



Director's Report for 2021

Holde Agri Invest S.A.

Company listed on the SMT-AeRO market
of the Bucharest Stock Exchange.



Holde

TABLE OF CONTENTS

ISSUER INFORMATION	3
LETTER FROM CEO HOLDE	4
MAIN FINANCIAL RESULTS	7
ABOUT HOLDE AGRI INVEST	8
Short history	8
Business structure	8
Description of the basic activity	9
Sector of activity	10
Mergers and reorganizations	10
THE COMPANY'S ACTIVITY	12
Supply activity	12
Production: farmed crops	12
Agricultural technology	13
Sales activity	13
The competition	14
Environmental impact	15
HAI ON THE CAPITAL MARKET	16
Share capital	16
Changes in share capital	16
Shareholding structure	17
Dividend policy	17
Other aspects	17
TEAM & MANAGEMENT	18
Board of Directors	18
Remuneration and benefits of BoD	19
Executive Team	21
Shared Services Center	21
Staff	21
KEY EVENTS	23
Significant contracts	25
Events after the end of the reporting period	25
ANALYSIS OF FINANCIAL RESULTS	26
P&L analysis	26
Assets and liabilities	27
Comparative key figures	28
Individual results	28
Investment program	29
Tangible assets	29
Machinery	29
Goods storage spaces	29
CONSOLIDATED FINANCIAL STATEMENTS	30
CONSOLIDATED BALANCE SHEET	31
CONSOLIDATED CASH-FLOW	33
INDIVIDUAL FINANCIAL STATEMENTS	34
INDIVIDUAL BALANCE SHEET	35
INDIVIDUAL CASH-FLOW	36
PERSPECTIVE EVENTS REGARDING THE ISSUER'S ACTIVITY	37
BUSINESS PLAN 2023-2025	38
RISKS	39
PRINCIPLES OF CORPORATE GOVERNANCE	42
DECLARATION OF THE MANAGEMENT	45

ISSUER INFORMATION

Information about this financial report

Type of report	Director's Report for 2021
For financial period	01.01.2021 - 31.12.2021
Report publishing date	27.03.2022

Issuer information

Issuer's name	Holde Agri Invest SA
Fiscal code	39549730
Trade registry number	J40 / 9208/2018
Registered office	Intr. Nestorei 1, Building B, 10 th Floor, District 4, Bucharest

Information about financial instruments

Subscribed and paid-up share capital	64,069,796 lei
Market on which the securities are traded	MTS AeRO Premium
Key characteristics of the securities issued by the company	64,069,796 shares, of which: 58,242,621 ordinary class "A" shares and 5,827,175 preference class "B" shares
Symbol	HAI

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The financial statements as of December 31st 2021 presented in the following pages are **audited**.

LETTER FROM CEO HOLDE

Dear shareholders,

2021 was a good year!

Although over the years, agriculture comes with a number of challenges, and Holde is a growing and expanding agricultural business, which puts additional pressure on everything the organization means, 2021 was a year in which we marked profit, and we managed to move forward with all the projects we set out to do.

Therefore, we have expanded the land we are operating, we have put into operation our first irrigation project, and we are extremely close to completing the extension of the Calinesti silo, which will be fully operational for the 2022 campaign. At the same time, we have other achievements that we are proud of, such as the improvement of agricultural techniques, the necessary equipment on farms and agritech investments. And for 2022, we have many other development projects planned.

Nonetheless, the most important thing for us is that the Holde team is motivated and more and more efficient in implementing all the objectives we have assumed.

Operated surface

In 2021 we got to work on three core farms: Rosiori, Videle and Frumusani, spread over almost 10,000 ha. During the year, we completed the acquisition of Videle Farm (approximately 2,400 ha), and we made new acquisitions, by taking over the companies Interprest Agrotex SRL and Agro Fields Future SRL. Through Interprest we added an area of approximately 400 ha to the Rosiori core, which reached a total area of approximately 3,650 ha, and with the acquisition of Agro Fields Future, we expanded the surface of the Frumusani core by 250 ha, with the core currently having a total area of about 3,650 ha.

At the end of the year, we signed the acquisition of a new core. It will add another 2,100 ha to the total land that Holde operates. The completion of the transaction is scheduled for March 2022. After the completion of this acquisition, for the 2022 harvest year, Holde will be operating almost 12,000 ha.

Agronomy

The beginning of the year was more difficult, due to the Videle transaction, and the sowing in the Rosiori-Videle area was delayed. Overlapping with a hot summer, sunflower and corn crops did not perform as well as they should have. Also, the organic culture, after two years of progressive growth, and even if it seemed that the technology we were using was the right one, registered a setback and did not reward us in terms of expenses.

However, all the crops that passed over the winter, rapeseed and wheat, brought us results above expectations and overlapped with unexpectedly high prices, which allowed us to report good results - operating income of 62.8 million lei (+54%) and RAS net profit of 6.7 million lei (+94%).

In financial terms, we can tell you that we have achieved the results we have set for 2021.

Within the group, the Frumusani farm had outstanding results. Also, the Rosiori and Videle farms had satisfactory results, especially for the wheat and rapeseed crops. The averages per group for these crops were 6.6 tons per hectare for wheat (with a maximum of 8.6 tons per hectare for Avenue and Cesario varieties), and 3.7 tons per hectare for rapeseed (with a maximum of 4.3 tons per hectare for Architect and Invigor varieties).

All this is proof that our plans have been set up on a fair basis in terms of average yields per hectare as well as the evolution of expenditure and prices. Although we cannot estimate them



perfectly on an individual level, based on experience, we can appreciate the environments and trends in the field.

Flower and corn crops, especially in the Teleorman area, were unfortunately below our expectations due to the delayed sowing mainly due to the lack of equipment in the context of the Videle acquisition, as well as due to the lack of rainfall over the summer. This significantly decreased revenues, which we are expecting in the fall.

At the same time, the organic culture this year did not perform as expected. Paradoxically, organic farming tends not to perform as well in the rainy years in the spring, mainly due to the shorter windows we have available for mechanical hoeing, as well as against the background of higher weed pressure.

For the year 2022, in line with our desire to compost organic matter such as manure, an operation with multiple advantages, we have purchased a first specific machine and we will start composting in the spring of 2022, once it is delivered.

Given the experience so far, and especially due to the year 2021, together with our agronomists, we have chosen to adjust the technology related to organic farming. For this year, but also for the future, we decided to rely even less on the intake of nutrients from processed substances, and instead to fertilize with compost, as well as to increase the hoeing force to cope with the work windows that are getting shorter and shorter.

Last but not least, in order to improve the efficiency of agricultural work, as we promised, starting this year we will have specific equipment for better logistics.

We are confident that all of the above will contribute to even better results in 2022.

Irrigation

Also in 2021, we completed our first irrigation project on an area of 125 ha. It was an important management effort and we are proud of it.

For 2022, we are already working on expanding the irrigation system at Frumusani Farm by another 150 ha. The equipment is ordered and the work authorization procedure is in progress. The development in a first stage of a pilot project helped us a lot, in which we adjusted and validated the technical solution, as well as the partners we chose for the supply of equipment.

This year, we also intend to explore technical options for carrying out irrigation projects in other areas as well. We are determined to increase the irrigated areas as close as possible to the promised pace!

Storage

For Holde, product storage is one of the most important links to increased profitability. In 2021 we worked hard to expand the Calinesti silo. After commissioning, the silo capacity will increase to 15,000 tonnes.

In 2022 we want to start construction for at least another silo of about 10,000 tons. At the moment, we already have 10,000 tons of silo for the Frumusani and Videle farms under authorization. Thus, we hope to build at least one of the two silos and finish the year with a total capacity of at least 25,000 tons.

Agri Tech

As you have already learned, Holde is dedicated to agritech. Our collaboration with Agrocit is a success. In 2021, the Agrocit solution helped us to better control the operational activity, and for 2022 new functionalities are considered that will bring us even more precision and accuracy in carrying out the activities. Modules concerning the production chain as well as the timing of the fertilization plan are being developed.

Also, in 2021, within Holde, we decided to expand our investments in this area of strategic importance by making a private investment in Enten Systems. We are currently in the process of starting to use crop monitoring services and to support the development of Enten and large crop systems.

Next, the collaboration between Holde and Trimble (Vantage) aims to grow and integrate the information base for full access to data. We rely on our Trimble / Vantage partners! Our ambition is to bring together a technology ecosystem that will contribute to the agriculture of the future. We are confident that 2022 will come with other news in this field!

In 2022, in addition to the types of investments already established, such as the acquisition of agricultural farms, irrigation and storage capacity, we aim to have achievements in other directions that are extremely important for our business. As we have already announced, we are in the process of approving a syndicated financing of a maximum of 170 million lei. The financing structure will allow us more flexibility both to carry out the investment projects and in terms of when we will capitalize on the products in stock. We are confident that this funding will directly contribute to increasing the profitability of Holde's business.

As for our investors, but also investors interested in accessing the field of agriculture, Holde aims to continue the series of private investments. The additional capital increase will allow us to take advantage of the opportunities on the M&A market, but also to modernize the operational activity where necessary. The funds will be directed mostly, as before, to the expansion of the worked area, but at the same time to the additional equipment of existing farms - irrigation, silos, equipment. And last but not least, the investment in agritech.

We keep our desire to migrate to the Main Market of the Bucharest Stock Exchange at the right time. We estimate that this step will take place in 2022 or 2023. All preparations are underway and we expect to complete them in the second half of the year. We want this moment to be one that announces the maturity of Holde!

If you have any questions regarding this financial report, please contact us at investors@holde.eu and we will be happy to answer.

Liviu Zăgan

MAIN FINANCIAL RESULTS

The exploited area increased by 9% compared to the agricultural year 2019-2020; quantities obtained increased 18% as a result of improved technical processes.

The turnover increased by 54% compared to the previous year, reaching 42.0 million lei as a result of the increase of the operated area, but also of a favorable evolution of prices.

EBITDA reached the level of 16.1 million lei, and the recurring EBITDA level registered an increase of 88% compared to the previous year; annual EBITDA margin reached 25% despite a significant increase in crop input costs.

The RAS net profit for the year increased by 94% compared to the previous year, demonstrating the efficiency of the scalability of the Holde group's business model.

Investments in the technical fleet, the expansion of the silo capacity and in pilot irrigation projects worth 39.3 million lei, increasing more than five times compared to the previous year.

Acquisitions of farms, land and minority stakes in the amount of 13.6 million lei.

KEY FIGURES 2021

Operated area: **8,496 hectares**

Production: **28,301 tons**

Income: **62,768,753 lei (7,388 lei/ha)**

EBITDA IFRS: **15,927,470 lei (1,875 lei/ha)**

EBIT IFRS: **12,104,448 lei (1,425 lei/ha)**

Net profit IFRS: **9,485,966 (1,117 lei/ha)**

Net profit RAS: **6,673,092 lei (785 lei/ha)**

Capital expenditures: **39,300,000 lei**

Purchases: **13,600,000 lei**

ABOUT HOLDE AGRI INVEST

Short history

The idea of the 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 investment fund, Certinvest, and in 2018, they officially 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 the area of Rosiorii de Vede in Teleorman County and took over five companies and the existing mechanization center that serves the total cultivated area. In April 2020, Holde Agri Invest acquired the Agromixt Buciumeni farm, a company founded in 1991 with Romanian capital, which operates agricultural land in Călărași County, thus reaching over 7,000 ha of operated land. Next, the company acquired Agrocom Exim Prod SRL and took over what is known as Videle Farm, the third core of Holde Agri Invest. The integration of Videle farm took place in several steps. In 2019, Holde started to farm 850 ha of land, in 2020 the lands cultivated by the company increase to 1,600 ha, and from the summer of 2021, Holde operates the total area of 2,400 ha. In 2021, conventional crops such as wheat, rapeseed, corn and sunflower were grown on the lands of Videle Farm.

In 2021, Holde came to exploit an area of 8,496 hectares through several successive expansions, the company signing at the end of 2021 a purchase contract for a new core with an area of approximately 2,100 ha, the operating will begin in the first half of the current year. Also, 2021 represented the year in which the expansion of storage capacities took place, the development of the irrigation system, as well as the investment in companies in the agri-tech field.

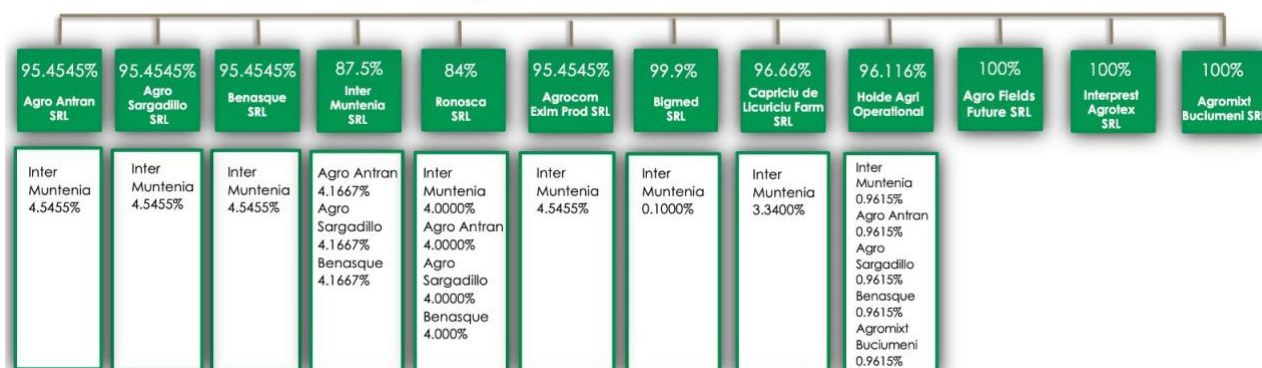
On October 1st, 2020, class A shares of Holde Agri Invest debuted on the AeRO market of the Bucharest Stock Exchange, after two successful private placements – the first one that took place in December 2019, and the second one from June 2020. In July 2021, Holde Agri Invest closed the share capital increase operation that will help fuel further developments.

Business structure

On December 31, 2021, Holde Agri Invest, the holding company, included 13 entities - nine technical crop farms located in Teleorman County (Rosiori core farm - Agro Antran, Agro Sargadillo, Benasque, Bigmed, Capriciu, Inter Muntenia, Ronosca, Interpret Agrotex and Videle core farm - Agrocom) and in Călărași County (Frumusani core farm - Agromixt and Agro Fields Future) and an entity that offers operational services, Holde Agri Operational. The parent company, Holde Agri Invest SA, acts as a shared services center, also covering administrative and governance issues. As of December 31st, 2021, Holde and its subsidiaries had a total of 95 employees.

For the agricultural year 2020-2021, Holde operated a total area of 8,496 ha, of which 635 ha were owned and 7,861 ha were leased. In 2021, Holde's farms conventionally grew wheat, rapeseed, sunflower, corn, dried peas, soybeans, as well as organic wheat, sunflower and peas. At the time of writing this report, Holde has a total operating area of 9,843, of which 640 ha are owned and 9,203 ha are leased. In addition to the land, Holde has a storage capacity of 10,000 tons in the silo from Călinești, complemented by the "silobag" technology that can be used in any of the Holde farms.

Holde Agri Invest S.A. also holds minority stakes in agritech start-ups: AgroCity and Enten Systems. These are not included in the consolidated results.



Description of the basic activity

Holde Agri Invest S.A.'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 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:** creation of one of the best agricultural projects on the Romanian market, financed entirely with local capital.

The Company's business model provides for the acquisition of existing farms, sometimes underperforming or with a capital deficit, in order to transform them into a modern and efficient operations. 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 area. 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 the existing farms.

The main activity of the Company consists in the operation of the agricultural lands that it owns or has contracted in the form of lease, through the companies that it controls. In the agricultural year 2020-2021 it was carried out as follows:

- **Agro Antran SRL** has 527 ha of agricultural land in the Teleorman area, cultivated 100% with organic crops of sunflower, peas, corn and rapeseed.
- **Agro Sargadillo SRL** has 545 ha of agricultural land in the Teleorman area, 43% cultivated with organic peas, 31% organic wheat crops, and the remaining 26% with conventional flower, rapeseed and corn crops.
- **Benasque SRL** has in exploitation 433 ha of agricultural land in the Teleorman area, cultivated in proportion of 40% with organic sunflower crops, and the remaining 60% with conventional crops of wheat, corn and rapeseed.
- **Inter Muntenia SRL** has in operation 543 ha of agricultural land in the Teleorman area, cultivated in proportion of 40% with organic sunflower cultivation, and the remaining 60% of the owned lands are cultivated with conventional crops of wheat and corn.

- **Ronosca SRL** has in operation 805 ha of agricultural land in the Teleorman area, 82% cultivated with organic crops of sunflower and wheat, and the remaining 18% with conventional crops of corn, rapeseed and peas.
- **Agrocom Exim Prod SRL** has in operation 1,609 ha of agricultural land in the Teleorman area, cultivated in proportion of 100% with conventional crops of sunflower, corn, wheat and rapeseed.
- **Bigmed SRL** has 529 ha of agricultural land in the Teleorman area, cultivated 100% with organic crops of sunflower, corn and wheat.
- **Agro Fields Future SRL** will start operating in 2022.
- **Interprest Agrotex SRL** will start operating in 2022.
- **Agromixt Buciumeni SRL** has in operation 3365 ha of agricultural land in the area Buciumeni - Budești (Călărași county), cultivated in proportion of 100% in conventional regime with wheat, corn, flower and rapeseed.

	Total land farmed	Land leased	Land owned
Rosiori core	3,522 ha	3,276 ha	246 ha
Videle core	1,609 ha	1,609 ha	0 ha
Frumusani core	3,365 ha	2,976 ha	389 ha
TOTAL	8,496 ha	7,861 ha	635 ha

Sector of activity

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:** between August and October when wheat, rapeseed and barley are sown with the harvest next year in the 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 (H1) generate mainly costs, and in the second half of the year (H2) generate revenue, simultaneously with the increase of costs, due to the sowing and preparation of the agricultural campaign for the following year.

Holde's current strategy is to keep some crops after the harvest and sell them opportunistically when the price is higher, as demand increases and supply decreases. In 2021, this strategy brought significant profits to the company. In this context, the expansion of storage capacity, which has already been started by Hold in 2021, will have a significant impact on the company's results.

Mergers and reorganizations

On **August 24, 2021**, the Issuer informed investors about the completion of the acquisition of Agrocom Exim Prod SRL and the complete integration of Videle Farm into the Holde Agri Invest structure. The value of the transaction amounts to 14.3 million lei for 2,400 hectares of leased land. 88% of the total area operated by Agrocom Exim Prod SRL is represented by lease agreements signed for a period of over 8 years. The transaction was financed with 62% debt and 38 % equity.

On **September 6, 2021**, the Issuer informed the investors about the initiation of the procedures for the acquisition of four new farms. The value of the transactions amounts to 6.7 million euros, the costs being partially financed from the contributions attracted as a result of the operation to increase the share capital, and the rest with funds obtained from financial institutions. If the

acquisitions are completed, the total area of the purchased farms will be about 3,500 hectares - about 350 hectares being owned and the rest leased.

On **November 8, 2021**, Holde informed the market about an investment in agritech, by acquiring a minority stake in Enten Systems, a company that sells solutions and systems for providing data on agricultural production, by installing equipment that constantly monitors the microclimate and it provides farmers with essential data on the state of crops and the potential risks to which they are exposed. The value of the transaction amounts to 370,000 lei, of which 247,000 lei were used for the acquisition of a minority stake and 123,000 lei is a financing convertible into shares.

On **December 21, 2021**, the Issuer informed the market about the conclusion of a transaction for the acquisition of a new farm of approximately 2,100 ha, which will increase the area that the Company operates to a total of approximately 11,600 ha. The total value of the transaction is approximately 250,000 lei, a price that must be paid by 28.02.2022 the latest. The value of the transaction can be adjusted based on several factors that are still negotiated between the parties, which include, among other things, the Company taking over several debts recorded by the new farm.

THE COMPANY'S ACTIVITY

Supply activity

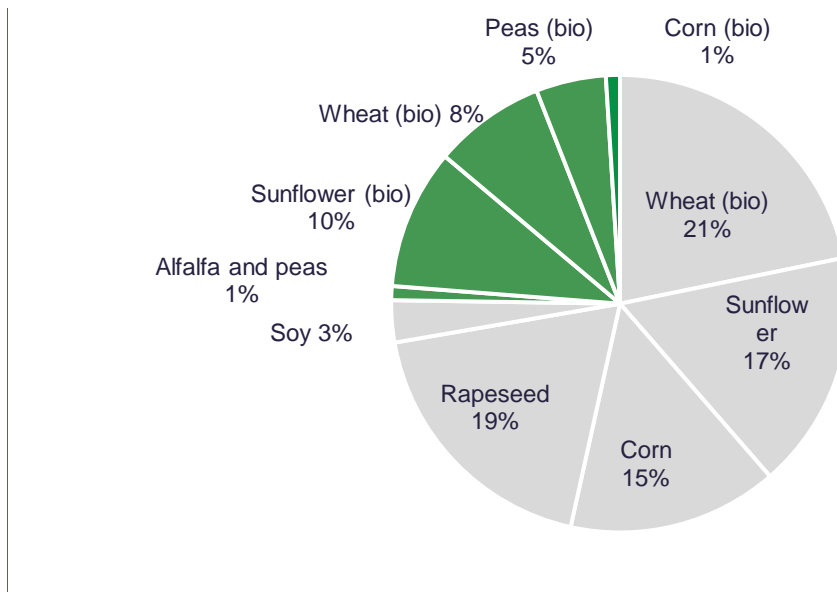
Holde purchases the raw materials for the formation of conventional cereal crops from the markets where several competitive suppliers are present. Through this method of purchasing raw materials, the company ensures continuity of supply at predictable prices, which are not subject to unexpected or monopolistic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

Regarding organic crops, the number of existing suppliers is small, but being a sector that is experiencing a significant increase, the supply of products in Romania is on an upward trend. 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: farmed crops

The main crops are wheat, maize, sunflower and rapeseed, followed by other crops such as peas, soybeans. The agricultural year 2020-2021 generated total harvests of 28,301 tons, of which 2,121 tons of organic crops (sunflower, wheat, peas) and the rest of conventional crops (rapeseed, wheat, corn, sunflower, soybeans).

The distribution of cultivated crops per hectare (represented as% of the total area of 8,496 hectares cultivated in the agricultural year 2020/2021), is shown in the graph below. Organic crops are marked in green:



Organic farming is one of the key differentiating factors of Holde Agri Invest. Holde currently focuses on large-scale, non-irrigated crops: wheat, corn, rapeseed, sunflower, peas and barley. An important area of the Rosiori farm, approximately 2,000 hectares, is ecologically 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 exploited by the Issuer to organic farming took place 8-9 years ago and is currently in the second five-year commitment cycle with the Agency for Payments and Interventions in Agriculture (APIA).

Holde Agri Invest aims in the context of growing its exploited area, in the medium and long term, to have land cultivated in organic system of approximately 10-20% of the total area of the portfolio. Currently, about 23% of the area exploited by the company is farmed organically.

In terms of conventional crops, Holde has large customers in its portfolio, grain traders. Some of them are customers taken over with the acquired farm and who remained Holde customers, an example of which is Agromixt. The others are new customers that Holde has attracted due to the company's market visibility and the increased interest in identifying a reliable supplier for large quantities and diverse cultures. The fact that Holde owns several farms in different locations and implicitly large areas from which it can deliver large quantities, is an advantage that the company has made extremely good use of in 2021.

Another advantage capitalized by Holde in 2021 and which the company exploits in 2022 is related to the conclusion 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 2021 and those of 2022, Holde will maintain the same proportions in terms of areas dedicated to rapeseed, wheat, sunflower, and corn. At the moment, the company does not intend to cultivate other crops.

Agricultural technology

The agricultural technology implemented by Holde Agri Invest is of a modern type, oriented towards maximizing the harvest, but with special attention to increasing soil fertility and the principles of "conservation agriculture". The concepts used and the most important principles regarding 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 machines - in this way we protect the soil from the compaction phenomenon
- Addition of organic matter - to increase soil fertility
- PH adjustment in the soil - for better absorption of nutrients
- Reducing pesticide quantities - for "conscious" agriculture
- Maximizing the effect of fertilizers by administering "in turn" and using section control systems

Sales activity

Products from conventional cereal crops are mainly sold to traders. In 2021, the company had 11 customers to whom approximately 26,363 tons were distributed, 6 received about 22,000 tons each and to others 5 were distributed among 100 and 1,000 tons for each.

In terms of organic crops, in 2021, the company sold to 6 customers, 1,382 tons.

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

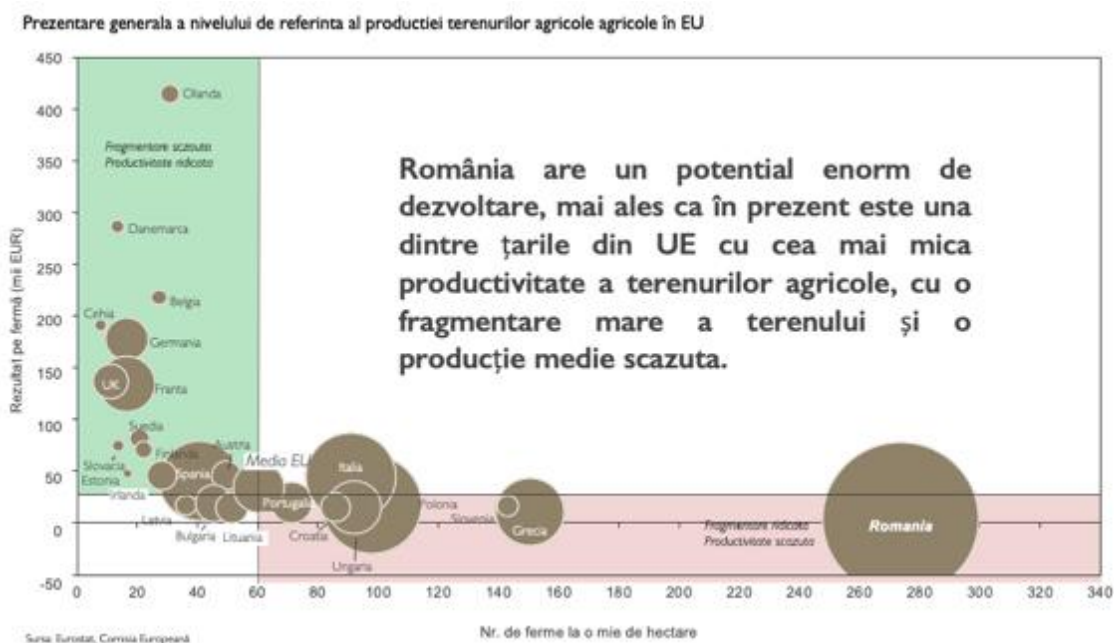
Regarding organic cereals, although Holde is a new supplier on the market, the demand for such products is constantly growing. The dynamics of these markets have helped the company to quickly attract new and reliable customers. None of these customers had bought organic products from the farms Holde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

The competition

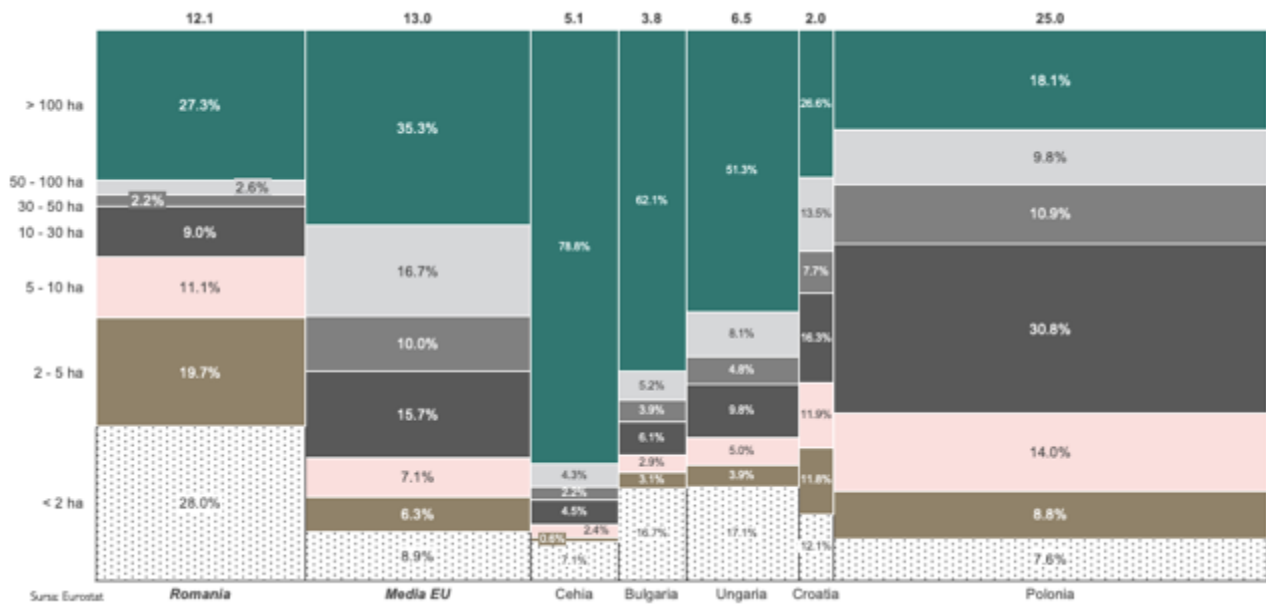
There is no consistent database that offers, in a uniform manner, the size of the largest farms in Romania. Many local businesses are spread across several small farms, while for others, no official data is available. However, according to management estimates, public information and data provided by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

Based on the data published in the Eurostat report in 2018, conducted taking into account the data from the EU and Romania from 2016 and 2017, Romania had in 2016 12,503,000 ha of agricultural area, this including arable land, orchards and vineyards, pastures, and meadows. This placed Romania in 6th place in the EU as an agricultural area, with a total of 7.3% of the EU's arable land. Romania had a share of 53.4% of the total agricultural land area and, although it accounts for 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 cover. However, given the lower costs and other key benefits, this can result in a much higher return for investors and farm operators in the coming years.



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



There are no data on the performance of the agricultural sector in Romania in 2021. The last data issued were through the study conducted by KeysFin and published in October 2021. According to this study, the turnover of Romanian agricultural companies was estimated to approach or it will even exceed the record level reached in 2019, of almost 46 billion euros. The next Eurostat report will be provided in 2023.

Environmental impact

Agriculture is perceived as a sector that has a negative impact on the environment. This is due, among other things, to the widespread use of pesticides. The impact of pesticides is on 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 reach other places because they are sprayed or spread over the entire surface of the agricultural fields. Leaks can carry pesticides into aquatic environments, while the wind can direct them to other fields, pastures, human settlements and undeveloped areas, with the risk of other species being affected. Over time, their repeated application increases the resistance of pests, and the effects on other species can facilitate the reappearance of the pest.

The issuer uses only approved, high quality pesticides that have been shown 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 but also for conventional crops. In addition, part of the land cultivated by Holde Agri Invest is organic. In the agricultural year 2020 - 2021, approximately 7.5% of the harvest generated were organic crops.

There are no disputes and no environmental disputes are expected.

HAI ON THE CAPITAL MARKET

Share capital

The share capital of Holde Agri Invest SA is 64,069,796 lei, corresponding to a number of 64,069,796 shares, divided into 2 classes of shares, of which 58,242,621 ordinary shares (Class A) and 5,827,175 preferred shares (Class B).

Ordinary Shares (Class A)

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 1 vote in the General Meeting of Shareholders.

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

Preferred Shares (Class B)

The preferential 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 their holders, according to the Company's Articles of Incorporation, the right to a priority dividend of 50% of the nominal value of the share of 1 lei, respectively a dividend of 0.5 lei per share („Priority dividend”). The amount 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 carrying over 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 05.07.2021, the Issuer informed the market about the conclusion of stage 1 of the share capital increase operation, carried out between 04.06.2021 - 03.07.2021. In stage 1, investors subscribed a total of 14,445,010 shares out of 21,000,000 new available Class A shares, representing 68.79% of the total issue. The shares with a nominal value of 1.0 lei were offered at a price of 1.38 lei / share.

Subsequently, on 14.07.2021, the Issuer informed the market about the subscription in the 2nd stage of the increase of the share capital of all the shares remaining unsubscribed after the first stage, respectively 6,554,990 ordinary class A shares.

Following the increase of the share capital, the Issuer has a share capital of 64,069,796 lei, corresponding to a number of 64,069,796 shares, divided into 2 classes of shares, of which 58,242,621 ordinary shares (Class A) and 5,827,175 preferred shares (Class B).

The Extraordinary General Meeting held on 24.11.2021 approved the delegation of the EGMS's powers regarding the decision to increase the share capital of the Issuer to the sole administrator of the company, by cash contribution and / or by incorporating reserves, except for legal reserves, as well as the benefits or premiums of the issue and / or by offsetting certain, liquid and due claims on the Issuer with its shares, for a period of 3 (three) years, by one or more issues of shares (regardless of their nature), with a value not exceeding half of the subscribed share capital, existing at the time of the decision and authorization, respectively with up to 32,034,898 lei

On October 1st, 2020, the ordinary shares of Holde Agri Invest were traded 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. Throughout 2021, investors traded 22.2 million HAI shares totalling almost 35.9 million lei.

Shareholding structure

On 31.12.2021, the company's shareholders (class "A" shares, listed on the AeRO market with the symbol HAI) were as follows:

	Total shares	Percent
Other shareholders / Free float	50,919,662	87.4268%
S. SEVENX VENTURES SRL	7,322,959	12.5732%
TOTAL	58,242,621	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 its own shares during 2021.

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

TEAM & MANAGEMENT

Holde Agri Invest SA offers 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 ensured by Holde Agri Management SRL (Sole Director) based on the Management Contract concluded in 2018. It guarantees the commitment of the management team to carry out the development of the project on the forecast 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 Director, 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 Director has an initial mandate for 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 Director's term of office is no longer extended by the shareholders, the contract will be closed by paying penalties from the company, except for the non-performing situation. (see remuneration policy).

Board of Directors

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

Alexandru Covrig, Member (65 years old) - financial director with over 25 years of experience and who managed Capex type financing that exceeds 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.

Alexandru Covrig held 65,959 HAI shares on 31.12.2021.

Cosmin Mizof, Member (43 years) - has over 15 years of experience in local and regional capital markets, with a variety of 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 31.12.2021, Cosmin Mizof held 51,479 HAI shares.

Eugen Voicu, Member (64 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 some notable professional associations in the local financial industry, with strong links in the Romanian business environment.

Eugen Voicu did not hold HAI shares on 31.12.2021. Certinvest Management Solution SRL, an affiliated entity controlled by Eugen Voicu, held 6,500 shares of HAI on 31.12.2021.

Liviu Zagan, Member and CEO (44 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 projects development within a farm of 1,700ha (large crop, seed plots, mechanization park restructuring, irrigation). At the same time, by profession architect, 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 architectural firms in Romania.

Liviu Zagan held 153,806 HAI shares on 31.12.2021.

Alexandru Leonard Leca, Member (49 years old) - has extensive experience as an investor in various venture capital and private equity projects. He has also held management positions at Tiriac Holding (CEO, CFO) and A&D Pharma (CFO).

Alexandru Leca held 192,958 HAI shares on 31.12.2021. SevenX Ventures SRL, an affiliated entity, in which Alexandru Leca holds 45.5% of the shares, held 7,322,959 HAI shares on 31.12.2021.

Iulian Florentin Circiumaru, President (39 years old) - worked in management consulting at AT Kearney and PwC, later founding 7card, a company that was acquired by Sodexo. After the exit from 7card, he is a venture capital investor.

Iulian Circiumaru is the legal representative of Holde Agri Management SRL.

On 31.12.2021, Iulian Circiumaru owned 6,025 HAI shares. Vertical Seven Group SRL, an affiliated entity, in which Iulian Circiumaru holds 50% of the shares, held 5,362,595 HAI shares on 31.12.2021. SevenX Ventures SRL, an affiliated entity, in which Iulian Circiumaru holds 45.5% of the shares, held 7,322,959 HAI shares on 31.12.2021.

In the last 5 years, none of the members of the Board of Directors has been banned by a court from serving as a member of the Board of Directors or supervising a company. In the last 5 years, there have been no cases of insolvency, liquidation, bankruptcy, or special administration of some companies, of which one of the 5 members of the Holde Board of Directors should be a member of the board of directors or supervisor. In the last 5 years, there have been no disputes or administrative proceedings involving any of the above-mentioned members regarding their activity within the company, as well as those concerning their ability to perform their duties within the company.

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

Associations	Shares	%
Liviu-Gabriel Zagan	630	31.45%
PRO Metodic SRL (Alexandru Covrig)	239	11.93%
Matei-Cristian Georgescu	174	8.69%
Certinvest Management Solutions SA (Eugen Voicu)	420	20.97%
Cosmin-Alexandru Mizof	107	5.34%
Hepta Hedge SRL (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%.

Remuneration and benefits of the Sole Director

The remuneration of the Sole Director is part of the Management Agreement concluded between the Company and the Sole Director. The current remuneration of the Sole Director is regulated by the Management Agreement. The Basic Annual Remuneration consists of a fixed component and a variable component, as follows:

- a fixed amount of EUR 53,200;
- a variable amount equal to: EUR 19,950 (nineteen ninety-nine) x N or (x% x N) (as applicable), where N = total number of field modules operated by the Company in the previous financial year and 1 (one) module land = 2,000 ha of land.

In addition to the Basic Annual Remuneration, the Company will pay the Sole Director an annual performance bonus, based on the annual value of consolidated EBIT at the level of the Company and its subsidiaries, as follows:

- If the EBIT before the deduction of the Basic Annual Remuneration is less than EUR 100 (one hundred) per hectare of land exploited, but is a positive number, the Annual Performance Bonus will be equal to 15 (fifteen)% of the EBIT achieved annually;
- If the EBIT before the deduction of the Basic Annual Remuneration is between EUR 100 (one hundred) and EUR 200 (two hundred) per hectare of land exploited, the Annual Performance Bonus will be equal to 26 (twenty-six)% of EBIT made annually;
- If the EBIT before the deduction of the Basic Annual Remuneration is more than EUR 200 (two hundred) per hectare of land exploited, the Annual Performance Bonus will be equal to 26 (twenty-six)% of the EBIT achieved annually + 35 (thirty-five)% of surplus EBIT. The surplus EBIT will be considered the EBIT value exceeding the value of EUR 200 (two hundred) per hectare of land.

In order to calculate the Annual Performance Bonus, the operating results on the basis of which EBIT will be established will not be taken into account and, as such, will be reduced by the amount of operating losses recorded by the Company in previous financial years (applying the principle of high water mark).

In addition to the Basic Annual Remuneration and the Annual Performance Bonus, the Company will owe the Sole Director an exit bonus equal to:

- 15% (for IRR < 7.5%);
- 22% (for 7.5% = IRR ≤ 17.5%);
- 25% (only for IRR surplus exceeding 17.5%),

x [The value of the Company, minus the gains held at the Company's disposal for new investments, plus the net gains made in Year 10 of the Initial Term, less the total capital contributions injected into the Company by shareholders during the Initial Term].

The calculation formula for Internal Rate of Return (IRR) is as follows:

$$\sum_{t=1}^{10} \frac{C_t}{(1+r)^t} + \frac{VS_{10}}{(1+r)^{10}} - \sum_{t=1}^{10} \frac{I_t}{(1+r)^t} = 0$$

where:

I_t = investments made by investors in each round of financing (contributions to share capital);

C_t = net cash inflow in year "t" (dividend paid / share capital reductions in years 1-10);

VS_{10} = The value of the Company at the date of calculating the Exit Bonus;

r = IRR;

t = number of years.

Exit Bonus will be paid every ten years. The first Exit Bonus will be paid after the expiration of the Initial Term, in a single instalment, within 30 (thirty) days from the date of approval of the most recent annual financial statements by the GMS. The payment of the Exit Bonus is conditioned by an independent audit on the statements submitted by the Company to the Agency for Payments and Intervention for Agriculture. The independent auditor will be nominated by the Director and appointed by the General Meeting of Shareholders. In the event that the above-mentioned audit report will highlight potential quantifiable risks, a withholding of the pro-rata Exit Bonus will be applied with a decrease in the relevant EBIT as a result of these risks.

The Fixed Component of the Basic Annual Remuneration will be paid in two equal instalments, each of EUR 26,600, until January 10, respectively until July 10, each year, for the current year. The Variable Component will be paid in a single instalment, within 30 days of the date of approval of the most recent annual financial statements by the OGMS. The Annual Performance Bonus will be paid in a single instalment, within 30 days of the date of approval of the most recent annual consolidated financial statements by the OGMS.

All payments provided for in the Management Agreement will be made on the basis of the tax invoice issued for this purpose by the Sole Director within a maximum of 30 days from their receipt.

All amounts provided in EUR in the Management Contract will be paid in the bank account of the Sole Director indicated on the respective invoice, in RON equivalent, based on the EUR-RON exchange rate communicated by the National Bank of Romania for the day the corresponding fiscal invoice is issued by the Sole Director.

Executive Team

Liviu Zagan, Board Member and CEO

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

There is no agreement, understanding or family connection between Liviu Zagan and another person due to the fact that 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 Zagan has been involved regarding his activity within the company, as well as those regarding Liviu Zagan's ability to fulfil his duties within the company.

Adrian Pirciu, CFO

Adrian Pirciu graduated from the Academy of Economic Studies in Bucharest and has over 20 years of experience in finance, accounting, and business. Prior to being appointed Chief Financial Officer of Holde Agri Invest, Mr. Pirciu held the position of Group Financial Controller within Holde. Adrian is CFO of Holde Agri Invest starting with 01.09.2021.

There is no agreement, understanding or family connection between Adrian Pirciu and another person due to which 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 Adrian Pirciu has been involved regarding his activity and within the company, as well as those regarding the capacity of Adrian Pirciu to be fully assigned within the company.

Shared Services Center

From the beginning, Holde project aimed to address a type of business management as centralized as possible. The service center 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 center in Bucharest was established. Currently, the service center consists of 5 departments:

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

Staff

As of 31.12.2021, Holde Agri Invest had 95 employees at a consolidated level. About 20-25% of employees have a university degree. Employees are not part of a union.

Considering the work capacity and the reliability of the equipment, the agricultural works are carried out in working mode 24/7 in 3 shifts of 8 hours: 6-14-22-6. In this way, the equipment can be intensively exploited, 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 goal of "zero accidents at work". To increase the performance of the mechanics as well as the safety at work, the following were undertaken:

- specialization courses and obtained a diploma in mechanization;
- an internal regulation has been drawn up, adapted to the specifics of the activity;

- a training plan was implemented for each mechanic on each machine;
- emphasis was placed on eliminating industry-specific personnel problems;
- an ssm system has been implemented.

KEY EVENTS

On **February 2, 2021**, the Company informed the shareholders about the submission for publication to ONRC of the Decision of the Special Meeting of Shareholders holding preferential shares with priority dividend and without voting rights - ac Class "B" shares in Holde Agri Invest SA, which took place on 09.12.2020. The key change refers to the capping of the total amount of the annual Priority Dividends to which the shareholders who hold preferred shares at a maximum of 35% of the total net distributable profit determined according to the Law 31/1990 would be entitled to payment, cap applicable for a period of four years related to the financial years ended on 31.12.2021, 31.12.2022, 31.12.2023 and 31.12.2024.

On **February 12, 2021**, the EGMS took place, during which Holde's shareholders approved, among other things, the delegation of responsibilities for the increase of the Company's share capital with an amount of up to 21.5 million lei, the approval of certain finances. countries or loans of up to 30 million lei, the approval of another loan of up to 11 million lei, as well as the appointment of new members to the Advisory Board. At the same time, the AGM also approved one or more investments totalling EUR 0.5 million in local start-ups developing technological products for agriculture (agritech). EGMS decisions are available [HERE](#).

On **March 16, 2021**, the Sole Director of the Company approved the increase of the share capital of the Company from the nominal value of RON 43,069,796 to the maximum nominal value of RON 64,069,796, by issuing up to 21,000,000 new registered, dematerialized shares, class A shares, with a nominal value of RON 1 per share and a total nominal value of RON 21,000,000. The purpose of the capital increase was to finance the Company's development plans, such as the acquisition of new farms, investments in storage space, machinery, irrigation, the modernization of existing farms and the financing of agro-tech start-up projects.

On **April 26, 2021**, Holde 's OGMS and EGMS were held, approving, inter alia, the individual and consolidated financial statements for 2020, the 2021 Revenue and Expenditure Budget, and amendments to the articles of association. The OGMS and EGMS decisions are available [HERE](#).

On **May 19, 2021**, the Romanian Financial Supervisory Authority approved the Prospectus for the operation to increase the share capital with cash contribution. The share capital increase operation took place between June and August 2021 and was organized in two stages. In Stage 1, held between **June 4 and July 3**, investors subscribed for newly issued shares based on HAIR01 preference rights. In stage 1, the investors subscribed a total of 14,445,010 shares, out of 21,000,000 new available class A shares, which represents 68.79% of the total issue. The shares with a nominal value of 1.0 lei were offered at a price of 1.38 lei / share. **On the 14th of July** the second stage of the share capital increase ended, during which period 6,554,990 class A shares that remained unsubscribed in stage 1 were offered to investors during a private placement. The private placement closed earlier than expected, and the final price per share was stabilized at 1.44 lei / share. Due to the high interest from investors, the shares were allocated to investors who participated in the private placement in the "pro rata" system, with an allocation index of 0.6302976211. In the second stage of the share capital increase, Holde Agri Invest attracted 9,439,185.6 lei. On **September 2, 2021**, the company received CIIF from ASF to increase the share capital.

On **June 30, 2021**, Holde Agri Invest informed the market about the start of modernization and expansion works at the Calinesti silo, owned by the Company. The works aim to expand the storage capacity from 10,000 tons to about 15,000 tons, as well as better manage it, by implementing automation and adding equipment for cleaning the goods before storage. In the same precinct, a 4,000 sq m concrete platform and a 1,000 sq m hall will be built, which will serve as a mechanization base for the Company's agricultural equipment. The total value of these investments is estimated at EUR 1.5 million.

On **July 29, 2021**, Holde informed the shareholders about the conclusion of a new financial audit contract by the Sole Director of the company with Mazars Romania SRL for the period 2021 - 2023. The Sole Director will convene the Ordinary General Meeting of Shareholders before 26.11.2021, the date on which the current financial audit contract concluded with Mazars

Romania SRL expires, to approve the extension of the auditor's mandate and the new financial audit contract.

On **August 24, 2021**, Holde informed investors about the completion of the acquisition of Agrocom Exim Prod SRL and the complete integration of Videle Farm into the structure of Holde Agri Invest. The value of the transaction amounts to 14.3 million lei for 2,400 hectares of leased land. 88% of the total area exploited by Agrocom Exim Prod SRL is represented by lease agreements signed for a period of over 8 years. The transaction was financed with 62% debt and 38% equity. The company also announced that it will start the modernization process of Videle farm. The key investments will focus on machinery and the construction of a 10,000-ton silo. Management expects to achieve maximum farm performance in 3 years, estimated for 2024.

On **August 24, 2021**, Holde informed investors about the appointment of Mr. Adrian Pirciu as Chief Financial Officer of the Company. Mr. Pirciu's term began on 01.09.2021, for an indefinite period. Mr. Pirciu replaced Mr. Alex Covrig, who will focus on his role as a Member of the Board of Directors at Holde Agri Management SRL and will continue to provide his executive team with his expertise and knowledge in the financial field.

On **September 6, 2021**, Holde informed investors that proceedings had been initiated to purchase four new farms. The value of the transactions amounted to 6.7 million euros, the costs being partially financed from the contributions attracted as a result of the operation to increase the share capital, and the rest with funds obtained from financial institutions. If the acquisitions are completed, the total area of the purchased farms will be about 3,500 hectares - about 350 hectares owned, and the rest leased. The acquisitions will also include 2 agricultural bases and their equipment and will increase the Holde team by 20 employees.

In mid-**September 2021**, Holde put into operation the first irrigation project, which covers an area of 125 hectares around Frumusani farm and is fed by the Dambovita River. The value of the investment was about 1.7 million lei and will contribute to increasing the productivity of corn and soybean crops.

On **October 6, 2021**, Holde informed the shareholders about the completion of a transaction for the purchase of a new 230 ha farm near the Frumusani core, which, as a result of this transaction, will reach 3,260 ha. The total value of the transaction is approximately 2 million lei, and the new area will be fully leased. Also, the transaction price includes the crops for the year 2021 and the APIA subsidies for the current year, which will be fully acquired by the Company.

Starting with **October 11, 2021**, the HAI shares were included in the BET-AeRO index developed by the Bucharest Stock Exchange for the AeRO market. Holde holds the largest share in this index.

On **October 21, 2021**, Holde informed the market that the General Meeting of Shareholders of Holde Agri Management SRL ("HAM"), sole director of the Company, approved, at the General Meeting of Shareholders of 06.10.2021, his appointment Iulian-Florentin Circiumaru in the position of permanent representative of HAM within the Company, as a result of the revocation of Eugen - Gheorghe Voicu from this position. The mandate of Iulian-Florentin Circiumaru enters into force starting with 06.10.2021 and will be in place until 30.05.2024.

On **November 8, 2021**, Holde informed the market about an investment in agritech by acquiring a minority stake in Enten Systems, a company that sells solutions and systems for providing data on agricultural production, by installing monitoring equipment which permanently monitors the microclimate and provides farmers with essential data on the state of crops and the potential risks to which they are exposed. The value of the transaction amounts to 370,000 lei, of which 247,000 lei were used for the acquisition of a minority stake and 123,000 lei is a financing convertible into shares.

On **November 24, 2021**, the Extraordinary and Ordinary General Meetings of the Shareholders of Holde Agri Invest SA (the "Company") were held. For both meetings, the legal and statutory quorum was established at the first convocation. Within these, Holde's shareholders approved, among other things, the admission to trading of the Company's shares on the regulated market administered by the Bucharest Stock Exchange, by transferring from the AeRO alternative

trading system of the Bucharest Stock Exchange. The full text of the EGMS & OGMS decisions can be found [HERE](#).

On **December 21, 2021**, Holde informed the market of the conclusion of a transaction for the acquisition of a new farm of approximately 2,100 ha, which will increase the area that the Company operates to a total of approximately 11,600 ha. The total value of the transaction is approximately 250,000 lei, a price that must be paid by 28.02.2022 at the latest. The value of the transaction can be adjusted based on several factors that are still negotiated between the parties, which include, among other things, the Company taking over several debts recorded by the new farm. For the agricultural year 2021-2022, the Company intends to produce several crops on the new farm, such as wheat (395 ha), rapeseed (320 ha), sunflower (350 ha), corn (415 ha) and barley (620 ha).

Significant contracts

Holde Agri Invest reported several significant contracts, both for sales of agricultural products and for purchases, loans and investments. All these contracts have been reported in accordance with the rules in force in the capital market and can be consulted by investors at the following links:

- [Current report 24/2021](#)
- [Current report 25/2021](#)
- [Current report 26/2021](#)
- [Current report 27/2021](#)
- [Current report 28/2021](#)
- [Current report 31/2021](#)
- [Current report 39/2021](#)
- [Current report 40/2021](#)
- [Current report 44/2021](#)
- [Current report 46/2021](#)
- [Current report 54/2021](#)
- [Current report 70/2021](#)

Events after the end of the reporting period

On **January 10, 2022**, Holde informed the market of the conclusion of a transaction for the acquisition of a new farm of approximately 440 ha, which will increase the area that the Company operates to a total of approximately 12,040 ha. The total value of the transaction for the farm located in Teleorman County is approximately EUR 278,000. For the agricultural year 2021-2022, the Company intends to produce more crops on the new farm, such as wheat (86 ha), corn (118 ha) and sunflower (236 ha).

On **10 January 2022**, Holde informed the market of the signing of a contract with BRK Financial Group ("BRK") for the provision of market making services, starting with 11.01.2022.

ANALYSIS OF FINANCIAL RESULTS

P&L analysis

In 2021, the consolidated turnover of the Holde group increased by 54% compared to the corresponding period last year, reaching 62.7 million lei (40.7 million lei in 2020). Total revenues included 42.0 million lei from the sale of agricultural products and goods, up 54% compared to the same period last year (27.2 million lei). Revenues from production subsidies of 11.1 million lei (8.9 million lei) increased as a result of the expansion of operating areas. The comparison with 2020 is not relevant, as the amounts for this period are significantly influenced by APIA grant receipts for previous years and drought and insurance compensation received. The increase in revenues from the sale of assets of 2.0 million lei (1.5 million lei) comes from the capitalization of the existing equipment fleet in the farms purchased during its renewal process. Other operating income amounting to 1.8 million lei (5.4 million lei) was mainly constituted by calamity compensations received during the year related to the geographical segment Frumusani.

The revenues obtained exceeded the budget forecast by 10.8%, the quantitative deficit of the production obtained being compensated by the evolution above expectations of cereal prices on the international markets. The total area exploited during 2021 was 8,496 hectares (of which 1,984 hectares in ecological regime) in the three nuclei of the group: Rosiori, Frumusani and Videle. In the agricultural year 2020-2021, Holde obtained 28,301 tons of technical crops (24,003 tons in the agricultural year 2019-2020), of which 2,121 tons of organic crops (3,400 tons in the agricultural year 2019-2020) of wheat, sunflower and peas, respectively 26,180 tons of conventional crops (20,603 in the agricultural year 2019-2020), wheat, corn, rapeseed, sunflower and soybeans. Compared to the agricultural year 2019-2020, the total production increased by 18%, the decrease by 38% of the production of organic crops (influenced by a smaller harvested area compared to last year) being compensated by the increase of 30% of the quantities of conventional crops. This evolution was determined, on the one hand by the optimization of the mechanized fleet used and the production processes implemented, and on the other hand by meteorological factors.

The value of the revenues from the capitalization of the obtained crops is 8% lower than the budgetary forecasts (-23% of the harvested quantities and +19% of the capitalization of the crops), registering positive deviations for conventional wheat crops and negative deviations for sunflower crops and conventional corn, but also for all categories of organic crops. By the reference date, approximately 98% of the harvest for the 2020-2021 agricultural year has been capitalized by volume, with stocks of finished products existing at the reference date already contracted on the reporting date and to be delivered by April 2022. The Revenues from the subventions for the agricultural year exceeded the budget forecasts by 3.2% as a result of the evolution of the EUR / RON exchange rate.

Operating expenses amounting to 57.0 million lei increased by 62% compared to the corresponding period of the previous year (35.3 million lei). This development was mainly determined by the 98% increase in expenditures with the inputs needed to form the crops of the agricultural year already capitalized (seeds, diesel, fertilizers, treatments), as a result of the general trend of increasing commodity and energy prices globally, as well as the extension of the operated area. These were 37% higher than the budget forecast, the deviation being influenced also by the purchases of new farms made during the year. Lease expenses in the amount of 7.5 million lei (5.5 million lei), as well as personnel expenses in the amount of 7.5 million lei (5.3 million lei) increased compared to 2020 following the expansion of the exploited area, the development needs of the group's shared services center, but also the inflationary pressures. Leasing expenditure exceeded budget forecasts by 20% due to the renewal of leases and additions of contracts during the period.

Other operating expenses increased by 42% compared to last year, an evolution determined by the scaling of the shared service center, the corresponding increase in logistics costs and those with the maintenance of the mechanized fleet. This category of expenditures also registered a significant deviation from the budget, caused by inflationary pressures. Depreciation and amortization expenses increased by 63% compared to the previous period to 6.6 million lei (4.0

million lei), mainly due to investments in the used equipment fleet, but also to the introduction of the accounting policy of depreciation of goodwill in accordance with national accounting standards with significant impact when scaling the exploited area.

The EBITDA indicator registered an increase of 50%, from 10.7 million lei to 16.0 million lei after accounting for the commercial reductions obtained from the input suppliers. After eliminating non-recurring items, the recurring EBITDA margin achieved was 25%, 5pp higher than last year's comparative period. The deviation of the EBITDA margin from the budget forecasts was mainly due to the increase in direct costs of crop formation. The registered operating result of 5.7 million lei represents an average of 679 lei / ha compared to 699 lei / ha the previous year. The comparison of the operating result with the budget forecasts is not fully relevant, as the latter do not take into account IFRS standards for the amortization of goodwill and land use rights. Financial expenses include interest related to loans for the acquisition of shares and land (1.1 million lei), related to the financing of working capital (0.4 million lei) and those for leases and investments (0.7 million lei). The gross result (6.8 million lei) registered an increase of 35% compared to the previous period. Income tax represents an effective tax rate of 2.8% following the use of the reinvested income tax relief facilities. The net result of 6.6 million lei represents an average of 785 lei / ha, ie an increase of 78% compared to the previous comparative period. The net result was a marginal negative deviation from the budgetary provisions, after accounting for IFRS goodwill amortization and land use rights.

Assets and liabilities

Total assets increased by 74% compared to the end of the previous year. Tangible assets increased by over 40 million lei as a result of investments in the renewal of the fleet of machines and equipment, the development of the investment in expanding the silage capacity of the group in Calinesti area, but also the commissioning of the first irrigation project in Frumusani area. The goodwill increased by over 1.2 million lei compared to the beginning of the year as a result of the acquisitions of Agro Fields Future SRL and Interpret Agrotex SRL. The balance of the constructions owned by the group increased with the value of the irrigation project put into operation, while the position of the current fixed assets includes the investment in expanding the storage capacity in Calinesti, a project to be completed in the first part of 2022.

The increase in current assets of 80% compared to the end of the previous year was mainly due to the stocks of finished products and the ongoing production related to an operating area of approximately 9,800 hectares. The stocks of goods include the quantities of fertilizers purchased for use in the agricultural year 2021-2022. Trade receivables increased by 57%, and other receivables include APIA subsidies associated with the 2020-2021 agricultural year not collected at the reference date, the VAT balance receivable and various creditors. Cash and cash equivalents amounting to 1.9 million lei represent resources attracted during the share capital increase carried out between May and July 2021 through the Bucharest Stock Exchange.

The long-term debts amounting to 50.9 million lei are increasing by 112% compared to the end of the previous year as a result of the completion of the acquisition of Agrocom Exim Prod SRL (Videle core) and the development of investments in the mechanized fleet. Short-term debt is up 39% from the beginning of the year and is mainly represented by the current share of bank loans and the acquisition of inputs for the production of the agricultural year 2021-2022. Other short-term debts mainly include lease payments (0.9 million lei), salaries and associated taxes (1.4 million lei).

Equity increased to 83.7 million lei, registering an increase of 74% compared to the end of the previous year as a result of attracting additional capital of 29.3 million lei in May-July 2021 and the positive net result recorded in 2021. At the end of 2021, the Holde group registers cumulative interest-bearing debts of 72.7 million lei (of which 50.5 million lei bank loans, 21.5 million lei financial leases and 0.7 million lei discounts APIA). The net financial debt at the reference date amounted to 70.7 million lei. Thus, the capital structure of the group registers an indicator of current liquidity (Current assets / Current liabilities) of 1.16 and a degree of indebtedness (Net financial debt / Net committed capital) of 0.46.

Comparative key figures

PROFITABILITY		31.12.2021	31.12.2020	Δ
Total income	thousand lei	62,768.7	40,757.6	54%
EBITDA IFRS	thousand lei	15,927.4	10,730.0	48%
EBITDA IFRS *	thousand lei	15,554.9	8,366.0	86%
Profit net RAS	thousand lei	6,673.1	3,439.2	94%
Net profit IFRS **	thousand lei	9,485.9	5,276.3	80%
Net earnings per share	lei	0.104	0.080	30%
Net adjusted earnings per share	lei	0.148	0.123	21%
OPERATIONAL		2020-2021	2019-2020	Δ
Operated surface	Ha	8,496	7,827	9%
Crops	tons	28,301	24,003	18%
CAPITAL		31.12.2021	31.12.2020	Δ
Equity	thousand lei	83,711.1	47,991.0	74%
Net financial debt	thousand lei	70,759.8	36,333.0	95%
Level of indebtedness***	%	46%	43%	3 pp
Current liquidity ****	%	116%	90%	26 pp

* after the elimination of revenues of RON 372,500 from APIA subsidies related to 2016.

** after the elimination of the expenses with the amortization of the goodwill and of the land use rights (according to the IFRS standards).

*** calculated as Net financial debt / (Equity + Net financial debt).

**** Current assets / Current liabilities.

Individual results

During 2021, Holde Agri Invest S.A. generated revenues of 0.3 million lei (2020: 1.2 million lei) exclusively from the re-invoicing of some services provided to the other entities of the Holde group. The comparatively negative evolution is due to the fact that the main destination of the operating profits registered at the level of the subsidiaries was constituted by the coverage of the accounting losses registered in the previous period. Also, the investment program carried out at the level of the subsidiaries increased substantially compared to the previous period, the reinvested profits contributing to the obtaining of fiscal facilities at consolidated level.

The main expenses recorded during the year were those with the staff of the shared services center used in coordinating the activity of the group's subsidiaries (0.7 million lei, 2020: 0.4 million lei), the expenses with the indemnity related to the management contract (0.7 million lei, 2020: 0.6 million lei) and other operating expenses (2.0 million lei, 2020: 1.9 million lei). Regarding the latter, we mention operational expenses, legal services and consulting (0.5 million lei, 2020: 0.1 million lei).

The operational loss of 3.2 million lei (2020: -1.7 million lei) represents an increase of over 80% compared to the previous period. The significant increase compared to 2020 in financial revenues (6.5 million lei, 2020: 0.6 million lei) resulted mainly from the dividends paid by the Agromixt Buciumeni subsidiary. Also, the increase of the group's operational activity resulted in a similar increase in interest income related to cash (0.5 million lei, 2020: 0.3 million lei). The increase in financial expenses (1.0 million lei, 2020: 0.5 million lei) resulted mainly from the increase in the balance of loans contracted following the completion of the acquisition transaction of the Agrocom Exim Prod farm. The net result for the period is a profit of 2.2 million lei (2020: -1.7 million lei).

Regarding the balance sheet structure, the significant increase of financial investments compared to the previous period (53.9 million lei, 2020: 47.9 million lei) resulted from the completion of the acquisition of Agrocom Exim Prod and the acquisitions of Agro Fields and Interprest Agrotex. The 235% increase in receivables compared to the previous period is represented by loans granted to subsidiaries. The increase in the debt balance is mainly represented by the new bank loans contracted for farm acquisitions (26.5 million lei, 2020: 19.6 million lei). Equity increased by 75% compared to the previous period as a result of the successful conclusion of the private placement in July 2021 in the amount of 29.3 million lei, as well as due to the net result of the financial year.

Investment program

In 2021, Holde carried out an investment program of 52.9 million lei financed from its own capital and debt, respectively bank loans and financial leasing contracts. This program included:

- completion of the Agrocom Exim Prod farm acquisition - 8.9 million lei
- acquisition of Agro Fields Future farm - 2.0 million lei
- acquisition of the Interprest Agrotex farm - 1.4 million lei
- AgroCity platform additional investment - 0.2 million lei
- acquisition of Enten Systems - 0.2 million lei
- land acquisitions - 0.9 million lei
- acquisitions of technological equipment (machines, equipment) - 31.6 million lei
- purchases of means of transport - 0.6 million lei
- arrangements for silage and other capacities - 5.3 million lei
- land irrigation system - 1.8 million lei

Tangible assets

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

Machinery

- Combine harvester for grain and specialized headers
- Tractor 620hp
- Medium power tractors
- Seeders for hoe
- Germination bed preparation cultivator
- Disc towing system / germination bed preparer
- Disc and arrow cultivator
- Furrow between rows
- Transfer trailer

Goods storage spaces

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

Through Holde Agri Operational S.R.L, the company has storage spaces (silo) in Calinesti, Teleorman County, with a total capacity of 15,000 tons, which has recently been modernized, its capacity being increased from 10,000 tons. 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 about 10-20 thousand tons of grain.

CONSOLIDATED FINANCIAL STATEMENTS

Holde Group's consolidated financial statements for 2021 included, in addition to 2020, Agro Fields Future (October 2021) and Interprest Agrotex (December 2021).

PROFIT AND LOSS ACCOUNT INDICATORS (RON)	31/12/2020	31/12/2021	Evolution%
Operating income, of which:	40,757,634	62,768,753	54%
Sales of agricultural products & goods	27,268,144	42,023,779	54%
Revenue from operating grants	8,986,385	11,121,787	24%
Stock change	-3,114,525	4,427,996	242%
Other operating income, of which:	7,617,630	5,195,190	-32%
<i>Other grants</i>	626,861	1,242,892	98%
<i>Active sales</i>	1,552,747	2,099,471	35%
<i>Other operating revenues</i>	5,438,022	1,852,827	-66%
Operating expenses, of which:	35,286,065	57,003,773	62%
Expenditure on materials, of which:	12,575,260	24,455,078	94%
<i>Expenditures on raw materials and materials</i>	8,629,039	20,809,991	141%
<i>Expenditure on goods</i>	3,504,554	3,223,206	-8%
<i>Other material expenses</i>	441,667	421,881	-4%
Lease	5,503,089	7,502,418	36%
Staff costs	5,359,165	7,952,555	48%
Depreciation expenses, of which:	4,068,153	6,635,895	63%
<i>Depreciation expenses and value adjustments</i>	2,231,094	3,823,022	71%
<i>Expenses with amortization of usage rights</i>	733,609	967,386	32%
<i>Goodwill amortization expenses</i>	1,103,450	1,845,488	67%
Other operating expenses	7,141,421	9,775,178	37%
Contract management allowance	638,977	682,648	7%
Operational result	5,471,569	5,764,980	5%
Financial income	1,190,295	3,669,453	208%
Financial expenses, of which:	1,578,292	2,569,855	63%
<i>Interest loans & leasing</i>	1,375,084	2,189,349	59%
<i>Other financial expenses</i>	203,208	380,506	87%
Financial result	-387,997	1,099,598	-383%
Total income	41,947,929	66,438,206	58%
Total expenses	36,864,357	59,573,628	62%
Gross result	5,083,572	6,864,578	35%
Income tax	1,644,320	191,486	-88%
Net result	3,439,252	6,673,092	94%

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET (RON)	31/12/2020	31/12/2021	Evolution%
Fixed assets, of which:	74,101,483	125,994,401	70%
Intangible assets, of which:	34,262,094	42,536,257	24%
Licenses	206,443	182,214	-12%
Intangible assets - right of use	18,013,140	25,090,698	39%
Goodwill	16,042,511	17,263,345	8%
Property, plant and equipment, of which:	39,573,082	81,001,958	105%
Land	18,667,357	18,852,428	1%
Construction	2,531,803	4,142,400	64%
Technical installations and machines	16,583,605	48,787,798	194%
Other installations, machinery, and furniture	429,748	206,918	-52%
Advances and Fixed Assets under Investment	1,360,569	9,012,414	562%
Financial assets	266,307	2,456,186	822%
Current assets, of which:	24,080,617	43,330,349	80%
Stocks, of which	10,947,017	23,758,643	117%
Raw materials and consumables	2,753,130	5,341,637	94%
Inventory items	8,304	8,304	0%
Finished product	1,213,177	547,096	-55%
Commodities	173,988	5,564,493	3098%
Packing	108,663	942	-99%
Production in progress	6,474,281	12,066,460	86%
Stock purchase advances	215,474	229,711	7%
Receivables, of which:	12,636,309	17,589,404	39%
Trade receivables	4,812,778	7,572,906	57%
Other assets	7,823,531	10,016,499	28%
Short-term investments	1,240	1,240	0%
Home and bank accounts	496,051	1,981,062	299%
Expenses registered in advance	797,417	2,939,625	269%
Total active	98,979,517	172,264,375	74%
Current liabilities, of which:	26,754,996	37,234,690	39%
Third party suppliers	8,700,116	10,567,554	21%
Debts with affiliates	946,502	849,293	-10%
Bank debts <1 year	10,250,535	16,399,804	60%
Financial leasing <1	2,541,057	5,351,281	111%
Other short-term debt	4,316,786	4,066,758	-6%
Long-term debt, of which:	24,038,717	50,991,067	112%
Bank debts	18,586,420	35,245,941	90%
Financial leasing	5,452,297	15,745,126	189%
Income in advance	194,833	327,525	68%
Total Debts	50,793,713	88,225,757	74%
Equity, of which:	47,990,971	83,711,093	74%
Subscribed and paid-in capital - common shares	37,242,621	58,242,621	56%
Preferential shares	5,827,175	5,827,175	0%

Subscribed and unpaid capital - common shares	0	0	0%
Capital premium	2,242,884	10,616,184	373%
Other reserves	958,310	968,772	1%
Losses related to equity instruments		337,232	0%
Deferred profit or loss	-1,719,270	1,720,481	200%
Profit or loss for the financial year	3,439,251	6,673,092	94%
Total equity and debt	98,979,517	172,264,375	74%

CONSOLIDATED CASH-FLOW

CASH FLOW STATEMENT (RON)	31.12.2020	31.12.2021
Profit before tax	5,084,110	6,864,578
Adjustments for:		
Debt adjustment	14,846	779,802
Stock adjustment	190,856	-660,677
Depreciation and provisions	4,068,153	6,868,895
Loss / (Profit) from the transfer of assets	-1,106,120	-1,188,726
Financial income	-1,190,295	-3,669,453
Financial costs	1,578,292	2,569,855
Profit before working capital change	8,639,842	11,564,275
Other operating receipts / (payments)	0	1,149,218
Decrease / (Increase) of receivables	-3,424,128	-7,869,105
Decreasing / (Increasing) stocks	3,784,897	-12,150,949
Increase / (Decrease) debts	1,604,382	1,520,201
Cash from operating activity	10,604,993	-5,786,360
Interest paid	-1,329,031	-1,400,512
Profit tax paid	-992,179	-882,360
Net cash from operating activity	8,283,783	-8,069,232
<i>Flows from investment activities</i>		
Acquisitions of tangible and intangible assets	-11,294,784	-44,101,820
Land acquisitions	-2,704,860	0
Sales of tangible and intangible assets	1,552,747	2,243,954
Acquisitions of firm shares	-35,674,885	-6,009,188
Guarantees	0	-1,720,000
Interest collected	37,993	9,523
Net flows from investment activities	-48,083,789	-49,577,531
<i>Flows from financing activities</i>		
Increase in share capital	20,984,266	29,373,299
Receipts / (Payments) related to leasing contracts	1,043,373	13,112,675
Short-term bank loans - net	-1,322,108	2,485,208
Long-term bank loans - withdrawals	19,850,317	18,585,645
Long-term bank loans - repayments	-716,945	-4,176,627
Currency exchange difference	-187,998	-248,427
Net flows from financing activities	39,650,905	59,131,773
Net increase / (decrease) in cash	-149,101	1,485,010
Cash at the beginning of the period	645,152	496,051
Cash at the end of the period	496,051	1,981,061

INDIVIDUAL FINANCIAL STATEMENTS

PROFIT AND LOSS ACCOUNT INDICATORS (RON)	31/12/2020	31/12/2021	Evolution%
Operating income, of which:	1,215,055	257,457	-79%
Other operating income, of which	1,215,055	257,457	-79%
Operating expenses, of which:	2,987,780	3,480,233	16%
Expenditure on materials, of which:	5,742	2,817	-51%
<i>Other material expenses</i>	<i>5,742</i>	<i>2,817</i>	<i>-51%</i>
Staff costs	395,633	665,507	68%
Depreciation expenses and value adjustments	8,233	13,318	62%
Other operating expenses	1,939,195	2,115,943	9%
Contract management allowance	638,977	682,648	7%
Operational result	-1,772,725	-3,222,776	82%
Financial income	557,044	6,541,531	1074%
Financial expenses, of which:	545,897	1,068,189	96%
<i>Interest loans & leasing</i>	<i>537,401</i>	<i>1,068,189</i>	<i>99%</i>
<i>Other financial expenses</i>	<i>8,496</i>	<i>0</i>	<i>-100%</i>
Financial result	11,147	5,473,342	49001%
Total income	1,772,099	6,798,988	284%
Total expenses	3,533,677	4,548,422	29%
Gross result	-1,761,578	2,250,566	228%
Net result	-1,761,578	2,250,566	228%

INDIVIDUAL BALANCE SHEET

BALANCE SHEET INDICATORS (RON)	31/12/2020	31/12/2021	Evolution%
Fixed assets, of which:	48,047,007	55,827,695	16%
Intangible assets	126,539	173,566	37%
Tangible fixed assets	5,231	9,704	86%
Financial assets	47,915,237	55,644,425	16%
Current assets, of which:	12,990,250	42,943,015	231%
Receivables	12,976,983	42,936,941	231%
Trade receivables	1,356,084	578,746	-57%
Other assets	11,620,899	42,358,195	265%
Short-term investments	1,240	1,240	0%
Home and bank accounts	12,027	4,834	-60%
Expenses registered in advance	79,591	374,502	371%
Total active	61,116,848	99,145,212	62%
Current liabilities, of which:	4,833,509	5,008,218	4%
Third party suppliers	100,935	62,598	-38%
Debts with affiliates	713,227	849,293	19%
Bank debts <1 year	1,762,090	2,356,143	34%
Other short-term debt	2,257,257	1,740,184	-2. 3%
Long-term debt, of which:	14,936,268	21,503,289	44%
Bank debts	14,936,268	21,503,289	44%
Total Debts	19,769,777	26,511,507	34%
Equity, of which:	41,347,071	72,633,705	76%
Subscribed and paid-in capital - common shares	37,242,621	58,242,621	56%
Preferential shares	5,827,175	5,827,175	0%
Capital premium	2,242,884	10,616,184	373%
Loss related to equity instruments	0	337,232	0%
Deferred profit or loss	-2,204,032	-3,965,609	80%
Profit or loss for the financial year	-1,761,577	2,250,566	-228%
Total equity and debt	61,116,848	99,145,212	62%

INDIVIDUAL CASH-FLOW

CASH FLOW STATEMENT (RON)	31.12.2020	31.12.2021
Profit before tax	-1,761,577	2,250,566
Adjustments for		
Debt adjustment	605	0
Depreciation and provisions	8,232	13,318
Financial income	-557,044	-6,541,531
Financial costs	545,897	1,068,189
Profit before working capital change	-1,763,887	-3,209,458
Decrease / (Increase) of receivables	-1,362,170	-32,293,078
Decrease / (Increase) expenses in advance	0	-294,911
Increase / (Decrease) debts	1,250,809	251,067
Cash from operating activity	-1,875,248	-35,546,381
Interest paid	-537,401	-981,656
Profit tax paid	0	0
Net cash from operating activity	-2,412,649	-36,528,037
<i>Flows from investment activities</i>		
Acquisitions of tangible and intangible assets	-6,317	-13,469
Acquisitions of firm shares	-35,864,206	-6,009,188
Short term investments	0	0
Dividends received	238,625	6,000,000
Interest collected	318,096	9,501
Net flows from investment activities	-35,313,802	-13.156
<i>Flows from financing activities</i>		
Increase in share capital	20,984,266	29,373,299
Bank loans - withdrawals	16,917,440	9,794,641
Bank loans - repayments	-219,082	-2,633,940
Net flows from financing activities	37,682,624	36,534,000
Increase / (decrease) in cash	-43,826	-7,193
Cash at the beginning of the period	55,853	12,027
Cash at the end of the period	12,027	4,834

PERSPECTIVE EVENTS REGARDING THE ISSUER'S ACTIVITY

The consolidated budget for 2022 of Holde Agri Invest SA is presented below. Please note that the budget is prepared in accordance with IFRS and not in accordance with the Romanian Accounting Standards (RAS). The main difference between IFRS and RAS is net profit and is the amortization of goodwill according to the statutory reporting; these depreciations do not have an impact on profit according to IFRS.

In the table below, the management also presents the budget achieved 2021 vs. the 2021 budget which was approved by the shareholders in the OGMS in April 2021.

	2021 Budget	2021 Current	Var '21C vs' 21B (%)	2022 Budget	Var '22B vs' 21C (%)
Nr. HA	8,496	8,496	0%	12,029	42%
Expense / income type	Amount (RON)	Amount (RON)		Amount (RON)	
Product sales revenue	45,451,651	42,023,779	-8%	77,479,661	84%
Subsidies	10,428,780	12,364,679	19%	14,363,514	16%
Other incomes	720,000	3,952,298	449%	1,500,000	-62%
Total revenue	56,600,431	58,340,756	3%	93,343,175	60%
Cost of production sold	17,472,946	16,807,026	-4%	36,563,567	118%
Indirect costs	2,781,000	1,579,022	-43%	1,898,975	20%
Lease	6,295,586	7,385,144	17%	11,909,447	61%
Machinery	3,978,530	3,535,054	-11%	3,525,600	0%
Auto & logistics	935,905	734,300	-22%	678,400	-8%
Administrative	1,358,000	3,590,708	164%	4,853,800	35%
Personnel	7,130,642	7,956,526	12%	11,140,975	40%
Fixed compensation management contract	675,956	682,648	1%	764,750	12%
Total expenses	40,628,565	42,270,428	4%	71,335,514	69%
EBITDA	15,971,867	16,070,328	1%	22,007,661	37%
EBITDA / HA (EUR)	376	378	1%	366	-3%
Amortization	4,452,285	3,823,022	-14%	8,076,632	111%
EBIT	11,519,582	12,247,306	6%	13,931,030	14%
Interest	2,790,702	2,569,855	-8%	3,668,973	43%
EBT	8,728,880	9,677,451	11%	10,262,057	6%
Tax profit	1,341,480	191,486	-86%	1,436,691	650%
Net profit IFRS	7,387,400	9,485,965	28%	8,825,365	-7%

BUSINESS PLAN 2023-2025

YEAR	Unit	2023	2024	2025
Cultivated area	Ha	15,179	20,179	22,500
Total Production	to	71,991	96,366	109,115
Proceeds from the sale of crops	RON	104,056,060	140,843,560	162,222,005
Grants	RON	16,128,210	20,811,227	22,979,133
Other incomes	RON	750,000	750,000	750,000
Total Revenue	RON	120,934,270	162,404,787	185,951,138
Direct input costs	RON	44,835,263	61,374,836	68,800,132
Other direct costs	RON	4,783,393	6,187,683	6,879,311
Operational expenses	RON	27,918,226	36,847,032	43,364,150
Indirect costs	RON	106,000	106,000	106,000
Total crop costs	RON	77,642,881	104,515,550	119,149,594
Gross Profit	RON	43,291,388	57,889,237	66,801,545
Gross Profit	EUR/ha	570	574	594
Total Fixed indirect costs	RON	10,560,741	11,703,653	13,026,528
EBITDA	RON	32,730,647	46,185,584	53,775,017
EBITDA	EUR/ha	431	458	478
Amortization	RON	12,076,632	15,189,132	17,072,465
Interest	RON	7,345,255	9,625,309	10,847,223
Tax profit	RON	1,863,226	2,991,960	3,619,746
Net Profit IFRS	RON	11,445,534	18,379,184	22,235,583
Net Profit IFRS	EUR/ha	151	182	198

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 changes in its final price while maintaining turnover, respectively, without being able to minimize adverse effects by cost management. The company addresses this risk through rigorous cost control, 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 significant 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 cover this risk through futures, forward commodity and / or currency contracts.

Credit risk - Credit risk is considered the main vulnerability for activities in the agricultural sector, where, in general, the speed of debt collection is slow, respectively higher than 365 days. We note that this risk is significantly more pronounced in the case of agricultural inputs (eg seeds, fuel, fertilizers, treatments, etc.) than in the case of the sale 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 on available assets. Debt collection difficulties are a potentially important 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 funds available 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 represents 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 risk - Foreign exchange risk is mainly associated with future export sales - for which the appreciation of the national currency is a negative factor, a decrease in profitability, while the devaluation of the national currency positively influences the value of revenues - but also leases 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.

The risk associated with interest rates - 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 lines of credit contracted. 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.

The risk generated by the lease-based business model - The company's business model stipulates that the optimal structure for the exploitation of the surfaces is 75% of the lease type model, 25% in the ownership regime. 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 land owner 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 it operates.

Risks related to the quantities that can be traded - Farmers have no real way of knowing how many other farmers are planting a particular crop or what average yields they may have each 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 increased numbers of competing farmers or changing consumer preferences.

Market risk - The risk refers to the possibility that the Issuer may lose access to the market for its products or that the price received will be lower than expected. Marketing risks may also arise from 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 of diminishing or eliminating APIA subsidies - Refers to the scenario of changing the legal framework at European level for 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 every effort 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 sustainable growth by acquiring new farms and by continuing investments in modernizing existing farms in its portfolio. However, the possibility that the pace at which the company is expanding its operating area may not be in line with expectations and estimates is not ruled out, and in this case could have a negative effect on the company's financial situation. In particular with regard to the extension of the exploited land, the management is prudent and selective and only considers farms that are synergistically aligned with existing farms. For years when management does not identify good enough opportunities for the expansion of exploited land, there is a plan for other investments - in storage, machinery, irrigation, farm modernization - which 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 - the financial forecasts start from the premise of fulfilling the business development plan. The company intends 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 forecasted 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 forecast or estimated as a result of factors not previously foreseen. or whose negative impact could not be counteracted or anticipated.

Key employee / staff risk - Attracting, retaining and motivating qualified personnel, an important asset for the research-development-innovation function of the Company, a 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 incentive, motivation and self-interest tools. The company also pays more attention to working conditions and increasing professional qualifications. Failure to comply with the obligations of significant contractual partners for the Issuer, between suppliers or distributors may lead to disruptions in the conduct of 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.

The risk generated by possible conflicts of interest - Even if, at this date, there are no conflicts of interest in the management, administrative and supervisory bodies of the company, the management of the Company undertakes to continuously analyse the possible causes of risk of conflicts of interest and to be prepared procedurally to meet them, the evidence of these potential conflicts being highlighted in a register.

Tax 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 may lead to additional fines and penalties. In addition to management, auditors and the Company's internal control are involved in preventing these risks.

Related party transactions - In the category of fiscal risks, those associated with transactions between related parties are highlighted. Given 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 the preparation of the Transfer Pricing File, benefiting in this respect from the assistance of the specialized department of Tuca Zbarcea & Asoc.

Legal risks - In the current activity, as a result of legislative changes, of the dynamics in its relations with counterparties (customers, competitors or regulators), the Issuer is subject to the risk of litigation, with an impact on the financial situation and on 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 held at the time of preparation of this Presentation Document, the Issuer declares that it is not aware of the existence of any governmental, judicial or arbitration proceedings, including any such ongoing or potential proceedings, in the last 12 months, nor is aware of any such procedure that would have a significant effect on the financial position or profitability.

Political and military instability in the region - Political and military instability in the region, such as the invasion of Ukraine by the Russian Federation and the subsequent war in Ukraine, can lead to deeply unfavourable economic conditions, social unrest or, at worst, military confrontations in the region. The effects are largely unpredictable, but may include declining investment, significant currency fluctuations, rising interest rates, reduced credit availability, trade and capital flows, and rising energy prices. These and other unforeseen adverse effects of crises in the region could have a material adverse effect on the Issuer's business, prospects, results of operations and financial position.

Indirectly, through controlled companies - Ronosca SRL, Agro Sargadillo SRL and Inter Muntenia, are in litigation with the Agency for Payments and Intervention in Agriculture (APIA) and the Agency for Financing Rural Investments, litigations that are started before the date of acquisition of the respective companies by the Issuer, litigations which are assumed and guaranteed by the former owners of the respective companies by withholding the disputed 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. 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, and which may change the company's actual results, financial condition, performance and performance in the future and may lead to a decrease in the company's share price. Investors should also carry out the necessary prior checks to make their own assessment of the investment opportunity.

PRINCIPLES OF CORPORATE GOVERNANCE

Statement on alignment with BVB's Corporate Governance principles for the multilateral trading system - AeRO market.

CODE	PROVISIONS TO BE OBSERVED	FULLY RESPECTFUL	NO RESPECT	EXPLANATIONS
SECTION A - RESPONSIBILITIES OF THE MANAGEMENT BOARD (BOARD)				
A1.	The company should have internal Board regulations that include terms of reference regarding the Board and key management functions of the company. The administration of the conflict of interests at Council level should also be dealt with in the Council Regulation	√		The Issuer fully complies with this provision.
A2.	Any other professional commitments of the members of the Board, including the position of executive or non-executive member of the Board in other companies (excluding subsidiaries of the company) and non-profit institutions, will be notified to the Board before appointment and during the term of office.	√		The Issuer fully complies with this provision. All the professional commitments of the Directors can also be found in the company's annual reports.
A3.	Each member of the Board shall inform the Board of any connection with a shareholder who directly or indirectly holds shares representing not less than 5% of the total number of voting rights. This obligation shall take into account any connection which may affect the position of that Member on matters relating to decisions of the Council.	√		The Issuer fully complies with this provision.
A4.	The annual report will inform whether an evaluation of the Council under the chairmanship has taken place. The annual report shall contain the number of meetings of the Council.	√		The Issuer fully complies with this provision.
A5.	The procedure for cooperation with the Authorized Consultant for a period during which such cooperation is applicable shall contain at least the following:	√		The Issuer has signed a contract with Cornerstone Communications SRL for the provision of Authorized Consultant services, post-listing, for a period of 12 months.
A.5.1.	Contact person for the Authorized Consultant	√		
A.5.2.	The frequency of meetings with the Authorized Consultant, which will be at least once a month and whenever new events or information involve the submission of current or periodic reports, so that the Authorized Consultant can be consulted;	√		

A.5.3.	The obligation to inform the Bucharest Stock Exchange about any malfunction that occurred during the cooperation with the Authorized Consultant, or the change of the Authorized Consultant.	√		
SECTION B - INTERNAL CONTROL / AUDIT				
B1.	The Board will adopt a policy so that any transaction of the company with a subsidiary representing 5% or more of the company's net assets, according to the latest financial reporting, is approved by the Board.			Holde does not have such a policy in place. In any case, Holde did not make such transactions in 2021.
B2.	The internal audit must be carried out by a separate organizational structure (internal audit department) within the company or through the services of an independent third party, which will report to the Board and, within the company, report directly to the General Manager.	√		In 2021, Holde Agri Invest had an internal auditor.
SECTION C - FAIR REWARDS AND MOTIVATION				
C1.	The company will publish in the annual report a section that will include the total income of the members of the Board and the general manager and the total amount of all bonuses or any variable compensation, including the key assumptions and principles for their calculation.	√		The Issuer fully complies with this provision.
SECTION D - BUILDING VALUE THROUGH INVESTOR RELATIONS				
D1.	The company must organize an investor relations service made known to the general public through the responsible person. In addition to the information required by law, the company must include on its website a section dedicated to investor relations, in Romanian and English, which will present all relevant information of interest to investors, including:	√		Holde Agri Invest follows all the rules regarding the IR function, as detailed below. The company has a dedicated investor relations section on www.holde.eu which is available in both English and Romanian.
D1.1	The main regulations of the company, in particular the articles of association and the internal regulations of the statutory bodies;	√		Holde Agri Invest's key regulations can be found on the issuer's website.
D1.2	CVs of members of statutory bodies;	√		The CVs and biographies of the company's management staff can be found on the Holde Agri Invest website as well as in the annual reports.
D1.3	Current and periodic reports;	√		All current and periodic Holde Agri Invest reports are available on the issuer's website.
D1.4	Information on general meetings of shareholders: agenda and related materials; decisions of general meetings;	√		All information about AGA Holde Agri Invest is available on the issuer's website.

D1.5	Information about corporate events such as the payment of dividends or other events that result in the acquisition or limitation of a shareholder's rights, including deadlines and the principles of such transactions;	✓		If applicable, this information will be published by the company on the Holde Agri Invest website, as well as in a current report sent to BVB.
D1.6	Other extraordinary information that should be made public: cancellation, modification, initiation of cooperation with an authorized consultant; or signing, renewing or terminating an agreement with a market marker.	✓		If applicable, this information will be published by the company on the Holde Agri Invest website, as well as in a current report sent to BVB.
D1.7	The company must have an investor relations function and include in the section dedicated to this function, on the company's website, the name and contact details of a person who has the ability to provide, upon request, appropriate information.	✓		Contact details for Holde Agri Invest's IR department can be found on the company's website in the "Investors" section.
D2.	The company must adopt a dividend policy as a set of guidelines / principles regarding the distribution of net profit. The dividend policy must be published on the company's website.	✓		The company's dividend policy is available on the Holde Agri Invest website, in the "Investors" section.
D3.	The company must adopt a policy on forecasts, indicating whether or not they will be provided. Forecasts are quantified conclusions of studies aimed at determining the total impact of a list of factors for a future period (hypotheses). The policy must set out the frequency, the period under consideration and the content of the forecast. If published, the forecasts will be part of the annual, half-yearly or quarterly reports. The forecast policy will be published on the company's website.	✓		Holde Agri Invest's forecast policy is available on the Company's website in the "Investors" section.
D4.	The company must set the date and place of a general meeting so as to allow the participation of as many shareholders as possible.	✓		Holde Agri Invest organizes and will continue to organize the GMS on weekdays, in Bucharest, as well as online.
D5.	The financial statements must include information in both Romanian and English on the main factors that influence changes in sales, operating profit, net profit or any other relevant indicator.	✓		Holde Agri Invest issues all investor information, including financial reports, bilingually, in English and in Romanian.
D6.	The company must hold at least one meeting / conference call with analysts and investors each year. The information presented on these occasions will be published in the investor relations section of the company's website, at the time of that meeting / conference call.	✓		Holde Agri Invest organizes "HAI Investor Day" at least once a year - an event to which all stakeholders are invited, including investors, analysts, and media representatives.

DECLARATION OF THE MANAGEMENT

Bucharest, March 27, 2022

According to the best available information, we confirm that the audited individual and consolidated financial statements prepared for the period from January 1, 2021 to December 31, 2021 provide a fair and accurate picture of the assets, liabilities, financial position and income statement of Holde Agri Invest SA, as required by the applicable accounting standards, and that the Director's Report provides a fair and accurate picture of the important events that took place during the financial year 2021 and their impact on the individual and consolidated financial statements.

Iulian-Florentin Circiumaru

Legal representative of Holde Agri Management SRL,

Sole Director of Holde Agri Invest SA