

PRESS RELEASE

Luxembourg, 30th October 2023

VELCAN HOLDINGS: HALF YEARLY RESULTS (CONSOLIDATED AND UNAUDITED) DECREASE OF NET PROFIT DUE TO A NEGATIVE FINANCIAL RESULT

	<u>30.06.2023</u>	<u>30.06.2022</u>	Var %
Turnover Half Year (Million Euros)	0.9	1.1	-20%
EBITDA Half Year (Million Euros)	3.0	-1.0	NA
Net Result Half Year (Million Euros)	0.7	3.6	-82%
	<u>30.06.2023</u>	<u>31.12.2022</u>	Var %
Cash and Financial instruments (Million Euros)	121	124	-3%
Consolidated Equity (Million Euros)	129	127	+1%

Note: half yearly financial statements are not audited

Brief comments on 2023 first half

- Inflation remained high in H1 2023, with the ongoing invasion of Ukraine by Russia and pressure on prices for goods and services on a global scale. Various growth rates have been observed in major markets. China's growth has disappointed significantly while the resilience of the US economy has surprised on the upside. In order to try and curb inflation, Western Central Banks have maintained a hawkish approach to monetary tightening. At the end of H1 2023 we are starting to see a fall in inflation. The portfolio performed relatively steadily during H1 2023, with a gain of EUR 5.0m excluding Forex movements. However, the foreign exchange variations of the currencies in which the Group's financial investments are made generated a loss of EUR 6.7m.
- A substantial portion of such forex Loss, being 3.6mEUR, is related to our JPY long positions (stocks and cash). The rise in U.S. long-term interest rates has been impacting the Yen over H1 2023. The Yen relative to the EUR depreciated by 12.2% YTD. The Forex loss on USD assets included a significant loss on its Forex Forward contracts (for 0.9mEUR) and on its large USD positions in ETFs, TBILL and Bonds (also for 0.9mEUR). CNH fixed deposit positions also recorded a Forex loss of 0.9mEUR. The balance Forex loss came from other smaller positions.
- The overall performance of the portfolio as at 30.06.2023 is therefore of -1.7 mEUR vs +5.2 mEUR in H1 2022.



- As of June 30th, the portfolio is mainly constituted of gold mining and silver linked securities (21% of the gross financial assets), equity long positions (23% of the gross financial assets) and cash and cash equivalent (45% of the gross financial assets). The balance is made up of equity short positions, BRL and INR MM funds, bonds and private equity and forward Forex (negative exposure of 1% of the gross financial assets due to a loss unrealized position at the end of H1 2023). The net cash position of the group as of 30/06/2023 is EUR 53.6m.
- The turnover, exclusively coming from Velcan Holding's participation in the Rodeio Bonito hydropower plant in Brazil, in the first half of 2023 amounted to EUR 0.9m. It was down by 20% when expressed in Euros and down by 26% when expressed in BRL relative to H1 2022. The decrease was caused by lower precipitations and thus lower electricity generation in H1 2023 compared to H1 2022. The turnover slightly benefited from the stronger average EUR/BRL rate during H1 2022 (1 EUR=5.48 BRL) vs H1 2022 (1 EUR=5.55 BRL).
- Operating costs were steady when compared to H1 2022 (EUR -2.2m during H1 2023, versus EUR -2.1m during H1 2022) as the Group has so far managed to keep its increase below inflation rates. Depreciation, Amortization & Provisions were steady too (EUR -0.3 m for H1 2023 vs EUR -0.3 m for H1 2022) and was only related to the linear depreciation & amortization of Rodeio Bonito power plant.
- Following the suspension of the hydropower projects development operations decided in 2021, the Group has fully divested its Heo – Tato-1 tandem of hydropower projects (426MW), taken over by a major utility owned by the Government of India in early August 2023. The Projects were the 2 largest projects of the Group's cascade of 3 hydropower projects. Following this sale, the Group is left with the third project of the said cascade, the Pauk HEP (145 MW), its last greenfield hydropower project. The buyer of the projects refunded a significant part of the project development expenses incurred by the Group in India, although costs incurred out of India could not be recovered. The projects were fully impaired since the first half 2021 and this transaction generated an exceptional operating profit of EUR 4.3m in the 2023 semestrial accounts. This led to an increase of the operating result (EUR 2.7m for H1 2023 against EUR -1.3m for H1 2022)
- Net result, Group share, was a gain of EUR 0.7m in H1 2023 vs. a gain of EUR 3.6m in H1 2022.
- Group other comprehensive income amounts to a gain of EUR 0.7m in H1 2023 vs a gain of EUR 1.0m in H1 2022, mostly due to the appreciation of the Brazilian currency (+7.7%) and its impact on the Group conversion reserves where the assets held in foreign currency in Brazil (Rodeio Bonito) are translated into Euro. The Group total comprehensive income for H1 2023 amounts to a gain of EUR 1.4m vs a gain of EUR 4.7m in H1 2022.
- Shareholders equity amounts to EUR 128.7m as of 30th June 2023 vs. EUR 127.5m as of 31st December 2022 (+EUR 1.2 m), slight increase mostly due to the Group total comprehensive income for H1 2023.

- Under the share buyback program launched by the Board of Directors on 1st August 2022, the Company bought back a total of 9,905 shares during H1 2023 for a total amount of Euros 112,168 in accordance with the descriptions of the buyback program published on 1st August 2022 and the resolutions of the General Meetings of shareholders on 29th June 2021. 13,333 shares were distributed to employees in early 2023 (the cost of which was already booked in 2022 accounts). As of 30th June 2023, the Company held 659,275 treasury shares, compared to 662,703 treasury shares as of 31st December 2022. The net number of outstanding shares as of 30th June 2023 is 4,991,602.

The complete half yearly report 2023, including the condensed and non-audited financial statements as of 30th June 2023, is available online at <http://www.velcan.lu/investors/reports-accounts/>

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About Velcan Holdings

Velcan Holdings is an investment holding company founded in 2005, managing a global portfolio of participations and investments.

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 unregulated 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

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