with modern equipment and the pilot irrigation project for 150 hectares located in the Frumușani farm area will significantly contribute to achieving this objective.

Regarding the increase of the storage capacity and the alignment of the Frumușani farm to the group's standards, Holde initiated the steps in order to acquire an additional silage capacity of 6,000 tons, which will be annexed to this farm.

In addition, this time, in the area of the Roșiori farm, we are working on the extension of the Călinești silo with storage spaces specially prepared for organic production - with a capacity of 4,400 tons.

Last but not least, towards the end of this year, we want to put into use also in the Roșiori farm area a manure collection and storage platform, as well as a composting station with a capacity of 10,000 tons per year.

And to complete the efforts to increase the efficiency of operations, as well as to take steps towards the implementation of "food safety" and intelligent consumption reporting systems, this year we will make the first investments in the on-farm logistics system according to Holde's own concept. We intend to implement this year in at least one farm, at least one set of logistics elements that is at the level of the best performing agricultural holdings.

Regarding our digitization efforts, and in relation to the direct investment in AgroCity, we are happy to announce to the shareholders that from this spring onwards, we will start to implement the use of farm management software, by using the first modules provided in the application.

Therefore, the year 2021 will be intense in terms of projects for modernization and optimization of operational activity. We are sure that we will approach them head on!

In the context of these development projects and new acquisitions, our plan is to attract in the first half of the year about 20 million lei through the share capital operation. The capital raised will drive our future growth.

We are currently in a phase of accelerated growth, where our focus is to scale as fast as we can, but not at any cost. We are looking at farms with high potential that could achieve operational excellence quickly and be integrated relatively easily into our structure. Our model of restructuring the activity of the farms we take over has already been tested and perfected during the almost 3 years of activity and we are convinced that it will continue to work very well in the future.

Out of 20 million lei that we want to raise from investors, we will invest approximately 70% of capital in expanding the land operated. The remaining 30% will be used for modernizing the existing farms. However, this ratio will depend on how the deals currently in the pipeline perform under due diligence.

Expanding the operated land remains a priority for this year, but we have to be selective. 2020 was great in this regard as we found bolt-on farms that helped us triple the surface fast. But we might not be able to find such synergically aligned farms each year.

We don't only want to keep adding the hectares just for its sake; we need to see the optimization opportunities. In those years that we do not find sufficiently good opportunities, we already have a plan for other investments – in storage, machinery, irrigation, modernizing the farm – which can maximize the production and - and, last but not least, in agri-tech projects with which we can have very good synergies.

Today, with a significant scale, approximately 10,000 hectares of land, we have more opportunities to multiply the capital than before both of the capital increases and to invest in profitable projects. Therefore, you can count on us that we will do our best to grow the company each year, and we will continue to deploy our shareholder's capital successfully.

We have been underlining since the early days that Holde has a lot in common with an agri-REIT. Therefore, awarding dividends to all our shareholders is a priority. Nonetheless, in 2020 we will not be distributing dividends to the shareholders – neither class "A" shares nor class "B" shares. We wish to keep the profit in the company and reinvest it in the course of 2020. As I mentioned before, we are now in the business growth phase, which is our key focus. And when it comes to deals, especially in agriculture, it is vital to have the capital for development.

We will, of course, keep you all in the loop about the evolution of the company – starting with the details of the planned capital increase to the signing of new transactions or initiation of new investments. We are excited about 2021, and we are confident it will be an even busier year. We rely on our team of professionals and together, we are ready to approach this year head-on.

In the conclusion of this letter, I invite you to read the following pages of this report, where you can find details about our financials' evolution in the last year. Later this month, we will put at your disposal the Annual Report, which you will vote to approve at our next General Shareholder's Meeting, scheduled take place on April 26th, 2021. We look forward to seeing you all numerously. We propose to you that this time we meet online, since we consider using an electronic AGA solution to offer you all opportunity to engage directly with the management.

Later in the year, in July, we hope, however, in person, when we organize our second annual Holde Investor Day. We plan to offer all the interested investors a field trip to one of our farms located in the vicinity of Bucharest. We will keep you in the loop regarding this event. To always be up to date with Holde new, we recommend you follow us on our Facebook and LinkedIn page.

Thank you on behalf of the Holde Agri Invest team for your trust and for becoming part of our story. Should you have any questions about this financial report, do not hesitate to contact us at investors@holde.eu – we will be thrilled to address all your questions!

Liviu Zăgan

2020 KEY INDICATORS

Operated land: **7,827 hectares**

Production: **24,003 tons**

Revenues: **46,778,200 lei (5,977 lei/ha)**

Unadjusted EBITDA: **9,152,508 lei (1,169 lei/ha)**

Adjusted* EBITDA: **6,702,508 lei (856 lei/ha)**

Unadjusted EBIT: **6,644,693 lei (849 lei/ha)**

Adjusted* EBIT: **4,194,693 lei (536 lei/ha)**

Net profit: **5,294,038 lei (676 lei/ha)**

Capital expenditure: **7,710,000 lei**

Acquisitions: **37,350,000 lei**

Note: The calculation of the EBITDA and EBIT indicators belongs to the company's management and is performed according to the known calculation formulas, including in the operating costs the interest related to the financing of the working capital.

* elimination of APIA revenues amounting to 2,440,000 lei related to the period 2017-2018 considered as non-recurring revenues.

ABOUT HOLDE AGRI INVEST

Brief history

The idea of Holde Agri Invest project born in 2016, by four Romanian entrepreneurs, Liviu Zagan, Robert Maxim, Matei Georgescu and Alexandru Covrig. In 2017, the founders joined forces with the team of the local asset management company, Certinvest, and in 2018, they formally established Holde Agri Invest SA. Soon, the company attracted an external investment from Vertical Seven Group founded by entrepreneurs Iulian Circiumaru and Andrei Cretu.

In July 2018, the company made its first acquisition, a farm of approximately 2,800 hectares in Rosiori de Vede area of Teleorman county, and it took over five companies and the existing mechanization center that serves the total cultivated area. In April 2020, Holde Agri Invest acquired Agromixt Buciumeni, a company founded in 1991 with Romanian capital, which exploits agricultural land in Calarasi county, reaching over 7,000 hectares of operated land. In the course of 2020, Holde Agri Invest continued to expand, and it currently operates 9,250 hectares of land out of which 7.827 hectares were harvested between 2019/2020, contributing to the 2020 financial result.

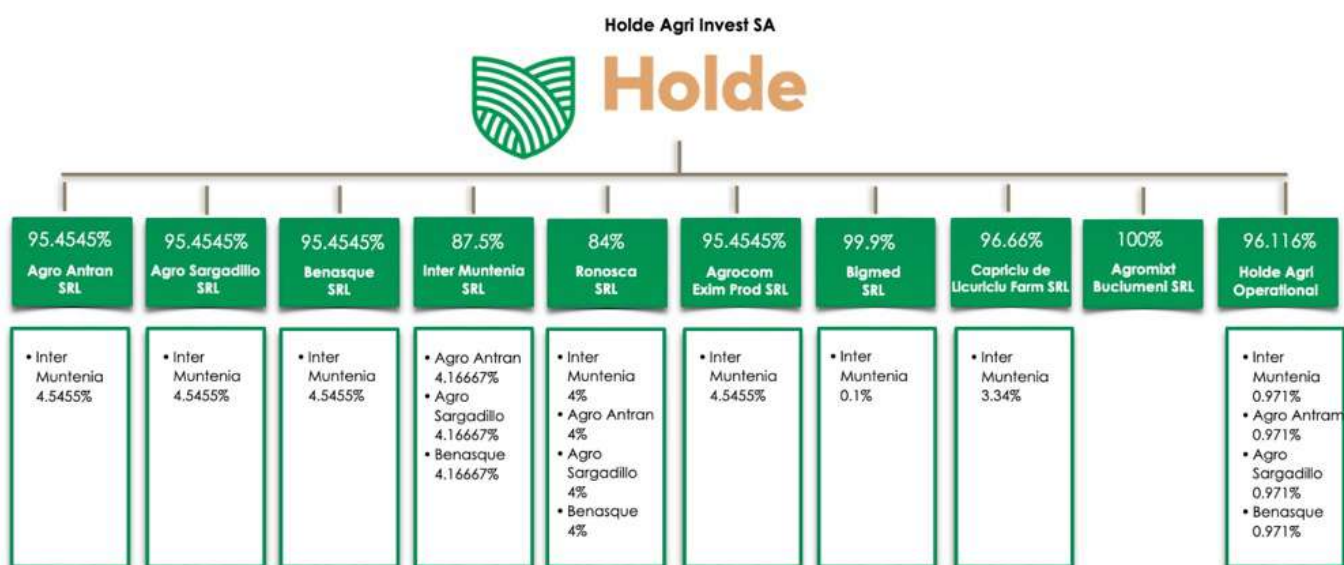
On October 1st, 2020, class A shares of Holde Agri Invest debuted on the AeRO market of the Bucharest Stock Exchange, after two successful private placements – the first one that took place in December 2019, and the second one from June 2020.

Business structure

On December 31st, 2020, Holde Agri Invest, the holding company, included ten entities comprising of nine technical crops farms located in Teleorman county (Rosiorii de Vede region - Agro Antran, Agro Sargadillo, Benasque, Bigmed, Capriciu, Inter Muntenia, Ronosca, and Videle - Agrocom) and Călărași (Buciumeni region - Agromixt) and one entity providing operational services, Holde Agri Operational. The mother company, Holde Agri Invest SA, acted as the shared services center, covering also administrative and governance aspects. In 2020, the Holde Agri Invest team grew with 47 new full time employees at a consolidated level.

As of December 31st, 2020, Holde operated, at the consolidated level, a total area of 9.250 ha, out of which 538ha owned and 8,712ha leased. In the course of 2020, farms from Holde's portfolio cultivated conventional wheat, rapeseed, sunflower, corn, dried peas, soybeans, as well as organic wheat, sunflower, and dried peas. Apart from land, Holde also boasts a storage capacity of 10,000 tones in the Calinesti silo, complemented by the "silo bag" technology that can be used in any of Holde farms.

Holde Agri Invest S.A. also holds a minority stake of 10% in an agrotech start-up AgroCity Technologies SRL, which is not included in the consolidated results.



Sector of activity

The Romanian agricultural cycle is divided into two main seasons:

- Spring campaign: when seeding for corn, sunflower, spring peas, soybeans taking place in March-April, harvesting in September-October and sales of inputs in the following months.
- Autumn campaign: with seeding for wheat, rapeseed and barley between August and October, harvesting the following year in July and sales of inputs in the following months.

The cycle indicates that most of the revenue from the sale of crops takes place in the second half of the year, both for the spring and autumn seasons, unless the company decides to store the inputs in the silos to sell them later. Consequently, most agricultural companies in the first half of the year (H1) generate mainly costs, and the second half of the year (H2), generate the revenue, along with the increase of the expenses because of seeding and preparing the agricultural campaign for next year.

The current strategy of Holde is to maintain part of the inputs following the harvest and sell them opportunistically, when the price is higher, once the demand increases and the supply decreases. In the course of 2020, this strategy has brought significant returns to the company. In this context, one of the strategic development directions for Holde in the future will be increasing the storage capacity.

Capital market activity

Holde Agri Invest's ordinary shares floated on the AeRO market of the Bucharest Stock Exchange on October 1st, 2020. Until the last trading day of 2020, December 30th, investors have traded 4.7 million HAI shares in a total value of over 6.3 million lei. That means that the average trading value for HAI shares on the AeRO market in 2020 was 100,263 lei per day.

As announced to the investors, Holde Agri Invest is currently in the process of preparing the share capital increase. The details of the intended transaction will be announced to the market with as soon as the Sole Administrator issues a decision with the characteristics of this operation.

KEY EVENTS

In **April 2020**, changes were made to the Board of Holde as Leonard Leca and Iulian Circiumaru have joined the Board, with the latter taking over the position of the President of the Board at Holde. Consequently, the Board of Holde Agri Invest counted six members: Iulian Circiumaru, Alex Covrig, Leonard Leca, Cosmin Mizof, Eugen Voicu and Liviu Zagan.

On **April 23rd, 2020**, Holde announced signing of an agreement to acquire 100% stake in Agromixt Buciumeni, a Romanian agribusiness company established in 1991. Being a mature and profitable company, Agromixt brought a new nucleus to Holde, namely the Frumusani farm. The farm distinguishes itself with a compact size and high-quality soil. Additionally, rapeseed and soybean that were cultivated on the Agromixt farm each year complemented Holde's crops portfolio. The acquisition was financed partially with capital raised during the private placement for Holde shares that took place in December 2019, and partly with debt financing.

On **June 15th, 2020**, Holde announced that it successfully closed a private placement for its shares and raised 12 million lei from Bucharest Stock Exchange investors. The private placement was structured in two stages. In the first stage, shares worth approximately 2 million lei were sold to existing shareholders. In the second stage, the company has placed 9,102,322 new ordinary shares, which were sold for 1.1135 lei per share. The offer started on June 11th and closed on June 12th and attracted significant interest from local investors as the subscription rate for the offer reached 120%. A total of 80 new investors participated in the placement.

On **June 29th, 2020** the surface of operated land by Holde formally expanded with 800 ha as a result of the acquisition of Agrocom Exim Prod SRL. The 2020 results include the performance of the sunflower and corn crops that were cultivated on this land. Currently, Holde is in the final stage of formal acquisition of the Videle farm which will increase the land operated by Holde by another 1,425 ha, reaching a total of 9,250 ha of land.

On **August 6th, 2020**, Holde announced a strategic partnership with a local agro-tech start-up, AgroCity Technologies SRL. AgroCity develops software that helps farmers manage activities efficiently on a farm with the help of technology, contributing to increased control, productivity, and overall profitability. AgroCity solution digitalizes all the farm operations, including production, data prediction and analysis, as well as management of leased land. The software provides a detailed analysis of how expenses and incomes are distributed on a farm as well as it improves workflows. The collaboration between the two companies entails Holde investing in the start-up, as well as becoming the first customer to use AgroCity's solution. Following the investment, Holde has a minority, 10% stake in the start-up.

On **October 1st, 2020**, Holde's shares debuted on the AeRO market of the Bucharest Stock Exchange. During its first day, the value of trades with HAI shares reached 2.4 million lei.

ANALYSIS OF THE FINANCIAL RESULTS

In 2020, Holde group obtained consolidated revenues from the main activity of a sale of agricultural products, of 27.3 million lei, of which 1.25 million lei from agricultural products harvested in 2019. Total operating revenues include 9 million lei from subsidies for agricultural crops, 2.2 million lei drought compensation and insurance, 2.4 million lei APIA subsidies receipts related to the agricultural year 2017-18 and 0.8 million lei from equipment layoffs.

The results were obtained following the exploitation of a total area of 7,827 hectares (of which 2,320 hectares in organic regime) in 3 locations: Roşiori de Vede, Frumuşani and Videle. The agricultural year 2019-2020 generated total harvests of 24,003 tons, of which 3,400 tons of organic crops (sunflower, wheat, corn, peas) and the rest of conventional crops (rapeseed, wheat, corn, sunflower, peas, soybeans). Compared to the agricultural year 2018-19, the obtained crops registered an increase of 68% (similar comparison for the existing area in both periods, but particular crop mix for each agricultural year), an increase observed especially for organic crops, which proves the significant improvement of productivity in relation to the investments made as well as to the adopted agricultural practices. The production obtained registered a negative deviation of 15% compared to the budget projection, mainly on the segment of crops cultivated under conventional regime, as a result of the severe drought in the summer of 2020.

The value of the obtained crops was 1.9% lower than the budgetary forecasts, the losses from the yields obtained being partially recovered by the surplus obtained from the capitalization of crops, while the value of subsidies for agricultural crops was 4.7% below the budgetary forecasts, in especially due to the evolution of the EUR / RON exchange rate.

The main categories of operational expenses were those related to the inputs needed to form the crops of the agricultural year 2019/2020: seeds, fuel, fertilization, treatments (15.9 million lei), depreciation of the equipment (2.5 million lei), maintenance of the equipment (0.8 million lei), the expenses with the lease ("arenda") related to the areas exploited (5.4 million lei), personnel expenses (5.3 million lei) and expenses for the administrative center of shared services (3.5 million lei).

The operating result before the unadjusted depreciation and amortization expenses was 9.2 million lei, while after the adjustment it stands at 6.7 million lei, respectively a margin of 14% of operating income. The result recorded is 18% higher than the budget forecast, as a result of the higher evolution of revenues than expenditures. The total operational result, after eliminating the non-recurring elements, is of 4.2 million lei, ie 536 lei/ha, respectively a margin of 9%, which is 38% above the budgetary provisions.

The financial result of -1.6 million lei includes interest expenses related to bank loans (0.57 million lei interest for working capital, 0.89 million lei long-term loans contracted for the acquisition of farms and land and financial leasing contracts) and 0.18 million lei exchange rate differences and other fees related to the financing activity. The effective tax rate recorded at the consolidated level was 25.3%.

The net result of 5.3 million lei, ie 676 lei / ha, is significantly above the budgetary provisions. In 2019, the group reported a loss of 4.5 million lei due to the effects of the restructuring of the activity in Roşiori farm.

From the point of view of the balance sheet structure, the financial investments are represented by the participation held in the AgroCity platform. The stocks held by the Company represent mainly the ongoing production on the cultivated areas in the autumn of 2020 (6.5 million lei) and the stocks of agricultural products stored for sale (1.2 million lei). Trade receivables include 2 million lei related to deliveries of agricultural products made in December 2020 to a single customer. The claim was collected on time, after the reference date. Other claims mainly relate to VAT receivable (pending claims or balances to be reimbursed) and advances for machinery or equipment.

Short-term debts to suppliers refer to the inputs related to the agricultural year 2020-2021 which have as payment term the period July / October 2021. In addition, they also include the obligations for rents due and unpaid until 31.12.2020 (0.56 million lei). Leases paid in advance for the agricultural year 2020-2021 amount to 0.16 million lei. Short-term debts include amounts related to APIA revenues for the agricultural year 2017-2018, land acquisitions and amounts withheld in the total amount of 2.3 million lei to be reimbursed to sellers in the acquisitions of shares made during 2018.

The group registered cumulative interest-bearing debts of 36 million lei (of which 28 million lei bank loans and 8 million lei financial leases), 0.9 million lei APIA discounts and cash and cash equivalents of 0.5 million lei. Thus, the net debt of Holde Agri Invest amounted to 36.3 million lei at the reference date. The capital structure of the Holde group records an indicator of current liquidity (Current assets / Current liabilities) of 0.72 and a Degree of Indebtedness (Borrowed capital / Committed capital) of 42.2%.

In 2020, Holde Agri Invest carried out an investment program of 45 million lei financed by the 2 private placements carried out in December 2019 and June 2020 in a total amount of 22 million lei, completed with bank loans and financial leasing contracts. This investment program included:

- Acquisition of the Agromixt farm - 31.95 million lei
- Agrocom farm acquisition advance - 2.88 million lei
- AgroCity platform investment - 0.27 million lei
- Land acquisition - 2.25 million lei
- Acquisitions of technological equipment (machines and equipment) - 6.7 million lei
- Acquisitions of means of transport - 0.65 million lei
- Arrangements for storage capacity and others - 0.36 million lei.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Holde group for 2020 included companies Bigmed SRL, Capriciu de Licuriciu SRL (since January 2020), Agromixt (since May 2020) and Agrocom Exim Prod SRL (since July 2020).

Please note that Holde Agri Invest will not provide in this financial report the financial data from the same period of last year nor the comparison of the year-on-year evolution.

CONSOLIDATED PROFIT & LOSS STATEMENT ('000 LEI)	31/12/2020
Operating Revenue, out of which:	46,778.2
Sales of own products	21,891.4
Sales of 3rd party products	5,399
Revenue from disposals	1,552.7
Revenue from inventory variation	2,824.9
Other operating revenue	15,110.1
<i>Crop subsidies</i>	8,986.4
<i>Other subsidies</i>	685.7
<i>Proceeds from insurance policies</i>	2,190.7
<i>Other non-recurring revenue</i>	3,247.3
Operating Expenses, out of which:	39,379.5
Material Expenses, out of which:	17,272.5
<i>Costs of raw materials</i>	11,900
<i>Costs of 3rd party products</i>	4,022
<i>Other material-related expenses</i>	1,350.5
Rent paid to owners	5,395
Personnel Expenses	5,359.2
Depreciation and amortization	2,507.8
Other operating expenses	8,845.1
Operating Result	7,398.7
Financial Income	1,186.1
Financial Expenses, of which:	1,643.4
<i>Long-term loan interest</i>	889.4
<i>Short-term loan interest</i>	569.9
<i>Other financial expenses</i>	184.1
Financial Result	(457.3)
Total Revenues	47,964.3
Total Expenses	41,022.9
Gross Result	6,941.4
Income tax	1,647.4
Net Result	5,294

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET ('000 LEI)	31/12/2020
Fixed Assets, out of which:	38,988
Intangible assets	206.4
Tangible assets	37,743.5
Financial assets	266.3
Assets under investment	771.8
Current Assets, out of which:	22,311.1
Inventories	10,937.7
<i>Materials and consumables</i>	2,685.8
<i>Small Inventory</i>	8.3
<i>Finished Goods – own production</i>	1,213.2
<i>Finished Goods – 3rd party production</i>	174
<i>Packaging materials</i>	108.7
<i>Work in progress</i>	6,532.2
<i>Pre-paid trade goods</i>	215.5
Receivables	10,875.1
<i>Trade Receivables</i>	4,886.1
<i>Other receivables</i>	5,989
Cost of investments	37,662.1
Short-term investments	1.2
Cash and cash equivalents	497.1
Pre-paid expenses	797.4
Total Assets	99,758.7
Current liabilities, out of which:	31,191.6
Payables to suppliers	8,515.2
Payables to affiliate companies	233.3
Debt payable <1 year	9,378.9
Debt granted with APIA receivables	877.1
Financial leasing due <1 year	2,541.1
Other short-term debt	9,646.1
Non-current liabilities, out of which:	24,050.5
Bank loans >1 year	18,617.3
Financial leasing >1 year	5,433.2
Income in Advance	194.8
Total Liabilities	55,242.1
Equity, out of which	44,321.8
Subscribed and paid-up capital: common shares	37,242.6
Subscribed and paid-up capital: preferred shares	5,827.2
<i>Share premium</i>	2,242.9
Retained earnings	(6,285.3)
Profit/(loss) for the financial year	5,294.4
Total equity and debt	99,758.7

DECLARATION OF THE MANAGEMENT

Bucharest, March 1st, 2021

We confirm to the best of our knowledge that the unaudited preliminary condensed consolidated financial statements for the twelve month period ended 31 December 2020 give a true and fair view of Holde Agri Invest S.A. assets, liabilities, financial position and profit and loss, as required by the applicable accounting standards, and that the Directors' Report gives a true and fair view of important events that have occurred in 2020 financial year and their impact on the preliminary condensed consolidated financial statements.

Eugen Gheorghe Voicu

Legal Representative of Holde Agri Management SRL

Sole Administrator of Holde Agri Invest S.A.