

PRESS RELEASE

New Delhi, 20th August 2021

VELCAN HOLDINGS: SUSPENSION OF INDIAN OPERATIONS

Velcan Holdings announces that the Government of Arunachal Pradesh (GoAP) has refused to consider vital amendments to the concession agreements of its Indian hydropower projects. As a consequence, the projects are not in a position to progress and the company has decided to suspend them. The company will look for a majority partner to take over the projects and will focus on the management of its global portfolio of minority financial assets.

The main provisions at stake relate to the allocated installed capacities, the administrative fees, the development timeframe, the conditions under which Velcan Holdings would be obliged to start the projects' constructions, the obligations of both parties, and the increase of the free power to the GoAP against the withdrawal of its potential equity participation in the projects. After several years of negotiation, the GoAP only agreed on the later point, whereas Velcan Holdings considers the GoAP had initially no right to any equity participation in the projects.

The concession agreements are the central foundation of the projects as they are the basis of all technical and environmental licenses and authorizations, and the basis for further projects development, including their bank financing. In absence of the above-mentioned amendments, notably appropriate allotted capacities and timeframe, the current concession agreements are inadequate and the Techno-Economic Clearances granted by the Government of India in 2015 are technically not valid anymore as their renewal depends on the concession agreement amendment.

This comes on top of the numerous deadlocks encountered by the projects during the past 3 years regarding essential development activities which mostly depend on the Governments (central and local), such as the delays in the road infrastructure, the inability of the GoAP to make significant progress in the land acquisition and the inability of electricity distribution companies to sign long term bankable power purchase agreements (projects status is detailed in the annual report available at www.velcan.lu).

As a result, Velcan Holdings cannot pursue anymore the development of the projects and has decided to suspend its entire Indian operations. The Group's New Delhi Office as well as site offices will be shut down by the end of Q3 2021. The Group will continue to monitor the



evolution of the Indian hydropower market and will look for a majority partner to take over the projects and the development operations.

An additional provision of Eur 7.4 million (50%) for S1 2021 will be booked on the intangible value of the Indian projects, in addition to the previously booked provisions. Considering the previously booked provisions, this will bring the total provision to Eur 14.5 million (100%).

From now onwards, Velcan Holdings balance sheet will be constituted exclusively of minority financial investments (except for its historical participation in the Rodeio Bonito plant in Brazil).

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About Velcan:

Velcan Holdings is a Luxembourg headquartered investment holding company founded in 2005, managing a global portfolio of financial assets, focusing on minority investments, as of today mostly in listed securities.

Velcan Holdings' headquarters are in Luxembourg, with administrative and financial offices in Singapore and Mauritius.

The company was launched more than 15 years ago by its reference shareholder LHP SA, owned by Velcan Holdings' management team.

Velcan Holdings is listed on the Euro MTF Stock Market in Luxembourg (Ticker VLCN/ISIN FR0010245803).

Velcan Holdings never performed any Public Offer as understood under Directive 2003/71/CE of the European Parliament and Council.

Disclaimer

This press release contains prospective information about the potential of the projects in progress and/or of the projects of which the development has begun. This information constitutes objectives attached to projects and shall not be construed as direct or indirect net income forecast of the concerned year. Reader's attention is also drawn on the fact that the performance of these objectives depends on future circumstances and that it could be affected and/or delayed by risks, known or unknown, uncertainties, and various factors of any nature, notably related to economic, commercial or regulatory conjuncture, which occurrence could be likely to have a negative impact on future activity and performances of the Group.

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