VELCAN Holdings

GROUP MANAGEMENT REPORT
CONDENSED NON-AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AUDITED STATUTORY FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31st DECEMBER 2024

VELCAN HOLDINGS SA
Société Anonyme with a capital of € 5 395 371
RCS Luxembourg, B 145.006
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1. Key figures & Executive Summary

Velcan Holdings is a Luxembourg headquartered holding company founded in 2005 managing a global portfolio of investments. The assets of the group are deployed in listed and unlisted financial investments, minority private equity participations, commodities, bonds, cash and cash equivalents (bank current accounts and deposits), and a 15 MW hydro power plant in Brazil.

Velcan Holdings' headquarters are in Luxembourg.

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.

Non-Audited Consolidated Financial Data
in Million Euros

	31.12.2024	31.12.2023	Var %
§ Turnover	3.0	2.9	+2%
§ EBITDA	-5.6	1.8	NA%
§ Net result	11.2	0.5	2005%
§ Cash & Financial assets*	135	125	+8%
§ Cons. Equity	135	128	+5%

2. Main events of 2024

The financial portfolio value of the Group has experienced a significant growth mainly driven by the positions held in precious metals, Japanese stocks and capitalizing on key investments in Chinese and Banking stocks. Ongoing global tensions increased investor interest in safe-haven asset with gold rallying in 2024. The value of the position of the Group in Gold Miners increased with the performance of gold. The position in precious metals and mining also acted as an effective hedge against persistent inflationary pressures. The U.S Federal Reserve has adopted a cautious stance on interest rates during the year given evolving economic conditions and signs of economic slowdown. Following the lowering of the Federal Funds Effective rate in August 2024, there have been subsequent rate cuts. Other central banks, such as the European Central Bank (ECB) and Bank of Japan (BOJ) have also been adjusting their monetary policies. The BOJ made a significant shift in 2024 by increasing interest rates to fight persistent inflation, for the first time in years leading to the appreciation of the Yen against other major currencies. 2024 has seen moderate recovery for China with the real estate sector showing slow recovery due to low demand and high debt burden. The Chinese government continued to implement stimulus measures to stabilize the economic activity and drive growth. China's trade relationship with the U.S. continues to be a major source of tension. With the intensification of geopolitical risks (ongoing war in Ukraine, Israel-Gaza war and U.S. China tensions) and a global elections super-cycle leading to volatility, the Group remained heavily positioned in cash, cash equivalents, and commodities related stocks for the whole year.

As of 31/12/2024, in percentage of the net assets, the portfolio is constituted of cash and short-term Western sovereign bonds (43%), gold mining and silver linked securities (22%), and other equity-long positions (25%). The balance is composed of equity short positions, BRL and INR Money Market funds, bonds and private equity (see full details in chart page 6). The total is more than 100% because of a small overdraft facility (less than -0.1%) which accounts negatively in the portfolio.

As of the end of the year 2024, the Group financial assets were exposed to the Japanese Yen (32% against 34% in December 2023), HK Dollar (1% against 8% in December 2023) and the EURO (12% against 22.7% in Dec 2023). Exposure to the US Dollar was higher this year (41%, against 16.6%, in December 2023). Of the 41% exposure to the USD, 22% are an exposure to gold mining and silver linked securities (see above).

This allocation strategy of the financial assets proved profitable in 2024. The Group net financial instruments increased to EUR 135 million, relative to EUR 124.6 million as at end of 2023 with a financial result of EUR 17.7 million as of 31/12/2024.

The Indian greenfield hydropower projects were suspended in September 2021 due to long lasting administrative impediments. Since then, the Group sold 2 out of 3 the projects of its cascade to a major Government of India owned hydropower player in August 2023. The Group keeps looking for a solution for the Pauk HEP.

The Rodeio Bonito plant generated 52,190 MWh during 2024, against 50,190 MWh during 2023. An incident prevented the turbine no.1 from generating power from the 15th of October 2023 to the 9 November 2024. The turnover from sales of electricity amounted to EUR 3.0m or BRL 17.2 m. It was up by 2% when expressed in Euros and up by 10% when expressed in BRL relative to 2023 (EUR 2.9 m or BRL 15.6 m for 2023). In terms of rainfall and water discharge, 2024 was even worse than 2023, significantly below the historical values. The whole country has experimented the same phenomenon for several years now.

Share buybacks were continued by Velcan Holdings during 2024 to provide liquidity to shareholders wishing to sell their shares. The share buyback program launched by the Board of Directors on 15 January 2024 ended on 31 December 2024 by expiry of its duration. During 2024, a total of 92,892 shares were bought back, for a total price of Eur1,288,922. As during the previous years, the shares were bought back in view of their cancellation or to cover for new grants of free shares. Apart from that, 156,949 shares were bought back as a result of a share buyback offer launched on 10 June 2024 (which differs from the share buybacks programs as such offer is made to all shareholders simultaneously and conducted out of the market). All the shares bought via this offer were cancelled in September 24. During the year, 13,333 shares were delivered as free shares to employees of the Group. As of 31st December 2023, Velcan Holdings held 777 709 own shares representing 14.41% of its share capital. A new program was initiated on 13 January 2025 with a maximum number of 300,000 shares to be eventually bought back.

3. Activity over the period

3.1. Financial Portfolio Management

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 worldwide equity, gold related assets, sovereign and corporate bonds, derivatives, commodities, forex, direct lending and private equity investments.

The year 2024 has seen a mix of moderate growth, inflationary pressures, and geopolitical uncertainties. The Group has maintained its silver and gold-related position in 2024. The Group then mainly reweighed its portfolio of Japanese, Asian stocks, and cash & cash equivalents including treasury related assets.

The Group considered that Chinese stocks could be considered relatively cheap. It decided to increase exposure to the Chinese economy by investing in ETFs that have exposure to the local Chinese A shares market in Feb 2024 and, in addition, increased its exposure to the Chinese Life Insurance sector. The exposure to the China A shares market, Chinese life insurance and Chinese Internet companies contributed to a net realized and unrealized financial income of 7 mEUR as of 31.12.24.

In H1 2024, the Group also profited from a perceived strong undervaluation of the Korean Banking sector, the Group purchased a basket of three major Korean banks for approximately 1 mEUR and sold it later during the quarter for a profit of 466kEUR.

The proceeds of these investments were mostly invested in Treasury assets from U.S., German or French Governments and positive yielding deposits (cash equivalents). In H2 2024, the Group came to the conclusion that there could be an opportunity to invest in the European automotive sector stocks. The group also increased exposure to the Japan Hotel Reit Investment Corp and Invincible Investment Corp stocks with the aim that these will also act as a JPY currency hedge.

The Group also saw opportunities in investing in the Philippines market and introduced exposure to the country through the iShares MSCI Philippines ETF in June 2024 and further increased exposure in H2 2024.

Financial results excluding Forex for the year have been a gain of EUR 16.4 m and the Forex impact has been a gain of EUR 1.3m

The evolution of the portfolio allocation is detailed below.

FINANCIAL INSTRUMENTS	Value 31.12.2024 in mEUR	Weight (% of net assets)	Value 31.12.2023 in mEUR	Weight (% of net assets)
Cash and cash equivalent	32.5	24%	55.5	45%
USA Treasury Bill	14.7	11%	1.8	1%
German Treasury Bill/ Bond	5.9	4%	-	0%
French Treasury Bill/ Bond	4.5	3%	-	0%
Money Market Funds in BRL and INR	3.1	2%	5.2	4%
Unrealized Gains on open Forward Forex	-	0%	0	0%
Bonds and interest receivable	2.9	2%	6.7	5%
NTN-F Brazil bonds	4.7	4%	-	0%
Gold and silver related stocks	30.3	22%	26.0	21%
Equity Long positions (EM, EU, USA, Japan)	33.5	25%	26.8	22%
Equity Short	2.6	2%	3.1	2%
Private Equity & Lending	0.2	0%	0.4	0%
Total assets (A)	**135.1**	100%	**125.5**	101%
Bank Overdraft and short-term loans	- 0.1	0%	-	0%
Unrealized losses on open forward forex		0%	-0.8	-1%
Total in Financial liabilities (L)	**- 0.10**	0%	**- 0.90**	-1%
Net Total (A+L)	**135.1**	100%	**124.6**	100%

The equity portfolio, including gold and silver related instruments, is deployed across a diversified array of 50 different issuers and ETFs. The gold position, which the Group considers to be equivalent to a separate currency, was held through 4 positions. The investment in gold mining companies through VanEck Gold Miners ETF being the most significant, valued EUR 21.9m as of 31.12.2024. In addition, the Group has smaller holdings in specific gold mining companies.

In, H1 2024, the only remaining banking exposure was to Citigroup INC which was sold off in H2 2024 (resulting in a net financial income of 589 kEUR in 2024). Some positions were brought above 2 mEUR in 2024. The Group has decided to increase exposure to the Japan Hotel REIT industry with exposure in excess of EUR 2m both in Invincible Investment Corp (5mEUR exposure as at 31.12.2024) and Japan Hotel Reit Investment Corp (exposure of 6.3mEUR as at 31.12.2024). The Group has introduced exposure to the Filipino markets with 3.8mEUR exposure to the iShares MSCI Philippines ETF as of 31.12.2024. The Group further had a position in excess of 1.5mEUR to two mainland China ETFS as at 31.12.2024 namely in E Fund CSI 300 Index ETF and Huatai-PB CSI 300 ETF. The YTD unrealized gain on these two China positions is a gain of 568kEUR.

In 2024, the Group capitalized on its exposure to the China Insurance sector by selling its position in China Life Insurance Co Ltd, China Pacific Insurance Group Co Ltd and Ping An Insurance Group Co of China Ltd generating a net financial income of 3.3 mEUR. Similarly, the Group capitalized on its exposure to the China Internet sector by selling its position in Alibaba Group Holding Ltd Tencent Holdings Ltd generating a net financial income of 3.2 mEUR. The Group also invested in a new combined position of 2.6mEUR as at 31.12.2024 to the European automotive sector via positions in Bayerische Motoren Werke AG, Mercedes-Benz Group AG and Volkswagen AG respectively.

Geographically, the equity investments are mostly exposed to Chinese, Japanese and European issuers as of December 31st, 2024.The biggest exposure is to Japanese issuers (16% of the assets). The Group also has significant exposure to US issuers through ETFs although the underlying investment risk may not be in the USA.

The Gold and Silver investment is still viewed as insurance against inflation or monetary debasement. This investment is viewed as if the portfolio was invested in an additional currency.

As to bonds, in 2024, the Group decided to invest in NTN-F Brazilian Government bonds with an exposure of 4.7mEUR as at 31.12.2024. The net result on this position as of December 2024 is an unrealized loss of 0.9 mEUR. The Group's NORDDEUTSCHE LANDESBANK bonds matured in H1 2024. The remaining bonds portfolio is exposed to an Argentine Sovereign bond which has a long maturity and is rated CCC (as defined by Standard & Poor's). At period closing date the lines of the portfolio are with the following issuer:

a) EUR 2.9m exposure to the republic of Argentina.

b) EUR 4.7mEUR exposure to NTN-F Brazilian bonds

In March of 2024, these Argentina US dollar bonds rallied with investor bets on President Javier Milei taking on the task of transforming the Argentine economy (net performance on the Argentine bonds for 2024 is a gain of 1.8 mEUR). There was no further addition or reduction in any bond position apart from the Brazilian bonds

The cash part of the portfolio that is in positive yielding currencies (predominantly CNH, EUR, USD and SGD) is held in short term Fixed Deposits with a maturity ranging from weekly to 6 months at market prevailing rates and on interests earning cash accounts. Significant cash positions include 21.5mEUR in JPY, 5.2mEUR in CNH, 2.9mEUR in EUR and 1mEUR in USD. The Group's JPY cash position cost 0.33% p.a. in 2024. The Group has been investing idle cash in Sovereign bonds/ bills issued by governments of the U.S (14.7mEUR), Germany (5.9mEUR) and France (4.5mEUR).

As of the end of 2024, the private investments sitting at EUR 0.2m are venture capital investments. The group has been looking in 2023 and early 2024 at diversifying its portfolio to private equity but has not increased such investments due to still excessive valuations. The 0.2mEUR value is the result, on one hand of a provision of 315 Keur introduced on one of these private investments (participation in Ynsect currently undergoing insolvency procedures), and on the other hand of a reversal of impairment on another participation due to its positive performance in 2024.

In H1 2024, the last EUR USD Forward contract held was settled. These settled Forward Forex contracts have generated a loss of 474k EUR in 2024. As of end of 2024, the portfolio was mainly exposed to the Japanese Yen (32%), the U.S. Dollar (41%) and the EURO (12%). The gold and silver positions are priced in USD and are included in the USD exposure.

The net cash position of the group as of 31/12/2024 is EUR 57.7 m including US T-Bill, German Bonds and French Bonds short term investments.

The Group also has EUR 3.1 m of investments in Money Market funds in Brazil and India (proceeds from sale of Indian projects have been placed in Money Market funds).

3.2. Majority Participation in the Rodeio Bonito Hydropower Plant (Brazil)

Plant Operation

On 15 October 2023, turbine #1 received a safety stop command due to high levels of vibration but both the turbine brake system and the floodgate closure failed. This resulted in the unit being damaged by a foreign object. The insurance policy has been activated, and repairs were taken up. The unit could be restarted in November 2024.

Despite the incident, the electricity generation of 52,190 MWh during 2023 (against 50,757 MWh during 2023) was decent, but was still below Rodeio Bonito's level of ensured energy[1].

The operation and maintenance of Rodeio Bonito were below previous averages because of the damage on turbine #1, which caused a technical availability of only 70.32% during 2024, compared to 87.57% for 2023.

The extensive rain deficit for several consecutive years is still weighing on Brazil's hydropower sector and Brazil power sector in general and the Group remains cautious on its Brazilian plant performance in the future despite a decent 2024 FY.

[1] 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.

The MRE system (Energy Reallocation Mechanism) was still in deficit in 2024. The poor performance of the plant because of the unavailability of the turbine #1 relatively to other power plants of the system and the global MRE system being still in deficit because of the draught, impacted consumed purchased for the Rodeio Bonito plant (EUR -0.7m in 2024 compared to EUR -0.2m in 2023).

The turnover from sales of electricity by the Rodeio Bonito Hydro Power Plant (HPP) in Brazil amounted to EUR 3.0m or BRL 17.2 m. It was up by 2% when expressed in Euros and up by 10% when expressed in BRL relative to 2023 (EUR 2.9 m or BRL 15.6 m for 2023). The EUR/BRL average rate was lower during FY 2024 (depreciation of -8%) which explains the difference in terms of percentage between the 2024 and 2023 comparative figures in BRL and EUR.

As a result, the EBITDA of the plant was down to BRL 8.7m in 2024 against BRL 11.1m in 2023 (-22%) mainly because of a lower turnover and higher expenses (MRE purchases as stated above plus exceptional expenses related to the repairing of the turbine #1). When expressed in EUR, it was down by 28% (EUR 1.5m in 2024 VS EUR 2.1m in 2023) because of the lower average EUR/BRL rate and the other items seen above.

Change of regulation

2024 has seen a new regulation proposal by the ANEEL the Brazilian energy regulator, under which each power plant guaranteed energy would be adjusted yearly.

It introduces the concept of Adjusted Physical Guarantee (GFA) which will be calculated by incorporating also each plant’s availability during its generation period. This adjustment aims to optimize energy allocation within the MRE which has been experiencing a chronic energy deficit for many years

For the Rodeio Bonito power plant, preliminary calculations indicate that the new allocated energy amount will be around 5.3 MW. The Gfa is a plant-specific adjustment based on its actual availability, on top of the current system where all MRE plants were treated equally via the GSF.

The GFa will not alter the physical guarantee of the plants for the purpose of verifying firm energy contracts. The Rodeio Bonito plant will retain its previously established physical guarantee of 7.3 MW, which therefore remains the maximum energy volume that can be traded on the market. However, the plant’s production will only be covered by the MRE up to the level of its GFa. In the event of it generating below this level, the shortfall (if committed through a PPA) will need to be compensated through purchases on the spot market at the PLD.

In this context the power plant has recently executed a Power Purchase Agreement (PPA), which will be valid from 2026 to 2028 and involves the commercialization of 3 MW. The prices are the following (in BRL 2025 values):

2026 → R$ 252 MWh
2027 → R$ 202,5 MWh
2028 → R$ 191,5 MWh

The above prices are to be compared with the Plant’s current PPA (expiring this year) with a price is R$ 265 / MWh (2025 Value). This leaves 4 MW available for sale and/or for the development of a commercial strategy, taking into consideration the future plant’s approved GFa.

In practice this new regulation may well result in additional significant MRE payments in case the chronic draught continues in Brazil. Given that the plant has often generated less than its ensured energy in the previous years, if this regulation is enacted, it will have a negative impact on the profitability and the cash generation capacity of the plant.

Plant Maintenance

The Plant construction started 18 years ago, was commissioned more than 15 years ago and is aging. It is experiencing technical and operation issues due to the equipment and installations becoming old. For example, downstream cofferdam gates are leaking, which will require a maintenance by external contractors. A circuit breaker is a experiencing a gas leak and will require replacement. The Group is assessing the likely need for an overall plant refit.

3.3. Hydropower Projects in India

Velcan Holdings fully divested its Heo – Tato-1 tandem of hydropower projects (2 hydropower projects totaling 426 MW located in the state of Arunachal Pradesh, India), taken over by a major utility owned by the Government of India.

These 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 entire cascade development was suspended in September 2021, since the Government of Arunachal Pradesh (GoAP) had refused to consider vital amendments to the corresponding concession agreements. This came on top of the numerous deadlocks encountered by the projects during the past years regarding essential development activities which mostly depended 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.

The takeover by a public utility appears as a logical outcome in the above-mentioned distressed context, where the sector environment proved to be extremely unfavorable to private developers. Given the very few large projects that were taken over against a payment – and by the Government of India – this transaction illustrated the quality of the projects.

The Group is working on the potential sale of the Pauk HEP. It is a different scenario from Heo and Tato HEPs which were slightly ahead of Pauk HEP in terms of permits obtained at CEA level.

4. Unaudited and condensed financial statements - comments

2.1 Unaudited and condensed financial statements

A. Income Statement

Turnover amounted to EUR 3.0m (against EUR 2.9m in 2023, a 2% increase), and is fully related to electricity sales in Brazil.

The current operating result amounted to EUR -4.8m (against -3.0 in 2023) with below main variations:

- Payments by Velcan for the MRE (Energy Reallocation Mechanism) were of EUR -0.7m in 2024 vs. EUR -0.1m in 2023.
- Depreciation and amortization of tangible and intangible assets of Rodeio Bonito plant amounted to EUR -0.6m (like in 2023), while an exceptional write back of provisions was made in India (on litigation amounts related to old biomass plants held by the group) with a positive impact of EUR 1.3 m.
- Staff expenses amounted to EUR -1.0m in 2024 vs EUR -1.4m in 2023.
- External expenses are totaling EUR -6.7m in 2024 vs EUR -3.4m in 2023 with an increase as detailed below:

    - EUR 0.7m in 2024 VS 0.6m in 2023 of expenses related to Rodeio Bonito operation.
    - EUR 5.9m in 2024 VS EUR 2.8m of investment management, legal, accounting, consultancy and bank fees (this part has a variable portion based on the financial result which explains its increase correlated to the good financial performance in 2024).
    - EUR 0.1m in 2024 VS EUR 0.1m in 2023 of insurance premiums
    - EUR 0.1m in 2024 VS EUR 0.1m in 2023 of other various expenses: travel, entertainment, maintenance and other expenses

In thousands of euros	31.12.2024	31.12.2023
Statutory auditor fees	15	27.5
Other Annual accounts auditor fees	18	9.5
Total	**33**	**37**

Non-current operating result amounted to NIL in 2024 VS EUR 4.3 in 2023, due to the sale of two Indian hydroelectric projects last year.

Net Financial Gain for the group amounted to EUR 17.7m in 2024 (see section 3.1 above), compared to EUR 0.1m in 2023.

Income tax expense amounted to EUR -1.7m in 2024 vs EUR -0.8m in 2023.

The net result, Group share, was EUR 11.2m in 2024 FY compared to EUR 0.5m in 2024. The Group's EBITDA decreased to EUR -5.6m compared to EUR 1.8m in 2023 due to the sale of the Indian projects in 2023 and the increase in investment management costs in 2024 (see above).

The depreciation of BRL currency (-20%) when compared to Euro, at 2024 closing date had a negative impact on the other comprehensive income, as the Group's main tangible and intangible investments have been made in local currency (EUR -1.0m in 2024 against EUR +0.6m in 2023 where the BRL had appreciated by 5%). The total comprehensive income amounts to a gain of EUR 10.2m in 2024 against a gain of EUR 1.1m in 2023.

B. Balance sheet

Assets:

Net intangible assets stand at EUR 0.8m in 2024 versus EUR 1.0m in 2023, because of an amortization of -0.1m on Rodeio Bonito's intangible assets and the depreciation of the Brazilian currency and its slightly negative effect on intangible assets value converted in Euro (-0.2m).

Net tangible assets stand at 3.7m in 2024 and decreased by EUR 1.2m between 2023 and 2024, mainly because of the depreciation of the Brazilian currency (EUR -0.8) and the accounting linear depreciation of the Rodeio Bonito plant (EUR -0.4m).

Cash, cash equivalent assets and financial assets (net of Current financial liabilities) have increased from EUR 124.6m in 2023 to EUR 135.1m in 2024 (+8%) due to the good financial result and despite the share buyback programs (EUR -3.6m). Financial assets and liabilities are detailed in part 3.1.

Finally total assets increased by 7% during 2024 FY (up by EUR 8.9 m), mostly because of the increase in financial assets.

At 31st December 2024, the Group holds 777,709 own shares (2023: 698,150). At year end closing price of EUR 15.8, those own shares have a market value of EUR 11.6m. As per IFRS rules, this amount is not accounted in assets of the Group but reduces its shareholder's liabilities at the historical purchase price.

Liabilities:

Non-current provisions are steady and amount to EUR 0.7m at 31 December 2024 respectively and arise from litigations related to the 1 biomass plant previously owned by the Group (Satyamaharshi SMPCL – 7.5 MW, owned between 2006 and 2010).

Non-current liabilities decreased from EUR 0.9m at 31 December 2023 to NIL as at 31 December 2024. The Group considered that there was no more risk on this amount which was also related to litigations on the 2 biomass plants previously owned by the Group (Satyamaharshi SMPCL – 7.5 MW and Rithwik RPPL – 7.5 MW, owned between 2006 and 2010).

The remaining provisions pertain to the Group's acquisition of SMPCL. Certain plant sellers are seeking payment of amounts that were withheld by the Group at the time of acquisition, due to issues uncovered during the transition and the sellers' failure to meet their obligations under the share purchase agreement. These disputes are being handled by commercial courts in the State of Telangana, with most cases only now reaching the appeal stage after more than a decade of litigation. Given the heavy caseload in these courts, proceedings could potentially continue for another 5 to 10 years.

Current financial liabilities of EUR 0.0 m in 2024 (vs 0.9 in 2023). In 2023, they related to:

- EUR 0.0m or EUR 41k of overdraft facilities granted by brokerage firms or banks to the Group to leverage its listed investments trading activities. Under this facility, securities held in the trading account were used as a security to borrow money. This facility has enabled the Group to leverage its investments and maximize its profits during previous financial years. In a context of rising interest rates, the Group has reduced almost to NIL its leverage exposure due to the overdraft facilities.
- EUR 0.8m or EUR 833k of net losses on Forward forex open positions which closed during 2024.

Trade and other payables amount to EUR 4.0m vs EUR 1.0m in 2023, and mostly relates to consulting fees, bonuses and success fees payable at year end as explained above.

Own shares, booked directly against the equity of the Group at their historical cost, reduce the net shareholder's equity of the Group by EUR -7.9m at 31st December 2024 versus EUR -6.1m at 31st December 2023, following the share buyback programs (EUR -3.6m), the use of shares (EUR +0.2m) to cover share-based payments to staff (Part III, notes 4, 5 and 7) and a capital reduction by cancellation of own shares (EUR +1.7m).

With a consolidated equity of EUR 134.8m (+EUR 6.7m compared to 2023), the Group still has a sound financial position (cash position + financial assets – financial liabilities = EUR 135.1m).

5. Foreseeable evolution of the Group

After the closing of this financial year the group will pursue the diversification of its investment portfolio in order to maximize possible returns.

6. Report on share buybacks

Reasons of purchases effected during 2024	Capital reduction by cancellation of purchased shares and future service of share ownership plans
Total number of shares purchased in 2024	249,841 shares
Nominal value of shares purchased in 2024	EUR 249,841 – Eur 1 nominal value per share
Percentage of capital bought back	4.63% based on the share capital as of 31/12/2024
Shares cancelled during 2024	156,949
Shares delivered to employees in 2024	13,333
Total price paid towards share buybacks in 2024	EUR 3,564,754,97
Total own shares owned as of 31/12/2024	777,709 shares
Percentage of capital held as of 31/12/2024	14.41%

The share buyback program launched by the Board of Directors on 15 January 2024 ended on 31 December 2024 by expiry of its duration. During 2024, a total of 92,892 shares were bought back, for a total price of Eur 1,288,922. As during the previous years, the shares were bought back in view of their cancellation or to cover for new grants of free shares.

Apart from that, 156,949 shares were bought back as a result of a share buyback offer launched on 10 June 2024 (which differs from the share buybacks programs as such offer is made to all shareholders simultaneously and conducted out of the market). All the shares bought via this offer were cancelled in September 24.

During the year, 13,333 shares were delivered as free shares to employees of the Group. As of 31st December 2023, Velcan Holdings held 777 709 own shares representing 14.41% of its share capital. A new program was initiated on 13 January 2025, with a maximum number of 300,000 shares to be eventually bought back.

The details of all share buybacks are available on the Company's website (http://www.velcan.lu/investors/other-regulated-information/).

7. Events subsequent to 31st December 2024

No events subsequent to the 31st December 2024 are to be reported.

8. Risk factors and uncertainties

8.1 Risks related to the Group's financial assets portfolio

The Group has invested over the years in an extremely diversified array of financial assets including mostly: corporate and government bonds in local and reserve currencies, equity, Fx, direct lending and private equity investments (see section 3.1). Such financial portfolio is subject to the risks described in this section. If such risks materialize, notably in case of general financial market crisis or bankruptcy of some of the issuers or banks to which the Group is exposed, the Group could lose a very significant part of its financial assets. For the shareholders, these risks materialization would eventually result in a significant loss of shareholder's equity. The Shareholder's may lose the part or all of the investment made in the Shares as a consequence.

- Country risks – currency conversion risk

The Group operates internationally and holds both monetary and non-monetary assets denominated in currencies other than EUR, the functional currency. Foreign currency risk arises as the value of future transactions, recognized monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

The Group's balance sheet net monetary exposure to currencies evolution in 2024 FY balance sheet compared to 2023 FY balance sheet is as follows:

Currency	2024	2023
Euros (EUR)	9%	21%
US Dollars (USD)	41%	16%
Brazilian Reals (BRL)	8%	6%

Indian Rupee (INR)	1%	2%
Singapore Dollar (SGD)	1%	1%
Japanese Yen (JPY)	32%	33%
Hong Kong Dollar (HKD)	1%	7%
Chinese offshore yuan (CNH)	4%	8%
Swiss Franc (CHF)	0%	4%
Others	3%	2%

The Company accounts being in Euros, thereby exposing the Group to the risk of significant Forex losses in case of market movements on the Euro VS currencies listed above. The FOREX strategy has been more diversified than in previous years with Group's balance sheet net monetary exposure almost no more sensitive to USD fluctuations but more sensitive to JPY variation.

The Group's balance sheet is also exposed to the Brazilian Real because of the significant investments made for the RODEIO BONITO concession (Tangible and intangible assets) and because of the electricity sales in Brazilian Real of the RODEIO BONITO plant (Yearly turnover).

The liquidity and trading value of foreign currencies could be affected by global economic factors, such as inflation, interest rate levels, and trade balances among countries, as well as the actions of sovereign governments and central banks. Adverse changes in currency exchange rates (relative to the EURO) may erode or reverse any potential gains from the Fund's investments in securities denominated in a foreign currency or may widen existing losses.

As of 31st December 2024, no hedging has been taken on the Property risk nor on risk of conversion of past or future income.

- Interest rate risk

The Group's portfolio is mainly invested in listed equity funds, listed equity, gold and silver and to a lesser extent to listed corporate and sovereign bonds and MM Funds. The Group is thus less directly exposed than before to an interest rate risk. But interest rate levels have a significant impact on market levels and can hence impact the financial result significantly. The Group may lose money on its listed corporate and sovereign bonds if short-term or long-term interest rates rise significantly or otherwise change in a manner not anticipated by the Group. However, the Group is also exposed to interest rate because of investments in bank deposits (cash equivalent)

The total fair value of interest-rate sensitive financial instruments as of 31 December 2024 amounts to EUR 46.3 m out of which:

- EUR 3.1 m relates to Brazilian and Indian MM Funds
- EUR 10.5 m relates to certificate of deposits with banks
- EUR 7.6 m relates to Bonds
- EUR 25.1 m relates to US, French and German short term treasury bills,

- Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, investment in bonds, direct lending as well as outstanding receivables and committed transactions. The group can invest in an extremely diversified array of financial assets including corporate and government bonds in local and reserve currencies, equity, direct lending and private equity investments (please refer to section 3.1, financial assets). As to its bond portfolio (US T Bills excepted) as on 31/12/2024, the group is mainly exposed to issuers in the BB and CCC ratings (as defined by Standard's and Poor Global Ratings, "SP"). The main credit risks with the banks and financial intermediaries of the Group are with Interactive Brokers (30.4m EUR) and DBS Bank (27m EUR).

Credit risk refers to the possibility that the issuer of a security or the issuer of the reference asset of a derivative instrument will not be able to make principal and interest payments when due. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness or market macro movements may also affect significantly the value of the Group's investment in that issuer.

The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation. Securities rated in the four highest categories by the rating agencies (for S&P: AAA, AA, A and BBB), are considered investment grade but they may also have some speculative characteristics, meaning that they carry more risk than higher rated securities and may have problems making principal and interest payments in difficult economic climates. The BB and B categories corresponds non-investment grade considered speculative, entailing more default risks. The Non-Rated category correspond to issuers who have decided not to be rated by Credit Agencies. Their size and characteristics vary a lot. But most of them should be considered non-Investment grade bonds. Investment grade ratings do not guarantee that the issuer will not default on its payment obligations or that bonds will not otherwise lose value.

Depending on market conditions, but also on the business situation of each issuer, there is a risk that one or several issuers or some of the Group's banks or financial intermediaries' default totally or partly, resulting in significant losses for the Group.

- Price risk,

Given the Group's array of investments, it is highly sensitive to the evolution of financial markets, especially the evolution of stock, commodities and bonds quotes and currency rates, which cannot be predicted. The listed equity and commodity exposure of the Group amounts to EUR 66.4m, the MM Funds exposure amounts to EUR 3.1m while the listed bond exposure amounts to EUR 7.6m as of 31/12/2024 and the US, German and French T bill exposure amounts to EUR 25.1m. Although it is very much diversified, the loss could be significant in case of an economic or political crisis and a sudden fall of prices in stock exchanges for those instruments.

- Liquidity risk

The Group also has invested in private equity, although at much lower level. One of the risks in this sector could be the difficulty to find a buyer. However, this risk is limited as the exposure amounts to EUR 0.2m in 31/12/2024.

- Use of financial instruments for hedging

No particular financial instruments are used for price, credit or liquidity risk hedging.

- Effect on the Shares in case risks materialize

In case the risks listed under this section 7.1 materialize to a significant extent, the Company could lose part, or all, of its financial investment, rendering thereby the return on investment unlikely for shareholders due to the then possible near zero value and illiquidity of the Shares.

8.2 Hydroelectric plants risks during the operation phase

The Group is currently operating the Rodeio Bonito 15MW hydropower plant in Brazil. During such phase the main risks lie in:

- a real average flow of water being less important than anticipated, for example, because of significantly lower rainfall than assumed by hydrological studies conducted during development phase of the project, reducing the generation of electricity whereas the investment has already been made. In Brazil the plant is part of the MRE[2] which mutualized the hydrological risk. However, in case of important nationwide drought as seen in Brazil in 2017, 2018, 2020, 2021 and 2024, the Plant is required to make important payments to the system. 2022 and 2023 also recorded levels of precipitations lower than historical records, resulting in a deficit of the MRE. All the plants in Brazil were affected and suffered from less power generation than planned.
- Plant technical breakdown that could lead to the stoppage of the electricity generation and sale. This case happened in the end of 2023 with Rodeio Bonito dam, as one turbine had to be stopped in October 2023 and could be restarted only in November 2024 (see details under section 3.2;
- Technical breakdown of the transmission lines, preventing the plant to sell its power;
- Environmental issues resulting in the shutdown of the plan for some time. For example, clams and algae invasions in the reservoir;
- Accidents, damages to men, machinery and the environment that could lead to the stoppage of the electricity generation and sale;
- Change in the local electricity market condition, price volatility, decrease of electricity price due to competition of cheaper sources;
- the insolvency of the off-taker, where sometimes public utilities are in bad financial shape due notably to network losses, electricity theft or payment default of their own end customers. These risks will be more acute for the Indian projects once they will be commissioned. No payment default has occurred in Brazil so far.

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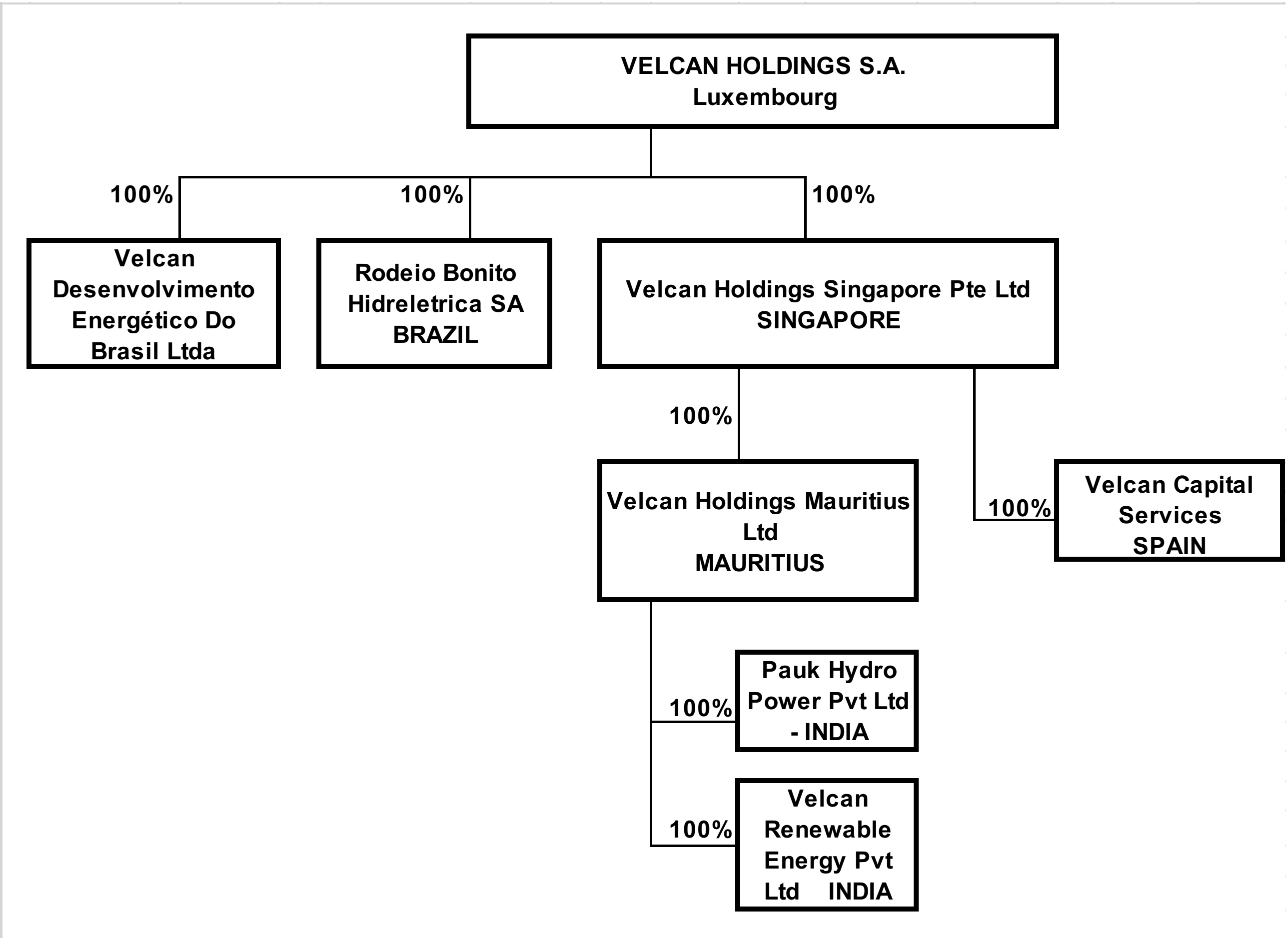
[2] In Brazil, « guaranteed energy » or « ensured energy » means the annually marketable energy as approved by MME – Ministério de Minas e Energia (Department of Mines and Energy) and guaranteed through the Brazilian power system for power plants opting for the MRE (Energy reallocation Mechanism), mechanism 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.

– Litigation with power purchasers.

Environmental risk (e.g. flood caused by a dam breaking or the impact of the reservoir on the fauna and flora) is generally not covered by insurance companies, whether it is related to an engineering error, to a defect or to an operational error. Important environmental issues during the plant operation, especially in case the fauna and flora are significantly affected, can lead to the definitive administrative shutdown of the plant.

In case of materialization, these risks could affect significantly the financial performance of the plant, and in turn the EBITDA of the Group which depends on it. In case of definitive shutdown, a total loss would be accounted for the Group. That eventually it would affect the shareholders' equity and the value of the Shares.

9. Organization Chart



As of 31st December 2024, Velcan Holdings SA, the parent company of the Group, which is based in Luxembourg, controls 7 companies, direct or indirect subsidiaries, located in 6 countries: India, Brazil, Luxembourg, Mauritius, Singapore and Spain.

II. NON-AUDITED AND CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated statement of financial position (assets) - Unaudited

(in thousands of Euros)

Assets	31.12.2024	31.12.2023
Non current assets		
Intangible assets	780	1 032
Tangible assets	3 723	4 919
Non current financial assets	208	409
Total non-current assets	**4 710**	**6 360**
Current assets		
Current financial assets	102 393	69 563
Trade and other receivables	835	173
Income tax receivables	9	11
Other current assets	150	116
Cash and cash equivalents	32 517	55 495
Total current assets	**135 904**	**125 358**
Total assets	**140 614**	**131 718**

2. Consolidated statement of financial position (Liabilities) - Unaudited

(in thousands of Euros)

Liabilities	31.12.2024	31.12.2023
Equity		
Issued capital	5 395	5 552
Additional paid in capital	118 488	120 607
Other reserves and conversion reserves	(325)	1 418
Net income for the year	11 221	533
Total Equity	**134 781**	**128 110**
Non current liabilities		
Non current provisions	722	697
Other non current liabilities	-	907
Total non-current liabilities	**722**	**1 604**
Current liabilities		
Current financial liabilities	0	875
Trade and other payables	4 021	963
Income tax payables	1 087	166
Other current liabilities	4	0
Total Current Liabilities	**5 112**	**2 004**
Total Liabilities	**140 614**	**131 718**

3. Consolidated statement of profit and loss and comprehensive income –unaudited

Statement of Profit & Loss	31.12.2024	31.12.2023
Operating revenues	2 951	2 890
Total operating revenues	**2 951**	**2 890**
Purchases	(672)	(126)
External expenses	(6 656)	(3 393)
Payroll expenses	(1 031)	(1 382)
Operating tax expenses	(229)	(467)
Depreciation, Amortization & Provisions	794	(576)
Current operating result	**(4 842)**	**(3 054)**
Other operating income	-	4 320
Operating result	**(4 842)**	**1 266**
Financial Income	21 160	7 592
Financial expenses	(3 416)	(7 527)
Financial Result	**17 744**	**65**
Income tax expense (-) / benefit (+)	(1 680)	(798)
Net result from continuing operations	**11 221**	**533**
Earnings per share (in Euros)	2,34	0,11
Diluted earnings per share (in Euros)	2,34	0,11
EBITDA	**(5 636)**	**1 842**

Statement of total comprehensive Income	31.12.2024	31.12.2023
Net income	11 221	533
Other comprehensive income, that will not be reclassified subsequently to profit or loss	(1 034)	592
Total Comprehensive Income	**10 188**	**1 125**
thereof attributable to non-controlling interests	(0)	(0)
Group Total Comprehensive income	**10 188**	**1 125**

4. Statement of changes in equity - unaudited

In thousands of euros	Capital	Additional paid in capital	Own Shares	Foreign currency translation reserves	Reserves & consolid. net income	Total Group interest	Minority interests	Total Equity
Situation at 01.01.2023	**5 552**	**120 607**	**(5 604)**	**(10 987)**	**17 892**	**127 460**	**(0)**	**127 460**
Net income	-	-	-	-	533	**533**	0	533
Other comprehensive income	-	-	-	592	-	**592**	0	592
Total comprehensive income	-	-	-	592	533	**1 125**	0	1 125
Capital decrease	-	0	(0)	-	-	-	-	-
Own Shares acquisition	-	-	(596)	-	140	**(456)**	-	(456)
Share based payments	-	-	-	-	(21)	**(21)**	-	(21)
Settlement in own share of share based payments	-	-	140	-	(140)	-	-	-
Other	-	-	-	-	1	**1**	(0)	1
Situation at 31.12.2023	**5 552**	**120 607**	**(6 059)**	**(10 396)**	**18 405**	**128 110**	**(0)**	**128 110**
Situation at 01.01.2024	**5 552**	**120 607**	**(6 059)**	**(10 396)**	**18 405**	**128 110**	**(0)**	**128 110**
Net income	-	-	-	-	11 221	**11 221**	0	11 221
Other comprehensive income	-	-	-	(1 034)	-	**(1 034)**	(0)	(1 034)
Total comprehensive income	-	-	-	(1 034)	11 221	**10 188**	0	10 188
Capital decrease	(157)	(2 119)	-	-	-	**(2 276)**	-	(2 276)
Own Shares acquisition	-	-	(1 289)	-	171	**(1 118)**	-	(1 118)
Share based payments	-	-	-	-	89	**89**	-	89
Settlement in own share of share based payments	-	-	171	-	(381)	**(211)**	-	(211)
Other	-	-	-	-	-	-	(0)	(0)
Situation at 31.12.2024	**5 395**	**118 488**	**(7 178)**	**(11 429)**	**29 504**	**134 781**	**(0)**	**134 781**

5. Note to the unaudited and condensed consolidated financial statements

In compliance with applicable regulations, Velcan Holdings publishes non-audited and condensed consolidated accounts from the financial year 2018 included, instead of audited IFRS consolidated accounts, and continues to publish audited Lux GAAP statutory financial statements, as previously (Part III of this report).

The consolidated financial statements above still include a balance sheet, an income statement and a statement of changes in equity but are unaudited and in a simplified and condensed form, excluding IFRS notes.

Such accounts have been established following the same methodology and presentation as those published during the previous years, which thus maintains the comparability of the information and provide the relevant information on the Group's financial position.

The consolidation scope covers the 10 companies shown in the organization chart in section I. 9.

III. AUDITED STATUTORY FINANCIAL STATEMENT

VELCAN HOLDINGS

(Formerly known as VELCAN)

Société Anonyme

RCS Luxembourg B145.006

REPORT OF THE REVISEUR D'ENTREPRISES AGREE
AND ANNUAL ACCOUNTS

2024 FINANCIAL YEAR

VELCAN Holdings

CONTENT

1. LEGAL INFORMATION

Name:	VELCAN HOLDINGS, the "Company", (formerly known as VELCAN)
Legal Form:	Société Anonyme (Public Limited Company)
Registered office:	11 Avenue Guillaume L-1651 Luxembourg
Company Registration Number:	RCS Luxembourg, B 145.006
Constitution:	Company incorporated on 12 February 2009 by notarial deed of Maître Paul DECKER.
Listing:	VELCAN HOLDINGS is listed on the Luxembourg Stock Exchange ("EURO MTF" VLCN-FR0010245803). The Company never performed any Public Offer as understood under Directive 2003/71/CE of the European Parliament and Council.
Financial Year:	From January 1st to December 31st of each year.
Board of Directors:	Mr. Philippe PEDRINI, 81, rue de Pannebourg, B-6700 Waltzing, Belgique, Chairman of the Board Mr. Jean-Luc RIVOIRE, Carrer Sant Pere, 4, PB1, El Tarter AD100 Canillo, ANDORRA Director Mr. Antoine DECITRE, 50 South Audley Street London, England W1K 2QE Director Mrs. Véronique WAUTHIER, 15 rue de Saeul, L-8562 Schweich, Luxembourg, Director Mr. Didier SCHÖNBERGER, 47 rue du Château, F-57970, Inglange France, Director.

2. PROPOSITION OF ALLOCATION OF THE ANNUAL RESULT

Proposition of allocation of the result

The net loss of financial year 2024 amounts to EUR -2,813,067.44. The management is proposing following allocation:

	EUR
Profit or loss brought forward	6,670,757.18
Profit or loss for the financial year	-2,813,067.44
Allocation to the legal reserve	0
Profit or loss carried forward	3,857,689.74

We propose to approve annual accounts as presented below and to pursue the Company's activities.

For the Board of Directors

ATWELL

The Board of Directors of
Velcan Holdings
11, avenue Guillaume
L- 1651 Luxembourg

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Opinion

We have audited the annual accounts of Velcan Holdings (hereafter "the Company"), which comprise the balance sheet as at December 31, 2024 and the profit and loss account for the year then ended and the notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at December 31, 2024 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with the law of July 23, 2016 on the audit profession ("the Law of July 23, 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier* ("CSSF"). Our responsibilities under the Law of July 23, 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "*réviseur d'entreprises agréé*" for the audit of the annual accounts" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter – Comparative Balances

The annual accounts of Velcan Holdings for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those annual accounts on April 26, 2024.

Responsibilities of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the *"réviseur d'entreprises agréé"* for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the *"réviseur d'entreprises agréé"* that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *"réviseur d'entreprises agréé"* to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the *"réviseur d'entreprises agréé"*. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Hesperange, April 28, 2025

ATWELL
Cabinet de révision agréé

Christophe Deschamps

4. ANNUAL ACCOUNTS

Page 1/2

Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494
Email : centralebilans@statec.etat.lu

RCSL Nr. : B145006 | **Matricule : 2009.2202.802**

ABRIDGED BALANCE SHEET

Financial year from 01 **01/01/2024 to** 02 **31/12/2024**

(in 03 *EUR)*

VELCAN HOLDINGS

11 Avenue Guillaume

L-1651 Luxembourg

ASSETS

		Reference(s)		Current year		Previous year
A. Subscribed capital unpaid	1101		101	**0.00**	102	**0.00**
I. Subscribed capital not called	1103		103	0.00	104	0.00
II. Subscribed capital called but unpaid	1105		105	0.00	106	0.00
B. Formation expenses	1107		107	**0.00**	108	**0.00**
C. Fixed assets	1109		109	**115 123 261,69**	110	**126 448 977,89**
I. Intangible assets	1111		111	603,04	112	603,04
II. Tangible assets	1125		125	0.00	126	0.00
III. Financial assets	1135	3	135	115 122 658,65	136	126 448 374,85
D. Current assets	1151		151	**12 599 761,58**	152	**6 360 853,71**
I. Stocks	1153		153	0.00	154	0.00
II. Debtors	1163		163	670 821,23	164	353 304,11
a) becoming due and payable within one year	1203		203	670 821,23	204	353 304,11
b) becoming due and payable after more than one year	1205		205	0.00	206	0.00
III. Investments	1189	4	189	11 852 558,29	190	5 891 724,28
IV. Cash at bank and in hand	1197		197	76 382,06	198	115 825,32
E. **Prepayments**	1199		199	**72 297,49**	200	**60 904,03**
		TOTAL (ASSETS)	201	**127 795 320,76**	202	**132 870 735,63**

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B145006	Matricule : 2009.2202.802

CAPITAL, RESERVES AND LIABILITIES

			Reference(s)		Current year		Previous year
A.	**Capital and reserves**	1301		301	**127 375 806,59**	302	**132 464 634,53**
	I. Subscribed capital	1303	5	303	5 395 371,00	304	5 552 320,00
	II. Share premium account	1305	5	305	110 557 454,50	306	113 794 601,07
	III Revaluation reserve	1307		307	0.00	308	0.00
	IV. Reserves	1309	8	309	7 565 291,35	310	6 446 956,28
	V. Profit or loss brought forward	1319		319	6 670 757,18	320	5 885 596,07
	VI. Profit or loss for the financial year	1321		321	-2 813 067,44	322	785 161,11
	VII Interim dividends	1323		323	0.00	324	0.00
	VII Capital investment subsidies	1325		325	0.00	326	0.00
B.	**Provisions**	1331		331	**0.00**	332	**0.00**
C.	**Creditors**	1435		435	**419 514,17**	436	**406 101,10**
	a) becoming due and payable within one year	1453	9	453	419 514,17	454	406 101,10
	b) becoming due and payable after more than one year	1455		455	0.00	456	0.00
D.	**Deferred income**	1403		403	**0.00**	404	**0.00**
	TOTAL (CAPITAL, RESERVES AND LIABILITIES)			405	**127 795 320,76**	406	**132 870 735,63**

The notes in the annex form an integral part of the annual accounts

VELCAN Holdings

Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494
Email : centralebilans@statec.etat.lu

RCSL Nr. : B145006 | **Matricule : 2009.2202.802**

ABRIDGED PROFIT AND LOSS ACCOUNT

Financial year from 01 **01/01/2024 to** 02 **31/12/2024**

(in 03 *EUR)*

VELCAN HOLDINGS

11 Avenue Guillaume

L-1651 Luxembourg

ABRIDGED PROFIT AND LOSS ACCOUNT

		Reference(s)		Current year		Previous year
1. to 5. Gross profit or loss	1651		651	**-444 777,31**	652	**-602 733,86**
6. Staff costs	1605		605	**-210 680,20**	606	**-170 672,20**
a) Salaries and wages	1607		607	0.00	608	0.00
b) Social security costs	1609		609	0.00	610	0.00
i) relating to pensions	1653		653	0.00	654	0.00
i) other social security costs	1655		655	0.00	656	0.00
c) Other staff costs	1613	7	613	-210 680,20	614	-170 672,20
7. Value adjustments	1657		657	**0.00**	658	**0.00**
a) in respect of formation expenses and of tangible and intangible fixed assets	1659		659	0.00	660	0.00
b) in respect of current assets	1661		661	0.00	662	0.00
8. Other operating expenses	1621		621	**0.00**	622	**0.00**

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B145006	Matricule : 2009.2202.802

		Reference(s)		Current year		Previous year
9. Income from participating interests	1715		715	**0.00**	716	**1 651 648,90**
a) derived from affiliated undertakings	1717		717	0.00	718	1 651 648,90
b) other income from participating interests	1719		719	0.00	720	0.00
10. Income from other investments and loans forming part of the fixed assets	1721		721	**499 688,90**	722	**417 517,71**
a) derived from affiliated undertakings	1723		723	218 482,31	724	417 517,71
b) other income not included under a)	1725		725	281 206,59	726	0.00
11. Other interest receivable and similar income	1727		727	**23 603,78**	728	**18 322,90**
a) derived from affiliated undertakings	1729		729	787,43	730	17 975,54
b) other interest and similar income	1731		731	22 816,35	732	347,36
12. Share of profit or loss of undertakings accounted for under the equity method	1663		663	**0.00**	664	**0.00**
13. Value adjustments in respect of financial assets and of investments held as current assets	1665		665	**-249 687,86**	666	**527 349,08**
14. Interest payable and similar expenses	1627		627	**-2 204 216,19**	628	**-590 246,72**
a) concerning affiliated undertakings	1629		629	-685 333,06	630	-590 218,47
b) other interest and similar expenses	1631		631	-1 518 883,13	632	-28,25
15. Tax on profit or loss	1635		635	**0.00**	636	**0.00**
16. Profit or loss after taxation	1667		667	**-2 586 068,88**	668	**1 251 185,81**
17. Other taxes not shown under items 1 to 16	1637		637	**-226 998,56**	638	**-466 024,70**
18. Profit or loss for the financial year	1669		669	**-2 813 067,44**	670	**785 161,11**

The notes in the annex form an integral part of the annual accounts

5. NOTES TO THE STATUTORY ANNUAL ACCOUNTS

1. ACTIVITY AND OBJECTS

The Company can engage in all commercial activities relating directly or indirectly to the acquisition of participations in any form whatsoever, in any enterprise either with a legal status of corporation by shares or with a legal status of partnership, as well as the administration, management, control and development of these participations. The Company has been incorporated for an undefined term.

It may use its funds for the setting-up, management, development and liquidation of a portfolio consisting in any kind of securities, to participate in the founding, development and control of any enterprise, to acquire by way of capital contribution, subscription, underwriting or purchase option or any other way, any securities, to sale, transfer, exchange those securities, to grant support, loans, advances or guarantees to any company in which it has a direct or indirect interest.

It may also proceed with the acquisition, management, operation, sale or lease of any property, furnished or unfurnished and generally engage in any and all real estate operations with the exception of those of property dealers and investment and cash management in the Grand Duchy of Luxembourg or abroad.

In general, the Company may carry out any property, movable, immovable, commercial, industrial or financial operations, as well as all transactions and operations to promote and facilitate directly or indirectly the achievement of its objects or its extensions.

VELCAN HOLDINGS is the parent company of a group owning a wide array of financial assets. One of VELCAN HOLDINGS' subsidiary operates a hydro power plant in Brazil. VELCAN HOLDINGS shares are listed on the Euro MTF stock exchange, Luxembourg Stock Exchange. The Group also owns, to a lesser extent, unlisted investments.

VELCAN HOLDINGS is preparing statutory annual accounts under the Luxembourg GAAP. In compliance with applicable regulations, VELCAN HOLDINGS is not required to publish IFRS audited consolidated accounts, but also voluntarily publishes non-audited and condensed consolidated accounts from the financial year 2018 included (before financial year 2018, the IFRS consolidated accounts used to be audited as well).

Both the audited statutory Luxembourg GAAP annual accounts and the unaudited condensed and consolidated statements are available online at www.velcan.lu and at the registered office:

VELCAN HOLDINGS
11, Avenue Guillaume
L-1651 Luxembourg

NOTES TO THE STATUTORY ANNUAL ACCOUNTS

2. ACCOUNTING PRINCIPLES

2.1. General Principles

Following the entry into force of the new standardized chart of accounts on 1 January 2020, the annual accounts are prepared in accordance with this new standardized chart of accounts. The annual accounts are prepared under the going concern assumption in accordance with Luxembourg legal and regulatory requirements and generally accepted accounting practices (GAAP). The geopolitical environment does not have a direct effect on the Company's operations, but may affect the operations and / or assets of its subsidiaries. In particular, the portfolio of financial assets may be subject to unforeseen variations and losses due to unstable geopolitical situation affecting the global financial markets.

2.2. Foreign Currency Translation

The Company maintains its accounting in Euro (EUR) and the balance sheet and the profit and loss account are expressed in that currency. On the balance sheet date, non-monetary items denominated in a currency other than the reporting currency are translated at historical exchange rates.

Monetary balance sheet items denominated in a currency other than the reporting currency are valued based on the exchange rate in effect at the date of the balance sheet. However, under the principle of prudence, only translation differences related to losses are recognized in profit and loss; unrealized gains are deferred.

2.3. Financial Assets

- The financial assets mainly consist of shares in affiliated undertakings, as well as of loans granted to affiliated undertakings and deposits. The shares in affiliated undertakings are recorded at historical cost. However, at the closing date of the year, the Board of Directors estimates the fair value of such shares and books a value adjustment if the impairment value is deemed permanent. Loans in financial assets are booked at their nominal value. A value adjustment is booked if the Board of Directors estimates that the repayment at maturity is fully or partly uncertain or compromised.
- Deposits are recorded at their nominal value.

2.4. Current assets

Receivables in current assets are recorded at their nominal value. A value adjustment is booked if the Board of directors assesses that the repayment at maturity is wholly or partly uncertain or compromised.

2. ACCOUNTING PRINCIPLES (continued)

2.5. Cash

Cash comprise cash at bank and cash in hand are recorded at their nominal value.

2.6. Debts

Debts are recorded at their nominal value.

2.7. Investments

- Own shares

Own shares are presented as ''Investments'' under current assets in the balance sheet.

Own shares are acquired for below purposes:

- Delivery of shares to employees or management officers of the company or its direct or indirect subsidiaries in future years;
- Cancellation and capital reduction.

Own shares are initially recorded at acquisition cost and a non-distributable reserve of the same amount is created.

At the financial year closing date, an impairment is recorded when the fair value assessed is less than the acquisition price. Unrealized gains are not recognized.

- Other transferable securities

Other investments are recorded at their acquisition value. At the financial year closing date, an impairment is recorded when the fair value assessed is less than the acquisition price. Unrealized gains are not recognized.

NOTES TO THE STATUTORY ANNUAL ACCOUNTS

3. FINANCIAL ASSETS

EUR	Shares in affiliated undertakings	Amounts owed by affiliated undertakings	Securities held as fixed assets	Total
Nominal value/Historical cost as at January 1, 2024	125 031 088,85	5 946 369,21	10 000,00	130 987 458,06
Current year additions	0,00	218 482,31	0,00	218 482,31
Current year disposals/reductions/Reimbursements	-9 202 210,00	-1 407 130,34	0,00	-10 609 340,34
Foreign currency impacts	0,00	-866 434,01	0,00	-866 434,01
Nominal value/Historical cost as at December 31, 2024	115 828 878,85	3 891 287,17	10 000,00	119 730 166,02
Value adjustments				
Accumulated depreciation as at January 1, 2024	-3 421 473,62	-1 107 609,59	-10 000,00	-4 539 083,21
Current year allowance	-249 687,86	0,00	0,00	-249 687,86
Current year reversal	0,00	0,00	0,00	0,00
Foreign currency impacts	0,00	181 263,70	0,00	181 263,70
Accumulated depreciation as at December 31, 2024	-3 671 161,48	-926 345,89	-10 000,00	-4 607 507,37
Net book value as of January 1, 2024	121 609 615,23	4 838 759,62	0,00	126 448 374,85
Net book value as of December 31, 2024	112 157 717,37	2 964 941,28	0,00	115 122 658,65

NOTES TO THE STATUTORY ANNUAL ACCOUNTS

3. FINANCIAL ASSETS (continued)

Detail of shares in companies above 20% of controlling interests (in EUR)

Company Name	Country/ functionnal currency	Percentage of holding as of 31/12/24	Last financial year end	Statutory' s profit/loss in local currency	Statutory' s net shareholder's equity 31/12/24 in local currency (*)	Net book value in VELCAN books as at 31/12/24 (EUR)
Velcan Holdings Singapore Pte. Ltd	Singapore/ EUR	100%	31/12/2024	11,888,086	122,830,417	106,808,558
Office: 1, Scotts Road #24-05 Shaw Centre Singapore 228208						
Rodeio Bonito Hidrelétrica LTDA.	Brazil/ BRL	100%	31/12/2024	4,269,050	34,258,149	5,349,158
Office: RODOVIA SCT 283 KM 77, S/N – BAIRRO, INTERIOR CEP: 89.801-973, Brazil						
Velcan Desenvolvimento Energetico Do Brasil Ldta	Brazil/ BRL	100%	31/12/2024	(621) **	(6,891,978) **	1.00
Office: Avenida Engenheiro Luiz Carlos Berrini, 828 - 3° andar, sala 8, Cidade Monções - São Paulo - CEP 04571-010 – BRASIL						

* The net income for the financial year 2024 is included in the net shareholder's equity
** Non audited

Main movements on financial assets in 2024:

On August 21st, 2024, there has been a significant capital reduction of EUR 9,202,210 in the Velcan Holdings Singapore Pte. Ltd subsidiary to cover for the needs of funds at Velcan Holdings level.

During 2024 year there have been several partial repayments of loan from Rodeio Bonito Hidrelétrica LTDA (EUR 1.4 m cumulative figure for 2024 composed of compounded interests since all the nominal of the loan has been repaid) while interests invoiced for the same loan during the year amounted to EUR 0.2m (cumulative figure for 2024).

4. INVESTMENTS

As at 31 December 2024, the Company holds 777,709 own shares (2023: 698,150 own shares), for a total historical cost of EUR 7,010,059.35 (2023: 5,891,724.28).

As at 31 December 2024, the Company has also invested in

- Brazilian bonds with a fair value of 4.5m€ at the end of the year (impairment of EUR 1.5m as of 31/12/2024)
- Credit Mutuel AM SICAV with a historical cost of EUR 0.4m

5. SHARE CAPITAL

5.1. Subscribed share capital

Date	Description	Number of shares	Nominal value per share	Subscribed capital - EUR
1 January 2024	Opening subscribed capital	5 552 320	1.00 €	5 552 320.00
19 September 2024	Capital reduction	156 949	1.00 €	156 949.00
31 December 2024	Closing subscribed capital	5 395 371	1.00 €	5 395 371.00

As at 31 December 2024, the subscribed capital amounts to EUR 5,395,371.00 represented by 5,395,371 fully issued and subscribed shares with a nominal value of EUR 1 each.
The authorized share capital amounts to EUR 30,000,000.00 represented by 30,000,000.00 shares with a nominal value of EUR 1 each.

5.2. Own shares

The Company holds own shares and pursue share buyback programs for two reasons:
- Capital reduction by cancellation of purchased shares
- Future service of free share plans and securities giving access to the capital

5.2.1. Share buyback programs

The details of all share purchases are available on the Company's website (http://www.velcan.lu/investors/other-regulated-information/). Below table summarizes the purchase of own shares through buyback programs made by the Company during 2024 as well as the shares bought back through the offer made in July 2024 :

Reasons of purchases effected during 2024	Capital reduction by cancellation of purchased shares and future service of share ownership plans
Total number of shares purchased in 2024	249,841 shares
Nominal value of shares purchased in 2024	Eur 249,841 – Eur 1 nominal value per share
Percentage of capital bought back	4.63% based on the share capital as of 31/12/2024
Shares cancelled during 2024	156,949
Shares delivered to employees in 2024	13,333
Total price paid towards share buybacks in 2024	EUR 3,564,754,97
Total value of free shares delivered to employees	EUR 170,659.40
Total own shares owned as of 31/12/2024	777,709 shares
Percentage of capital held as of 31/12/2024	14.41%

The share buyback program launched by the Board of Directors on 15 January 2024 ended on 31 December 2024 by expiry of its duration. During 2024, a total of 92,892 shares were bought back, for a total price of Eur 1,288,922. As during the previous years, the shares were bought back in view of their cancellation or to cover for new grants of free shares. Apart from that, 156,949 shares were bought back as a result of a share buyback offer launched on 10 June 2024 (which differs from the share buybacks programs as such offer is made to all shareholders simultaneously and conducted out of the market). All the shares bought via this offer were cancelled in September 24 at their purchase price (14,50€ per share). During the year, 13,333 shares were delivered as free shares to employees of the Group. As of 31st December 2023, Velcan Holdings held 777 709 own shares representing 14.41% of its share capital. A new program was initiated on 13 January 2025 with the aim to buyback 300,000 shares.

5. SHARE CAPITAL (Continued)

5.2.2. Summary of own shares owned:
As a consequence of transaction mentioned in 5.2.1, the Company hold own shares as below:

Owned as of 01/01/2024	698,150
Total number of shares purchased in 2024 (Buyback programs)	+ 249,841
Shares cancelled during 2024 (capital decrease)	- 156,949
Shares purchased from employees (or former employees)	NIL
Shares delivered as free shares (see note 7)	- 13,333
Owned as of 31/12/2024	777,709
Percentage of capital held as of 31/12/2024 (based on the share capital as of 31/12/2024)	14.41%

5.3. Equity warrants
The Company has issued equity warrants during previous financial years to consultants of the Company and its subsidiaries. One equity warrant gives the right to apply for one share.
As of December 31st 2024 the following equity warrants are issued and still valid:

Warrant ref.	Issue date	Number of warrants existing	Number of warrants exercisable	Subscription price	Expiry date
BSA2013-1	23/04/2013	12 000	12 000	EUR 10	31/12/2025
BSA2013-2	23/04/2013	8 000	8 000	EUR 21.40	31/12/2025

As of December 31st 2024 there are no other financial instruments convertible in shares or giving access to the share capital of the Company.

6. BENEFICIARY SHARES AND VOTING RIGHTS

Beneficiary Shares (also sometimes known as Founders' Shares) are issued by the Company, in accordance with Article 430-1 of the Luxembourg Law of August 10th, 1915 on commercial companies. Those Beneficiary Shares are different from ordinary shares as they do not give access to the Company's share capital. As provided for in article 7.7 of the Article of Association of the Company, one Beneficiary Share gives one voting right to its owner in the Company's General Meetings. One Beneficiary Share is allocated to a shareholder against each share continuously registered for a period of 4 years under such shareholder's name in the nominative register held directly by the custodian specially appointed by the Company for that purpose (ABN AMRO, as of December 31st, 2024). A second Beneficiary share is allocated to the shareholder of each share continuously registered for a period of 6 years under the shareholder's name in the nominative register held directly by the custodian specially appointed by the Company for that purpose (ABN AMRO as of December 31st, 2024). As a result, the total number of voting rights in the Company, existing at December 31st, 2024, is as follows: 9 609 763 votes.

7. FREE SHARES AND SHARE BASED PAYMENTS

7.1 Free shares vested during the year

A free share plan was allocated during 2022, totaling 40,000 shares to be vested over a period of 3 years proportionally starting on 31/12/2022. 13,334 shares were vested on December 31st, 2024. The related expenses provisioned as at December 31st 2024 amounted to EUR 210,680.20 at stock exchange closing price of EUR 15,80 per share.

7.2 Free shares delivered related to previous years

13,333 free shares related to above mentioned plan regarding 2023 vesting were delivered during the year 2024, but already provisioned in 2023 for a value of EUR 170,672.20.

7.3 Free shares allocated during the year

New free share plans were allocated during 2024, totalling 10,000 shares for managers and employees of the Group to be vested by 2026 as follows:

2025	2026
2 500	7 500

Costs of those related free shares will be recognized when it occurs and invoiced to related subsidiaries when appropriated. No costs were recognized in 2024 related to those new plans.

8. RESERVES

8.1 Legal reserve

As required by law in Luxembourg, 5% of the Company's net result for the year (less accumulated losses brought forward if any) shall be allocated to a legal reserve whenever it is a net profit.
This allocation ceases to be mandatory when the reserve reaches 10% of paid-up capital.
The legal reserve is not available for dividend distribution. This legal reserve should be equivalent to at least 10% of paid-up capital, ie EUR 539,537,10.

8.2 Own shares reserve

As required by Luxembourg Law, when a company has acquired its own shares and if the said shares are included among the assets shown in the balance sheet, a non-distributable reserve (for dividend purpose) of the same amount shall be created among the liabilities.

This reserve has been booked in the share premium account of the Company for an amount of EUR 7,781,161.91 (2023: 5,891,724.28) corresponding to the amount booked as Own shares in ''investments'' under current assets (see note 5.2 above for the detail of those acquisitions).

9. CREDITORS

Creditors mostly relate to above mentioned cost in 7.1 as the free shares had not been delivered as of 31/12/2024.

10. TAX RATE

The Company is fully taxable at a maximum rate of 24.94% (2023: 24.94%) on its net income. The Company is also liable to the Luxembourg Wealth Tax at the rate of 0.5%, calculated on the basis of its net equity at the beginning of the following financial year. The tax provision is included in tax debt.

11. OFF BALANCE SHEET COMMITMENTS

The Company has no off-balance sheet commitments (2023: nil).

12. EMPLOYEES

The Company does not employ any employee (2023: nil) as it does not have operational functions.

There are no amounts, advances nor loans granted to the members of the management.

13. SUBSEQUENT EVENTS

At the date of approval of the accounts, no significant impact occurred. There have been no events after the reporting date which would require any adjustment or disclosure to these Annual accounts.