

To: BURSA DE VALORI BUCUREȘTI S.A.  
AUTORITATEA DE SUPRAVEGHERE FINANCIARĂ

## CURRENT REPORT 36/2023

According to Law nr. 24/2017 regarding issuers of financial instruments and market operations, ASF regulation nr. 5/2018 regarding the issuers of financial instruments and market operations and/or the Bucharest Stock Exchange Rulebook for Multilateral Trading System.

Date of report	07.11.2023
Name of the Company	Holde Agri Invest S.A.
Registered Office	Intr. Nestorei nr. 1, Corp B, Etaj 10, Sector 4, Bucharest
Phone	+40 754 908 742
Email	<a href="mailto:investors@holde.eu">investors@holde.eu</a>
Trade Registry No.	J40/9208/2018
Fiscal Code	39549730
Subscribed and paid share capital	102,130,890 RON
Total number of shares	102,130,890 shares, of which 101,435,040 ordinary class "A" shares and 695,850 preferred class "B" shares
Market where securities are traded	MTS AeRO Premium, symbol HAI

### **Important events to be reported:** Revised 2023 Revenue and Expense Budget

The management of Holde Agri Invest S.A. (hereinafter referred to as the "Company") informs the market about the necessary revision to the 2023 Revenue and Expense Budget. The revision was compelled by a confluence of external factors that were outside the Company's control, in particular, the combination of very high crop setting-up costs paired with a substantial decline in sale prices of primary crops cultivated by the Company in significant quantities. This unprecedented downturn will significantly affect the Company's 2023 turnover and profit indicators, as presented in this report.

The company's key performance indicator - production - increased by 7% YOY in 2023 compared to 2022, reaching an estimated 46,026 tons, and at the level of indirect expenses there was a decrease of 26% compared to 2022, in the context of operating a larger farmland. But despite these achievements, amid the dramatically lower grain prices and significantly higher costs of agricultural inputs, the Company's management estimates an annual result significantly below the initial budget.

The management also emphasizes that the 2023 budget was prepared based on prices approximately 10% below the 2022 crop's sales averages.

The evolution of the prices for the main crops cultivated by Holde in 2023 compared to 2022 is presented below:

Crop	Average selling price (RON/ton) in 2022	Average selling price (RON/ton) in 2023	2022 vs. 2023
Wheat	1,613	891	-45%
Rapeseed	3,673	1,729	-53%
Sunflower	2,937	1,534	-48%
Maize	1,377	835	-39%

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Initially, the management's strategy to the downturn was to hold on to the crop reserves, anticipating recovery in prices, in line with the assumed cost level. However, faced with the persistent and worsening price declines, and considering that a significant time has passed, the management decided to start capitalizing on the existing crops at the current market prices. This strategic move is aimed at protecting cash flows and mitigating any further potential losses from the depreciating market.

In order to protect the Company from external and internal factors that significantly influenced the agricultural activity of this year, the management focused on strict cost control measures across the group. This ensured stability in terms of expenses, which were maintained or even decreased compared to the operated farmland.

The 2023 Revenue and Expense Budget, revised and presented in comparison to the original budget, is included below:

	2023 Budget	Revised 2023
Operated farmland	12,915	13,700
	Amount (RON)	
Product sales revenue	103,066,528	68,372,361
Subsidies	15,094,925	16,728,640
Other revenue	1,500,000	3,419,192
<b>Total revenue</b>	<b>119,661,453</b>	<b>88,520,193</b>
Cost of production sold	46,751,756	52,251,988
Lease	15,034,000	13,367,037
Operating expenses	30,698,588	31,363,674
<b>Total expenses</b>	<b>92,484,344</b>	<b>96,982,699</b>
<b>Operating EBITDA</b>	<b>27,177,109</b>	<b>-8,462,506</b>
SOP program	1,379,209	0
<b>EBITDA</b>	<b>25,797,900</b>	<b>-8,462,506</b>
<b>EBITDA/HA (EUR)</b>	<b>421</b>	<b>-124</b>
Depreciation expenses	9,419,343	9,818,815
<b>EBIT</b>	<b>16,378,557</b>	<b>-18,281,322</b>
Interest expense	6,013,672	6,434,291
<b>EBIT</b>	<b>10,364,885</b>	<b>-24,715,613</b>
Profit tax expenses	900,000	154,659
Net profit before termination of management contract	9,464,885	-24,870,272
Management contract termination cost	0	713,039
<b>Net profit without amortization of goodwill &amp; leasehold</b>	<b>9,464,885</b>	<b>-25,583,311</b>
Amortization of goodwill & leasehold according to OMF1802	4,300,000	4,664,221
<b>RAS net profit</b>	<b>5,164,885</b>	<b>-30,247,532</b>

Despite a complex and unprecedented year in agriculture, the management informs the market that the Company has the necessary resources to ensure the business continuity. To this end, the Company has secured working capital accessible lines from its principal bank, ensuring the necessary liquidity to operate in current market conditions. In addition, the Company has extended payment

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terms with its suppliers and is in advanced negotiations for additional financing to consolidate the Company's financial position and access capital for further investments.

It is important to emphasize that the 2023 estimated financial results do not affect the 2023/2024 agricultural campaign of Holde Agri Invest. The Company has already completed the sowing for the autumn campaign (wheat, rapeseed, and barley) without delay. Furthermore, most inputs for the 2024 spring campaign (maize, sunflower, peas, soybeans) were already purchased and are in the Company's possession, to be used in next year's sowing campaign.

Furthermore, according to the Company's data, the acquisition prices of fertilizers for the 2023-2024 campaign are more than 50% lower than in the last two years. Therefore, due to this aspect, the main expenses of the Company will decrease considerably in the future. The Company estimates that the volatility of the last two years will diminish significantly and that the grain capitalization price/agricultural input expenses ratio will return to a normal pace. In addition, considering the increase in the farmland forecasted by the Company, based on the signed contracts, the indirect expenses per hectare will decrease even more, thus contributing to a return of profitability to the targeted margins.

Chairman of the Board of Directors

Iulian-Florentin Circiumaru