

# VELCAN Holdings

## **Half Yearly Report And Consolidated Financial Statements (Condensed and Unaudited)**

**30<sup>th</sup> June 2021**

### **Velcan Holdings S.A.**

RCS Luxembourg B145006  
–Luxembourg Stock Exchange – FR0010245803  
[www.velcan.lu](http://www.velcan.lu)

## SUMMARY

<b>I - MANAGEMENT REPORT .....</b>	<b>3</b>
1. ABOUT VELCAN HOLDINGS .....	3
2. KEY FIGURES .....	3
3. IMPORTANT EVENTS AND ACTIVITY OVER THE PERIOD .....	4
4. SIGNIFICANT EVENTS SINCE 30TH JUNE 2021 .....	8
<b>II - CONSOLIDATED BALANCE SHEET - ASSETS .....</b>	<b>9</b>
<b>III - CONSOLIDATED BALANCE SHEET - LIABILITIES .....</b>	<b>10</b>
<b>IV - INCOME STATEMENT .....</b>	<b>11</b>
<b>V - COMMENTS ON CONSOLIDATED FINANCIAL STATEMENTS .....</b>	<b>12</b>

## I - MANAGEMENT REPORT

### 1. ABOUT VELCAN HOLDINGS

Velcan Holdings is a Luxembourg headquartered investment holding company founded in 2005 managing a global portfolio of participations. As of 30<sup>th</sup> June 2021, 95% of the assets of the group are deployed in listed and unlisted financial investments, minority private equity participations, cash and cash equivalents (bank current accounts and deposits). The group also holds a majority participation in a 15 MW hydro power plant in Brazil.

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

Velcan Holdings is listed on the unregulated Euro MTF Stock Market in Luxembourg (Ticker VLCN/ISIN FR0010245803). Velcan Holdings never performed any Public Offer as understood under the Directive 2003/71/CE of the European Parliament and Council.

### 2. H1 2021 KEY FIGURES (unaudited)

	<u>30.06.2021</u>	<u>30.06.2020</u>	<u>Var %</u>
Turnover Half Year (Million Euros)	<b>0.8</b>	<b>1.0</b>	<b>-13%</b>
EBITDA Half Year (Million Euros)	<b>-1.8</b>	<b>-1.3</b>	<b>-36%</b>
Net Result Half Year (Million Euros)	<b>6.1</b>	<b>-2.7</b>	<b>NA</b>
	<u>30.06.2021</u>	<u>31.12.2020</u>	<u>Var %</u>
Cash and Financial instruments (Million Euros)	<b>118</b>	<b>105</b>	<b>+13%</b>
Consolidated Equity (Million Euros)	<b>122</b>	<b>116</b>	<b>+6%</b>

### **3. IMPORTANT EVENTS AND ACTIVITY OVER THE PERIOD**

#### **H1 2021 key figures and comments**

##### Financial income

In H1 2021, the Group has further reduced its bond portfolio given it estimated the rewards remained insufficient to cover the potential default risks. With the US and Chinese market experiencing a rebound with the support of the FED and increased vaccination campaigns, the Group positions in equity and commodities (the latter mostly oil and gold related) have on average performed well, leading to a financial gain of EUR 15.8m, compared to EUR 1.9m at the end of H1 2020. The biggest contributor to this gain were the investments in banks and oil related companies.

As of June 30<sup>th</sup>, the portfolio is mainly constituted of cash (26%), gold and silver (21%), oil related stocks (24%), and equity long positions (39%). The balance is equity short positions, BRL and INR MM funds, bonds and private equity (see full details in chart page 5, the total is more than 100% because of the overdraft facility, which accounts negatively in the portfolio for -21%).

As of H1, the Group financial assets were exposed to the US Dollar (16% against 35% in December 2020), the Japanese Yen (25%, at the same level as in December 2020) and the Euro (19% against 22% in December 2020). It is to be noted that the Gold and Silver positions are priced in USD and as such are included in the former USD exposure.

##### Other incomes

The turnover, exclusively coming from Velcan Holding's participation in the Rodeio Bonito hydropower plant in Brazil, in the first half of 2021 (H1 2021) amounted to EUR 0.8m. It was down by 12% when expressed in Euros and up by 4.5% when expressed in BRL relative to H1 2020. This mainly results from the stronger **average** EUR/BRL rate during H1 2020 (1 EUR=5.42 BRL) vs H1 2021 (1 EUR=6.49 BRL).

Operating costs were higher when compared to H1 2020 (EUR -2.6m during H1 2021, versus EUR -2.0m during H1 2020) because of a EUR 0.8 m provision booked for staff cost in view of the very good financial result achieved so far in 2021.

Depreciation, Amortization & Provisions increased significantly (EUR -7.6 m for H1 2021 vs -3.1 m for H1 2020) mostly because of the full impairment made on Indian Projects (EUR 7.4m booked in H1 2021, bringing the total impairment of the Indian projects to 100% considering previous impairments, see infra and events after the closing date). Added to the consumed purchases in Brazil, this led to a sharp increase of the operating loss (EUR -9.4m for H1 2021 against EUR -4.5m for H1 2020)

Net result, Group share, was therefore a gain of EUR 6.1m vs. a loss of EUR 2.7m in H1 2020.

Group other comprehensive income amounts to a gain of EUR 0.7m in H1 2021 vs a loss of EUR -3.6 m in H1 2020, mostly due to the appreciation of the Brazilian currency (+7%) and the Indian Rupee (+2%) and its impact on the Group conversion reserves where the assets held in foreign currency in Brazil (Rodeio Bonito) and India are translated into Euro. The Group total comprehensive income for H1 2021 amounts to a gain of EUR 6.8m vs a loss of EUR 6.2m in 2020.

Shareholders equity amounts to EUR 122.5m as of 30<sup>th</sup> June 2021 vs. EUR 115.8m as of 31<sup>st</sup> December 2020 (EUR 6.7 m) mostly due to good financial result during H1 2021.

The Company had initiated a **buyback program** on 13th March 2020 in order to purchase another 300,000 shares at a maximum price of Eur 5.1 per share, for a maximum total amount of buyback that shall not exceed 1,530,000.00 Euros, excluding acquisition costs. As of 16th September 2020, the Company had bought back a total of 112,104 shares at a weighted average price of 4.85 euros per share and for a total amount of 543,879 euros under such program. The maximum purchase price was amended to 7 euros on 17th September 2020. Out of this program, which is still ongoing, the Company bought a total of 219,823 shares for a total amount of 1,285,525 euros (including brokerage) as of 30th June 2021. A total of 20,426 shares were acquired during H1 2021 itself.

46 350 shares were distributed to employees in early 2021 (the cost of which was already booked in 2020 accounts), while 6,350 shares were bought at 7 euros directly from Indian employees, at their request, as they were not able to sell them directly in the market for technical reasons.

The number of 294,449 Treasury shares as of 30<sup>th</sup> June 2021 has decreased as compared to 31<sup>st</sup> December 2020 (314,023 own shares) due to the above distribution of 46 725 shares to employees and despite the above mentioned programs . The net number of outstanding shares as of 30<sup>th</sup> June 2021 is 5,257,871.

### **Listed and unlisted minority investments – performance of portfolio during H1 2021**

The Group has kept managing its portfolio of financial assets to provide financial returns. The Group has invested over the years in a diversified array of financial assets including:

- a) until late 2019 mainly corporate and government bonds both in local and reserve currencies;
- b) since then mainly in worldwide equity, gold related assets, commodities, forex, direct lending and private equity investments.

In H1 2021, the Group has further reduced its bond portfolio given it estimated the rewards remained insufficient to cover the potential default risks. With the US and Chinese market experiencing a rebound with the support of the FED and increased vaccination campaigns, the Group positions in equity and commodities (the latter mostly oil and gold related) have on average performed well, leading to a financial gain of EUR 15.8m, compared to EUR 1.9m at the end of H1 2020. The biggest contributor to this gain were the investments in banks and oil related companies.

<b>FINANCIAL INSTRUMENTS</b>	<b>Value 30.06.2021 in mEUR</b>	<b>Weight</b>	<b>Value 31.12.2020 in mEUR</b>	<b>Weight</b>
Bonds	6.4	5%	19.5	19%
Cash and cash equiv.	30.5	26%	11.7	11%
Gain on forward forex position	0.0	0%	0.7	1%
Gold and silver related stocks	25.0	21%	23.7	23%
Oil related stocks	28.5	24%	21.6	21%
Equity Long positions (EM, EU, USA, Japan)	46.5	39%	44.3	42%
Equity Short	3.3	3%	3.8	4%
BRL and INR MM Funds	2.2	2%	3.2	3%
Private Equity & Lending	0.4	0%	0.6	1%

<b>Total assets (A)</b>	<b>142.8</b>	121%	<b>128.4</b>	123%
<b>Bank Overdraft</b>	-24.2	-21%	-23.9	-23%
<b>Loss on forward forex positions</b>	-0.5	0%	0.0	0%
<b>Total in Financial liabilities (L)</b>	<b>-24.8</b>	-21%	<b>-23.9</b>	-23%
<b>Net Total (A+L)</b>	<b>118.1</b>	100%	<b>104.5</b>	100%

The equity portfolio, including gold, silver and oil related stocks, is deployed across a diversified array of 75 different issuers and ETFs. The Eur 20.9m gold position (denominated in USD), which the Group considers to be equivalent to a separate currency, is held through 4 positions: a large position of EUR 14.8m of SPDR Gold Shares, which is an ETF backed by physical gold, and 3 smaller holdings in mining companies.

While reallocating its financial assets towards equity during 2020, the Group has invested in companies which were trading at historically low prices and could benefit from the improvement of the Covid-19 situation. The two sectors hence selected were banking and energy. We have already started to see positive performance on those stocks as they started to recover in H1 2021 from their low prices of 2020.

Like at the end of 2020, 4 oil related stock positions are above EUR 3 million as at 30/06/2021: Royal Dutch Shell Plc, Total SA, Exxon Mobil Corp and Chevron Corp. As to non-oil and non-gold equity, the Group's biggest positions are still in the financial sector, with 5 positions above Eur 2.5 million each: Citigroup Plc, Wells Fargo & Co, Banco Bilbao Vizcaya Argentaria SA, Banco Santander and Capital One Financial Corp. All other non-oil and non-gold/silver positions are below Eur 2 million, and diversified in various sectors such as notably automotive and heavy industries.

Geographically the Group's equity investment is mostly exposed to U.S, Europeans and Japanese issuers as of June 30<sup>th</sup> 2021. The newly invested equity performed well during the year. The banking and oil related investment have performed well. In the range of +40 to +60%.

The Gold and Silver investment are viewed as an insurance against potential future inflation or monetary debasement. This investment is viewed as if the Group had invested in an additional currency. At the end of semester, this investment is approximately even.

The remaining bonds portfolio is exposed to issuers in the, BB, CCC and Non Rated categories (as defined by Standard & Poor's). One of the bonds has a long maturity, whereas the other has a maturity of less than 4 years. At period closing date the lines of the Group are with the following issuers:

- a) EUR 2.0 exposure to the republic of Argentina.
- b) above EUR 4.0 m of exposure to NORDDEUTSCHE LANDESBANK

The performance of the bond investments is not material compared to the one of the rest of the portfolio in H1 2021. The Group had already significantly reduced the size of the bond portfolio as of the end of the year 2020, and kept doing so in H1 2021, bringing it to 5% of the total financial portfolio. Because of the current extremely low interest rates and stimulative financial conditions enacted by the central banks of Japan, the USA and Europe, the yields and spreads on all types of bonds are extremely low. Unless there is a dramatic change in financial

conditions it is unlikely that the Group will invest significantly in the medium term in corporate bonds. And the current portfolio will probably be further gradually reduced.

As of the end of H1 2021, the Group private investments sit at EUR 0.4m, which represent only private equity and are mostly investments in the shipping sector (vessels) made between 2016 and 2019. The Group also had granted loans to finance vessels to shipping operators. On one of them, a principal amount and various recoverable expenses related to the recovery of the loan remain due to the Group (EUR 3m excluding interests) but remain fully impaired. The Group is continuing its recovery efforts.

The Group has further reduced its financial exposure to the USD and maintained its exposure to the Euro and the Japanese Yen. As of H1, the Group financial assets were exposed to the US Dollar (16% against 35% in 2020), the Japanese Yen (25% was kept at the same level as in 2020) and the Euro (19% against 22% in 2020). It is to be noted that the Gold and Silver positions are priced in USD and as such are included in the former USD exposure.

The Group has also EUR 2.2 m of investments in BRL and INR MM funds, mostly invested in funds which liquidity is expected to be good.

Contrary to the previous years, the Group has fully invested its cash and has used some leverage. The net cash position of the group as of 30/06/21 is EUR 6.38 m (cash and cash equivalents of EUR 30.5m and a bank overdraft of EUR 24.2 m secured on the listed financial assets of the Group). The Group had a net long cash position of EUR -12.9m as of 31/12/20.

### **Majority participation in the Brazilian hydro plant - performance during H1 2021**

The production of 13,284 MWh during H1 (against 14,688 MWh in H1 2020) was again very weak and well below Rodeio Bonito's ensured energy<sup>1</sup>. This reflects very low precipitation levels in Brazil in H1 2021 comparable to low precipitation levels in Brazil in H1 2020. The extensive rain deficit in Brazil in 2021 has been covered in many press articles.

This resulted again in an overall MRE system (Energy Reallocation System) in deficit in H1 2021, with a significant impact of consumed purchased for the Rodeio Bonito plant (EUR -0.2m in H1 2021 compared to EUR -0.3m in H1 2020). The MRE impact during H2 2021 will depend on national precipitation levels until the end of the year.

The operation and maintenance of Rodeio Bonito are satisfactory with a technical availability of 99.3% during H1 2021, against 98.2% for H1 2020.

The turnover from sales of electricity by the Rodeio Bonito Hydro Power Plant (HPP) in Brazil amounted to EUR -0.8m. It was up by 4.5% when expressed in Euros and down by 13% when expressed in BRL relative to H1 2020 (EUR -1.0 m for H1 2020).

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<sup>1</sup> In Brazil, « guaranteed energy » or « ensured energy » means the annually marketable energy as approved by MME – Ministério de Minas e Energia (Department of Mines and Energy) and guaranteed through the Brazilian power system for power plants opting for the MRE (Energy reallocation Mechanism), mechanism functioning at national scale, even if the production is impacted by a bad hydrology some years. This mechanism covers the hydrological risk in case some Brazilian areas are experiencing drought, whereas other areas are experiencing heavy rains. The guaranteed energy is usually sold through mid-term fixed inflation-linked contracts. However this mechanism does not cover the risk of a national drought across Brazil which results in an overall MRE system in deficit. In this case, the Rodeio Bonito plant EBITDA could collapse drastically as all participants of the MRE system will have their guaranteed energy reduced proportionally to the overall deficit. In this case the plant has to purchase electricity in the spot market to compensate for its generation deficit, called MRE payments as consumed purchases.

As a result of a lower turnover and high costs related to MRE system, the EBITDA (earnings before interests, taxes and amortization) of the plant amounted to BRL 2.8m against BRL 2.1m in H1 2020. When converted in EUR, the EBITDA was steady to EUR 0.4m vs 0.4m in H1 2020.

### **Suspension of Indian projects during H1 2021**

In India the negotiation of the amendment of the concession agreements of the hydro projects came to a deadlock, as the Government of Arunachal Pradesh (GoAP) refused categorically to consider vital provisions, despite further exchanges and discussions between April and July 2021.

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 development 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.

During H1 2021 and after almost one year of complete inactivity, the surveys required by the section 19<sup>2</sup> of the land acquisition procedure, were restarted in February 2021. The surveys and boundary marking were completed by the District Administration in March 2021. But as of the date of this report, the Group has not received the official survey report and list of land owners from the District Administration. Because Section 19 has not been completed, it is the understanding of the group that the section 11 of the procedure, which is crucial as it enacts the consent of the land owners to land acquisition, expired on 25<sup>th</sup> September 2021.

As for the other project activities (land acquisition, access road, forest clearance and power purchase agreement) presented in detail in the annual report published in April 2021, no progress is to be reported for H1 2021.

Not seeing any possibility of further discussion with GoAP, Velcan Holdings decided to suspend the projects, as they are not in a position to make any progress at all under such circumstances. The Group's entire Indian operations were suspended, and the Group's New Delhi Office as well as site offices have been shut down by the end of Q3 2021. The Group will continue to monitor the evolution of the Indian hydropower market, and although it is not favorable at the moment, will look for a possible majority partner to take over the projects and the development operations.

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<sup>2</sup> The completion of section 19 activities is essential, especially the establishment of the final land owners list as it is the basis of the financial allocations under the future rehabilitation plan and land compensations. After the completion of the Section 19, the State Government will have to carry on another set of activities and procedural steps such as the computation of land values, enquiries on claims made by owners, issuance of individual financial awards (Sections 23 to 30), rehabilitation plan implementation, payment procedures and taking physical possession of the Land (Section 38).



An additional provision of Eur 7.4 million (50%) for S1 2021 has been 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%).

#### **4. IMPORTANT EVENTS SINCE 30<sup>th</sup> JUNE 2021**

Apart from the suspension of the Indian hydropower projects in August 2021, mentioned above, there are no important events to be reported under this section.

## II – UNAUDITED CONSOLIDATED BALANCE SHEET (ASSETS)

*In thousands of Euros*

<b>Assets</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
<b>Non current assets</b>		
Intangible assets	1,165	8,256
Tangible assets	5,510	5,315
Non current financial assets	475	805
<b>Total non-current assets</b>	<b>7,150</b>	<b>14,375</b>
<b>Current assets</b>		
Current financial assets	111,947	115,946
Trade and other receivables	151	256
Income tax receivables	21	10
Other current assets	106	175
Cash and cash equivalents	30,707	11,673
<b>Total current assets</b>	<b>142,932</b>	<b>128,060</b>
<b>Total assets</b>	<b>150,082</b>	<b>142,435</b>

### III – UNAUDITED CONSOLIDATED BALANCE SHEET (LIABILITIES)

Thousands of Euros

Liabilities	30.06.2021	31.12.2020
<b>Equity</b>		
Issued capital	5,552	5,552
Additional paid in capital	120,607	120,607
Other reserves and conversion reserves	(9,815)	(12,460)
Net income for the year	6,137	2,119
<b>Total Equity</b>	<b>122,482</b>	<b>115,819</b>
<b>Non current liabilities</b>		
Non current provisions	727	713
Other non current liabilities	946	950
<b>Total non-current liabilities</b>	<b>1,673</b>	<b>1,662</b>
<b>Current liabilities</b>		
Current financial liabilities	24,836	23,918
Trade and other payables	994	930
Income tax payables	85	98
Other current liabilities	13	8
<b>Total Current Liabilities</b>	<b>25,927</b>	<b>24,954</b>
<b>Total Liabilities</b>	<b>150,082</b>	<b>142,435</b>

## IV – UNAUDITED INCOME STATEMENT

Thousands of Euros

Statement of Profit & Loss	30.06.2021	30.06.2020
Operating revenues	832	953
<b>Total operating revenues</b>	<b>832</b>	<b>953</b>
Purchases	(165)	(313)
External expenses	(554)	(724)
Payroll expenses	(2,072)	(1,248)
Operating tax expenses	(0)	(11)
Depreciation, Amortization & Provisions	(7,625)	(3,142)
<b>Current operating result</b>	<b>(9,584)</b>	<b>(4,484)</b>
Other operating income	143	6
<b>Operating result</b>	<b>(9,442)</b>	<b>(4,478)</b>
Financial Income	17,373	2,801
Financial expenses	(1,544)	(954)
<b>Financial Result</b>	<b>15,829</b>	<b>1,847</b>
Income tax expense (-) / benefit (+)	(250)	(66)
<b>Net result from continuing operations</b>	<b>6,137</b>	<b>(2,698)</b>
Earnings per share (in Euros)	1.16	(0.49)
Diluted earnings per share (in Euros)	1.12	(0.49)
<b>EBITDA</b>	<b>(1,816)</b>	<b>(1,337)</b>
Statement of total comprehensive Income	30.06.2021	30.06.2020
Net income	6,137	(2,698)
Other comprehensive income, that will not be reclassified subsequently to profit or loss	666	(3,551)
<b>Group Total Comprehensive income</b>	<b>6,804</b>	<b>(6,249)</b>

## V - COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. EFFECTIVE FOREIGN EXCHANGE RATES

1 € =	30.06.2021		31.12.2020		30.06.2019	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
BRL (Brazilian Real)	5.89	6.49	6.35	5.90	6.14	5.42
INR (Indian Rupee)	88.1100	88.44	89.88	84.66	84.88	81.79
AED (Dirham UAE)	4.35	4.43	4.51	4.19	4.13	4.05
USD (US Dollar)	1.19	1.21	1.22	1.14	1.12	1.10
SGD (Singapore Dollar)	1.60	1.61	1.61	1.57	1.57	1.54

### 2. COMMENTS ON THE BALANCE SHEET

#### ASSETS

##### Intangible Assets

The Group continued its operations in India (EUR +0.1m of gross intangible assets acquired ) before stopping them in August 2021 (see part I-3 of this report). Despite the positive effect of Brazilian and Indian currencies fluctuations (EUR 0.2m), the amortization and provisions allowance (EUR -7.4m), mostly due to the full impairment of Indian projects therefore prompted intangible assets to decrease by EUR 7.1m (to EUR 1.2m vs. EUR 8.3m at 31<sup>st</sup> December 2020).

##### Tangible Assets:

Tangible assets were up to EUR 5.5m at of 30<sup>th</sup> June 2021 versus EUR 5.3m at 31<sup>st</sup> December 2020, an increase of EUR 0.2m. This variation is the net result of, the combined effects, on one hand, of the increase of the Brazilian Real on the book value of Rodeio Bonito expressed in Euros because of the appreciation of the Brazilian currency (EUR 0.4m) and, on the other hand, of the depreciation expense of that same asset (EUR -0.2m).

##### Cash, Cash Equivalents & financial assets:

These assets were significantly up (EUR 14.7m only) mostly because of the very good financial result (EUR 15.8m). Please report to the part I-3 for detailed comments on the financial assets.

#### LIABILITIES

##### Capital:

The issued capital still stands at 5 552 320 €.

##### Non-current provisions :

Non-current liabilities (EUR 0.7m) are broadly stable at constant exchange rates and stem from unresolved disputes relating to the Group's past ownership of Biomass facilities in India.

#### Other non-current liabilities:

Other non-current liabilities (EUR 1.0m) are broadly stable at constant exchange rates and stem from advances made to the group, the reimbursements of which are contingent to conditions that are not met at this date.

#### Current liabilities:

Other current liabilities stands at EUR 25.9 m and includes EUR 24.2m of bank overdraft (secured on financial assets), EUR 0.5m of loss on forward forex and EUR 0.8 m of staff bonus provision in relation with the good financial result of the company.

### **3. COMMENTS ON THE INCOME STATEMENT**

EBITDA was negative during H1 2021 (EUR -1.8 vs. EUR -1.3m in H1 2020). Net result, Group Share, was a gain of EUR 6.1m vs. loss of EUR -2.7m for H1 2020.

#### **CURRENT OPERATING PROFIT :**

##### Turnover :

Velcan's turnover amounted to EUR 0.8m in H1 2021 arising exclusively from sales of electricity by the Rodeio Bonito Hydro Power Plant (HPP) in Brazil, against EUR 1.0m in H1 2020 (mainly due to forex BRL-EUR impact, the average EUR/BRL FX rate during H1 2021 being less favorable than during H1 2020).

##### Purchases:

Purchases costs were less high to EUR 0.2m VS EUR 0.3 during H1 2020 (see above).

##### Operating costs (excluding purchases):

External & payroll expenses & operating costs were higher at EUR 2.6 m during H1 2021 VS EUR 2.0 during H1 2020 because of a EUR 0.8m staff bonus provision (see above).

##### Depreciation, Amortization and Provisions, Provision write-backs:

Depreciation and amortization of tangible and intangible assets amounted to an expense of EUR -7.7m. Tangible asset depreciation expense was mainly attributable to Rodeio Bonito HPP (EUR -0.2m) while intangible asset depreciation expense was mainly attributable to an additional impairment booked on the Indian projects (EUR -7.4m, see above).

Operating result was a loss of EUR -9.4m compared to a loss of -4.5m in H1 2020.

#### **FINANCIAL INCOME**

Net financial income for H1 2021 was EUR 15.8m vs a gain of EUR 1.8m in H1 2020. The financial income of the Group is mostly dependent on two items:

- a) The capital gain/losses on its equity portfolio and the dividends received. This item has performed very well during H1 2021 and more generally since the COVID—19 crisis.
- b) The Foreign exchange variations of the currencies in which the Group's financial assets are invested

#### **COMPREHENSIVE INCOME**

Therefore, net income for H1 2021 amounted to a gain of EUR 6.1m vs a loss of EUR -2.7m during H1 2020.

Comprehensive Income for H1 2021 amounted to a gain of EUR 6.8m vs. a loss of EUR -6.2m in H1 2020. The impact of currency fluctuations on Group equity was a gain of EUR 0.7m vs. a loss of EUR -3.9m in H1 2020.

This variation is mainly due to a slightly higher Brazilian Real and a slightly higher Indian Rupee when compared to EUR which positively impacted the book value of tangible assets booked in this currency (See above).