



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

30th June 2025

Velcan Holdings S.A.

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I - MANAGEMENT REPORT

1. ABOUT VELCAN HOLDINGS

Velcan Holdings is a Luxembourg based investment holding company founded in 2005 managing a global portfolio of participations. The assets of the group are deployed in listed 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 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 2024 KEY FIGURES (unaudited)

	<u>30.06.2025</u>	<u>30.06.2024</u>	<u>Var %</u>
Turnover Half Year (Million Euros)	1.0	1.0	+3%
Net Result Half Year (Million Euros)	0.6	4.0	-85%
	<u>30.06.2025</u>	<u>31.12.2024</u>	
Cash and Financial instruments (Million Euros)	132	135	-3%
Consolidated Equity (Million Euros)	135	135	+0%

3. IMPORTANT EVENTS AND ACTIVITY OVER THE PERIOD

H1 2025 key figures and comments

Financial income

H1 2025 has been poised with marked volatility on the trade, macro-economic and geopolitical fronts. Major risk factors such as U.S. trade tensions with a number of countries around the World and more predominantly China and India have been observed. Safe-haven demand was observed, especially for gold and bitcoin, even as equities held up reasonably well in many markets. The overall relative stability of equity masks significant volatility, especially around the so called “liberation day” when new tariff rates were announced in the USA.

In H1 2025, Chinese authorities adopted measures to improve liquidity, support consumption and promote high-tech/ AI related sectors. The Chinese real estate sector remains under stress. H1 2025 has also seen signals for the expansion of the “reciprocal tariff” framework targeting countries such as India. Central Banks around the World have often turned dovish while the BoJ modified its yield curve control policy in H1 and has started rising rates.

In H1 2025, the portfolio gained EUR 10.8m excluding Forex movements. The foreign exchange variations of the currencies in which the Group's financial investments are made generated a loss of EUR 8.2m. The overall performance of the portfolio as at 30.06.2025 is of EUR 2.6m vs EUR 6.1m in H1 2024.

As of June 30th, the portfolio is mainly constituted of equity long positions (33% of the gross financial assets) and cash and cash equivalent (27% of the gross financial assets), U.S. Treasury and European Sovereign bonds (30%). The balance is made up of equity short positions, BRL bonds and INR MM funds, other bonds and private equity (see full details in chart page 5). The net cash position of the group as of 30/06/2025 is EUR 74.6m (Including Treasury Bills and EUR Sovereign Bonds) not including the part held in BRL and INR MM Funds.

Other incomes

The turnover, exclusively coming from Velcan Holding's participation in the Rodeio Bonito hydropower plant in Brazil, in the first half of 2025 amounted to EUR 1.0m. It was steady when expressed in Euros (+3%) and up by 18.9% when expressed in BRL relative to H1 2024.

Operating costs were steady when compared to H1 2024 (EUR -2.4m during H1 2025, versus EUR -2.5m during H1 2024).

Depreciation, Amortization & Provisions were steady too (EUR -0.2 m for H1 2025 vs EUR -0.3 m for H1 2024) and was only related to the linear depreciation & amortization of Rodeio Bonito power plant.

Other operating income was NIL during H1 2024 such as in H1 2024.

This led to a slight increase of the operating result (EUR -1.6m for H1 2025 against EUR -1.8m for H1 2024)

Net result, Group share, was a gain of EUR 0.6m in H1 2025 vs. a gain of EUR 4.0m in H1 2024, mostly due to the decrease in the financial result as described above.

Group other comprehensive income amounts to a loss of EUR -0.2m in H1 2025 vs a loss of EUR -0.6m in H1 2024. The Group total comprehensive income for H1 2025 amounts to a gain of EUR 0.4m vs a gain of EUR 3.3m in H1 2024.

Shareholders equity amounts to EUR 134.9m as of 30th June 2025 vs. EUR 134.8m as of 31st December 2024 (+EUR 0.1 m).

Under the share buyback program launched by the Board of Directors on 13 January 2025, in order to buy back 300,000 shares, the Company bought back a total of 32,328 shares during H1 2025 for a total amount of Euros 551,167 in accordance with the descriptions of the buyback program published on 15 January and the resolutions of the General Meetings of shareholders 29 June 2021. 15 834 shares were distributed to employees during H1 2025 as per free share plans decided earlier.

As of 30 June 2025, the Company held 794,203 treasury shares, compared to 777,709 treasury shares as of 31 December 2025. The net number of outstanding shares as of 30 June 2025 is 4,601,168.

Listed and unlisted minority investments – performance of portfolio during H1 2025

In H1 2025, The Fed has had a cautious stance throughout H1 and maintained the rates in the 5.25% to 5.50% range given sticky services inflation and wage pressures. In June 2025, the ECB on the other hand delivered a 25bps rates cut. Renewed threats on tariffs and export controls by the U.S. (mainly on critical tech and rare earths) has increased friction into global supply chain. In H1 2025, there has been again significant investment around AI related stocks with valuation reaching levels that some qualify as frothy.

In H1 2025, the Group has deemed appropriate to capitalize on its position in precious metals related securities namely its exposure to Gold and Silver Miners through ETFs. This resulted in a performance of EUR 5.8m in H1 2025.

The Japanese yen has seen a gradual strengthening relative to the dollar in H1 2025 with the normalization policy of the BoJ as opposed to tightening by the Fed. But the JPY has depreciated against the EUR over the same period. During H1 2025, the USD has depreciated significantly against many currencies. As such, the Group experienced a Forex loss of 5.7mEUR on its USD exposure across asset classes and 1.5m Forex loss on its JPY long positions (stocks and cash).

As of 30.06.2025 the Group still holds a JPY cash position of EUR 20m and has an exposure to Japanese stocks of EUR 23m including a EUR 1m additional investment in Japan REITs this year. The investment in Japanese equities yielded a profit excluding Fx of EUR 1.2m (EUR 0.2m net of Forex). The balance Forex loss came from other smaller positions on IDR, HKD and CNY exposures.

Inflation in the Euro Area continued to ease in H1 2025 and ECB moved to ease monetary policy with several rates cuts. The Group's exposure to the German auto manufacturing sector of EUR 2.6m as at H1 2025 remained relatively stable over the period. In H1 2025, the Portfolio showed a financial gain excluding Forex of EUR 10.8m and a Forex loss of EUR 8.2m. The overall performance of the portfolio as at 30.06.2025 is EUR 2.6m.

FINANCIAL INSTRUMENTS	Value 30.06.2025 in mEUR	Weight (% of net assets)	Value 31.12.2024 in mEUR	Weight (% of net assets)
Cash and cash equivalent	35.4	27%	32.6	24%
USA Treasury Bill/ Bond	15.6	12%	14.7	11%
German Treasury Bill/ Bond	19.4	15%	5.9	4%
French Treasury Bill/ Bond	4.2	3%	4.5	3%
Money Market Funds in BRL and INR	2.3	2%	3.1	2%
Unrealized Gains on open Forward Forex	-	0%	-	0%
Bonds and interest receivable	2.6	2%	2.9	2%
NTN-F Brazil bonds	5.4	4%	4.7	4%
Gold and silver related stocks	-	0%	30.2	22%
Equity Long positions (EM, EU, USA, Japan)	43.4	33%	33.6	25%
Equity Short	2.2	2%	2.6	2%
Private Equity & Lending	1.2	1%	0.2	0%
Total assets (A)	131.6	100%	135.1	100%
Bank Overdraft and short-term loans	-0.0	0%	- 0.1	0%
Unrealized losses on open forward forex		0%		0%
Total in Financial liabilities (L)	-0.0	0%	-0.1	0%
Net Total (A+L)	131.6	100%	135.0	100%

The equity portfolio is deployed across a diversified array of 40 different issuers and ETFs.

During H1 2025, the Group held positions in the CSI 300 ETFs by E Fund and Huatai-PB for a total of EUR 4.4m and plans to shift exposure mainly to the Huatai-PB ETF only.

The Group also held positions in excess of EUR 1.5m in Volkswagen AG, Invincible Investment Corp and Japan Hotel Reit Investment Corp. The Group has increased exposure to the Filipino markets to EUR 3.6m through the iShares MSCI Philippines ETF as of 30.06.2025. In H1 2025, the Group has also introduced significant exposure to the Indonesian market both through active stock selection (EUR 2.4m) and the iShares MSCI Indonesia ETF (EUR 4.3m).

Geographically the equity investments are mostly exposed to Asian issuers including Chinese, Japanese , Filipino and Indonesian stocks as of June 30th, 2025. The Group also has some exposure to the German automotive manufacturing sector.

As to bonds, in H1 2025, the Group maintained investment in NTN-F Brazilian Government bonds with a total exposure of 5.5mEUR. The remaining bonds portfolio is exposed to the Republic of Argentina bonds which have a long maturity, and are rated CCC (as defined by Standard & Poor's). At period closing date the lines of the portfolio are with the following issuer:

- a) EUR 2.6m exposure to the republic of Argentina.
- b) EUR 5.5mEUR exposure to NTN-F Brazilian bonds

Recent news regarding a potential U.S. aid (a currency swap line) and President Milei's fiscal measures have led to some volatility around the Argentine bonds in 2025. There was no further addition or reduction in any corporate bond position apart from the reinvestment of BRL coupon payments in Brazilian bonds 2025.

The cash part of the portfolio that is in positive yielding currencies (predominantly CNH, EUR 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. With the policy shift from BoJ, the JPY cash and deposit exposure of the Group of EUR 20m is placed in fixed deposits yielding interest as opposed to costing the Group back in 2024. Besides, above mentioned JPY cash and fixed deposits positions include EUR 7.7m in USD, EUR 4.7m in CNH, EUR 1.2m in SGD and EUR 1.4m in Euro. The Group also has positions in U.S, German and French Treasury Bonds/ Bills in H1 2025, with an exposure of EUR 15.6m, EUR 19.4m and EUR 4.2m respectively as at 30.06.2025.

As of the end of H1 2025, the private investments sitting at EUR 1.2m are real estate and venture capital investments. The group has further diversified its exposure to alternative assets in H1 2025 by investing in French Real Estate short to medium term projects through secured lending and Private Equity for a total amount of EUR 1m. It is expected that this line of business will increase.

As of end of June 2025, the portfolio was mainly exposed to the Japanese Yen (33%), the U.S. Dollar (27%) and the EURO (22%).

Majority participation in the Brazilian hydro plant - performance during H1 2025

The production of 14,256 MWh during H1 2022 (against 29,252 MWh during H1 2024) has significantly decreased compared to the previous year and was by far below the average of last years (only 42% of the average H1 of last

10 years). It was far below Rodeio Bonito's ensured energy¹. This reflects very poor precipitation levels in Brazil in H1 2025 compared to H1 2024, especially in March 2025.

The MRE impact during H1 2025 was NIL while MRE impact during H1 2024 mostly related to 2023 December month and was not very significant (less than 0.1 m€). Despite the low production, the MRE impact was low mostly due to the new sale system experimented by the plant to mitigate the effect of the MRE in case the production is lower than the guaranteed energy.

The operation and maintenance performance of Rodeio Bonito was satisfactory with a technical availability of 96.32% during H1 2025 (mostly impacted by the poor precipitation), against 65.67% during H1 2024, during which period the low availability was mostly due to the damage on turbine #1 mentioned in 2023 annual report. The restart of this turbine operation happened in at the end of 2024.

The turnover from sales of electricity by the Rodeio Bonito Hydro Power Plant (HPP) in Brazil was steady at EUR 1.0m during H1 2025 VS EUR 1.0m during H1 2024 (However 0.2m€ was related to 2023 production). It was up by 18.9% when expressed in BRL while the average EUR/BRL rate depreciated (-14%) during H1 2025 (1 EUR=6.30 BRL) vs H1 2024 (1 EUR=5.50 BRL). The turnover when expressed in BRL increased thanks to higher electricity prices during H1 2025 VS H1 2024.

As a result of higher turnover, slightly lower operational costs and lower MRE impact, the EBITDA (earnings before interests, taxes and amortization) of the plant amounted to BRL 4.6m in H1 2025 against BRL 3.2m in H1 2024. When converted in EUR, the EBITDA was slightly higher to EUR 0.7m in H1 2025 VS EUR 0.6 in H1 2024.

Indian hydropower projects during H1 2025

Following the suspension of the hydropower projects development operations decided in 2021 due to the complete deadlock encountered by both the hydropower sector and the specific projects activities (concession agreements, land acquisition, etc...), the Group has fully divested its Heo – Tato-1 tandem of hydropower projects (2 hydropower projects totalling 426 MW located in the state of Arunachal Pradesh), taken over by a major utility owned by the Government of India in August 2023.

The Projects were the 2 largest projects of the Group's cascade of 3 hydropower projects. 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. 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 Group is still looking for a solution for this HEP

4. IMPORTANT EVENTS SINCE 30th JUNE 2025

No important events are to be reported since 30th June 2025.

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.

II – UNAUDITED CONSOLIDATED BALANCE SHEET (ASSETS)

In thousands of Euros

Assets	30.06.2025	31.12.2024
Non current assets		
Intangible assets	738	780
Tangible assets	3 530	3 723
Non current financial assets	1 202	208
Total non-current assets	5 470	4 710
Current assets		
Current financial assets	95 055	102 393
Trade and other receivables	691	835
Income tax receivables	25	9
Other current assets	162	150
Cash and cash equivalents	35 377	32 517
Total current assets	131 310	135 904
Total assets	136 780	140 614

III – UNAUDITED CONSOLIDATED BALANCE SHEET (LIABILITIES)

Thousands of Euros

Liabilities	30.06.2025	31.12.2024
Equity		
Issued capital	5 395	5 395
Additional paid in capital	118 488	118 488
Other reserves and conversion reserves	10 425	(325)
Net income for the year	612	11 221
Total Equity	134 921	134 781
Non current liabilities		
Non current provisions	633	722
Other non current liabilities	-	-
Total non-current liabilities	633	722
Current liabilities		
Current financial liabilities	9	0
Trade and other payables	835	4 021
Income tax payables	374	1 087
Other current liabilities	8	4
Total Current Liabilities	1 226	5 112
Total Liabilities	136 780	140 614

IV – UNAUDITED INCOME STATEMENT

Thousands of Euros

Statement of Profit & Loss	30.06.2025	30.06.2024
Operating revenues	1 034	999
Total operating revenues	1 034	999
Purchases	-	(56)
External expenses	(2 121)	(1 744)
Payroll expenses	(317)	(582)
Operating tax expenses	(0)	(170)
Depreciation, Amortization & Provisions	(239)	(275)
Current operating result	(1 644)	(1 829)
Other operating income	-	-
Operating result	(1 644)	(1 829)
Financial Income	13 374	9 622
Financial expenses	(10 742)	(3 571)
Financial Result	2 631	6 051
Income tax expense (-) / benefit (+)	(376)	(255)
Net result from continuing operations	612	3 967
Earnings per share (in Euros)	0,13	0,82
Diluted earnings per share (in Euros)	0,13	0,81
EBITDA	(1 405)	(1 554)

Statement of total comprehensive Income	30.06.2025	30.06.2024
Net income	612	3 967
Other comprehensive income, that will not be reclassified subsequently to profit or loss	(186)	(644)
Total Comprehensive Income	426	3 324
thereof attributable to non-controlling interests	(0)	(0)
Group Total Comprehensive income	426	3 324

V - COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. EFFECTIVE FOREIGN EXCHANGE RATES

1 € =	30.06.2025		31.12.2024		30.06.2024	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
BRL (Brazilian Real)	6,41	6,30	6,40	5,83	6,00	5,50
INR (Indian Rupee)	101,10	94,19	88,69	90,61	89,41	90,06
USD (US Dollar)	1,18	1,09	1,04	1,08	1,07	1,08
SGD (Singapore Dollar)	1,50	1,45	1,41	1,45	1,45	1,46
JPY (Japanese Yen)	169,8	162,3	172,4	164,6	172,4	164,6

2. COMMENTS ON THE BALANCE SHEET

ASSETS

Intangible Assets

After the disposal of its operations in India in 2023, the Group only has EUR 0.7 m of intangible assets related to its Brazilian Rodeio Bonito hydropower project.

The amortization and provisions allowance cost on Rodeio Bonito had a negative effect on the value of intangible assets related to the Rodeio Bonito asset (EUR 0.7 m in H1 2025 VS EUR 0.8m at 31st December 2024).

Tangible Assets:

Tangible assets were down to EUR 3.5m at 30 June 2025 versus EUR 3.7m at 31st December 2024, a decrease of EUR 0.2m. This variation is the result of the depreciation expense of that same asset (EUR -0.2m).

Cash, Cash Equivalents & financial assets:

Net from the variation of financial liabilities, these assets were down from EUR 135.1m as of 31/12/2024 to EUR 131.6m as of 30/06/2025 (EUR -3.5m). Please report to part I-3 for detailed comments on the financial assets.

LIABILITIES

Capital:

The issued capital still stands at 5 395 371€.

Non-current provisions:

Non-current liabilities (EUR 0.6m) are broadly stable(EUR -0.1m) at constant exchange rates and stem from unresolved disputes relating to the Group's past ownership of industrial facilities.

Trade and other payables:

It increased at EUR 0.8m in June 2025 VS EUR 4.0m in December 2024, due to the payment of end of semester accruals.

3. COMMENTS ON THE INCOME STATEMENT

EBITDA was negative during H1 2025 (EUR -1.4 vs. EUR -1.6m in H1 2024). Net result, Group Share, was a gain of EUR 0.6m vs. a gain of EUR 4.0m for H1 2024.

CURRENT OPERATING PROFIT:

Turnover:

Velcan's turnover amounted to EUR 1.0m in H1 2025 arising exclusively from sales of electricity by the Rodeio Bonito Hydro Power Plant in Brazil, against EUR 1.0m as well in H1 2024 (see the above for more explanations).

Purchases:

Purchases costs were at NIL in H1 2025 VS NIL in H1 2024 (see above explanations on MRE in relation to the Rodeio Bonito plant).

Operating costs (excluding purchases):

External & payroll expenses & operating costs were slightly lower at EUR 2.4 m during H1 2025 VS EUR 2.5 m during H1 2024.

Depreciation, Amortization and Provisions, Provision write-backs:

Depreciation and amortization of tangible and intangible assets amounted to an expense of EUR -0.2m in H1 2025 vs. an expense of EUR -0.3m in H1 2024. Tangible and intangible asset depreciation expense was mainly attributable to Rodeio Bonito HPP in H1 2025 (EUR -0.2m).

As a consequence, operating result was a loss of EUR -1.6m compared to a loss of -1.8m in H1 2024.

FINANCIAL INCOME

Net financial income for H1 2025 was a gain of EUR 2.6m vs a gain of EUR 6.1m in H1 2024. The financial income of the Group is mostly dependent on two items:

- a) The capital gain/losses on its financial assets portfolio and the dividends and interests received. This item performed relatively steadily during H1 2025, especially given the market conditions, with a gain excluding Forex movements of EUR 10.8m.
- b) The Foreign exchange variations of the currencies in which the Group's financial investments are made. It generated a loss of EUR 8.2m.

COMPREHENSIVE INCOME

Net income for H1 2025 amounted to a gain of EUR 0.6m vs a gain of EUR 4.0m during H1 2024.

The impact of currency fluctuations on Group equity on items which are only recognized in the comprehensive income (mainly tangible and intangible assets) was an additional comprehensive income loss of EUR -0.2m in H1 2025 vs. a gain of EUR -0.6m in H1 2024. This variation is mainly due to a lower Brazilian Real when compared to EUR which negatively impacted the book value of tangible assets (Rodeio Bonito power plant) booked in this currency (See above).

As a result total Comprehensive Income for H1 2025 amounted to a gain of EUR 0.4m vs. a gain of EUR 3.3m in H1 2024.