

## PRESS RELEASE

Luxembourg, 31<sup>st</sup> October 2022

### VELCAN HOLDINGS: HALF YEARLY RESULTS (CONSOLIDATED AND UNAUDITED) DECREASED FINANCIAL PERFORMANCE, EUR 3.6m NET RESULT

	<u>30.06.2022</u>	<u>30.06.2021</u>	Var %
Turnover Half Year (Million Euros)	1.1	0.8	+31%
EBITDA Half Year (Million Euros)	-1.0	-1.8	+45%
Net Result Half Year (Million Euros)	3.6	6.1	-41%
	<u>30.06.2022</u>	<u>31.12.2021</u>	Var %
Cash and Financial instruments (Million Euros)	120	120	+0%
Consolidated Equity (Million Euros)	124	122	+2%

Note: half yearly financial statements are not audited

#### Brief comments on 2022 first half

- In H1 2022, the Group has not increased its corporate bond portfolio despite the U.S. Fed beginning to increase rates given it estimated the rewards remained insufficient to cover the potential default risks at this stage. With prevailing risks from the Covid, geopolitical tensions with the War in Ukraine and double-digit inflation rates, the Group sold a significant part of the equity portfolio to capitalize on the rally on Oil related assets and Banking stocks. Given the volatile market conditions, the Group positions in financial assets did not perform as well as the exceptional performance in H1 2021, although they recorded a financial gain of EUR 5.2m in H1 2022, compared to EUR 15.8m at the end of H1 2021. The biggest contributor to this gain is the profit on positions in oil related companies which have been sold as of 30<sup>th</sup> June 2022.
- As of June 30<sup>th</sup>, the portfolio is mainly constituted of gold and silver (21% of the gross financial assets), equity long positions (27% of the gross financial assets), and cash and cash equivalent (50% of the gross financial assets). The balance is equity short positions, BRL and INR MM funds, bonds and private equity and forward Forex (negative exposure of 6% of the gross financial assets due to a loss unrealized position at the end of H1 2022). The overdraft facility granted in 2021 was not used at the end of H1 2022.
- As of H1, the Group financial assets were mainly exposed to the Japanese Yen (39.7% against 27% in December 2021), the Euro (36%, against 18% in December 2021) and the Singaporean Dollar (10%, at similar levels as in December 2021). As of the end of H1 2022, our Forward Forex



contracts result in a negative exposure to the USD of minus 13%, partially compensated by 9% exposure to the USD pegged HKD. It is to be noted that the gold and silver positions are priced in USD and as such are included in the former USD exposure.

- The turnover, exclusively coming from Velcan Holding's participation in the Rodeio Bonito hydropower plant in Brazil, in the first half of 2022 amounted to EUR 1.1m. It was up by 31% when expressed in Euros and up by 14% when expressed in BRL relative to H1 2021. This turnover benefited from the stronger average EUR/BRL rate during H1 2022 (1 EUR=5.55 BRL) vs H1 2021 (1 EUR=6.49 BRL).
- Operating costs were lower when compared to H1 2021 (EUR -2.1m during H1 2022, versus EUR -2.6m during H1 2021) because there was in 2021 a EUR 0.8 m provision booked for staff cost linked to the very good financial result achieved in H1 2021.
- Depreciation, Amortization & Provisions decreased significantly (EUR -0.3 m for H1 2022 vs EUR -7.6 m for H1 2021) mostly because of the full impairment made on Indian hydropower Projects in 2021 (EUR 7.4m booked in H1 2021, bringing the total impairment of the Indian projects to 100% at that time), while the H1 2022 cost was only related to the linear depreciation & amortization of Rodeio Bonito power plant.
- Added to the decreasing consumed purchases in Brazil (by EUR -0.1m), this led to a sharp decrease of the operating loss (EUR -1.3m for H1 2022 against EUR -9.4m for H1 2021).
- Net result, Group share, was therefore a gain of EUR 3.6m in H1 2022 vs. a gain of EUR 6.1m in H1 2021.
- Group other comprehensive income amounts to a gain of EUR 1.0m in H1 2022 vs a gain of EUR 0.7 m in H1 2021, mostly due to the appreciation of the Brazilian currency (+13%) and its impact on the Group conversion reserves where the assets held in foreign currency in Brazil (Rodeio Bonito) are translated into Euro. The Group total comprehensive income for H1 2022 amounts to a gain of EUR 4.7m vs a gain of EUR 6.8m in 2021.
- Shareholders equity amounts to EUR 124.4m as of 30<sup>th</sup> June 2022 vs. EUR 121.6m as of 31<sup>st</sup> December 2021 (+EUR 2.8 m) mostly due to the relatively good financial and operational results during H1 2022.
- The share buyback program launched by the Board of Directors on 13<sup>th</sup> March 2020, as amended on 17<sup>th</sup> September 2020 and 4<sup>th</sup> November 2021, in order to buy 500,000 shares of the Company, ended on 31<sup>st</sup> May 2022, by expiry of its duration as determined by the Board of directors. As of such date the Company had bought back a total of 487,567 shares for a total amount of Euros 3,867,460.00 in accordance with the descriptions of the buyback program published on 13<sup>th</sup> March 2020, 17<sup>th</sup> September 2020 and 4<sup>th</sup> November 2021 and the resolutions of the General Meetings of shareholders on June 28, 2017 and July 28, 2017. During the first half of 2022, the Company bought 200,579 shares for a total of EUR 1.9m.

- 1,475 shares were distributed to employees in early 2022 (the cost of which was already booked in 2021 accounts). As of 30<sup>th</sup> June 2022, the Company held 560,718 treasury shares, compared to 361,614 treasury shares as of 31<sup>st</sup> December 2021. The net number of outstanding shares as of 30<sup>th</sup> June 2022 is 4,991,602.
- 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 been looking for a possible majority partner to take over the projects and the development operations. Discussions are going on at the date of this report.

The complete half yearly report 2022, including the condensed and non-audited financial statements as of 30<sup>th</sup> June 2022, is available online at <http://www.velcan.lu/investors/reports-accounts/>

\* \* \*

Investor Relations Contact [investor@velcan.lu](mailto:investor@velcan.lu)

### **About Velcan Holdings**

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

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

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

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

### *Disclaimer*

---

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

*This announcement does not constitute a public offering ("offre au public") nor an invitation to the public or to any qualified investor in connection with any offering. This announcement is not an offer of securities in the United States of America or in any other jurisdiction/country.*

