



Administrator's Report

for 2020

Holde Agri Invest S.A.

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



Holde

ISSUER INFORMATION

Information about this financial report

Type of report Administrator's Report for 2020

For financial period 01.01.2020 – 31.12.2020

Issuer information

Issuer's name Holde Agri Invest S.A.

Fiscal code 39549730

Trade registry number J40/9208/2018

Registered office Bucharest, 16 Splaiul Unirii, 1st Floor, Room 103, Office 3

Information about the securities

Subscribed and paid-up share capital 43,069,796 lei

Market on which the securities are traded SMT AeRO Premium

Key features of securities issued by the company 43,069,796 shares, of which: 37,242,621 ordinary class "A" shares and 5,827,175 class "B" preferred shares

Symbol HAI

Contact details for investors

Telephone +40 31 22 533 73

E-mail investors@holde.eu

Website www.holde.eu

LETTER FROM THE CEO

Dear shareholders,

Today, we provide you with the financial results recorded by Holde Agri Invest in 2020, a transformation year for the company. It was the first year when we had a full cycle of agricultural activity and when we reached an adequate size, relevant to our business model. At the same time, it was the year in which the HAI shares started trading on the AeRO market.

We ended the year 2020 with good results - 43.9 million lei operating revenue and a net profit of 3.4 million lei. The result is lower by about 2 million lei, compared to the preliminary results of 5.3 million lei.

At the time of calculating the preliminary result, we did not take into account the depreciation for goodwill and did not recognize the right to use the lease agreements as an intangible asset that is amortizable. Following discussions with accounting experts and auditors, we decided that we may present these intangible assets on the consolidated statements. They are amortized and the effect of the amortization in 2020 is the difference between the lower financial result. It affects EBIT and does not affect EBITDA and cash generated from operations.

This adjustment is required by the Romanian Accounting Standards; the international IFRS standard envisages the depreciation testing if there are indicators that may signal it and revaluation instead of amortization. If we adopt IFRS, we will also have to adjust the financial statements from previous years.

At this time of 2021, we have generated revenues of approximately 3.5 million lei from the sale of the remaining harvest from 2020.

We are delighted that we have managed to exceed our budget estimates in a difficult context. 2020 was a year marked by the global pandemic, and agriculture in Romania was affected by a severe drought. However, during the year, we significantly expanded our business, growing from 2,800 ha of land to 9,250 ha in just a few months. The fact that we have managed to integrate new farms into our business and maximize their results is proof of the operational performance of the Holde 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 of 2020 provide investors with a good perspective on the real potential of our business. I want to emphasize this because we entered the market with a promise - to become one of the largest farmers, and at the same time to practice a modern, profitable agriculture. And we keep on that promise.

For those of you who have recently joined us, I would like to tell you about the chronology of our evolution: we launched the Holde Agri Invest concept in 2018. In 2019 we operated only the farm of 2,800 ha in Roşiori, for which at that time no investments had been made. We worked with the equipment we bought together with the farm before the start of the agricultural season. It was also the first agricultural year for us and throughout it 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, part of the Roşiori farm.

Therefore, 2020 was the first year we were able to operate as a true modern farm, intelligently using our shared services centre and our specific resources. The fact that we have managed to grow so fast and already generate a significant profit in a challenging year, according to our initial estimates, proves that our business model is set 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, considering 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, the price of HAI shares has appreciated by 33%. 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 that we are currently carrying out, the equipment of the Frumușani farm with modern machinery 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, 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 area of the Roșiori farm a platform for collecting and storing manure, as well as a composting station with a capacity of 10,000 tons per year.

And to complete our 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 in at least one farm, a minimum set of logistics elements at the level of the best performing agricultural holdings.

Regarding our digitalization efforts, and in relation to the direct investment in AgroCity, we announce the shareholders that from this spring 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 dense in projects for modernization and optimization of our operational activity. We are ready to approach them head-on.

At the same time, taking into consideration the increase of our capital as well as our new development projects and acquisitions, our objective is to attract in the first half of the year over 20 million lei through a share capital increase operation – the raised capital will lead to development of our business in the future.

Today, we are in a stage of accelerated growth and our goal is to expand as quickly as we can, but not at any cost. We look at farms with high potential that could quickly achieve the operational performance we want and could 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 work very well in the future too.

From the amount of 20 million lei that we want to raise from investors, we will invest approximately 70% of the capital in expanding our operated land. The remaining 30% will be used to modernize the already 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 are 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 last but not least, in agri-tech projects that could develop 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 to increase capital and to invest it in profitable Holde projects. Therefore, you can count on us that we will do our best to grow the company each year, and we will successfully continue to invest the capital of our investors.

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. 2020 is the last of the 3 years without dividend, according to the business plan proposed to shareholders. We will keep the profit in the company and reinvest it in the course of 2021. 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 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 increases 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 give our best.

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. 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

CONSOLIDATED KEY NUMBERS

Operated land: **7,827 hectares**

Production: **24,003 tone**

Revenues: **43,872,158 lei (5,605 lei/ha)**

Unadjusted EBITDA: **9,539,721 lei (1.219 lei/ha)**

Adjusted EBITDA*: **7,003,677 lei (895 lei/ha)**

Unadjusted EBIT: **5,471,568 lei (699 lei/ha)**

Adjusted EBIT*: **2,935,524 lei (375 lei/ha)**

Net profit: **3,439,251 lei (439 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 2,450,000 lei related to the period 2017-2018 and expenses with financing commissions amounting to 86,044 lei considered as non-recurring revenues.

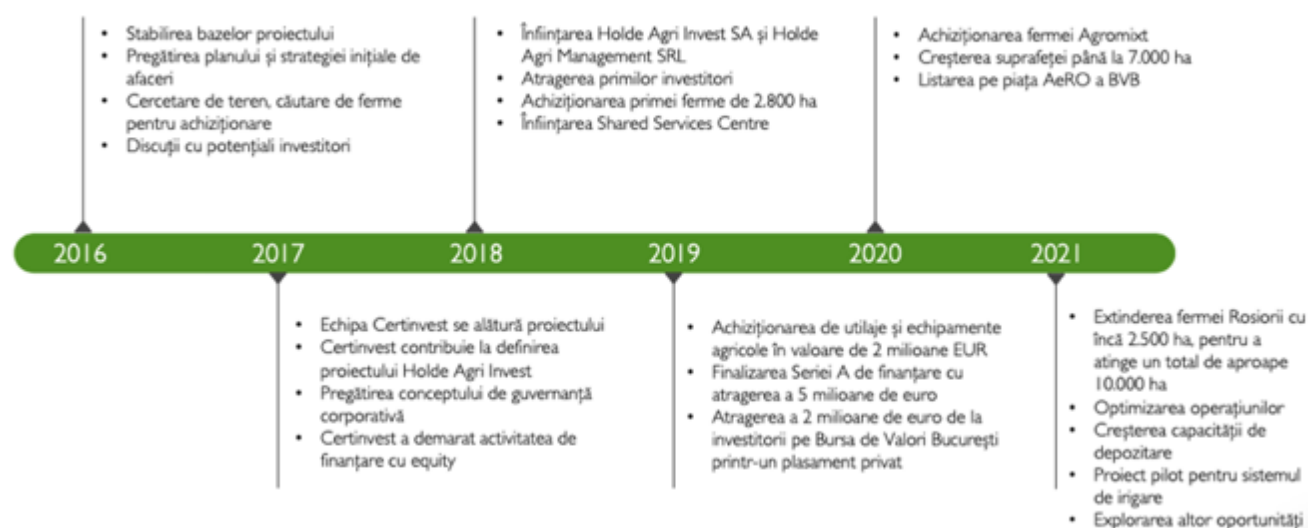
ABOUT HOLDE AGRI INVEST

Brief history

The idea of Holde Agri Invest project was conceived 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 8,496 (9,250 ha in summer of 2021¹) 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.



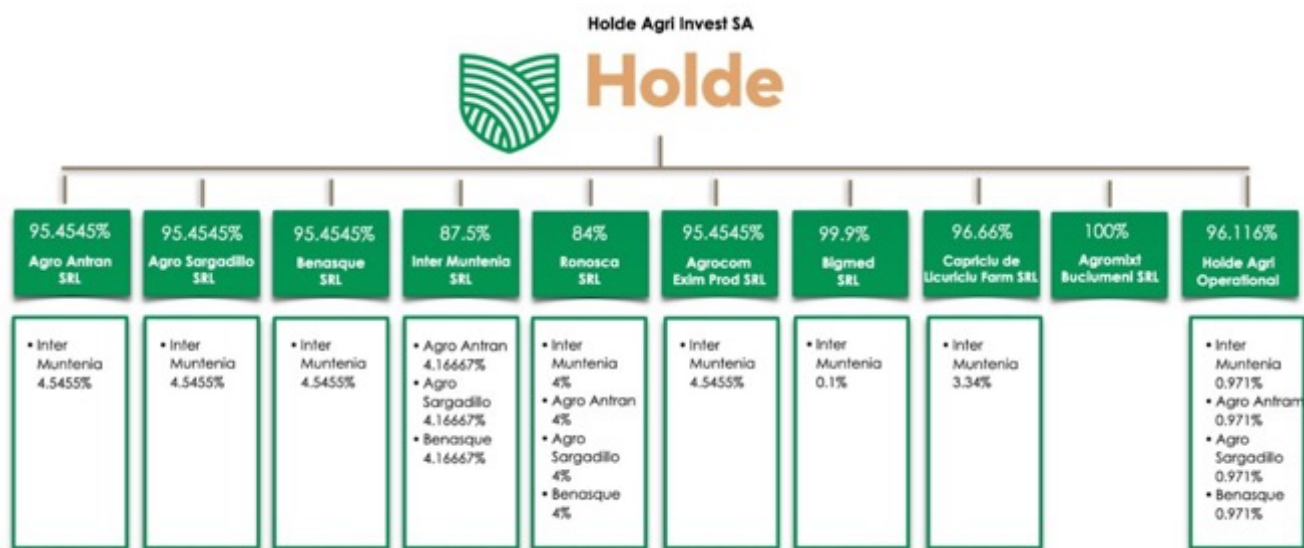
Business structure

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 Frumușani (Buciumeni region - Agromixt) and one entity providing operational services, Holde Agri Operational. The mother company, Holde Agri Invest SA, act as the shared services centre, covering also administrative and governance aspects. In 2020, the Holde Agri Invest SA team grew by 47 employees at a consolidated level.

As of December 31st, 2020, Holde operated, at the consolidated level, a total area of 8,496 ha, out of which 635ha owned and 7,861ha leased. In 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 tons in the Calinesti silo, complemented by the “silo bag” technology that can be used in any of Holde farms.

¹ The initial acquisition contract contains the acquisition of 850 ha in 2020 and 1 650 ha in the spring of 2021; by additional act it was agreed that out of the 1,650 ha 750 ha will be purchased at the beginning of the year, and 900 ha in the summer of 2021.

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



Description of main activity

Holde Agri Invest SA's vision is to position agriculture as part of Romania's future, by creating value and developing rural communities using state-of-the-art technology and experienced professionals. This vision will be fulfilled by:

- Community: bringing local communities together in a sustainable ecosystem that truly adds value to all parties involved;
- Evolution: combining innovative methods and technologies with professionals with experience in agriculture and the business environment, who are always looking for better and more efficient ways to cultivate;
- Pioneering: managing agriculture as a business;
- Trust: the creation of one of the best agricultural projects on the Romanian market, fully financed with Romanian capital.

The Company's business model provides for the acquisition of existing vegetable farms, sometimes under-performing or with capital shortages, in order to transform them into a modern and efficient operational holding. The Company's management team is actively looking for opportunities to acquire operational farms in the Southern and South-Eastern part of Romania, in order to successively expand the operated agricultural land. This region of Romania was chosen due to the quality of the soil, the large area of arable land, as well as the proximity to Bucharest and the ports on the Danube and the Black Sea.

The preferred size of a farm for the acquisition and establishment of a new operational core is approximately 2,000 ha, with farms smaller than 2,000 ha being purchased for operational consolidation with existing farms.

The main activity of Holde consists in the operation of the agricultural lands that are owned or contracted by the Company in the form of lease, through the companies that it controls, and in the agricultural year 2019-2020 it is carried out as follows:

- Inter Muntenia SRL has 676 ha of agricultural land in operation in the Teleorman area, cultivated in proportion of 40% with organic sunflower crop, and the remaining 68% of the owned lands are cultivated with conventional crops of wheat, corn and peas.
- Agro Sargadillo SRL has 545 ha of agricultural land in the Teleorman area, cultivated in proportion of 43% with organic peas, 31% organic wheat, 9% organic sunflower and the remaining 17% being conventional crops of rapeseed and corn.

- Agro Antran SRL has 534 ha of agricultural land in the Teleorman area, cultivated 100% with organic sunflower, peas, corn and rapeseed.
- Benasque SRL has in operation 433 ha of agricultural land in the Teleorman area, cultivated 40% with organic crops of sunflower, and the remaining 13% with conventional crops of wheat, corn and rapeseed.
- Ronosca SRL has in operation 805 ha of agricultural land in the Teleorman area, cultivated in proportion of 82% with organic crops of sunflower and wheat, remaining 18% with conventional corn, rapeseed and peas.
- Bigmed SRL has in operation 528 ha of agricultural land in the Teleorman area, cultivated in proportion of 100% with organic crops of sunflower, corn and wheat.
- Agromixt Buciumeni SRL has in operation 3,365 ha of agricultural land in the Buciumeni - Budești (Călărași county) area, cultivated 100% in conventional regime with wheat, corn, rapeseed, sunflower and soybean.
- Agrocom Exim Prod SRL has in operation approximately 1,600 ha of agricultural land in the Teleorman area, cultivated 100% in conventional regime with sunflower, corn, wheat and rapeseed.

In 2020, the structure of leased land, owned land, total land operated was:

	Total farmed land	Leased land*	Owned land
Roșiori farm	3,003 ha	2,807 ha	196 ha
Extension Roșiori farm 2020 (Bigmed SRL and Capriciu de Licuriciu Farm SRL)	528 ha	478 ha	50 ha
Calarasi farm (Agromixt Buciumeni SRL)	3,365 ha	2976 ha	389 ha
Teleorman farm	1,600 ha	1,600 ha	-
TOTAL	8,496 ha	7,861 ha	635

* the surfaces are leased for contractual periods of 5-15 years.

Activity sector

The Romanian agricultural cycle is divided into two main seasons:

- Spring campaign: March-April when corn, sunflower, spring peas and soybeans are sown with harvest in September-October and the sale of crops in the following months.
- Autumn campaign: August-October when wheat, rapeseed and barley are sown with harvest in the following year in summer and the sale of crops in the following months.

The cycle clearly 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 crops in silos to sell them later. Thus, most agricultural companies in the first half of the year (S1) generate mainly costs, and in the second half of the year (S2) generate revenue, while increasing costs, due to sowing and preparing the agricultural campaign for the following year.

Holde's current strategy is to keep some of the crops after harvest and sell them opportunistically when the price is higher, as demand increases and supply decreases. In 2020, this strategy brought significant profits to the company. In this context, one of the strategic development directions for Holde in the future will be to increase storage capacity.

Mergers and reorganizations

On **April 23, 2020**, Holde announced the signing of the agreement for the acquisition of 100% shares in Agromixt Buciumeni SRL, a Romanian agribusiness company founded in 1991. Being a developed and profitable company, Agromixt brought an additional core to Holde's portfolio, namely the Frumușani farm. The farm is

distinguished by a compact size and a high-quality soil. In addition, rapeseed and soybeans grown annually on the Agromixt farm completed Holde's crop portfolio. The acquisition was partly financed with capital raised during the private placement for Holde shares in December 2019 and partly with debt financing.

On **June 29, 2020**, the surface of the land operated by Holde was expanded by 850 ha as a result of the acquisition of Agrocom Exim Prod SRL. The results in 2020 include the sunflower and corn crops grown by Holde on this land since the beginning of the year. Currently, Holde is completing the second stage of the official acquisition of Videle farm, which will increase the operated land by another 1,00 ha, reaching a total of 8,496 ha of land.

On **August 6, 2020**, Holde announced a strategic partnership with a local agro-tech start-up, AgroCity Technologies SRL. AgroCity develops software that helps farmers efficiently manage all data and activities on a farm with the help of technology, contributing to increased control as well as increasing productivity and profitability. The AgroCity solution digitalize all the operations of a farm, including the production, prediction and analysis of data, as well as the management of leased land. The software provides a detailed analysis of how expenses and income are distributed across a farm and improves workflows. Through this collaboration, Holde became a strategic investor in start-ups but also the first customer to use the AgroCity solution. Following the investment, Holde holds a 10% minority stake in the start-up.

ASSESSMENT OF THE COMPANY'S ACTIVITY

Supply activity

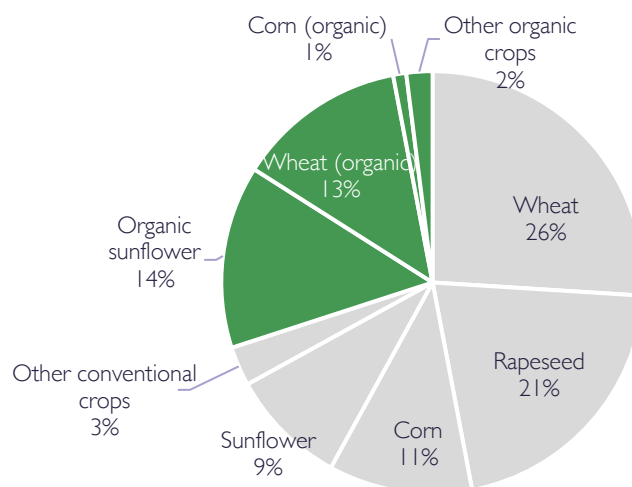
Holde purchases the raw materials for the formation of conventional cereal crops from the markets where several competitive suppliers are present (in theory: monopolistic competition, with many active participants). Through this method of purchasing raw materials, the company ensures continuity of supply at predictable prices, which are not subject to unexpected or monopolistic fluctuations.

Regarding organic crops, the number of existing suppliers is small, but as a sector that is experiencing significant growth, the product offering is on an upward trend in Romania. Holde has a team of people who have worked in the field of agribusiness nationally and internationally. Starting with 2019, the Holde team has managed to establish very good relationships with input suppliers for organic crops.

Production: cultivated crops

The main cultivated crops are wheat, corn, sunflower and rapeseed, followed by other crops such as peas, soybeans. The agricultural year 2019-2020 generated total harvests of 24,003 tons, of which 3,400 tons were organic crops (sunflower, wheat, corn, peas) and the rest were conventional crops (rapeseed, wheat, corn, sunflower, peas, soybeans).

The division of cultivated crops per hectare (represented as % of the total area of 7,827 hectares cultivated in the agricultural year 2019/2020), is presented in the graph below. Organic crops are marked in green:



Organic farming is one of the key differentiating factors of Holde Agri Invest. Currently, Holde focuses on large-scale, non-irrigated crops: wheat, corn, rapeseed, sunflower, peas and barley. An important area of the Roșiori farm, approximately 2,400 hectares, is organically certified, and the harvest obtained is almost entirely exported to Western Europe (Italy, Germany, Austria, etc.), where most of the processors are located. The demand for organic products in Europe (and in the world) is constantly growing, and the prices offered are higher than for conventional products (150-200%).

The conversion of the agricultural land operated by the Issuer to organic agriculture was made 8-9 years ago and is currently in the second five-year commitment cycle with the Agency for Payments and Interventions in Agriculture (APIA).

In the context of increasing the operated land area, in the medium and long term, Holde Agri Invest aims to have in its portfolio a cultivated area of organic land of approximately 10-20% of the total land of the portfolio. Currently, about 35% of the land operated by the company is operated organically.

In terms of conventional crops, Holde has large customers in its portfolio, grain traders. Some of them are customers that came together with the acquired farm and who remained Holde customers, an example being Agromixt. The others are new customers that Holde has attracted due to the company's market visibility and their increased interest in identifying a reliable supplier for large quantities and diverse crops. The fact that Holde owns several farms in different locations and implicitly large areas of land from which it can deliver large quantities, is an advantage that the company has capitalized extremely well in 2020.

Another advantage capitalized by Holde in 2020 and which the company will continue to exploit in 2021 is related to signing of forward contracts for significant quantities. This is possible because the risk of insufficient production is low.

Regarding organic products, Holde has developed excellent relationships with various traders and processors, especially from outside Romania.

For the agricultural campaigns started in 2020 and those of 2021, Holde will maintain the same ratios in terms of land dedicated to rapeseed, wheat, sunflower and maize. At the moment, the company does not intend to cultivate other crops.

Implemented agricultural technology

The agricultural technology implemented by Holde Agri Invest is modern, oriented towards maximizing the harvest, but with special attention to increasing soil fertility and the principles of "conservation agriculture". The used concepts and the most important principles regarding the agricultural technology are:

- Strict observance of crop rotation
- Application of minimum tillage - for the enhancement of organic matter and for the conservation of water in the soil
- CTF (Control Traffic Farming) - we define technological paths and establish unitary gauges for all the machines - in this way we protect the soil from the compaction phenomenon
- Addition of organic matter - to increase soil fertility
- Adjusting the pH in the soil - for better absorption of nutrients
- Reducing the amount of pesticides - for a "conscious" agriculture
- Maximizing the effect of fertilizers by managing "in turn" and using section control systems

Sales activity

Products obtained from conventional cereal crops are mainly sold to traders. In 2020, the company had a customer to whom approximately 5,600 tons were distributed, two received approximately 3,400 tons each and to other two were distributed between 1,500 and 2,000 tons each.

In terms of organic crops, in 2020, the company sold to two customers, 2,500 tons and 1,200 tons, respectively, and three other customers bought in smaller quantities.

Considering that in terms of conventional crops, Holde operates in a commodity market, there is no risk of dependence on a single customer.

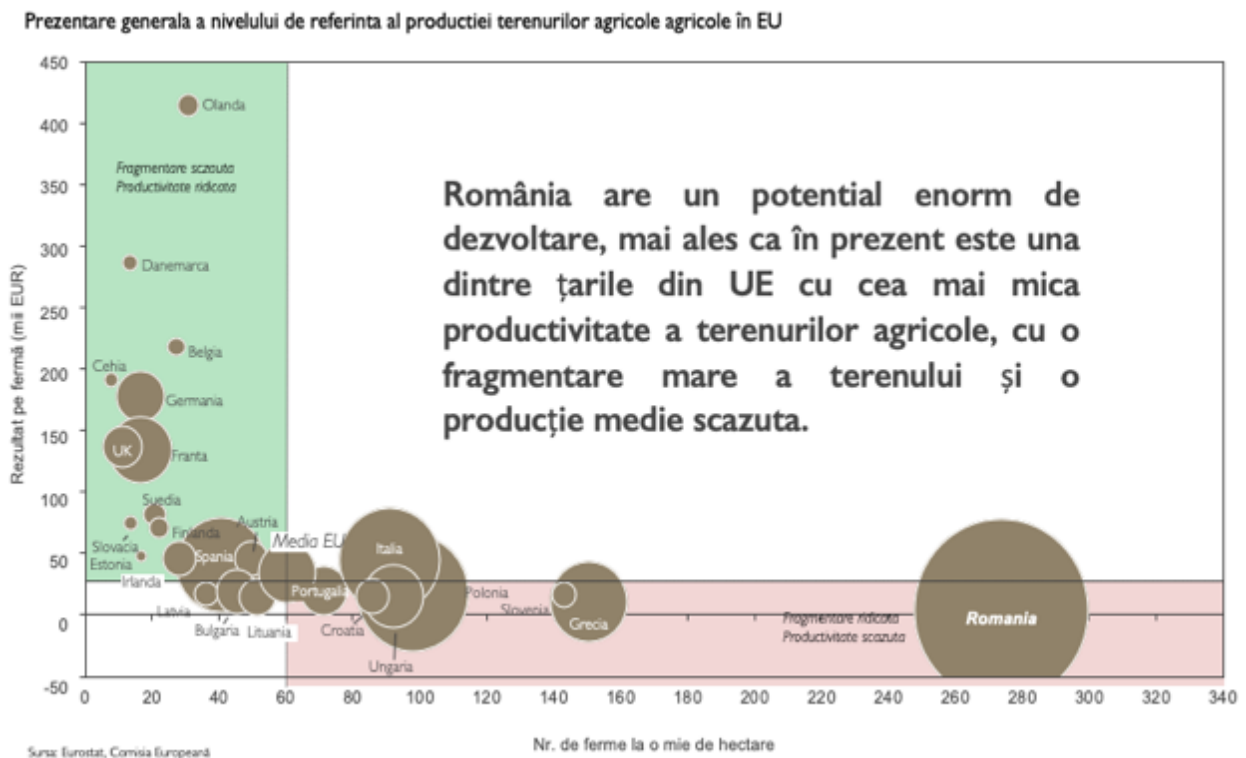
Regarding organic cereals, although Holde is a new supplier on the market, the demand for such products is constantly growing. The dynamics of this market helped the company to quickly attract new and reliable customers. None of these customers had ever bought organic products from the farms purchased by Holde.

Competitiveness

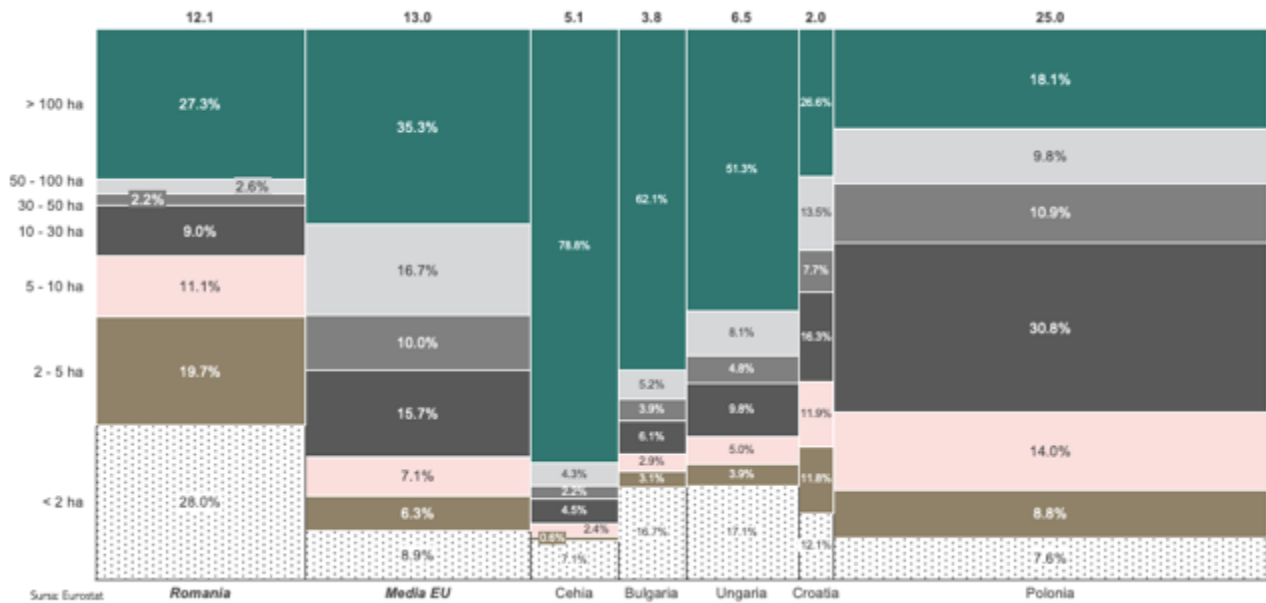
There is no consistent database that offers, in a uniform manner, the size of the largest farms in Romania. Many local businesses are spread over several small farms, while for others, no official data is available. However, according to management estimates, public information and data provided by APIA, Holde Agri Invest is in the top 10 largest players in the agricultural market with domestic capital.

Based on the data published in the Eurostat report in 2018, taking into account data from the EU and Romania in 2016 and 2017, Romania had in 2016 12,503,000 ha of agricultural area, including arable land, orchards and vineyards, pastures and hayfields. This ranked Romania in 6th place in the EU in terms of agricultural area, with a total of 7.3% of arable land in the EU. Romania had a share of 53.4% of the total agricultural land area and, although it gathers a third of the farms in the European Union, much more than any other EU member, it had only 4% of the total agricultural production in the region. The number of agricultural holdings was 3,422,030, Romania being by far the country with the most farms in the European Union, 32.7% of the total number existing at Community level.

According to the European Commission, compared to most of the EU, Romanian crops remain significantly smaller. Despite the growth of industrial and large-scale agriculture in recent years, there is still a significant gap to be covered. However, given the lower costs and other key benefits, this can turn into a much higher return for investors and farm operators in the coming years.



According to the European Commission, almost half of Romanian farms are less than 5 ha and, despite a trend of consolidation in recent years, the structure of Romanian farms is still much more fragmented than in the EU, even compared to neighboring countries.



There is no data on the performance of the agricultural sector in Romania in 2020. The last data issued were through the study conducted by KeysFin and published in November 2020. According to this study, the turnover of Romanian agricultural companies was estimated to decrease by approximately 15% in 2020. Thus, the drought, but also the lack of infrastructure investments led to decreases in the turnover of over 25 thousand companies from the local agriculture, from almost 46 billion lei in 2019, around the threshold of 39 billion lei in 2020.

Impact on the environment

Agriculture is perceived as a sector that has a negative impact on the environment. This is caused, among other things, by the widespread use of pesticides. The impact of pesticides is related to their effects on non-target species. Pesticides are chemicals used to kill fungal or animal pests. It is estimated that 98% of the sprayed insecticides and 95% of the herbicides end up elsewhere because they are sprayed or spread over the entire area of the agricultural lands. Leaks can carry pesticides into aquatic environments, while the wind can direct them to other lands, pastures, human settlements and undeveloped areas, with the risk of other species being affected. In time, their repeated application increases pest resistance, and the effects on other species can facilitate the reappearance of the pest.

Holde Agri Invest uses only approved, high quality pesticides that have proved to have minimal impact on the environment. The negative impact of pesticides on the environment can be offset by the use of organic fertilizers - a practice used by Holde Agri Invest not only for organic crops, but also for conventional ones. In addition, part of the land cultivated by Holde Agri Invest is organic. In the agricultural year 2019-2020, 14% of the generated harvest were organic crops.

There are no legal disputes and no environmental disputes are expected.

HAI ON THE CAPITAL MARKET

Share capital

The share capital of Holde Agri Invest S.A. is 43,069,796 lei corresponding to a number of 43,069,796 shares, divided into 2 classes of shares, of which 37,242,621 ordinary shares (Class A) and 5,827,175 preferred shares (Class B).

Ordinary shares (Class A)

The ordinary shares issued by the Company have equal value and grant equal rights to their holders. Each share issued by the company and paid for by the shareholder grants the right to vote at the General Meeting of Shareholders.

Shareholders of ordinary shares have the right to have access to sufficient information on issues to be debated in the General Meeting. Thus, the company will provide documents and information to shareholders on the items on the agenda, including the annual financial statements, the annual report of the Sole Administrator, as well as proposals on the distribution of dividends.

Preferred shares (Class B)

Preferred shares with priority dividend, without voting rights, issued by the Company, are shares issued under the conditions provided by Law no. 31/1990 on the Companies Law and gives to their holders, according to the Articles of Association of the Company, the right to a priority dividend amounting to 50% of the nominal value of the share of 1 lei, respectively a dividend of 0.5 lei per share („Priority dividend”). The number of preferential dividends due is capped at a maximum of 35% of the total profits distributable to shareholders in that year. The capping will not, in any case, involve the carry-over of the preferential dividend difference up to 50 bani / preferred share.

The holders of the Preferred Shares have all the other rights provided by Law no. 31/1990, including, but not limited to, the right to participate in General Meetings, except for the right to vote.

Changes in share capital

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 October 1, 2020, the ordinary shares of Holde Agri Invest debuted on the SMT-AeRO market of the Bucharest Stock Exchange. On the first day, the value of transactions with HAI shares reached 2.4 million lei. Until the last trading day of 2020, December 31, investors traded 4.7 million HAI shares in total value of over 6.3 million lei, resulting an average trading value for HAI shares on the AeRO market in 2020 of 100,263 lei per day.

Shareholding structure

On 31.12.2020, the company's shareholders structure (class "A" shares, listed on the AeRO market with the symbol HAI) was the following:

	Total shares	%
Other shareholders / Free-float	32,387,496	86,9635 %
Vertical Seven Group SRL	4,855,125	13,0365 %
TOTAL	37,242,621	100%

Dividend policy

The company's dividend policy can be found at the following [LINK](#). In the last 3 years, Holde Agri Invest SA has not paid dividends.

Other aspects

There were no acquisitions of owned shares during 2020.

The companies that are part of Holde Agri Invest SA Group do not own shares issued by the parent company.

ANALYSIS OF THE FINANCIAL RESULTS

Consolidated 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 1.5 million lei from equipment layoffs. In the financial year 2019 Holde did not prepare audited consolidated financial statements, for this reason there exists no comparability with the previous period.

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: Roșiori de Vede, Frumușani 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 (9.1 million lei), depreciation of the equipment (2.2 million lei), maintenance of the equipment (0.8 million lei), the expenses with the lease ("arenda") related to the areas exploited (5.5 million lei), personnel expenses (4.9 million lei) and expenses for the administrative center of shared services (3.5 million lei). The indemnity expenses related to the management contract amounted to 0.6 million lei. Compared to the preliminary results, during the process of auditing the financial statements, the group adopted a policy of impairment of goodwill and leases resulting from acquisitions made in accordance with local accounting standards. This adjustment resulted in additional expenses with the depreciation of goodwill (1.1 million lei) and lease agreements (0.7 million lei),

The operating result before the unadjusted depreciation and amortization expenses was 9.5 million lei, while after the adjustment it stands at 7.0 million lei, respectively a margin of 16% of operating income. The result recorded is 19% 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 2.9 million lei, ie 375 lei/ha, respectively a margin of 6.7%, which is 28% above the budgetary provisions.

The financial result of -0.4 million lei includes income from exchange rate differences made following the sale of production made through forward contracts and interest expenses related to bank loans (0.49 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 0.2 million lei exchange rate differences and other fees related to the financing activity. The effective tax rate recorded at the consolidated level was 32.3%. From 2021, the Holde group intends to introduce the use of a fiscal policy at holding level in order to optimize the fiscal burden at consolidated level.

The net result of 3.4 million lei, i.e. 439 lei / ha, is significantly above the budgetary provisions. In 2019, the group reported an exceptional loss of 4.6 million lei due to the effects of the restructuring of the activity in Roșiori 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 (6.4 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 36.8 million lei (of which 28.8 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 37.2 million lei at the reference date. The capital structure of the Holde group records an indicator of current liquidity (Current assets / Current liabilities) of 0.83 and a Degree of Indebtedness (Borrowed capital / Committed capital) of 44.4%.

Individual results

During 2020, Holde Agri Invest S.A. generated revenues of 1.2 million lei (2019: 0 lei) exclusively from the re-invoicing of some services provided to the other entities from the Holde group. As the Holde Group's farms were acquired relatively recently, their operational activity has not yet generated significant dividend distributions to the parent company.

The main expenses registered during the year were those related to staff in the shared services center, that coordinates the activity of the Group's subsidiaries (0.4 million lei, 2019: 0.2 million lei), the expenses with the indemnity related to the management contract (0.6 million lei, 2019: 0.4 million lei) and other operating expenses (1.9 million lei, 2019: 1.3 million lei). Regarding the latter, we mention operational expenses (0.7 million lei, 2019: 1 million lei), non-recoverable expenses with VAT (0.4 million lei) and legal services and consulting (0.1 million lei, 2019: 0, 7 million lei).

The operational loss of 1.7 million lei (2019: 2.0 million lei) represents a 10% reduction compared to the previous period. The significant increase compared to 2019 of financial income (0.6 million lei, 2019: 0.1 million lei) resulted mainly from the scaling of the operational activity of the group that determined dividend income (0.3 million lei, 2019: 0 lei) and re-invoicing of financial costs to other entities in the group (0.2 million lei). The financial expenses (0.5 million lei, 2019: 0 lei) consist mainly of the financing costs of the acquisition of the Frumușani farm. The net result of the period is a loss of 1.7 million lei (2019: -1.8 million lei), representing a reduction of 4% compared to the previous period.

Regarding the balance sheet structure, the significant increase of financial investments compared to the previous period (46.9 million, 2019: 11.0 million lei) resulted from the acquisition of Frumușani farm, consolidation of Big Med and Capriciu farms and investment in the AgroCity platform. The decrease of current assets compared to the previous period is represented by the fact that at the previous reference date were recorded the amounts from the private placement carried out in December 2019. Holde Agri Invest SA granted a loan of 1.95 million lei registered in the balance sheet as a receivable which can be converted into an advance on an operational acquisition. Equity increased by 33% compared to the previous period as a result of the successful conclusion of the private placement in June 2020 in the amount of 12,000,000 lei.

Acquisitions and disposals of assets

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.

Tangible assets

Holde Agri Operational SRL is the company that owns all the agricultural equipment, as well as the provision of agricultural services, from ploughing to harvesting. The company will also purchase and manage all agricultural materials and inputs, such as seeds, fertilizers, treatments, through a specialized procurement system.

Machinery

- Combine harvesters for cereals and specialized headers
- Tractor 620hp
- Medium power tractors
- Seeders for hoe
- Cultivator preparing germination bed
- Disc towing system / germination bed preparer
- Disc and arrow cultivator
- Hoe between the rows
- Transfer trailer

Storage capacity for products

Part of the concept of modern agriculture is also the issue of storage and capitalization of products in optimal conditions of quality and price. Considering the prices that can be obtained at the time of harvest, as well as the difficulty of providing transport from the field to the customer (and the price of transport), Holde Agri Invest aims to organize both capital flows and storage capacity in order to be able to make the most of the harvest obtained.

Through Holde Agri Operational SRL, the company has storage spaces (silo) in Călinești, Teleorman County, with a total capacity of 10,000 tons, consisting of 3 cells of 2,000 tons each and 4 cells of 1,000 tons each. The silo is equipped with a 60 tons car scale, a laboratory for product analysis and a loading / unloading installation.

In the future, the company intends to further modernize the Călinești silo by adding automatic control systems for the parameters of stored products, as well as by adding a pre-cleaning system for products at the entrance to the silo (project under implementation).

For all the farms in the group, the company intends in the future to purchase or build storage spaces, so that each farm can store as close as possible to the exploited land approximately 10-20 thousand tons of grain.

CONSOLIDATED FINANCIAL STATEMENTS

PREPARED AS PER SECTION 8.4 OF OMFP 1802/2014, AUDITED

The consolidated financial statements of Holde Group for 2020 included, in addition to 2019, the following companies: Bigmed SRL and Capriciu de Licuriciu SRL (since January 2020), Agromixt SRL (since May 2020) and Agrocom Exim Prod SRL (since July 2020).

Contul de profit si pierdere	Exercitiul financiar 31.12.2020
1. Cifra de afaceri neta	38,689,905
<i>Productia vanduta</i>	21,946,343
<i>Venituri din vanzarea marfurilor</i>	5,387,518
<i>Reduceri comerciale acordate</i>	65,720
<i>Venituri din subventii de exploatare aferente cifrei de afaceri nete</i>	11,421,765
2. Venituri aferente costului productiei în curs de executie	(3,114,344)
6. Venituri din subventii de exploatare	2,817,573
7. Alte venituri din exploatare	2,364,677
- din care, venituri din subventii pentru investitii	335,138
VENITURI DIN EXPLOATARE - TOTAL	40,757,811
8.a) Cheltuieli cu materiile prime si materialele consumabile	9,084,104
Alte cheltuieli materiale	223,638
b) Alte cheltuieli externe (cu energia si apa)	55,159
c) Cheltuieli privind marfurile	3,504,555
Reduceri comerciale primite	13,400
9. Cheltuieli cu personalul, din care:	4,971,349
a) Salarii si indemnizatii	4,843,619
b) Cheltuieli cu asigurarile si protectia sociala	127,730
10. a) Ajustari de valoare privind imobilizarile corporale si necorporale (net)	4,068,692
b) Ajustari de valoare privind activele circulante (net)	205,701
b.1) Cheltuieli	898,570
b.2) Venituri	692,869
11. Alte cheltuieli de exploatare	13,186,443
11.1. Cheltuieli privind prestatii externe	12,576,125
11.2. Cheltuieli cu impozite, taxe si varsaminte asimilate; ch. reprezentând transferuri si contributii datorate în baza unor acte speciale	121,522
11.6. Alte cheltuieli	(488,796)
CHELTUIELI DE EXPLOATARE – TOTAL	35,286,241
PROFIT DIN EXPLOATARE:	5,471,570
13. Venituri din dobânzi	37,993
15. Alte venituri financiare	1,152,301
17. Cheltuieli privind dobânzile	(1,394,210)
Alte cheltuieli financiare	(184,083)
PIERDERE FINANCIARA	(387,999)
18. PROFIT BRUT	5,083,571
19. Impozitul pe profit	1,513,551
21. Alte impozite neprezentate la elementele de mai sus	130,769
PROFIT NET AL PERIOADEI DE RAPORTARE	3,439,251

31.12.2020

ACTIVE IMOBILIZATE

I. IMOBILIZARI NECORPORALE, din care:	34,262,093
- <i>Fond comercial</i>	16,042,511
- <i>Drept utilizare contracte de arenda</i>	18,013,140
- <i>Alte imobilizari necorporale (licente si alte imobilizari)</i>	206,442
II. IMOBILIZARI CORPORALE	39,573,080
III. IMOBILIZARI FINANCIARE	266,307
ACTIVE IMOBILIZATE - TOTAL (rd. 01+02+03)	74,101,480

ACTIVE CIRCULANTE

I. STOCURI	10,943,178
II. CREANTE	12,815,962
III. INVESTITII PE TERMEN SCURT	1,240
IV. CASA SI CONTURI LA BANCII	496,051
ACTIVE CIRCULANTE - TOTAL	24,256,431

CHELTUIELI IN AVANS

	797,417
- Sume de reluat într-o perioada de până la un an (din ct. 471)	797,417
- Sume de reluat într-o perioada mai mare de un an (din ct. 471)	0

TOTAL ACTIV**99,155,328**

DATORII: SUME CARE TREBUIE PLATITE INTR-O PERIOADA DE PANA LA UN AN	26,513,707
DATORII: SUME CARE TREBUIE PLATITE INTR-O PERIOADA MAI MARE DE UN AN	24,455,255
PROVIZIOANE	0
VENITURI IN AVANS	194,834
1. Subventii pentru investitii (ct. 475), din care:	194,834
- <i>Sume de reluat într-o perioada de până la un an (din ct. 475)</i>	194,834
- <i>Sume de reluat într-o perioada mai mare de un an (din ct. 475)</i>	0

CAPITAL SI REZERVE

I. CAPITAL, din care:	43,069,796
- <i>1. Capital subscris varsat</i>	43,069,796
II. PRIME DE CAPITAL	2,242,884
III. REZERVE DIN REEVALUARE	958,310
IV. REZERVE	10,461
V. REZULTATUL REPORTAT	-1,719,270
VI. PROFITUL EXERCITIULUI FINANCIAR	3,439,751
Repartizarea profitului (ct. 129)	10,400
CAPITALURI PROPRII - TOTAL	47,991,532

TOTAL PASIV**99,155,328**

In order to help investor's understanding and comparability with 2019 financials and preliminary results published previously, we prepared alternative, unaudited formats from the audited financials.

CONSOLIDATED PROFIT & LOSS STATEMENT (RON)	31/12/2019	31/12/2020	Evolution %
Operating revenues, out of which:	9,906,022	43,872,158	343%
Sales on own products	1,287,138	21,946,346	1605%
Sales of goods	351,983	5,321,798	1412%
Revenues from disposals	797,336	1,552,747	95%
Changes in inventories	2,067,819	-3,114,525	-251%
Other operating revenues, out of which	5,401,746	15,051,268	179%
<i>Crops subsidies</i>	5,205,492	8,986,385	73%
<i>Other subsidies</i>	192,114	626,861	226%
<i>Proceeds from insurance policies</i>	-	2,190,712	0%
<i>Other non-recurring revenues</i>	4,140	3,247,310	78337%
Operating expenses, out of which:	14,183,461	35,286,065	-149%
Materials expenses, out of which:	3,787,413	12,575,260	232%
<i>Costs of raw materials</i>	2,517,996	8,629,039	243%
<i>Costs of goods sold</i>	1,149,077	3,504,554	205%
<i>Others miscellaneous</i>	120,340	441,667	267%
Rent paid to owners	1,624,278	5,503,089	239%
Personnel Expenses	1,367,550	5,359,165	292%
Depreciation and amortization, out of which	1,687,405	4,068,153	141%
<i>Non-current assets depreciation</i>	1,322,068	2,231,094	69%
<i>Right-of-use assets depreciation</i>	227,218	733,609	223%
<i>Goodwill depreciation</i>	138,119	1,103,450	699%
Other operating expenses	5,336,654	7,141,421	34%
Contract management expenses	380,161	638,977	68%
Operating profit/(loss)	(4,277,439)	5,471,568	228%
Financial incomes	75,951	1,190,295	1467%
Financial expenses, out of which	391,217	1,578,292	303%
<i>Long Term loan interest</i>	142,766	889,379	523%
<i>Short Term loan interest</i>	154,045	485,705	215%
<i>Other financial expenses</i>	94,406	203,208	115%
Financial profit	(315,266)	(387,997)	23%
Total Revenues	9,981,973	41,947,928	320%
Total Expenses	14,574,678	36,864,357	153%
Gross profit	(4,592,705)	5,083,571	211%
Income Tax	49,529	1,644,320	3220%
Net profit/(loss)	(4,642,234)	3,439,251	174%

CONSOLIDATED BALANCE SHEET

BALANCE SHEET (RON)	31/12/2019	31/12/2020	Evolution %
Non-current assets out of which:	20,234,529	74,101,483	266%
Intangible assets, out of which:	5,604,229	34,262,094	511%
<i>Licenses</i>	19,733	206,443	946%
<i>Right-of-use assets depreciation</i>	4,238,723	18,013,140	325%
<i>Goodwill</i>	1,345,773	16,042,511	1092%
Tangible assets, out of which:	13,784,755	39,573,082	187%
<i>Land</i>	869,184	18,667,357	2048%
<i>Buildings</i>	2,182,433	2,531,803	16%
<i>Equipment & vehicles</i>	9,717,517	16,583,605	71%
<i>Other equipment and furniture</i>	320,712	429,748	34%
<i>Advances and tangible work in progress</i>	694,909	1,360,569	96%
Financial assets	845,545	266,307	-69%
Current assets, out of which:	22,764,755	22,168,273	-3%
Stocks, out of which:	3,757,550	9,034,673	140%
Raw materials and consumables	570,519	2,753,130	383%
Inventory items	2,093	8,304	297%
Finished goods	1,815,997	1,213,177	-33%
Goods	574,704	173,988	-70%
Packaging	810	108,663	13315%
Work in progress	678,432	4,561,937	572%
Stocks prepayments	114,995	215,474	87%
Receivables	18,360,813	12,636,309	-31%
Receivables	1,340,875	4,812,778	259%
Other receivables	17,019,938	7,823,531	-54%
Short term investment	1,240	1,240	0%
Cash&cash equivalent	645,152	496,051	-23%
Prepayments	426,107	797,417	87%
TOTAL ASSETS	43,425,391	97,067,173	124%
Current liabilities, out of which:	7,614,248	26,754,996	251%
Trade account payables	1,650,472	8,700,116	427%
Affiliates payables	472,555	946,502	100%
Current portion of long-term debt	1,832,290	10,250,535	459%
Current portion of lease liability	1,445,322	2,541,057	76%
Other liabilities	2,213,609	4,316,786	95%
Long term liabilities, out of which:	6,130,076	24,038,717	292%
Long term debt	1,624,237	18,586,420	1044%
Lease liability	4,505,839	5,452,297	21%
Income in advance	0	194,833	0%
Total Liabilities	13,744,324	50,793,713	270%
Shareholder's equity, out of which:	29,681,067	46,078,627	55%
Issued capital: common shares	23,308,700	37,242,621	60%

Issued capital: preferred shares	0	5,827,175	0%
Issued capital not paid common shares	8,984,267	0	-100%
Share premium	1,019,714	2,242,884	120%
Revaluation reserves	0	958,310	0%
Retained earnings	1,010,620	(3,631,614)	-459%
Profit/(loss) for the financial year	(4,642,234)	3,439,251	174%
TOTAL LIABILITIES AND EQUITY	43,425,391	97,067,173	124%

INDIVIDUAL FINANCIAL STATEMENTS

CONSOLIDATED PROFIT & LOSS STATEMENT (RON)	31/12/2019	31/12/2020	Evolution %
Operating revenues, out of which:	60	1,215,055	2024992%
Sales on own products	0	0	0%
Sales of goods	0	0	0%
Revenues from disposals	0	0	0%
Changes in inventories	0	0	0%
Other operating revenues, out of which	60	1,215,055	2024992%
<i>Crops subsidies</i>	0	0	0%
<i>Other subsidies</i>	0	0	0%
<i>Proceeds from insurance policies</i>	0	0	0%
<i>Other non-recurring revenues</i>	60	1,215,055	2024992%
Operating expenses, out of which:	(1,970,080)	(2,987,780)	52%
Materials expenses, out of which:	(6,131)	(5,742)	-6%
<i>Costs of raw materials</i>	0	0	0%
<i>Costs of goods sold</i>	0	0	0%
<i>Others miscellaneous</i>	(6,131)	(5,742)	-6%
Rent paid to owners	0	0	0%
Personnel Expenses	(182,827)	(395,633)	116%
Depreciation and amortization	(48,959)	(8,233)	-83%
Right-of-use assets depreciation	0	0	0%
Goodwill depreciation	0	0	0%
Other operating expenses	(1,352,002)	(1,939,195)	43%
Contract management expenses	(380,161)	(638,977)	68%
Operating profit/(loss)	(1,970,020)	(1,772,725)	-10%
Financial incomes	136,760	557,044	307%
Financial expenses, out of which	(6,305)	(545,897)	8558%
<i>Long-term loan interest</i>	0	(537,401)	0%
<i>Short-term loan interest</i>	0	0	0%
<i>Other financial expenses</i>	(6,305)	(8,496)	35%
Financial profit	130,455	11,147	-91%
Total Revenues	136,820	1,772,099	1195%
Total Expenses	(1,976,385)	(3,533,677)	79%
Gross profit	(1,839,565)	(1,761,578)	-4%
Income Tax	0	0	0%
Net profit/(loss)	(1,839,565)	(1,761,578)	-4%

INDIVIDUAL BALANCE SHEET

BALANCE SHEET (RON)	31/12/2019	31/12/2020	Evolution %
Non-current assets	11,092,551	47,073,790	324%
Intangible assets	9,315	126,539	1258%
Tangible assets	5,420	5,231	-3%
Financial assets	11,077,816	46,942,020	324%
Advances and tangible work in progress	0	0	0%
Current assets, out of which:	20,682,076	12,822,349	-38%
Stocks, out of which	0	0	0%
Raw materials and consumables	0	0	0%
Inventory items	0	0	0%
Finished goods	0	0	0%
Goods	0	0	0%
Packaging	0	0	0%
Work in progress	0	0	0%
Receivables	20,624,983	12,809,082	-38%
Receivables	2,845	1,188,183	41664%
Other receivables	20,622,138	11,620,899	-44%
Short term investment	1,240	1,240	0%
Cash&cash equivalent	55,853	12,027	-78%
Prepayments	6,514	79,591	1122%
TOTAL ASSETS	31,781,141	59,975,730	89%
Current liabilities, out of which:	672,492	3,685,198	448%
Trade account payables	181,223	100,935	-44%
Affiliates payables	472,555	713,227	51%
Current portion of long term debt	0	1,754,897	0%
Current portion of lease liability	0	0	0%
Other liabilities	18,714	1,116,139	5864%
Long term liabilities, out of which:	0	14,943,461	0%
Long term debt	0	14,943,461	0%
Lease liability	0	0	0%
Income in advance	0	0	0%
Total Liabilities	672,492	18,628,659	2670%
Shareholder's equity, out of which:	31,108,649	41,347,071	33%
Issued capital: common shares	23,308,700	37,242,621	60%
Issued capital: preferred shares		5,827,175	0%
Issued capital not paid: common shares	8,984,267		-100%
Share premium	1,019,714	2,242,884	120%
Legal reserves	0	0	0%
Retained earnings	-364,467	-2,204,032	505%
Profit/(loss) for the financial year	-1,839,565	-1,761,577	-4%
TOTAL LIABILITIES AND EQUITY	31,781,141	59,975,730	89%

CASH-FLOW

CASH-FLOW STATEMENT (RON)	31.12.2019	31.12.2020
Profit before tax	-1,839,565	-1,761,577
Adjustments for:		
Adjustments of receivables	286,124	605
Adjustments of inventories	0	0
Amortizations and provisions	48,959	8,232
Loss/(Profit) from disposal of assets		0
Decrease/(increase) in other provisions		0
Financial Income	-136,760	-557,044
Financial Expenses	6,305	545,897
Profit before modifying the working capital	-1,634,937	-1,763,887
Decrease/(increase) of receivables	-10,489,876	-1,362,170
Decrease/(increase) of inventories	0	0
Increase/(Decrease) of payables	585,063	1,250,809
Cash from Operating activities	-11,539,750	-1,875,248
Paid interest	0	-537,401
Paid profit tax	0	0
Net cash from operating activities	-11,539,750	-2,412,649
Flows from investments activities		
Acquisition of tangible assets	-19,139	-6,317
Financial Investments	-3,894,909	-35,864,206
Short term investments	0	0
Collected dividends	0	238,625
Collected interest	109,793	318,096
Net cash from investments activities	-3,804,254	-35,313,802
Flows from financing activities		
Share capital increase	14,643,714	20,984,266
Bank Loan - borrowing	0	16,917,440
Bank Loan - repayment	0	-219,082
Net cash flow from financing activities	14,643,714	37,682,624
Cash net increase/(decrease)	-70,290	-43,826
Cash at the beginning of the period	756,143	55,853
Cash at the end of the period	55,853	12,027

RISKS

Price risk - Price risk affects the company to the extent that prices to suppliers of raw materials, materials and utilities increase without the company being able to profitably incorporate negative variations in its final price in terms of maintaining turnover, respectively, without being able to minimize side effects through cost management. The company addresses this risk through a rigorous control of costs, but also through an increasing internalization of the production of raw materials and materials. These measures allow the sizing of profit margins so that, once the price risk materializes, its negative impact can be absorbed at the price of the final product. For the grain trading business line, which is scheduled to launch in the coming years, the price risk will be important as the volatility of grain prices on specialized exchanges is high and the predictability is low. At that time, the company's management will use the instruments to hedge this risk through futures, commodity and / or currency forward contracts.

Credit risk - Credit risk is considered the main vulnerability for the activities in the agricultural sector, where, in general, the speed of debt collection is slow, respectively longer than 365 days. We mention the fact that this risk is significantly more accentuated in the case of carrying out the activities of marketing agricultural inputs (e.g., seeds, fuel, fertilizers, treatments, etc.), than in the case of trading of finished products (cereals).

Liquidity risk - Liquidity risk is the probability that the company will not be able to meet its current obligations by capitalizing the available assets. Debt collection difficulties are an important potential source of arrears in meeting the company's payment obligations. By monitoring liquidity forecasts, the company's management seeks to ensure that there is sufficient cash to meet operational requirements so that the company can meet its current obligations to its creditors. In terms of liquidity indicators that estimate the extent to which the company can cover its current liabilities on current assets, the company does not face liquidity problems.

Cash flow risk – this is the risk that the company will not be able to meet its payment obligations at maturity. A prudent cash flow risk management policy involves maintaining a sufficient level of cash, cash equivalents and financial availability through properly contracted credit facilities.

Currency exchange risk – Currency exchange risk is mainly associated with future export sales - for which the appreciation of the national currency is a negative factor, decreasing profitability, while the devaluation of the national currency positively influences the value of revenues - but also of lease contracts denominated in euro. The company's management considers that the potential impact of this risk does not significantly affect the company's financial profitability and does not intend to use special protection instruments in this regard.

Interest rate risk - Macroeconomic and international developments that are reflected in the dynamics of inflation, monetary policies at national and European level but also in the evolution of the capital market influence the interest rate, to which fluctuations the issuer is exposed mainly through loans and contracted lines of credit. The increase in interest rates is absorbed at the level of financial costs, with a negative impact on the financial situation, results of operations and prospects of the company.

Risk generated by the lease-based business model - The company's business model stipulates that the optimal structure to explore the land is 75% under the lease model, and 25% owned. There are some risks to building a leased business model. While the lease is generally signed for a period of 5-10 years, there is a possibility that after this time, the landlord will no longer want to rent the land to Holde Agri Invest and thus the company will be able to lose a part of the land that it operates.

Risks related to marketable quantities - Farmers have no real way of knowing how many other farmers are planting a particular crop or what average yields they may have in a given year. Often, a good price for a particular crop in one year motivates many farmers to plant that crop the following year. This change increases production in the face of constant demand, reducing the price and making the harvest much less attractive next year. There is also a risk of declining sales and prices due to the increased number of competing farmers or changing consumer preferences.

Market Risk – This risk refers to the possibility that the Issuer may lose market access for its products or that the price received will be lower than expected. Marketing risks may also arise from the loss of market access due to the relocation or withdrawal of a buyer from the contractual relationship with one of the owned companies or a processor, or if a product does not meet market standards or packaging requirements.

Risk related to the reduction or elimination of subsidies APIA - Refers to the scenario of changing the legal framework at European level on granting subsidies and aid to EU farmers. The probability of such a scenario materializing cannot be accurately determined. However, the management team is ready to make all necessary efforts to reduce the impact of this risk on the company. Beyond these efforts, in our opinion, such a measure would have a systemic impact on the market for agricultural products and their price.

The risk associated with the business development plan - the company aims for a sustainable growth by acquiring new farms and by continuing investments in modernizing the existing farms in its portfolio. However, it is possible that the pace at which the company expands its operating area may not be in line with expectations and estimates, and in this case could have negative effects on the company's financial situation. Especially with regard to the expansion of the exploited land, the management is prudent and selective and considers only farms that are aligned synergistically with existing farms. For years when management does not identify good enough opportunities to expand exploited land, there is a plan for other investments - in storage, machinery, irrigation, farm modernization - that can maximize production - and, last but not least, in agricultural projects - tech with which Holde can have very good synergies. Currently, with a significant size of almost 10,000 ha of land, the company has more opportunities than before, both to increase capital and to invest it in profitable Holde projects.

The risk associated with making financial forecasts - financial forecasts start from the premise of fulfilling the business development plan. The company aims to periodically issue forecasts on the evolution of the main economic and financial indicators in order to provide potential investors and the capital market with a true and complete picture of the current situation and future plans envisaged by the company, as well as current reports detailing the comparative elements between the forecast data and the actual results obtained. Forecasts will be part of the annual reports and the forecast policy is published on the company's website at [this link](#). Forecasts will be made in a prudent manner, but there is a risk of failure to meet them, therefore, the data to be reported by the company may be significantly different from those forecasted or estimated as a result of factors not previously predicted or whose negative impact could not be counteracted or anticipated.

Risk regarding employees / key personnel – Attracting, retaining and motivating qualified personnel, an important asset for the research-development-innovation operation of the Company, vector of competitiveness and continuous development of the company's business. In the context of developments in the internal and European labor market, there is a risk that the company will not be able to retain qualified staff and will encounter difficulties in attracting new employees with a profile appropriate to the company's needs.

In order to prevent this risk, the company applies human resources policies aimed at ensuring the necessary workforce through appropriate contractual clauses, through tools to stimulate, motivate and interest it. The company also pays more attention to working conditions and increasing professional qualifications. Failure to fulfill the obligations of significant contractual partners for the Issuer, between suppliers or distributors may lead to disruptions in the conduct of the company's business and, respectively, to difficulties in meeting the contractual obligations of the company to third parties.

The company takes measures to ensure the creditworthiness and capacity of the parties prior to the conclusion of the contracts, without being able to guarantee the prevention or management of these risks.

Risk of possible conflicts of interest – Even if, to this date, there are no conflicts of interest regarding the management, administrative and supervisory bodies of the company, the management of the Company will continue to analyze the possible causes generating the risk of conflicts of interest and be procedurally prepared to meet them, records of these potential conflicts being highlighted in a register.

Fiscal risks – The legislative framework in continuous dynamics, with multiple normative acts on different fiscal areas and with numerous ambiguities can create confusion. The process of consolidating and harmonizing the Romanian tax system with European legislation, allows different interpretations of certain aspects that are treated differently by the tax authorities. This can lead to additional fines and penalties.

In addition to management, the Company's auditors and internal control are involved in preventing these risks.

Related party transactions – In the category of tax risks, those associated with related party transactions are highlighted. Considering the changes in legislation and the attention paid by transfer control bodies, the absence of specialized documentation to substantiate transactions between related parties is an important source of fiscal risk. The Issuer initiated the steps for drawing up the Transfer Pricing File, benefiting in this respect from the

assistance of the specialized department of Țucă Zbârcea & Asoc. At the date of this report, the drafts for the years 2018 and 2019 are drawn up and the year 2020 is being worked on because the set of transactions that are the subject of this File has evolved significantly. The deadline for this project is June 2021.

Legal risks – In the current activity, as a result of legislative changes and the dynamics in its relations with counterparties (customers, competitors or regulators), the Issuer is subject to litigation risk, with an impact on the financial situation and the company's image. The main areas of vulnerability identified are those of a contractual nature - the intermediaries were not able to assess the possible vulnerabilities resulting from the legal acts concluded between the Issuer and the main customers / suppliers.

Litigation Risks – From the information available at the time of writing this current Document, the Issuer declares that it is unaware of the existence of any governmental, judicial or arbitration proceedings, including any such ongoing or potential proceedings, in the last 12 months, and is not aware of any such procedure that would have significant effects on the financial situation or on profitability.

Indirectly, through controlled companies - Ronosca SRL, Benasque SRL, Agro Antran SRL, Agro Sargadillo SRL and Inter Muntenia, it is in litigation with the Agency for Payments and Intervention in Agriculture (APIA) and the Agency for Financing Rural Investments, litigations that are initiated before the date of acquisition of the respective companies by the Issuer, litigations that are assumed and guaranteed by the former owners of the respective companies by withholding the contested amounts from the sale price.

Other risks – Potential investors should consider that the risks presented above are the most significant risks that the company is aware of at the time of writing this report. However, the risks presented in this section do not necessarily include all those risks associated with the company's business, and the company cannot guarantee that it covers all relevant risks. There may be other risk factors and uncertainties that the company is unaware of at the time of writing the report and that may change the company's actual results, financial conditions, performance and achievements in the future and may lead to a decrease in the company's share price. Investors should also carry out the necessary prior checks in order to draw up their own investment opportunity assessment.

FUTURE PERSPECTIVES

Increase of share capital

On March 16, 2021, the Sole Administrator of Holde Agri Invest approved the increase of the company's share capital from the nominal value of RON 43,069,796 and up to the maximum nominal value of RON 64,069,796 by issuing a number of up to 21,000,000 new registered shares, dematerialized from Class A, with a nominal value of 1 lei, each with a nominal value of 1 lei and a total nominal value of 21,000,000 lei. The increase of the Share Capital will be achieved through cash contributions. The difference between the subscription price for a New Share and the nominal value of a New Share (i.e., RON 1.0 per share) will be considered share premium.

The operation to increase the share capital is carried out according to the decision of the Extraordinary General Meeting of the Company from February 12, 2021, which approved the delegation to the Sole Administrator for a period of 3 years the prerogatives to increase the share capital of the Company, several issues of shares (regardless of their nature), through cash contributions, with a nominal value of up to half of the subscribed share capital existing at the date of the decision (ie, RON 21,534,898).


The capital raised during the share capital increase operation will finance the Company's development plans, such as the acquisition of new farms, investment in storage, equipment, irrigation, farm modernization and the financing of an agri-tech start-up project.

The decision of the Sole Administrator regarding the capital increase is available [HERE](#).

Strategy

On the medium term, Holde Agri Invest aims to become one of the most important players in the farming area and increase the operated land to 20,000 or even 30,000 hectares in the next 3-4 years. In this way, the management believes that Holde Agri Invest will benefit from the scale effect specific to this sector and that they will be able to offer investors a competitive return in conditions of stability. The Company's objective is to achieve in the future an optimal proportion between owned and leased land, respectively 25% in owned land and 75% in leased land. The purchase price for agricultural land in the selected area is between 4,500 euro and 6,500 euro per ha, while the lease price of one hectare is between 550 euro and 700 euro. Based on this model, shareholders will also be able to benefit further from the appreciation of the value of the land and the value of the portfolio of contract leases.

The evolution of the main performance indicators in the 2021-2026 horizon is provided as follows:

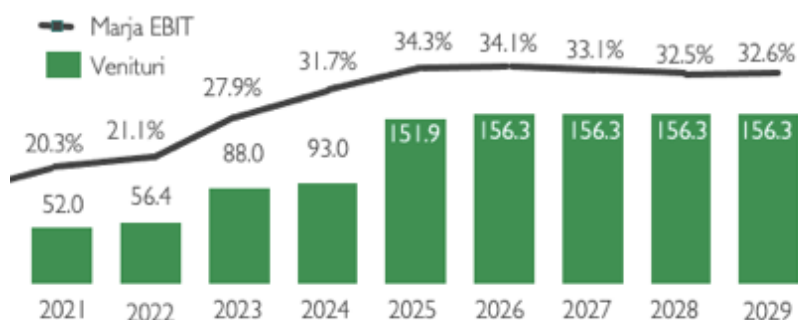
	Media 2020-201	Media 2025 – 2026
 EBIT/ ha	1,235 lei	2,180 lei
Rentabilitatea Capitalului Angajat (fara aprecierea valorii terenului)	4.1%	8.0%
Rentabilitatea Capitalurilor Proprii	4.8%	10.8%
Grad de indatorare (Datorii / Capitaluri Proprii)	0.96	0.78
Randamentul dividendului (actiuni ordinare)*	8.5%**	9-11%

*Luând în considerare o rată a distribuției de 100%

** Ani 2021-2022

Estimates of future revenue are presented below. A steady increase in the EBIT margin is expected once the operated land exceeds 10,000 ha. For 2021, the management estimates a turnover of 52 million lei and an EBIT margin of 20.3%.

Estimări venituri și profitabilitate (milioane RON, EBIT%)



The estimates for a period of 10 years, from the chart above, are based on total acquisitions and investments amounting to 449,646,771 lei. Total capital increased, respectively equity and financial debts (bank loans and leasing), is estimated at 93,151,900 lei

To help increase profitability in the coming years, Holde plans to invest in installing irrigation systems and increasing storage capacity. The installation of irrigation systems and the increase of storage capacity are the two key projects that will contribute to the increase of profitability.

The plans for the targeted irrigated area, as well as the storage capacity, are presented below:

Suprafață irigată	2021-2023 3,000 ha	2024-2026 6,000 ha	Capacitate depozitare	În prezent 10,000t	2021-2023 30,000t	2024-2026 50,000t
-------------------	-----------------------	-----------------------	-----------------------	-----------------------	----------------------	----------------------

TEAM & MANAGEMENT

Holde Agri Invest SA provides a new organizational structure on the Romanian agricultural market, where individual farms are organized within a holding company, Holde Agri Invest SA, which in turn is managed by the specialized management company, Holde Agri Management SRL.

The operational activity of the Company is carried out by Holde Agri Management SRL (Sole Administrator) based on the Management Contract concluded in 2018. It guarantees the commitment of the management team to carry out the development of the project over the forecasted time horizon (10 years). The contract ensures the business development plan up to an operational base of 20,000 ha and contains performance clauses according to which the remuneration of the management team is calculated.

Thus, the management of the Company was delegated to the Sole Administrator, Holde Agri Management SRL, by concluding a Management Contract for a period of 10 (ten) years starting with January 1, 2019. The Articles of Association of the Company state that the Sole Administrator has an initial mandate of 2 years, with the possibility of being re-elected for additional terms of 4 years. Also, the management contract is concluded for a period of 10 years, but, in case the Sole Administrator's term of office is no longer extended by the shareholders, the contract will be closed by paying of penalties by the Company, except the situation of non-performance (more details in the remuneration policy).

Board of Directors

Holde Agri Management SRL is managed by a Board of Directors consisting of 6 (six) members, as follows:

Alexandru Covrig, Member and CFO (64 years old) - Chief Financial Officer with over 25 years of experience and who has managed Capex-type financing in excess of 50 million euros. Education and Career: MBA, University of Pittsburgh - Joseph M. Katz Graduate School of Business, ACCA; experience in agribusiness as Finance & Admin Manager at Pioneer HiBred; Member of the Executive Council of the largest milling and bakery producer in Romania - Vel Pitar.

On 31.12.2020, Alexandru Covrig owned 42,177 shares of HAI.

Cosmin Mizof, Member (42 years old) - has over 10 years of experience in local and regional capital markets, with various roles in buy-side and sell-side equity research, portfolio management, risk management, banking and private equity. He developed his business knowledge as a consultant within KPMG Romania and PwC. Cosmin is a Chartered Financial Analyst - CFA and CAIA certified.

On 31.12.2020, Cosmin Mizof owned 37,569 HAI shares.

Eugen Voicu, Member (63 years old) - is one of the most experienced investment professionals in Romania, with over 25 years of entrepreneurial and multinational experience in the field of investment management, private pensions and insurance. He was also part of the management of notable professional associations in the local financial industry, with strong links in the Romanian business environment.

Holde Agri Management SRL is legally represented by Eugen Voicu.

On 31.12.2020, Eugen Voicu did not own HAI shares. Certinvest Management Solution SRL, an affiliated entity controlled by Eugen Voicu, owned 966,423 HAI shares.

Liviu Zăgan, Member and CEO (43 years old) - has over 10 years of experience in the agricultural industry, first in the field of vegetable production and marketing (more than 5,000 tons per year), and later responsible for several development projects within a 1,700ha farm (large crop, seed lots, mechanization park restructuring, irrigation). In parallel, an architect by profession, Liviu has accumulated over 15 years of experience in the real estate industry (design, project management, real estate development and investments). Since 2016 Liviu is a founding partner of one of the most important design companies in Romania

On 31.12.2020, Liviu Zăgan owned 98,350 HAI shares.

Alexandru Leonard Leca, Member (48 years old) - has extensive experience as an investor in various venture capital and private equity projects. He has also held management positions at Țiriac Holding (CEO, CFO) and A&D Pharma (CFO).

On 31.12.2020, Alexandru Leca owned 889,411 HAI shares.

Iulian Florentin Cîrciumaru, President (38 years old) – worked in management consulting at AT Kearney and PwC, later founded 7card, a company that was acquired by Sodexo. After the success of 7card, he is a venture capital investor.

On 31.12.2020 Iulian Cîrciumaru owned 1,500 HAI shares. On 31.12.2020 Vertical Seven Group SRL, an affiliated entity, in which Iulian Cîrciumaru owns 50% of the shares, owned 4,855,125 HAI shares.

Iulian Cîrciumaru and Alexandru Leonard Leca were elected at the General Meeting of Associates on July 6, 2020.

In the last 5 years, none of the members of the Board of Directors has been forbidden by a court to perform the function of member of the Board of Directors or supervision of a company. In the last 5 years, there have been no cases of insolvency, liquidation, bankruptcy, or special administration of companies where any of the 5 members of Holde Board of Directors were members or supervisors. In the last 5 years there have been no litigations or administrative procedures in which any of the members mentioned above have been involved, regarding their activity within the company, as well as those regarding their ability to perform their duties within the company.

The shareholding structure of Holde Agri Management SRL is as follows:

Associates	Shares	%
Liviu-Gabriel Zagan	630	31.45%
PRO Metodic S.R.L. (Alexandru Covrig)	239	11.93%
Matei-Cristian Georgescu	174	8.69%
Certinvest Management Solutions S.A. (Eugen Voicu)	420	20.97%
Cosmin-Alexandru Mizof	107	5.34%
Hepta Hedge S.R.L. (Iulian Cîrciumaru)	254	12.68%
Alexandru-Leonard Leca	179	8.94%

The decisions within the Board of Directors are taken with 4 votes out of 6, and within the GMS Holde Agri Management SRL the decisions are taken with a majority of 65%.

Executive team

Liviu Zăgan, Board Member and CEO

CV above. Liviu has been CEO of Holde Agri Invest since the company was founded in 2018.

There is no agreement, understanding or family connection between Liviu Zăgan and another person due to whom he was appointed as a member of the executive management. In the last 5 years, there have been no litigations or administrative procedures in which Liviu Zăgan has been involved regarding his activity within the company, as well as those regarding Liviu Zăgan's capacity to fulfill his attributions within the company.

Alexandru Covrig, Member of the Board of Directors and CFO

CV above. Alexandru has been CFO of Holde Agri Invest since the company was founded in 2018.

There is no agreement, understanding or family connection between Alexandru Covrig and another person due to whom he was appointed as a member of the executive management. In the last 5 years there have been no litigations or administrative procedures in which Alexandru Covrig has been involved regarding his activity within the company, as well as those regarding Alexandru Covrig's capacity to fulfill his attributions within the company.

Shared Services Centre

From the beginning, the Holde project aimed to address an activity management as centralized as possible. The service centre located in Bucharest provides the necessary expertise and performs all management tasks that can be performed remotely (planning, procurement, mechanization management, financial accounting, wealth management). In this way, for the most important activities, the Company can have the best trained staff.

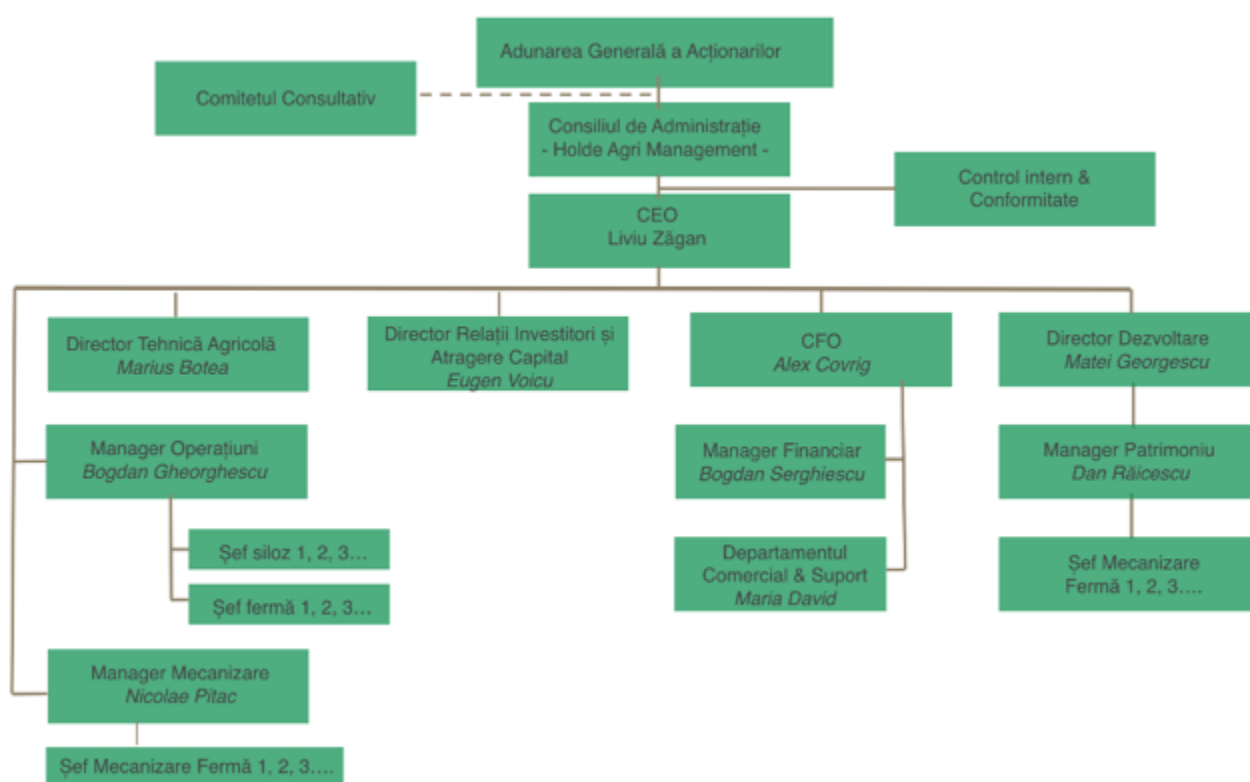
Thus, starting with August 1, 2018, with the acquisition of the Rosiori farm, the management services centre in Bucharest was established. Currently, the service centre consists of 5 departments:

- Agricultural technology
- Financial & commercial
- Operations (including supply)
- Mechanization
- Wealth (leased land, owned land, real estate).

Employees

As of 31.12.2020, Holde Agri Invest had 83 employees at a consolidated level. 24% of employees have a university degree. Employees are not part of a union.

The organizational chart of Holde Agri Invest SA is as follows:



Considering the work capacity and the reliability of the equipment, the agricultural works are carried out in a 24/7 working regime in 3 shifts of 8 hours: 6-14-22-6. In this way, the equipment can be intensively operated and the work windows can be shortened, ensuring operational efficiency as well as optimal results for all works, implicitly better harvests.

The company has assumed the objective of "zero accidents at work". In order to increase the performance of the mechanics as well as the safety at work, the following measures were implemented:

- all machine operators benefited from specialization courses and obtained the mechanic diploma;
- an internal regulation was elaborated, adapted to the specifics of the activity;
- a training plan was implemented for each mechanic on each machine;

- emphasis on eliminating industry-specific personnel problems was implemented;
- a high-performance ssm and su system was implemented.

DECLARATION OF THE MANAGEMENT

Bucharest, 26 March 2021

According to the best available information, we confirm that the consolidated financial statements prepared for fiscal year 2020 ended on December 31, 2020, provide a correct and consistent image of the assets, liabilities, financial position, revenue and expenses statement of Holde Agri Invest SA, so as required by the applicable accounting standards and that the management report provides a fair and consistent image of the major events that took place in the financial year 2020 and their impact on the consolidated financial statements.

Eugen Gheorghe Voicu

Legal representative of Holde Agri Management SRL

Sole Administrator of Holde Agri Invest S.A.